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2009-0166-S

FOIA Number:
2009-0166-S

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THE WHITE HOUSE
WASHINGTON

Dwley 10/21

DATE: _____

TO:

FROM: ROSE ZAMARIA
Deputy Assistant to the President

Call Price
to see if
she received
the note
the Pres.
left at the
State Fair Halling
room
for her

Toll Free 1-800-672-9211
231-7875
Paint & Body Shop
24 HOUR WRECKER SERVICE
221 Russ Street

266-0171
Auto Parts

TELETYPE SERVICE
Old Crews Rd. off Buffalo Rd.

Price's
Established 1940

LINDA A. PRICE
Partner & Office Manager
P.O. Box 14262
Raleigh, NC 27620-4262



Light and Heavy Duty

10/20 called Linda Price -
yes, she did receive note
from POTUS.



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, OCTOBER 21, 1992
6:00 A.M. EDT EDITION

TRIP NEWS

BUSH SAYS 'FORGET POLLS,' WHISTLESTOPS ACROSS SOUTHEAST -- President Bush whistlestopped through the Southeast Tuesday, identifying himself with Atlanta's comeback Braves and telling supporters to "forget about all these polls" that show him trailing badly with two weeks until the election.

(Raleigh News And Observer, AP)

NATIONAL NEWS

PEROT DISPUTED ON IRAQ ACCOUNT -- Richard Boucher Tuesday accused Ross Perot of "several misstatements of fact" about actions before the Gulf War while Brent Scowcroft said Perot "doesn't know what's he's talking about."

(Washington Post, Washington Times)

HILL DELAYS SENDING TAX BILL TO BUSH -- The office of the House speaker Tuesday intentionally delayed sending a \$27 billion tax bill to the White House after some Democratic leaders became convinced President Bush might sign the bill after the Nov. 3 election, despite presidential veto threats, congressional sources said.

(Washington Post)

INTERNATIONAL NEWS

U.S. TO PRESS ISRAELI, ARAB NEGOTIATORS IN PEACE TALKS -- With the Middle East peace process about to mark its first anniversary, the seventh round of talks is to begin here today with U.S. officials planning to press Israeli and Arab negotiators to start discussing seriously the elements of a comprehensive peace. (Washington Post)

NETWORK NEWS (Tuesday evening)

DEBATE -- More than 90 million saw President Bush give his strongest performance of the week.

PRESIDENT'S TRIP -- The train trip brought large and enthusiastic crowds to President Bush.

HOUSING STARTS -- Housing starts are at their highest level since spring.

TRIP NEWS.....A-1

NATIONAL NEWS.....A-3

INTERNATIONAL NEWS...A-10

NETWORK NEWS.....B-1

TRIP NEWS

PRESIDENT'S WHISTLE-STOP CAMPAIGN TOUR

GAINESVILLE -- James Griffin, a young high school history teacher, showed up at a rally for George Bush here Tuesday both to accompany his students and to demonstrate his own support for the President's re-election.

Then, after applauding the speech Bush delivered from the back of the train, Griffin helped explain why the Republican President finds himself still struggling to recapture the South.

"As Lee Atwater used to say, he went to pro wrestling because that's where the swing voters are," Griffin said. "The swing voters like Ronald Reagan. They can relate to Ronald Reagan. But George Bush is not somebody that the swing voters can relate to as well." And, he added, "the swing voters makes the South."...

Throughout his train trip through Georgia, Bush drew large, friendly crowds. His 18-car train slowed at hamlets such as Flower Branch and Lula as residents and schoolchildren lined up along the tracks to wave at the chief executive.

(Ferrell Guillory, Raleigh News And Observer)

Bush Says 'Forget Polls,' Whistlestops Across Southeast

NORCROSS -- President Bush whistlestopped through the Southeast Tuesday, identifying himself with Atlanta's comeback Braves and telling supporters to "forget about all these polls" that show him trailing badly with two weeks until the election.

"Forget people telling you how you think," Bush told the crowd in Norcross. "On Election Day we're going to show America that it ain't over until Cabrera swings." At his final Georgia stop, in Cornelia, Bush said, "I am absolutely confident in my heart of hearts. Don't believe these crazy polls. Don't believe these nutty pollsters."... Taking a combative stance, Bush accused Bill Clinton of deliberately deceiving voters and ridiculed the Democratic governor's stewardship of Arkansas. "You cannot lead by misleading," Bush shouted to several thousand supporters here during the first of four scheduled stops. People waving American flags and Bush-Quayle campaign posters crowded around the wood-frame rail depot where Bush, accompanied by Barbara, stopped briefly.

(Robert Burns, AP)

BUSH TELLS VOTERS TO IGNORE 'CRAZY POLLS'

SPARTENBURG -- President Bush, insisting he knows in his heart he will win the election, is urging Americans to ignore the "crazy polls" and "crackpot" media experts predicting his defeat.

Bush Wednesday was to complete a two-day, 436-mile "Spirit of America" whistle-stop train tour of Georgia, South Carolina and North Carolina. During a late-night rally in Spartanburg Tuesday, Bush said "two weeks from tonight all this will be over and I will be re-elected president."

"Don't listen to the pundits telling you how to think.... Remember things are decided in the last couple of weeks," he told several thousand cheering supporters.

(Laurence McQuillan, Reuter)

BUSH CONFIDENT IN 'HEART OF HEARTS' VICTORY

SPARTENBURG -- President Bush capped a day of charged-up stops in tiny southern towns Tuesday with a promise from his "heart of hearts" for a win in November despite long odds.

Closing out the first day of a vigorous kick-off to the final two weeks of his campaign, Bush traipsed by train through Norcross, Gainesville and Cornelia, Ga., drawing enthusiastic crowds along the way, before crossing the border into South Carolina for a rally before 14,800 in which a fireworks finale lit up the sky with the words "We Trust Bush."
(Lori Santos, UPI)

**BUSH LEADS OFF IN 'LAST INNING'
Whistle-Stops Out Of Atlanta**

President Bush boarded the "Spirit of America" campaign train in Georgia Tuesday with a final election-drive appeal to blacks, a plea that voters focus on the character issue and a prediction of an upset victory over Bill Clinton in less than two weeks.

Reinvigorated by his strong debate performance Monday night, Bush traveled by luxury train from Atlanta to Spartanburg, S.C., to spark enthusiasm among his supporters in two states he won easily last time.

Bill Clinton told a mass rally in Chicago that Bush has failed the American people and is trying in desperation to use the federal government's power to win the election.

"After four years in which most people are working harder for less and unemployment is up," Clinton said, "they can't run on their record, they have no vision of the future, so everything has become politics."...

"Give 'em hell, George," many of the thousands of spectators along Tuesday's route wrote on huge posters.

(Paul Bedard, Washington Times, A1)

BUSH GOING 'ALL OUT' DOWN HOME STRETCH

CORNELIA -- In the afterglow of his solid final-debate performance, President Bush on Tuesday began his final appeal for votes.

Bush will stress the issues he hammered in Monday's debate: Bill Clinton would raise taxes, has a lousy gubernatorial record and can't take a stand on controversial issues.

"I was talking about a difference in experience, a difference in philosophy and, yes, a difference in character," Bush said in Gainesville. "And I think all three of those things matter."

(Judy Keen, USA Today, 5A)

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NATIONAL NEWS

PEROT DISPUTED ON IRAQ ACCOUNT

Richard Boucher Tuesday accused Ross Perot of "several misstatements of fact" about actions before the Gulf War while Brent Scowcroft said Perot "doesn't know what's he's talking about." The statements were triggered by Perot's contention during Monday's debate that the Bush Administration was guarding "like the secrets of the atomic bomb" classified instructions given to April Glaspie before here July 25, 1990, meeting with Saddam.

Late Tuesday the Clinton campaign called on Bush to release publicly the cables Glaspie sent to the State Department following her meeting with Saddam, the text of the message Bush sent Saddam five days before the invasion of Kuwait and the full text of National Security Directive 26, the secret directive Bush signed in October 1989 authorizing the U.S. efforts to "bring Saddam Hussein into the family of nations," as the President put in the debate. "George Bush should come clean to the American people," a campaign statement said. Meanwhile, Bush, declaring that "character belongs on the front page," embarked Tuesday on a whistle-stop train tour to convince the American people that Bill Clinton does not have the right character, philosophy or experience to do the job. But the red and green foliage Bush could see from the window of the Presidential Special served as an unavoidable reminder that time is running out.

(Ruth Marcus and Michael Isikoff, Washington Post, A22)

State Slams Perot's Attacks

The murky waters of "Iraqgate" rocked the professional calm of the State Department Tuesday when Richard Boucher took the unusual step of going on the record to rebut a charge made in a presidential debate.... "The Administration has not denied to Congress one single document about U.S. policy toward Iraq," Boucher said. He defended the department, saying that Lawrence Eagleburger "felt it was important to correct the record."

(Martin Sieff, Washington Times, A9)

HHS SAYS CLINTON WOULD RAISE TAXES OR CUT BENEFITS ON SOCIAL SECURITY

The Bush Administration Tuesday accused Bill Clinton of wanting to cut Social Security benefits or raise taxes by saying the wealthy should not get more out of the program than they paid in. "Either he's going to increase their taxes, or the only other alternative is he's going to decrease their benefits," said Kevin Moley, deputy secretary of HHS. In response to a question [Monday night] about how he would finance his programs if elected, Clinton responded, in part: "Now, should people pay more for Medicare if they can? Yes. Should they pay more for Social Security if they get more out of it than they paid in, they're upper income people? Yes." The Administration is taking that to mean that Clinton plans to raise taxes or that he plans to cut benefits.

"We are suggesting that Gov. Clinton owes an explanation," Moley said.

(Richard Vernaci, AP)

GOP PINS HOPES ON BUSH RALLY

President Bush, fighting the odds against his re-election, must concentrate on closing the race enough to keep Republican candidates from being washed overboard with him on Election Day, GOP analysts said Tuesday. With 13 days to go before Election Day and Bush running 12 points behind Bill Clinton, it is almost impossible to find GOP political consultants outside the Bush campaign who believe the President has any hope of winning. And angry party officials and campaign strategists have begun pointing the finger of blame. "This is one of the most incompetent campaigns that has ever been run," said an anonymous veteran GOP campaign consultant. "And the blame rests with Bob Teeter and his team. They have been a disaster," he added.

"Why did George Bush wait to begin his campaign until after the Republican convention?" another frustrated GOP strategist said. "The polls showed some really serious problems long before then, but he was getting some very bad advice."... Many GOP strategists say it is critical that Bush plot his strategy in the campaign's closing days to make the race much closer in key states where many potentially winnable House seats are at stake. "I would work very hard to go after electoral votes where he's competitive in the South, in paces like Georgia and the Carolinas, where Bush is campaigning today," GOP congressional analysts John Morgan said.

(News Analysis, Donald Lambro, Washington Times, A1)

VOTER ANGER DOESN'T EQUAL VOTER APATHY

The extraordinary interest in the debates that ended Monday underscored one of the maxims of this unusual campaign year: an angry electorate is not necessarily an apathetic one....

With just two weeks left, Republicans said Tuesday that, despite the President's vigorous performance on Monday night, he is fast running out of time to catch Clinton. Privately they were even more gloomy, given Clinton's double-digit lead and an even more commanding position on the electoral college map.

But the President, campaigning in Georgia, vowed he could still overtake Clinton and stepped up his criticism of him as a man trying to play all sides of the issues.

(News Analysis, Dan Balz, Washington Post, A1)

VOTERS KNOW MORE ABOUT CLINTON'S PAST THAN RECORD, STUDY SAYS

AMHERST -- A team of media researchers said Tuesday that voters, apparently eager for economic change, are shrugging off GOP attacks that say Bill Clinton dodged the draft and wants to raise taxes. "People do see Clinton as a draft-dodging, tax-and-spend liberal," said Justin Lewis, who directed the study. "Voters are so desperate for change, they are going to vote for him anyway." Lewis and Michael Morgan, communications professors at the University of Massachusetts at Amherst, were trying to determine what voters have learned from the media about the presidential candidates, their positions, and the issues. Forty-one percent of those 601 surveyed said they would vote for Clinton, Bush got 32% and Perot received 10%.

(Jeff Donn, AP)

BANKING CRISIS

Rep. Gonzalez says Bush and Clinton "trivialized the banking crisis by saying it does not exist" at Monday's debate. Gonzalez called on the candidates to recognize that more than 1,000 banks are in trouble, and there's a need for taxpayer help.

("Election '92," USA Today, 5A)

TSONGAS, RUDMAN SAY BUSH, CLINTON IGNORING DEFICIT

The economic plans offered by President Bush and Bill Clinton both fail to address the deficit and will likely do little to bring the country out of recession, Paul Tsongas and Warren Rudman said Tuesday.

"We're are not going to get out of this recession with a little infrastructure spending or taxing the rich," Rudman told a National Press Club luncheon. "Either you have to tuck it to the middle class in this country or you have to means-test entitlement programs. There is no other way."

Both praised Ross Perot for making the deficit a major issue in the campaign but didn't endorse him.

A realistic solution, Rudman said, must involve either tax increases on the middle class -- and he favors increased taxes on consumption -- or a change in entitlement programs such as Medicare and Social Security so that those who can afford it pay more.

Tsongas called Bush "a prisoner of the economy" and said Bush should have been embarrassed to say he would name James Baker his economic czar instead of tackling the problem himself.

(John Diamond, AP)

CLINTON WON'T HIKE DEFICIT, ADVISERS TELL FINANCIAL MARKETS

Top economic advisers to Bill Clinton, rebutting news reports that have pushed up long-term interest rates, said Tuesday that Clinton had decided against spurring the economy, if he is elected, by increasing government spending and the federal deficit.

"There is no short-term stimulus package," said Robert Shapiro, vice president of the Progressive Policy Institute and one of Clinton's closest advisers on economic issues. "There is not one sitting on the shelf; there is not one in planning."

"The decision has been made -- and largely by Clinton himself -- that nothing is going to be done to give the economy a quick shot in the arm that would raise the deficit," Alan Blinder, a Princeton economics professor and another Clinton adviser, said in an interview.

"It's not that we are theologically against a stimulus," Shapiro said at a breakfast meeting with reporters in Washington. "But we've got a \$330 billion deficit and financial markets that are very concerned about the deficit going up. You can't operate...in the absence of evidence and economic logic."

(Michael Arndt, Chicago Tribune)

FEARS OF A CLINTON VICTORY PUSH BONDS, DOW DOWN

NEW YORK -- Treasury bond prices sank for a fourth straight session Tuesday on market worries that Bill Clinton will win the presidency, and the bond losses helped erase an early stock market surge.

(Washington Post, G2)

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CLINTON COUNTERATTACKS BUSH ON TAX ISSUE

MILWAUKEE -- Bill Clinton defended himself from President Bush's tax-and-spend charges on Tuesday by counterattacking Bush on the issue of trust.

In a speech to Democratic Party faithful gathered at a sports arena, Clinton compared Bush to a Peanuts comic strip he remembered in which Lucy said: "If you can't be right, be wrong as loud as you can."

Clinton asserted that Bush's claim that he would raise taxes on the middle class were wrong. Just as wrong as the President's contention in Monday night's debate that the Arkansas economy was trailing the nation in growth, Clinton said.

He then recited a list of Bush reversals over the past several years -- hitting back with a charge Bush often hurls at Clinton.

Clinton listed Bush's well-known reversal of his "read-my-lips" pledge not to raise taxes and several others, including election-year support of arms sales and farm subsidies that Bush had opposed earlier.

"And he wants you to trust him," Clinton said after each item.
(Steven Komarow, AP)

**CLINTON CAMPAIGN IS FEELING NO PAIN
In Post-Debate Glow, Democrat Seeks
'Mandate To Rebuild' Country**

CHICAGO -- There was a time earlier in the presidential campaign when the Republicans might have had some fun with the scene that unfolded in Daley Plaza here today. There was Bill Clinton, "Slick Willie" as President Bush has relentlessly portrayed him, peering across a sea of faces toward the monument of ambiguity in the distance.

It is known simply as "The Picasso," a sculpture that was a gift to the people of Chicago from Pablo Picasso. What the great Spanish artist has in mind when he created it no one has ever figured out. Is it a horse? A dog? A woman? At 163 tons, it has never actually been seen to waffle, but it certainly is open to interpretation.

In the old days, the Republicans could have used it as a symbol for what Bush calls Clinton's "pattern" of being on several sides of every issue.

But unfortunately for Bush and his GOP allies, all the fun of this campaign now belongs to the Democrats.

Clinton and his staff know that their long quest for the presidency is near its end, and, cautious and superstitious as they are, even they are having trouble thinking of ways that it now might elude them.

(Edward Walsh, Washington Post, A1)

DAILY TRACKING POLL

The USA Today/CNN/Gallup daily tracking poll has Bill Clinton at 47%, President Bush at 29% and Ross Perot at 15%.

("Election '92," USA Today, 5A)

BUSH AIDE SAYS CAMPAIGN DID BAD JOB OF DEFINING CLINTON

CORNELIA -- In a stark admission of the problems facing President Bush two weeks before the election, a top political aide said Tuesday that the campaign had done a "lousy job" until Monday of defining Gov. Clinton and said Bush was pinning his re-election hopes on a renewed critical examination of Clinton's record.

Bush, invigorated by what analysts said was his best debate performance, but facing a possibly insurmountable deficit in the polls, made a campaign swing Tuesday that symbolized his dilemma, taking a slow train ride through two Southern states that Republicans recently have taken for granted this late in a presidential campaign.

Ron Kaufman said that Bush for the first time put the spotlight on Clinton's Arkansas record during Monday's debate.

"The campaign has never done the job we should be doing vis-a-vis what we did in '88, which is putting out a clear precise picture of these two guys, how they are different," Kaufman said. "Last night for the first time, the President did that. All we have to do is keep that clear for the next 14 days. We do that and we win. We have done a lousy job of it so far."

(Michael Kranish, Boston Globe)

CANDIDATES' HOUSING IDEAS 'SUPERFICIAL'

The three presidential candidates have talked little about ways to improve public housing in the U.S.

When they have, they've barely scratched the surface of the problem, says a national housing expert.

"Generally all of them are very superficial," says Susan Joel, assistant sociology professor at the University of Redlands, Calif.

President Bush touts federal programs that provide grants to help low-income people buy homes and let tenants buy buildings from private owners.

But, "if you sell all the public housing, where is the tiny safety net of affordability for others?" Joel says.

(Betsy Miner, USA Today, 2A)

CARLA HILLS SLAMS PEROT CRITICISMS OF NORTH AMERICAN FREE TRADE PACT

SAN FRANCISCO -- Carla Hills lashed out Tuesday against criticism of the NAFTA leveled by Ross Perot during the final debate Monday.

"Short, simple and wrong," Hills retorted, borrowing words from H.L. Mencken.

She was referring to remarks Perot made during the previous evening's debate.

"This idea of all our manufacturing and investment going to Mexico is not warranted by the facts, not warranted by the analysis and not warranted by economic studies," Hills said in a speech at the University of San Francisco. "We will gain jobs, not lose them."

(Allen Wastler, Journal of Commerce)

**DOT SECRETARY TO PUSH AVIATION TALKS,
PEROT BRINGS USAIR DEAL TO CAMPAIGN**

Secretary Card will fly to London to give a push to negotiations over British Airways' plan to buy a large stake in USAir, a Department of Transportation source said Tuesday.

The deal became an issue in the presidential campaign Monday night when Ross Perot said the arrangement and others like it would ruin the U.S. airline industry.

Card, whose department has been pushing for an "open-skies" agreement to give U.S. and British airlines equal and unrestricted access to each other's passenger and air cargo markets, was scheduled to leave Washington for London Tuesday night....

"The first round of bilateral negotiations reveals a wide gulf between the U.S. and Britain," the anonymous spokesperson said in Washington. "He wants to leave no stone unturned in our effort to liberalize our aviation relationship." (Lawrence Knutson, AP)

3 COMPETE FOR MONORAIL SYSTEM

San Francisco's Bay Area Rapid Transit System, Milwaukee County, Wis., and Montgomery County, Md., split \$1 million for preliminary design work on a controversial monorail transit system, federal transportation officials said. The three were chosen from seven competitors.

A finalist will be named next spring. "This is a bold stroke, an exciting effort to improve mass transit using the latest transportation technology," said Secretary Card.

("Nationline," USA Today, 3A)

**CONGRESS, BUSH NOT DOING THEIR JOB ON
PUBLIC TRANSIT, GROUP'S LEADER SAYS**

SAN DIEGO -- The chairman of North America's largest public-transit conference Tuesday accused Congress and President Bush of spending 30% less this year on bus and rail networks than was promised in a 1991 law [Intermodal Surface Transportation Efficiency Act of 1991].

Louis Gambaccini, a transit administrator from Pennsylvania who heads the American Public Transit Association, also said in a San Diego speech that the government spent too much building roads and highways during the past decade.

In his keynote address to the conference, Gambaccini challenged the next president and Congress to commit in early 1993 to completely fund at least \$32 billion over the next six years in rail and bus improvements that were authorized under the 1991 law.

(Mark Arner, Copley)

HILL DELAYS SENDING TAX BILL TO BUSH Democrats Seek Post-Election Signing

The office of the House speaker Tuesday intentionally delayed sending a \$27 billion tax bill to the White House after some Democratic leaders became convinced President Bush might sign the bill after the Nov. 3 election, despite presidential veto threats, congressional sources said.

The move to slow down the process of formally transmitting the bill to Bush came amid growing speculation among some members of Congress and hundreds of special interest groups that Bush is reluctant to kill a measure that enjoys widespread support, notwithstanding his pledge to never "ever" again raise taxes. A delay in sending the bill to the White House would give Bush additional time to consider the bill free of campaign pressures.

"I believe the weight of the arguments will be overwhelming," Rep. Vander Jagt said. "Wisdom will come to him between now and the decision."
(Eric Pianin, Washington Post, A1)

FEDERAL EMPLOYMENT AGAIN DECLINES Job Growth In State And Local Government Slows, Census Says

Federal employment declined for the second straight year and job growth in state and local government slowed last year, according to a Census Bureau report released Tuesday.

"While state and local government employment grew only 1.2% between October 1990 and October 1991, compared with a 3 percent increase the year before, federal civilian government job rolls actually dipped a bit," said the study, entitled "Public Employment: 1991."
(AP, Washington Post, A17)

MISS AMERICA CROWNS BUSH

...Miss America Leanza Cornett complained Tuesday that the Bush Administration is not doing enough to combat pediatric AIDS. "I'm a Republican -- a disgusted one," she said at a Washington press conference sponsored by the Pediatric AIDS Foundation.

"This, my first voting experience, has been so discouraging and disillusioning because of something that I'm standing 110 percent for," said Cornett. "And I don't see anybody else giving it the time of day."

It's enough, she said, to make her lean toward the Democrats. "I tend to agree that Governor Clinton has the best health-care program on the line, and as a Republican it's hard for me to say that.... When we are being lied to and misled, what else are we to say?"
("The Reliable Source," Washington Post, B3)

INTERNATIONAL NEWS

U.S. TO PRESS ISRAELI, ARAB NEGOTIATORS IN PEACE TALKS As 7th Round Opens Today, Administration Is Cautiously Optimistic On Prospects For Progress

With the Middle East peace process about to mark its first anniversary, the seventh round of talks is to begin here today with U.S. officials planning to press Israeli and Arab negotiators to start discussing seriously the elements of a comprehensive peace.

In particular, a senior U.S. official said, the U.S. is cautiously optimistic that the procedural wrangling that took up most of the past year is finished and some important strides can be made in Israel's talks with Syria and with the Palestinian delegates from the Israeli-occupied West Bank and Gaza Strip.

The official said the U.S. hopes it can coax the Palestinians into discussing the specific areas of responsibility they would have in an interim self-governing authority and arrangements for electing the authority next April or May.

(John Goshko, Washington Post, A4)

ISRAEL HAS NEW PROPOSAL FOR SYRIA

JERUSALEM -- Israel will present Syria a new document stating willingness to withdraw from the occupied Golan Heights in an attempt to forge a breakthrough in peace talks resuming Wednesday, Israel Radio reported.

The radio, quoting sources in Israel's delegation to peace talks, said the proposal went further than Israel had gone in the past to satisfy Syrian demands.

It did not provide details from the document but said Israeli sources described it as an excellent basis for a breakthrough and towards formulating a joint Israeli-Syrian declaration of principles.

(Reuter)

STATE DEPARTMENT CABLE TRAFFIC ON IRAQ-KUWAIT TENSIONS, 1990

In the election-year debate over U.S. foreign policy, the Bush Administration's statements to Saddam in the weeks before the Aug. 2, 1990, invasion of Kuwait have become particularly controversial.

President Bush heatedly denied the substance of Ross Perot's charge [U.S. told Iraq they could have the northern half of Kuwait], and Tuesday Richard Boucher told reporters the Administration had already declassified the only two cables on the issue sent to April Glaspie before her meeting with Saddam. Boucher said Lawrence Eagleburger had asked him to state categorically that "the U.S. has never...told or in any way indicated to Saddam Hussein that Iraq could take the northern part of Kuwait."

(R. Jeffrey Smith, Washington Post, A17)

U.N. NUCLEAR INSPECTOR DISPUTES BUSH'S STATEMENT ON IRAQ WEAPONS

The former head of U.N. nuclear inspections in Iraq on Tuesday disputed President Bush's statement that no U.S. technology was used in that country's atomic development program.

David Kay was quoted by the Center for Security Policy as saying that "U.S.-manufactured equipment and nuclear technology were found as components of Iraq's nuclear program."

Kay cited as examples electron-beam welding machines made in the U.S. that the U.N. inspectors discovered at Iraqi nuclear development sites, the research group said in a news release.

Bush made the statement in Monday night's debate.

(Marcy Gordon, AP)

**U.S., ALLIES SPLIT OVER RELIEF TO IRAQ
Washington Protests U.N.-Baghdad Pact On Conditions For Aid**

U.N. -- Britain and France indicated Tuesday they would not support U.S. objections to an agreement negotiated between the U.N. and Iraq on the distribution of humanitarian aid in that country.

Secretary-General Boutros Ghali is "strongly leaning" toward signing the new Memorandum of Understanding over the U.S. objections, U.N. sources said. U.S. officials said the pact, which places limits on U.N. guards and facilities, would permit Iraq to seriously hamper U.N. operations there. The memorandum's backers say it must be implemented quickly to help Iraqi refugees through the winter.

(Trevor Rowe, Washington Post, A34)

PAYMENTS TO BANKS DIDN'T AID LIBYA OR IRAQ, TREASURY SAYS

The Bush Administration Tuesday defended millions of dollars in payments to banks owned in part by Iraq and Libya, disputing a senator's [Sen. Leahy] charges that the transfers may have helped the two countries.

At the same time, a senior Treasury Department official said U.S. decisions about the banks were influenced by concerns that actions against them might cause a financial crisis in the Middle East. In a letter to Leahy Tuesday, Treasury Department official R. Richard Newcomb said there is no evidence that the Arab countries, which are under U.S. sanctions, benefited.

(Warren Strobel, Washington Times, A9)

IRAN-CONTRA DOCUMENT SAYS BUSH FAVORED SECRECY IN HOSTAGE AFFAIR

A White House document, little-noticed before, shows that in November 1986 George Bush endorsed a Reagan Administration plan to conceal the specifics of the Iran initiative as details of the secret arms-for-hostage arrangement began spilling into public view. The document, a cable from John Poindexter to Secretary Shultz, came shortly before Bush asserted that he had urged administration officials to tell the truth about the affair.

The message lists Bush as one of several senior officials who favored a "close-mouthed" policy even as Shultz sought to persuade top officials to disclose what they knew. C. Boyden Gray said Tuesday there was nothing new in the Poindexter document. "This is fully described in Chapter 19 of the Congressional report," he said. "I cannot see any reason why there is any news."

(David Johnston, New York Times, A14)

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PRESIDENT APOLOGIZES TO CANADA

ATLANTA -- As if he didn't have enough to worry about, a contrite President Bush found himself Tuesday apologizing to Canada "on behalf of all Americans" for inadvertently flying the maple leaf flag upside down in Game 2 of the World Series here.

Bush, appearing on a television talk show before embarking on a two-day whistle-stop train trip through the South, told Canadians "how badly I feel about it, how badly all the American people feel about it, how much we value our friendship with Canada."

He said the U.S. Marine Corps color guard mistakenly displayed the Canadian flag upside down "and certainly nobody would ever do anything like that on purpose." (Ruth Marcus, Washington Post, C5)

NATO TO PLAN PEACEKEEPING IN EUROPE

GLENEAGLES, Scotland -- The U.S. and its NATO allies agreed Tuesday to draw up plans for a new post-Cold War peace-keeping role in European conflicts. The purpose of the two-day meeting was to assess nuclear strategy and reduce NATO's nuclear arsenal in Europe, but the ministers also called for their senior military officials to draw up plans in two months for NATO to take on a strong role as a European peacekeeper. (AP, Washington Post, A30)

**6 EX-SOVIET STATES ACCEPT STRICT QUOTAS ON URANIUM
Deal Limits Republics' Access To U.S. Market**

Russia and five other former Soviet republics have accepted strict quotas imposed by the U.S. Commerce Department that will virtually exclude them from the U.S. uranium market until the price of uranium rises more than one third above its current level.

The agreement ends an "anti-dumping" proceeding initiated by domestic uranium producers, who complained that the former Soviet republics were flooding the U.S. market with cheap uranium.

(Thomas Lippman, Washington Post, A28)

**RUSSIAN ARMY PULLOUT FROM BALTICS HALTED
Ministry Cites Housing Shortage At Home**

MOSCOW -- The Russian Defense Ministry announced Tuesday that it will suspend withdrawing former Soviet troops from the three Baltic republics until housing is available for them in Russia.

(Fred Hiatt, Washington Post, A30)

EX-POW DESCRIBES 'BROKEN' CELLMATES LEFT IN INDOCHINA

A former POW held in the notorious "Hanoi Hilton" prison in North Vietnam has disputed the long-held Pentagon assertion that no living Americans were left behind in Indochina with his eyewitness account of two tortured cellmates who did not return with other prisoners in 1973. "They were too severely tortured by Cuban interrogators" to be released, said Donald "Digger" Odell, a retired Air Force lieutenant colonel. "The Vietnamese didn't want the world to see what they had done to them." The two POWs left behind in the camp were "broken" but alive when he and other prisoners were released, he said. He declined to divulge their names to protect their families' privacy.

(Carleton Bryant, Washington Times, A3)

-End of A-Section-

NETWORK NEWS

(Tuesday evening, Oct. 20)

CAMPAIGN/DEBATE

ABC's Peter Jennings: So much for conventional wisdom. We've said that a few times this year. The audience for the third presidential debate last night was larger, not smaller, than the other two. So more than 90 million Americans last night saw President Bush give what almost everyone agrees was his strongest performance of the week, even though his record was sharply attacked by Ross Perot as well as Bill Clinton. There are now two weeks to go, and we begin where the debates left off. The President was in the South today.

ABC's Brit Hume: The novelty of a Republican presidential campaign rolling by train through what should be safe Republican territory this late in the campaign, helped bring large and enthusiastic crowds to see George Bush in Georgia today. He responded by putting on an Atlanta Braves baseball jacket and giving the crowd the famous tomahawk chop that has become the trademark gesture of Braves fans. Mr. Bush also took a few chops at Bill Clinton, along the same lines as his attacks on him last night for an alleged pattern of deception.

(TV coverage: President Bush waving from back of train; doing tomahawk chop to cheering crowd.)

(**President Bush:** "It's flip-flops. It's on the right-to-work laws, it's on free trade, it was on the war itself, it was on term limits. You cannot be all things to all people. You can't say one day, 'Well, I'm for the Blue Jays, but maybe I'll be for the Atlanta Braves.' I'm for the Braves and that's the way it is.") But that attack was not the only echo of last night's debate. Bush's aides were haunted all day by questions about the charge from Ross Perot that the Administration had withheld documents from Congress on its alleged encouragement of Saddam Hussein's aggression. At his first event in Atlanta this morning, a voter even asked Mr. Bush about it, withdrawing an emphatic answer.

(**President Bush:** "Every single paper -- including secretary of State's notes, which is unprecedented -- was taken up to the United States Congress and looked at in detail.")

(TV coverage: President Bush speaking from back of train.)

It is a measure of how steep a climb the President faces that he finds himself with two weeks to go having to defend his conduct on Iraq. Driving the Iraqi army out of Kuwait, after all, is or was considered this President's greatest triumph. (ABC-Lead)

ABC's Barrie Dunsmore reports the State Department today strongly denied Perot's charges.

(**Richard Boucher**, State Department: "The United States has never, and I repeat never, told or in any way indicated to Saddam Hussein that Iraq could take the northern part of Kuwait. And contrary to Mr. Perot's assertion, the Administration has not denied the Congress one single document about U.S. policy toward Iraq.")

Dunsmore continues:

The issue is what Amb. April Glaspie told Saddam at a meeting he requested a week before Iraq invaded Kuwait. As to whether Congress has been given all the documents it requested, Rep. Gejdenson says it has not.

(Gejdenson: "The Administration has denied us documents. They've hidden documents from us. When we got other documents, they've refused to declassify some of the most important documents.")
Politics aside, what most observers now believe is that the warning to Iraq was not nearly strong enough. (ABC-2)

ABC's Chris Bury reports Clinton was still defending himself this morning from the President's charge that he would have to raise taxes on the middle class to pay for all his promises.

(TV coverage: Clinton speaking to reporters.)

(Clinton: "If we can't raise the money to pay for those programs, I will either cut more federal spending elsewhere or slow down the spending on the programs.")

Clinton again was asked if that was a kind of read-my-lips pledge.

(Clinton: "No President can foresee all the emergencies that might develop, any problems that might happen to the economy. I think it's just irresponsible.")

The frontrunners may have been touchy on taxes today, but Sen. Gore seemed so sure of victory that he suggested to a huge crowd in Chicago that the debates had finished Bush.

(Gore: "One thing you can say about George Bush is three strikes and you're out.")

Clinton has hinted he is out not just to win, but to win as many states as he can to build a national consensus.

(Clinton: "We want a mandate to rebuild this country and put our people first again.")

Still, James Carville is so spooked by overconfidence that he gets visibly upset at any talk of a mandate.

(Carville: "We're looking to win. We're campaigning as hard as we possibly can right up to the end. I don't know anything about any mandate. I have never heard any talk of that.")

Maybe not, but this week Clinton heads into such traditional Republican bastions as Nevada, Wyoming and Montana, a sign that a mandate is certainly on his mind. (ABC-3)

Jennings reports that in his post-debate news conference, Perot said about the media: You guys hate the fact that I'm in the race; you're acting like a bunch of jerks. (NBC-10, ABC-4)

NBC's Tom Brokaw: Two weeks from today, the nation votes. And from all indications this time, interest is unusually high. Last night's debate drew a record audience. Voter registration is booming. And President Bush promises a charge from behind. He should be heartened by this: an unexpectedly good month for the construction of single-family homes and apartments, up 1.4 percent in September. That's the highest level in six months now. But is that too little, too late?

NBC's John Cochran: Those instant polls after the final debate were a big disappointment to Bush's aides. But they do feel he showed a lot of fire last night, and that has kept their hopes glimmering. Whistle-stopping through Georgia, the President did what aides say he will continue to do up to the final day of the campaign: accuse Bill Clinton of waffling.

(President Bush: "You cannot literally flip-flop on all these issues and lead. You cannot lead by misleading. You can't say one day, 'Well, I think Toronto's great, but I'm for the Braves.' You've got to take a position. I am for the Braves, courageously.")

That's not really a tough choice, since Canadians won't be voting next month. But it played well here, well enough for Bush to make a quick change into a Braves jacket.

(TV coverage: President Bush putting on jacket, waving to crowd.) His aides say he has no sophisticated new strategy to overcome Clinton's lead -- just old-fashioned, all-out campaigning. As for predictions that this election is already over, Bush was defiant.

(President Bush: "You know, baseball is exactly like politics. So you forget about all these crazy polls. Don't let these newscasters tell you what's happening or how to vote.")

The President and his top aides are convinced the news media have not given him a fair break in the campaign. They also say negative coverage has hurt him badly in the polls.

(Mary Matalin: "A tremendous amount, and that's why it is not an inconsequential matter. That's why I think the media has a bigger responsibility to do straight stories.")

(Marlin Fitzwater: "I think in some cases, it is biased. In some cases, it's just the media wants a fight, wants to see the incumbent have trouble, goes with the challenger.")

To overcome what Bush charges is unfair coverage from the national media, he will appear often on local TV stations, as he did today in Atlanta.

(TV coverage: President Bush appearing on talk show.)

The President had hoped that by this stage of the campaign, he would have key Southern states like Georgia in the bag. Instead, his own people admit that if the election were held today, he'd probably lose Georgia.

(NBC-Lead)

NBC's Andrea Mitchell reports Clinton wants to keep Bush off balance with a new attack.

(TV coverage: Clinton waving to cheering crowd.)

(Clinton: "They talked about trust when he said, 'Read my lips, 15 million new jobs, we are better off today than we were four years ago.' How are you doing?")

The Bush campaign all but gave up on Illinois last week. Still, the Democrats are campaigning as though they were 10 points behind.

(Clinton: "Fight on to say no to the politics of destruction and denial and division. Will you help me fight on for two more weeks?")

A major Clinton theme in these final days is that Bush's no-new-taxes pledge was irresponsible political pandering. But last night, he seemed to be making a no-tax pledge of his own, although with an escape clause.

(Clinton: "I am not going to raise taxes on the middle class to pay for these programs. Now furthermore, I am not going to tell you, 'Read my lips,' on anything because I cannot foresee what emergencies might develop.")

-more-

Mitchell continues:

(Reporter: "Might you not have to raise gasoline taxes or do other things that upset the middle class?"

Clinton: "Not to pay for these programs. Mr. Bush is saying that I'm going to raise taxes to pay for these programs. He knows it's not true.")

An unexpected benefit of the debate was Perot's attacks on Bush.

(Clinton: "But he did do a very good job last night of hitting Mr. Bush on Iraq and on the Republican attack machine.")

Clinton didn't waste any time following Perot's lead.

(Clinton: "The CIA and the Justice Department calling each other liars to a federal judge, and he wants us to trust him with four more years. It's all politics and we're not buying it this time, Mr. Bush.")

In the final two weeks, voters will not see a kinder and gentler Bill Clinton. Democrats will be fighting all the way to the polls.

(NBC-2)

NBC's Lisa Myers reports on inaccuracies in the debate. Charge No. 1: Perot's claim that the President gave Saddam the green light to invade Kuwait.

(Perot: "We told him he could take the northern part of Kuwait. When he took the whole thing, we went nuts. And if we didn't tell that, why won't we even let the Senate Foreign Relations Committee and the Senate Intelligence Committee see the written instructions.")

President Bush: "That is absolutely absurd.")

The evidence supports Bush. There were no written instructions involving Glaspie's meeting with Saddam. What documents there are were given to a Senate committee.

(President Bush: "Every single paper -- including secretary of State's notes, which is unprecedented -- was taken up to the United States Congress and looked at in detail.")

Charge No. 2: Did U.S. firms contribute to Saddam's nuclear capability.

(President Bush: "And there hasn't been one single scintilla of evidence that there's any U.S. technology involved in it.")

Not true. An international inspection team first reported last December that some U.S. technology was involved. Charge No. 3: Clinton's record in Arkansas. Both Clinton and Bush used misleading statistics -- Clinton on taxes, Bush on job creation.

(Bush: "Over the last 10 years since he's been governor, they're 30 percent behind.")

Not true. According to the federal government, Arkansas job growth under Clinton has exceeded the national average. Charge No. 4: Bush's claim that Clinton would raise auto fuel-efficiency standards to 40 miles a gallon.

(Clinton: "I've never said we should write it into law if there is evidence that goal cannot be achieved.")

Anyone who reads Clinton's economic plan would think otherwise. It specifically says 40 miles a gallon. So all the candidates played loose with some facts. And last night, at least, Perot played loosest of them all.

(NBC-3)

Brokaw discusses the campaign with three undecided voters. Two are leaning toward Bush, one toward Perot. Two think Bush will win, while the third thinks Clinton will win.

(NBC-4)

CBS's Dan Rather: The last of the presidential candidates' joint appearances spilled over to the campaign trail today on at least one important point. It is Ross Perot vs. President George Bush. The President was still denying today that he gave Saddam Hussein any green light or anything approaching a green light to invade Kuwait before the Gulf War. He also flatly denies that he or his Administration did anything illegal or unethical in the arming of Saddam. Ross Perot made the charges last night. Up to now, he has not produced any new evidence. So what's going on here. What's the real story.

CBS's David Martin reports Perot's scathing attack today triggered an equally blistering response, not from the Bush campaign, but from the State Department.

(TV coverage: President Bush with Clinton and Perot at debate.)

(**Richard Boucher**, State Department: "The United States has never, and I repeat never, told or in any way indicated to Saddam Hussein that Iraq could take the northern part of Kuwait.")

(**Perot:** "We told him he could take the northern part of Kuwait. When he took the whole thing, we went nuts. And if we didn't tell that, why won't we even let the Senate Foreign Relations Committee and the Senate Intelligence Committee see the written instructions.")

The cable Glaspie sent to Washington after meeting with Saddam indicated there wasn't exactly a red light, but good enough to make the President's denial of Perot's charge stand up.

(**President Bush:** "We did not say to Saddam Hussein, Ross, 'You can take the northern part of Kuwait.' That is absolutely absurd.")

But another presidential statement does not stand up so well.

(**President Bush:** "And the nuclear capability has been searched by the United Nations, and there hasn't been one single scintilla of evidence that there's any U.S. technology involved in it.")

(**Gary Milhollin**, Wisconsin Project: "That's absolutely untrue. U.N. inspectors have found, for example, high-technology welders exported from the United States used to make nuclear-weapons fuel.")

As far as the election is concerned, who's right and who's wrong is almost beside the point. With two weeks to go, the President is stuck defending his failed pre-war policy, while three separate teams of investigators dig into his Administration's handling of a case involving billions of dollars in illegal loans to Iraq.

(CBS-Lead)

CBS's Susan Spencer: Iraqgate hit Mr. Bush right out of the box this morning. What about the charge that he's withholding information that shows the U.S. cobbled Iraq before the war? He denied it emphatically.

(**President Bush:** "Every single paper -- including secretary of State's notes, which is unprecedented -- was taken up to the United States Congress and looked at in detail. And after the event, Secretary Baker went and explained that to Mr. Perot, who said he hadn't known that.")

Unclear whether Perot apologized, but further discussion of this was not on the agenda today as Mr. Bush, revved up by last night's feisty performance, started a two-day train trip through Georgia and the Carolinas.

(TV coverage: President Bush waving from back of train.)

Spencer continues:

At enthusiastic rallies that seemed as much for the Atlanta Braves as for him, Mr. Bush repeated that untrustworthy Bill Clinton will hurt average Americans.

(President Bush: "He wants to tax more and spend more. Do not let this happen to the United States of America.")

The President has just two weeks to undermine Clinton's support, and that is the strategy. But he should have locked up these Southern states long ago. Train trips through Republican territory may make for picturesque events, but he needs converts.

(Georgia man: "I think he ought to be addressing the economy vs. attacking his candidate.")

All the President's fire today was aimed at Clinton, not Perot. The campaign [inaudible] Perot supporters will be up for grabs, and Mr. Bush is in no position to make them mad. (CBS-2)

Rather discusses the Perot strategy with CBS's Bill Lagattuta.

Lagattuta: I think the attacks [against Bush] will continue, most definitely. It's no secret that Ross Perot does not like George Bush. Last night, he really let him have it. And tonight, the campaign is preparing to unleash a brand new round of Bush bashing. What we're seeing is Ross Perot in the role of power broker. His intent last night in the joint appearance was unmistakable. Vote for me, Perot was saying, but if not me, then at least not George Bush. This was a gold-plated gift for Bill Clinton and potentially devastating news for the President.... Conceivably, in the end, Perot could stand up and say, "I lost, but I brought down a president," and that would be very Perot-like. (CBS-3)

CBS's Richard Threlkeld reports Clinton's goal was to emerge from the debates with his lead in the polls still intact. Early indications are he succeeded. He taunted George Bush today and the crowd loved it.

(Clinton: "Once, Mr. Bush wanted to change the format of the debates. Then we had the debates and he wanted to change the subject away from the economy. Well, in two weeks, we're going to change presidents and change the country.") Even as he's pleading with supporters not to get overconfident, Clinton has a team working quietly in Little Rock, preparing for a transition.

(TV coverage: Clinton greeting crowd; at debate.)

Last night and again today, he conceded he may not be able to pay for his programs without taxing the middle class.

(Clinton: "I said specifically that I wouldn't say, 'Read my lips,' but that I would say I would not raise taxes on middle-class Americans to pay for the programs that I've outlined. That's very different. If we can't raise the money to pay for those programs, I will either cut more federal spending elsewhere or slow down the spending on the programs.")

The closer Clinton gets to the Oval Office, the more he will find there's a big difference between a candidate making promises and a president who must try to make them policy. (CBS-4)

CBS's Mark Phillips reports on lifelong Republicans in Colorado who have decided to cast their votes for Clinton. If there is any softness in the Clinton support, it would be among the Clinton Republicans and Reagan Democrats. But that softness may well be hardening. (CBS-5)

CAMPAIGN/URBAN POLICY

ABC's Carole Simpson reports urban blight is so profound that last spring, big-city mayors led a march on Washington, demanding action from the federal government and from a president they say has virtually ignored them for the past four years.

(Tom Cochran, Conference of Mayors: "We cannot get into the White House to talk about some very serious issues and talk about how we can work together.")

Reporter: "Have you tried?"

Cochran: "We have tried over and over.")

President Bush and Gov. Clinton have laid out surprisingly similar proposals for addressing the urban crisis. They agree that the centerpiece of any plan must be economic development.

(TV coverage: President Bush, Clinton touring Los Angeles following riots.)

In 1983, Clinton made Arkansas one of the earliest states in the country to give companies tax breaks to locate in enterprise zones.

(Clinton, 1983: "The purpose of the enterprise zone is to stimulate business investment in depressed areas of our state, to put Arkansans who are receiving public assistance back to work.") Today, there are more than 450 enterprise zones in Arkansas, helping Arkansas rank first in job growth.

(TV coverage: President Bush speaking at campaign stop.)

Bush has proposed legislation to start a federal pilot program, but so far, it has not been enacted. Bush's most visible urban initiative has been the Weed and Seed program.

(President Bush: "This is your home and this is your community, the place your children play. And you deserve to be safe here.") According to the Conference of Mayors, Weed and Seed is showing only modest results. Clinton's version of Weed and Seed helps urban law enforcement by putting 100,000 new police officers in inner-city neighborhoods.

(TV coverage: Clinton accepting police endorsement.)

He would also offer poor people small loans to start neighborhood businesses. Perot also is in favor of low-cost loans, but Bush has no such proposal. The biggest difference between Bush and Clinton is that Clinton would spend far more on the cities. He is proposing a \$20 billion-a-year, four-year program.

(Cochran: "The mayors feel Gov. Clinton has a plan and that's where I fault the Bush Administration. They have pieces that they can talk about, but there's no one cohesive strategy.")

The mayors place some blame on Congress. But they issue, they say, is leadership from the White House -- someone to work with Congress and put their problems much higher on the national agenda.

(ABC-12)

ECONOMY/HOUSING STARTS

Jennings reports housing starts went up 1.4 percent in September, putting them at their highest level since spring. (CBS-8, ABC-8)

WORLD SERIES/CANADIAN FLAG

NBC's Keith Morrison reports on Game One of the World Series, in which the Canadian flag was flown upside down.

(President Bush: "This was a mistake, and certainly, nobody would ever do anything like that on purpose.")

(NBC-12)

-end of News Summary-

11:30 A.M. NEWS UPDATE

CAMPAIGN TRAIL (Spartanburg/AP) -- President Bush, showing renewed high spirits despite glum news in the polls, was resuming his whistlestop train tour through usually Republican turf that he is now struggling to hold. Bush sought to highlight his charge that Bill Clinton waffled on the issues by stopping at a Waffle House restaurant in Spartanburg. Bush was reboarding the "Spirit of America" locomotive and, with 18 cars in tow, chugging leisurely through North Carolina, with scheduled stops at Gastonia, Kannapolis, Thomasville and Burlington before ending in Raleigh.

IRAQ/NUCLEAR (AP) -- The former head of U.N. nuclear inspections in Iraq, David Kay, is disputing President Bush's statement that no U.S. technology was used in Iraq's atomic weapons development program. "There was U.S. equipment there and certainly U.S. technology," Kay said on NBC's "Today." "There is no disputing that there was technology and equipment from other countries as well, far more than from the United States," added Kay.

NATO/PEACEKEEPING (Gleneagles, Scotland/AP) -- The U.S. and its NATO allies pledged to speed up efforts to carve out a new post-Cold War role as European peacekeeper. Secretary Cheney also joined other NATO defense chiefs in offering more support for efforts by the U.N. to end the ethnic fighting that has accompanied the breakup of Yugoslavia. "The United States strongly supports an enhanced peacekeeping role for NATO," Cheney said at a news conference. NATO's secretary-general, Manfred Woerner, said that the allies also agreed on new guidelines for defense plans that will be based on "a reduced reliance on nuclear weapons."

FRANCE/TRADE (Paris/AP) -- President Mitterrand said that the latest American farm-policy proposals are insufficient to resolve a U.S.-Europe dispute that is jeopardizing a new world trade accord. Mitterrand said at his weekly Cabinet meeting that U.S. officials had made some concessions in other trade areas during recent negotiations with the EC, "but absolutely not on agriculture." "They didn't propose much of anything," Mitterrand said, according to government spokesman Louis Mermaz. "They haven't made any progress in this area" that would permit agreement on a new world trade accord.

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2:00 P.M. NEWS UPDATE

WHISTLESTOP/N.C. (Gastonia/AP) -- President Bush, in a feisty mood as he whistlestopped through the Carolinas, told a trackside campaign rally here that Bill Clinton is too inexperienced and wishy-washy to lead the country. "We cannot put him in the White House. He's like a struggling Little League manager wanting to go to the Atlanta Braves," Bush told several thousand cheering supporters at the first of four scheduled train stops. Bush kept up the drumbeat of "flip-flop" accusations against Clinton, saying in Gastonia that Clinton had a "pathetic" stance on the Persian Gulf War. Bush said he was "still offended" by Clinton's participation 23 years ago in antiwar demonstrations in England.

CLINTON/WEST (Little Rock/AP) -- Bill Clinton, starting a three-day swing through western states, said he was "not laid back and I certainly don't feel comfortable" about his lead. "We've got a hard fight on our hands here for the next two weeks," Clinton told reporters. Clinton dismissed Republican charges that he would have to raise the taxes of middle-class Americans to deliver on his campaign promises. "I'm trying to make the point that I have no intention of doing what Republicans are charging," Clinton said. "I have no intention of raising taxes on the middle class."

CLINTON/POLLS (Reuter) -- Bill Clinton entered the homestretch of his presidential campaign fighting overconfidence even as his supporters cry "landslide," and a new poll put him 18 points ahead of President Bush. The latest USA Today/CNN/Gallup poll gave Clinton 47% with 29% for President Bush and 15% for Ross Perot. A Wall Street Journal survey found he is now clearly ahead in 24 states and D.C. with 321 electoral votes, 51 more than the 270 he needs to win the Nov. 3 election. Bush leads in only nine states with 61 electoral votes and the rest are now rated "toss-ups" the Journal reported.

MIDEAST TALKS (AP) -- The Bush Administration came down on Israel's side in a key dispute with Palestinians as Mideast peace talks reopened at the State Department. Senior U.S. officials, holding a private session with Palestinian negotiators, said they should defer any attempt to persuade Israel to commit itself to relinquish the West Bank and Gaza, an official said. The official said the Palestinians were told U.N. Security Council resolutions that, in effect, call for trading territory for peace, did not apply to negotiations over Palestinian autonomy. The issue should be deferred until a later stage, when an overall settlement of the Arab-Israeli dispute is on the table, the Palestinians were told.

CHENEY/GERMANY (Bitburg, Germany/Reuter) -- Secretary Cheney visited an American fighter base in Germany en route to Bonn for talks on maintaining European security after deep post-Cold War budget cuts. The Bitburg air base, home for 72 F-15 jets, is one of the few big U.S. military facilities in Europe not targeted now for major reductions or closure as the American defense presence in the region is cut by at least half before 1996. On Thursday, Cheney will meet German Defense Minister Volker Ruehe, who has expressed regret at Washington's decision to cut its 1993 contribution to NATO's infrastructure fund to \$61 million.

--- Wednesday --- October 21, 1992 ---

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--- THE DAILY BRIEFING ON AMERICAN POLITICS ---

Updated Each Morning At 11:50

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282 North Washington Street, Falls Church, VA (703) 237-5130

SENATE 3RD QUARTER FEC FILINGS

In fund-raising, it's still the Year of the Woman: Braun (\$2.9M), Boxer (\$2.6M), Yeakel (\$2.1M), Feinstein (\$1.8M). Herschensohn (\$1.9M) top rooster in the henhouse.

Of 9 open seats, Dems lead in cash-on-hand in all but NH, WA.

Big cash may save vulnerable incumbents in OR, PA, OH, MO.

ALSO: Trailing millionaires Rauh (D-NH), Faircloth (R-NC) still have deep pockets. (#15)

POLLS SHOW RACES TIGHTENING

Chandler now within margin of error in WA. (#20) Bond slips into margin with Rothman-Serot in MO. (#16)

PEROT REBUTTED ON IRAQ (#2)

State Dept. says no secret instructions for Amb. Glaspie; Bush says after debate, Baker explained policy to chastened Perot. No comment from Perot.

CLINTON MEASURING COATTAILS?

Stumps with Braun, Feingold; more to come out west. (#4)

MT A-L: WILLIAMS LEADS (#21)

SPOTLIGHT

WASTED VOTE or PROTEST VOTE

Perot may have inched up even before Monday's debate (#22-#23) and may campaign personally in TX, FL, CA (#5). So what's his role?

Conventional wisdom says when it's clear he can't win, his vote may shrink to single digit (a la Anderson '80) because voters don't want to waste their votes.

But what if voters think the race is over? If voters feel both that Clinton is a shoo-in and Perot can't possibly win, will Perot be seen as free protest? Will some with Bush only because he's not Clinton think it's over and end up with Perot? Will some backing Clinton only out of fear of Bush feel it's safe to protest all politics with Perot? And will the ad wars (#1) benefit the third man, too?

===== QUOTE OF THE DAY =====

"It's almost like he has to convert the already converted."

-- Emory U's Merle Black on Bush in the South,
ORLANDO SENTINEL, 10/21. (#3)

THE APN BULLETIN BOARD

FROM TODAY'S GREENWIRE: New EPA study shows 130 cities (1 in 5) exceed safe lead standards for drinking water.
FROM TODAY'S DAILY REPORT CARD: New study shows HS dropouts who pass the GED are no better off than other dropouts.
FROM TODAY'S ABORTION REPORT: ARIZONA REPUBLIC calls a new ad supporting the AZ pro-life ballot prop "misleading."
FROM TODAY'S AMERICAN HEALTH LINE: Survey finds 77% of insurance CEOs believe GOP victory would help their company.

HOTLINE/DATABASE INDEX

WHITE HOUSE '92

TELEVISION: Maximum ad dollars for minimum impact? (#1)
IRAQ: State rebuts Perot charge; classified cables printed. (#2)
BUSH: I think I can, I think I can, I know I can ... (#3)
CLINTON: Coattails go West. (#4)
PEROT: Leaving the studio for a "glimpse" of the people. (#5)
VEEPS: Will Chevy play the sax? (#6)
RADIO ADS: Bush regional attacks; Clinton fast response. (#7)

THE TOP TEN

FLORIDA (25): Friday night live for Bush in Miami. (#8)
NEW JERSEY (15): Operation Jersey storm. (#9)
OHIO (21): Where would you rather be in late October? (#10)
TEXAS (32): Strong debates for Perot adds to mystery. (#11)
THE OTHER FORTY: AL, CT, MT, NM, OR, WA. (#12)
ELECTORAL MAPS (#13)
CANDIDATE SCHEDULES (#14)

SENATE WATCH

FEC REPORTS: 3rd quarter -- truly the year of the woman. (#15)
MO: Poll shows Bond slippage. (#16)
NY: D'Amato touching suburban bases. (#17)
OR: Jesse Jackson in the Oregon trail mix. (#18)
PA: Specter and Yeakel "pummeled" on the radio. (#19)
WA: Poll shows race within the margin. (#20)

HOUSE RACE BRIEFINGS: CA, CT, GA, MN, MA, MT, PA, VA, WA. (#21)

POLL UPDATE (PRE-DEBATE)

CNN/USA TODAY TRACKING: Clinton 47%, Bush 29%, Perot 15%. (#22)
BATTLEGROUND '92 TRACKING: Clinton lead at 13%. (#23)

TV MONITOR (#24)

? ? ? ? OVERLOOKED ? ? ? ?

As recently as 6/92, RNC attys were examining FEC law to determine whether the Dem Party would be ineligible for federal matching funds (and become a minor party) if Clinton finished 3rd with less than 25%. -- courtesy W.S. JOURNAL's David Shribman.

*1 TELEVISION: MAXIMUM AD DOLLARS FOR MINIMUM IMPACT?

FACT: The networks estimated the largest audience of all (93 million) watched the final debate 10/19, not counting PBS and cable -- and despite a 4:00p start on the West Coast (N.Y. DAILY NEWS, 10/21). Taking the estimates of the individual networks, over 99 million watched the 3rd pres. debate (ABC-32M, NBC-27M, CBS-26M+, Fox-3M, PBS-3.3M, CNN-4.6M). In 1988, Debate #1 drew the largest audience -- at 73 million. ABC estimates that 100M Americans saw at least one of the four debates (Carmody, W. POST 10/21).

FACT: The nets report total ad buys so far as follows:

NETWORK	BUSH	CLINTON	PEROT	TOTAL
ABC	\$ 7.9M	\$.7M	\$10.4M	\$19.0M
NBC	5.5M	1.2M	3.7M	10.4M
CBS	4.1M	2.4M	4.0M	10.5M
TOTAL	\$17.7M	\$5.5M	\$17.3M	\$40.9M

NOTE: These numbers do not include cable buys. Nor do they include local TV buys, where the Clinton camp has concentrated its airtime (AP, Balto. SUN, 10/21). The spending so far tops the \$38.5M network buys by Bush and Dukakis in '88 -- and could go as high as \$45-\$55M on the networks before Election Day according to political media buyers (Berkowitz, NEWSDAY, 10/20). For all campaigns at all levels combined, the Television Bureau of Advertising now estimates a 30% increase in total political ad spending in 1992 over 1988 "to \$300 million combined for network and local spots" (W.S. JOURNAL, 10/19).

FACT: The Clinton strategy of re-enforcing a national lead with local spot buys in key electoral states and the Bush strategy of national ad buys to close the national gap, is the exact opposite of 1988, when Bush bought locally to translate a national lead into an electoral lock. Clinton media consultant Mandy Grunwald: "It's a role reversal of the two parties" (W.S. JOURNAL, 10/19). And the local spot buys Bush has been making include efforts in traditionally GOP states they cannot take for granted this time -- e.g., AZ, VA, IN, SC, MS, KS, OK, TX (Kurtz, W. POST 10/21).

FACT: N.Y. TIMES' Kolbert reports Bush is running "almost unrelentingly negative" ads under a strategy that "has an air of desperation." She quotes one Bush strategist as saying it's 50-50 "that we'll go crazy in the last week." Kolbert adds: "Expect the Clinton campaign to continue to answer the Bush attacks blow for blow" and include some other positive material (10/20). The Bush camp will today unveil a 3rd person-in-the-street ad attacking Clinton in its "to be continued" series -- and the Dems have a new 15-second spot quoting Bush ("You will be better off four years from now than you are today") with an announcer then asking: "Well, it's four years later. How're you doing?" (USA TODAY, 10/21). Meanwhile, Perot's ads on issues (and bio interviews) receive high praise from NY ad executives who have long decried standard political advertising. George Lois: "It's refreshing to see someone sitting there telling you how screwed up things are, because the other two guys are telling you they're going to solve everything. It was good theater, and the guy was fun" (MIAMI HERALD, 10/19).

THEORY: Given the high visibility of the candidates in the debates and on the nightly news, the ads may not matter much. Kolbert: "News coverage -- considered by most voters to be more

credible than commercials -- tends to muffle the effect of paid advertising" (N.Y. TIMES, 10/20).

THEORY: The undecided voter audience to the 2nd pres. debate in Richmond may have defined the unique nature of the 1992 electorate which discounts negative or "trivial" ads. After a long series of 50-person focus groups looking at the '92 ads, UCLA's Shanto Iyengar concluded: "The optimal advertising strategy in 1992 is to say good things about your program, and particularly about your economic agenda" (PHILA. INQUIRER, 10/21). Germond/Witcover: "The voters of 1992 are in no humor for a reprise of the triviality of 1988. In stressing what the president ... called a 'pattern of deception' on the part of Clinton, the Bush campaign is playing the most orthodox politics" (Balto. EVENING SUN, 10/17).

THEORY: A 2-way race is a zero-sum game; in a 3-way race, there is another place for disappointed voters to go. Carole Moseley Braun won the IL Dem Senate primary when one of her opponents ripped away at the other who answered back. Russ Feingold won the WI Dem Senate primary when his two opponents ripped at each other turning voters off and toward the third person. Perot is running positive ads; Bush is running negative ads; Clinton is answering Bush.

COMING UP: 1) A PBS Special, "The Choice," airs in most markets tonight. It includes two one-hour bio of Bush and Clinton. Perot wanted to be included but the production schedule precluded it, given his late re-entry; he declined to be interviewed for the program (DALLAS MORNING NEWS, 10/21). Balto. SUN TV critic David Zurawik calls the program "one of TV's better moments of the election year" with the Bush bio the "less impressive of the two" (10/21). BOSTON GLOBE's Siegel notes the Bush hour shows "his almost obsessive willingness to please" (10/21). DALLAS MORNING NEWS' Bark reports the Clinton hour is "a sometimes sharply critical assessment" of Clinton's 12 years as AR gov. (10/21). 2) CNN's "DEMOCRACY IN AMERICA": Siegel writes CNN's Ken Bode "will be charged with being tougher on Bush than on Clinton, and he is, although the Clinton hour has plenty of negatives" (GLOBE, 10/21). 3) ELECTION EVE: ABC plans to air three 20-minute ads on 11/2 between 8-9:00p (EST) -- one from each campaign -- at a total cost of \$975K. NBC is offering each campaign 30 minutes in prime time the same evening (AP/RICHMOND TIMES-DISPATCH, 10/21).

SEPTEMBER FEC REPORTS: Bush-Quayle -- 9/92 disbursements: \$18,284,544.71. Cash on hand: \$36,053,412.42. Clinton -- 9/92 disbursements: \$20,668,972. Cash on hand: \$25,645,590

*2 IRAQ: PEROT DEBATE CHARGES DENIED BY BUSH, STATE

At the direction of Acting Sec/State Lawrence Eagleburger, State Dept. spokesperson Richard Boucher denied charges, made by Perot in the 10/19 debate, that the U.S. had provided written instructions for then-Amb. April Glaspie before her 7/25/90 meeting with Saddam Hussein. Perot also had charged that the Admin. gave Saddam a "green light to seize northern Kuwait," and hinted that unreleased instructions to Glaspie might be the proof of such an action. But State released a 7/24/90 cable "sent to all U.S. ambassadors in the Mideast" that indicated that Perot's charge "was at least partially unfounded." The Admin. said the cable, which says the U.S. "take[s] no position" on the Iraq-Kuwait border issue "did not constitute written instructions for Glaspie's meeting with Hussein because the meeting was called suddenly by the Iraqi leader." Saddam summoned Glaspie just two

hours after she discussed the cable with Iraqi dep. For. Minister Hamdoun that morning (Frantz/Jehl, L.A. TIMES, 10/21). Many reports echoed REUTERS' Eisner: "The department's intervention in the presidential race ... came from a government agency already under fire from [Dems] for meddling in the campaign" (PHILA. DAILY NEWS, 10/21). ABC's Hume: "It is a measure of how steep a climb [Bush] faces that he finds himself with two weeks to go having to defend his conduct on Iraq. Driving the Iraqi army out of Kuwait after all, is or was, considered this president's greatest triumph." ABC's Dunismore: "Politics aside, what most observers now believe is that the warning to Iraq not to invade Kuwait was not nearly strong enough" (10/20). CNN's Begleiter: "The last ditch effort to contradict Ross Perot's charges shows how much Bush fears criticism of his pre-war policy might tarnish the glory of his conduct of the war" (CNN, 10/20). Perot counsel Clay Mulford: "All we want is a true and honest disclosure of the issues. What led up to our invasion and how it was handled afterward" ("Crossfire," CNN, 10/20).

TEXT OF CABLES: In addition to the 7/24 cable released by State, W. POST prints a declassified 7/19 cable from then-Sec/State Baker to Glaspie, the Iraqi-provided transcript of Glaspie's meeting with Saddam (which Glaspie claims is incomplete) -- as well as Glaspie's 7/25 cable to Baker describing that meeting, and a 7/28 response from Bush to Saddam -- both still classified (10/21).

STATEMENTS: Bush, in GA, rebutted Perot's charge: "Every single paper, including Secretary of State notes, which is unprecedented, was taken up by the [U.S.] Congress and looked at in detail. ... You had congressional hearing after congressional hearing. And my position is that we did try to make Saddam Hussein into somebody a little more sane." Bush also said Baker had "explained the thrust of the policy to Perot after the debate. He said Perot replied that 'he hadn't known that.'" NSA Brent Scowcroft "also insisted Congress had been given access to all relevant documents" and said Perot "shot from the hip ... doesn't know what he's talking about" (L.A. TIMES, 10/21). There are no reports of a Perot comment on Bush's statement. W. POST's Smith: "Contrary to Perot's allegation, all of the cables were provided to Congress last year." Boucher said Eagleburger "had asked him to state categorically" the U.S. "has never ... told or in any way indicated to Saddam Hussein that Iraq could take the northern part of Kuwait" (10/21). Sen. Foreign Relations sources confirm "there is no evidence to support ... Perot's allegation." But, BOSTON GLOBE's Greenway writes, "there remains the lingering suspicion that if [Glaspie] had been more emphatic" in her 7/25 meet with Saddam, perhaps he "would have been deterred" (10/21).

CLINTON-GORE CALL FOR MORE: The Dem ticket called for Bush to declassify Glaspie's 7/25 cable to Baker, Bush's 7/28 cable to Saddam (both now leaked to the W. POST), and the full text of Bush's 10/89 National Security Directive 26 (Release, 10/20).

U.S. TECHNOLOGY: When Bush said in the 10/19 debate "there hasn't been one single scintilla of evidence" U.S. technology was involved in Iraqi nuclear buildup, U.N. inspection team leader David Kay "groaned": "He was mistaken. There were some important items of equipment that came from the U.S.," including machine tools, an electron-beam welder, and computers. U. of WI's Gary Milhollin said from '85-90, \$96M worth of American computers were exported to Iraq: "American computers were licensed to almost every known nuclear, chemical, and missile site in Iraq" (Katz/Neuman, USA TODAY, 10/21).

ALSO: N.Y. TIMES' Sciolino sketches the "3-way tug of war" in the BNL case between federal prosecutors, CIA and Justice (10/21). CBS' Martin: "With two weeks to go, [Bush] is stuck defending a failed pre-war policy, while three separate teams of investigators dig into his administration's handling" of the BNL affair (10/20). DALLAS MORNING NEWS editorial, calling for an independent counsel in the BNL affair, suggests the structure of DoJ-appointed investigator Frederick Lacey reporting directly to the AG "has all the makings of another Saturday night massacre" (10/21). Acting Sec/State Eagleburger, in a letter to the N.Y. TIMES, claims editorial statements in the TIMES "continue to distort the facts" about pre-war Iraq policy, and offers a 5-point clarification of details on the policy and the BNL case (10/21). W. POST's Hoagland blasts Bush and Baker's treatment of Glaspie: "The character deficit in the Glaspie case belongs to Bush and ... Baker." After the Iraqi invasion, Baker "sought to avoid his responsibility in misreading Saddam and subtly shift the blame to Glaspie." And "descending to playing campaign spin doctor" after the 10/19 debate, "the usually honorable [NSA] Scowcroft, under election pressure, lets the ambassador's reputation twist in the wind." Bush and Baker "have sought to evade their moral and political responsibility on Iraq by hiding behind April Glaspie" (10/21).

AND ACROSS THE STRAITS OF HORMUZ: N.Y. TIMES' Johnston reports a previously "little-noticed" WH cable from then-NSA John Poindexter to then-Sec/State George Schultz shows that then-VP Bush in 11/86 "endorsed a Reagan [Admin.] plan to conceal the specifics of the Iran initiative as details of the secret arms-for-hostage arrangement began spilling into public view." The cable "came shortly before Mr. Bush asserted that he had urged [Admin.] officials to tell the truth about the affair" (10/21).

IRAQ: Rep. Dave McCurdy (D-OK): "The assertion by the Bush administration that we were taking a hard-headed approach towards Saddam prior to the invasion of Kuwait [is] not supported by the evidence. I do believe Mr. Perot probably exaggerated when he said we had a green light to take the Northern portion of Kuwait.

... We have an administration that prides itself on being hard-headed practitioners of this Kissinger style of geo-politics, and yet they totally misread the intentions of Saddam Hussein" ("Today," NBC, 10/21).

*3 BUSH: I THINK I CAN, I THINK I CAN, I KNOW I CAN ...

"The tracks were lined with people doing the tomahawk chop" when Pres. Bush's traom pulled into Norcross, GA. Saying, "It's not over until [Francisco] Cabrera swings," Bush "even used baseball to fashion a parable about Bill Clinton's waffling": "You can't be for Toronto and then for the Braves. You've got to take a position ... I am for the Braves." For Bush "to be campaigning this deep in his base, two weeks before the election, is a tacit admission of the grave problems in the president's campaign" (Baxter, ATLANTA CONSTITUTION, 10/21). On his two-day swing through GA, SC and NC, Bush "is going to ten towns and granting six television interviews." WH press sec. Fitzwater "said he would campaign nonstop" until 11/3" (Wines, N.Y. TIMES, 10/21). Two weeks before the election, Bush "finds himself running behind [Clinton] and under pressure to reconnect with voters who helped propel him to victory four years ago. ... And there is evidence from across the region that the so-called Reagan Democrats ... are returning to the party of their parents and grandparents" (Guillory, Raleigh NEWS & OBSERVER, 10/21).

Bush "devoted much of his message to attempts to exorcise the demons he and aides claim are unfairly haunting his reelection bid": "Don't believe those nutty pollsters. Don't let these guys tell you what you think ... We don't need that in the United States." Bush on the train trip: "This gets me fired up for the next one, ... I can't even tell you what this has done for my spirits" (Jehl, L.A. TIMES, 10/21). Many reports note a sign on the president's train that read "Operation Lifesaver."

TAX BILL: The Speaker's office "intentionally delayed sending a \$27 billion tax bill to the White House after some [Dem] leaders became convinced [Bush] might sign the bill after the [11/3] election, despite presidential veto threats, congressional sources said" (Pianin, W. POST, 10/21). The measure, which includes "tax cuts for businesses and individuals along with myriad, mostly minor tax increases to pay for them, must be signed within 10 days after the president receives it, not counting Sundays" (W.S. JOURNAL, 10/21).

CHATTER: Univ. of SC's Earl Black: "If Bush is going to have any chance of winning the election, he has to resurrect as his first priority an almost solid South." His brother, Emory Univ.'s Merle Black: "They're still trying to nail down their base, and that's not a good sign ... It's almost like he has to convert the already converted" (Kunerth, ORLANDO SENTINEL, 10/21). Bush's "failure to significantly alter the dynamics of the national campaign in three debates leaves [Clinton] the odds-on favorite to win ... possibly in a landslide" (Hines, HOUSTON CHRONICLE, 10/21). Bush-Quayle chair Bob Teeter: "We've always thought that once we get out of the debates, we would get some movement ... with that movement it is absolutely winnable" (USA TODAY, 10/21). One veteran GOP campaign consultant: "This is one of the of the most incompetent campaigns that has ever been run. And the blame rests with Bob Teeter and his team. They have been a disaster." RNC official: "We can be hurt down the ballot if Bush's vote is so weak that it erodes our strength in the congressional races" (W. TIMES, 10/21).

OP-ED: Evans and Novak: "Whether Bush can translate his new found clarity and vigor into damaging Clinton during the campaign's final two weeks is highly questionable" (W. POST, 10/21). W. POST's Broder: "From this point on, Bush will have no national forums ... the only saturation coverage his remarks will receive will come in the communities he visits. And there are too many places where his standing needs bolstering for him to visit in the remaining time" (10/21).

STRATEGY: "Emboldened by favorable reaction to his debate performance Monday night, Bush also planned a 'positive' advertising push and at least one train tour through Midwestern battlegrounds" (Kasindorf, NEWSDAY, 10/21). WH pol. director Ron Kaufman: "The campaign has never done the job we should be doing vis-a-vis what we did in '88, which is putting out a clear precise picture of these two guys, how they are different" (B. GLOBE, 10/21). NBC's Cochran: "Bush did what aides said he will continue to do up to the final day of the campaign -- accuse Bill Clinton of waffling. ... Aides say he has no sophisticated, new strategy to overcome Clinton's lead, just old-fashioned, all-out campaigning." Cochran continues: "To overcome what Bush charges is unfair coverage from the national media, he will appear often on local TV stations. [Bush] had hoped that by this stage of the campaign, he would have key Southern states like [GA] in the bag, instead his own people admit that if the election were held today, he'd probably lose [GA]" (10/20). Jesse Jackson on

whether Bush can turn it around: "Not likely. He has simply failed to comprehend the economic pain in the country" ("LKL," CNN, 10/20). Bush dep. manager Mary Matalin on why Bush is in the South: "We're trying to get to 270. This is our base. We're ahead in the polls down here. ... We're ahead in the West. We're competitive in the Midwest. ... We're going to win. I'll bet you a thousand bucks." Bob Novak: "The problem for President Bush right now is that there is no state to really zero in on" ("Inside Politics," 10/20).

***4 CLINTON: PULLING OUT COATTAILS IN MIDWEST, WEST**

"Clinton began closing the deal with American voters" 10/20 in a huge rally in downtown Chicago. Joined by Gore, Tipper and Hillary, Clinton asked the estimated 40,000 people in attendance, to help him "fight on for two more weeks." Also crowded onto the stage were "virtually every major Democratic officeholder and 1992 candidate in Cook County," including Senate candidate Carol Moseley Braun. "In previous years, most of them would have found something else to do when the party nominee came to town." A Dem pres. candidate has not won IL since 1964 (Locin/Hardy, CHICAGO TRIBUNE, 10/21). RNC chair Rich Bond and Sec/Labor Lynn Martin were among a group of GOPers that held a news conference in town "to assert that Bush will come from behind and win." Bond: "There's plenty of room here in Illinois and elsewhere in the country for a turnaround" (Locin/Hardy, CHICAGO TRIBUNE, 10/21). COPLEY's Bayer notes, Bush has pulled his ads off the air in IL and "appears to have ceded the race" (10/21).

WISCONSIN STUMP: Speaking later to an estimated crowd of 20,000 at Milwaukee's MECCA, "Clinton unveiled a new, snarling critique of Bush that paints him as a rank politician. In addition to criticizing him for "dispensing federal election-year gifts," Clinton accused Bush of using federal agencies to investigate him (Bayer, COPLEY, 10/21). Clinton also cited the Iraq issue, calling it "Iraggate" for the first time. Clinton: "He's got the CIA and the Justice Department admitting that the government lied to a federal judge and he wants you to trust him for four more years." Clinton was joined by state Sen. Russ Feingold (D), who is in a tight race with Sen. Bob Kasten (R), and other Dem office seekers (HOUSTON CHRON., 10/21).

WESTERN SWING: Clinton begins a 10-state Western swing today, starting in WY, MT and CO. Over the next few days, he will also make a series of "coattail stops" in WA, OR and CA to enable local candidates to share the stage with him (ARKANSAS DEMOCRAT-GAZETTE, 10/21). Clinton will appear in WA 10/22 with Senate hopeful/state Sen. Patty Murray (D) and House candidate/businessman Mike Lowry (D). He is also expected to stump for Rep. Les AuCoin (D) in OR and Rep. Barbara Boxer (D) and ex-S.F. Mayor Dianne Feinstein (D) in CA (HOUSTON CHRONICLE, 10/21).

IN SEARCH OF A MANDATE? ABC's Bury: "Clinton has hinted he is out not to just win, but to win as many states as he can to build a national consensus. ... Still, Clinton's top strategist is so spooked about overconfidence, he gets visibly upset at any talk of a mandate." Clinton strategist James Carville: "We're looking to win. We're going to campaign as hard as we possibly can right up to the end. [walking away from camera] I don't know anything about any mandate. I have never heard any talk of that." Bury: "Maybe not, but this week Clinton heads into such traditional [GOP] bastions as" NV, WY and MT, "a sign that a mandate is certainly on his mind" (10/20). BOSTON GLOBE's Pertman writes, "even as he cautioned supporters against

complacency during the waning weeks of the campaign," Clinton yesterday "sounded as if he knew the outcome as he asked voters for an election 'mandate' on Nov. 3" (10/21). W. POST header: "Clinton Campaign Is Feeling No Pain." Subhead: "In Post-Debate Glow, Democrat Seeks 'Mandate to Rebuild' Country" (10/21). USA TODAY header: "Clinton: 'Full-throttle' finish" (10/21). "Some Clinton advisers argue privately that if Clinton wins by a big margin, and also gets a new Democratic Congress, he will have an opening no president has seen since Franklin Roosevelt's 1932 landslide" (Nagourney, USA TODAY, 10/21).

ECON JITTERS CONTINUE: USA TODAY header: "Bond market spooked by Clinton factor" (10/21). W.S. JOURNAL header: "Wall Street Is Upset by Clinton's Support On Ending Tax Break for 'Excessive' Pay" (10/21). W.S. JOURNAL header: "Bonds Fall On Outlook For Clinton." Subhead: "Investors See Victory By Democrat, Rise In Federal Outlays" (10/21).

DID SOMEONE SAY TAX PLEDGE? Citing Clinton's 10/19 debate comment, "I will not raise taxes on the middle class to pay for my programs," a N.Y. TIMES editorial contends Clinton gave the debate "what may be its most memorable moment. ... For Clinton to rule out tax hikes except under dire circumstances is to risk diving into the same policy straightjacket that has paralyzed Mr. Bush" (10/21). NBC's Mitchell: "A major Clinton theme in these final days is that Bush's 'No new taxes,' pledge was irresponsible, political pandering." Mitchell to Clinton: "Might you not have to raise gasoline taxes or do other things that affect middle class voters?" Clinton: "Not to pay for these programs. Mr. Bush is saying that I'm going to raise taxes to pay for these programs, he knows it's not true" (10/20). CBS' Threlkeld: "The closer Bill Clinton gets to the Oval Office, the more he will find there's a big difference between a candidate making promises and a president who must try to make them policy" (10/20). N.Y. DAILY NEWS' Nelson writes, "If he wins Nov. 3, there will be no more freedom to dream; and no more Reagan and Bush to blame. It's coming up to showtime" (10/21).

OF NOTE: ATLANTA CONSTITUTION endorses Clinton (10/21). Balto. SUN header: "Military analysts agree with Clinton's cutback plan." Subhead: "Stance isolates Bush administration" (10/21). The Clinton campaign will stage political rallies in Tokyo, London and Paris to capture the votes of American citizens living overseas. Just as a 10/28 evening rally winds up for Clinton in Greenwich Village, NY, a Clinton bash will begin in Tokyo. Hillary or Tipper are likely to speak to the Japan crowd via satellite. A Paris rally is planned for 10/27 (N.Y. POST, 10/21). "It's time for lobbyists to make sure they've got enough Democrats on hand for the holidays." Dem analyst Bob Beckel's "grass roots firm is being bought by Cassidy & Associates, which also owns Powell, Tate" (W. POST, 10/21).

*5. PEROT: LEAVING THE STUDIO FOR A "GLIMPSE" OF THE PEOPLE
Perot "vows never to reveal his strategy" but "aides confirm that he will venture out of his Dallas television studio later this week for a glimpse of the American people." Nat'l coord. Orson Swindle: "He'll get out there." Although it "remains unclear what forums Perot will seek for his appearances," aides say "he will almost certainly travel to [CA]." Perot "is likely to inject himself into the much tighter" FL and TX races "with electoral votes desperately needed" by Bush (Firestone, N.Y. NEWSDAY, 10/21). KNIGHT-RIDDER'S Huckshorn writes, "No matter how hard he campaigns, some observers say Perot, intentionally or

not, seems to have become an ally" of the Dems. Bush supporters "continue to insist" no one can predict how Perot will affect the race (PHILA. INQUIRER, 10/21).

TRUTH SQUAD: KNIGHT-RIDDER's Rankin reports "few banking experts" believe the banking crisis mentioned by Perot in the 10/19 debate "will be that big." While "most agree that a number of commercial banks are likely to be shut down by federal regulators," they say "Perot's fears about the scale of the problem and its potential cost to taxpayers are unwarranted" (10/21). Airline and bank officials referred to Perot's debate remarks about their industries as "off base" and "out of touch" (W. TIMES, 10/21). N.Y. TIMES header: "Perot Overstate Problems of Airlines and Banks" (10/21). W. POST's Hamilton reports USAir's chairman Seth Schofield wrote to Perot to challenge his criticism of a proposed alliance between USAir and British Airways PLC and blamed American, United and Delta lobbyists for "spreading mountains of misinformation" (10/21).

ENDORSEMENT? Louis Farrakhan, the leader of the Nation of Islam, "offered backhanded praise" to Perot, "prompting tentative thanks" from Perot spokesperson Sharon Holman "who said she's never heard of him." In a meeting with the ATLANTA JOURNAL-CONSTITUTION, Farrakhan accused all 3 candidates of not addressing the needs of African Americans but called Perot "the most honest where the economy is concerned." Holman said the comments show the "broad base of support" for Perot's ideas (Smith, COX/ATLANTA CONSTITUTION, 10/21).

*6 VEEPS: WILL CHEVY PLAY THE SAX?

YOU CAN CALL HIM AL: Gore will tape an MTV appearance this a.m. (to be aired tonight 10:00p EST), and meets with singer Paul Simon later at a Newark homeless shelter (Release, 10/20).

YOU CAN CALL HIM IN '96: Marilyn Quayle "all but announced that her husband was planning to seek the GOP nomination in the future": "From my personal standpoint, I'm not sure that's something I would want, but for the nation, he is so good at finding solutions to problems that I really think he should." Her comments came on ABC's "GMA" (N.Y. DAILY NEWS, 10/21). W. POST's Allen profiles Quayle CoS Wm. Kristol (10/21).

*7 RADIO ADS: BUSH REGIONAL ATTACKS; CLINTON FAST RESPONSE

BUSH: CNN's Jackson notes Bush regional radio ads are playing in ME, PA, OH, MI, IL, MO, KY, TN, GA, LA, NM, SD, MT. "Many of the ads are variations on this one," running in IL: Announcer: "He says he's looking for change, but take a good look at the change he's really talking about. An independent analysis says that Clinton/Gore radical environmental taxes will drive up our annual utility bills \$343 dollars. ... A congressional study says his economic plan could put 80,000 people in [IL] out of work." Jackson: "The ad is misleading. It refers to a tax on carbon fuels which Clinton has not proposed. ... That Congressional study was made by the [GOP] staff of the Joint Economic Commission" (10/20). Louisville COURIER-JOURNAL notes ads running in "the Kentucky coalfields," Louisville, and Bowling Green -- the latter attacking Clinton's support for 40mpg CAFE standards (10/21).

CLINTON: CNN's Jackson reports Clinton ads are "rebutting the Bush ads state by state." Announcer: "Why would George Bush distort the record? Maybe he said it best." Bush: "I will do what I have to do to be re-elected." Jackson on Clinton's rebuttal ads: "The Bush campaign hoped to catch Clinton napping

with a surprise attack, but Clinton forces sprung on the ad so quickly with specific rebuttals that one Bush aide said, 'I wish our campaign was that good'" (10/20). COURIER-JOURNAL notes the reponse ad running in KY (10/21).

===== THE TOP TEN =====

*8 FLORIDA (25): FRIDAY NIGHT LIVE FOR BUSH IN MIAMI

Bush will be in Miami for a live TV town meeting on 10/23, to be broadcast on WPLG-TV. Bush will take questions from the 40 people in the studio. A satellite simulcast will link Bush up to audiences in Jacksonville, Tampa and Orlando. The program will also be shown nationally on C-SPAN (MIAMI HERALD, 10/20).

*9 NEW JERSEY (15): OPERATION JERSEY STORM

"With the debates over and Election Day closing in, Bush and his family are invading Bergen County this week in Operation Desert Storm fashion." The "highlight" will be Bush's 10/22 rally at Veteran's Field in Ridgewood. That evening, Bush goes on WWOR-TV for an "Ask George Bush" show. Today, Barbara Bush and daughter Doro will meet shoppers in Paramus. Educ/Sec Lamar Alexander visited Bergen 10/20, VP Dan Quayle on 10/19 and HUD Sec. Jack Kemp on 10/16. The Dem camp is "fighting back" with an ad push on NYC and Phila. TV. Gore visits Union Co. and Newark today (Bergen RECORD, 10/21). Bush-Quayle NJ exec. dir. Wm Palatucci: "I asked Washington to give me the kitchen sink, to put everything here. If the president doesn't win in New Jersey, he can turn out the lights and go home" (RECORD, 10/20). Campaigning for Clinton in Newark, Camden and Trenton today: L.A. Dodgers' stars Daryl Strawberry and Eric Davis and boxer Thomas Hearns (Newark STAR-LEDGER, 10/20).

ONE NIGHT ONLY: Clinton "plans to wrap up his campaign" 11/1 with a "star-studded" rally at the Meadowlands' Brendan Byrne Arena. The show, expected to draw 20,000, will be beamed via satellite to other rallies in the country. Tentatively scheduled to appear: Billy Crystal, Billy Joel and Dana Carvey. The Clinton camp "is also reaching out" to Bruce Springsteen but his publicist would not confirm (ASBURY PARK PRESS, 10/20).

*10 OHIO (21): WHERE ELSE WOULD YOU RATHER BE IN LATE OCTOBER?

VP Dan Quayle returns to OH today, and Ohioans "can also expect" visits from both Bush and Clinton before 11/3. Clinton's OH campaign "plans to bring" him back "at least twice," but dates have not yet been arranged. GOP officials said Bush is tentatively scheduled to appear 10/28. Quayle's bus trip, which started yesterday in MI, will bring him into OH today, with stops in Northwest OH -- "possibly" Bowling Green and Findlay, with a stopover in Lima. Tomorrow, Quayle is "expected" to visit General Dynamics' tank plant in Lima. Clinton OH spokesperson Bev Burtzlaff said they are planning a N.E. OH bus trip, featuring Sen. Harris Wofford (D-PA) and several state and local candidates. There are also plans to bring back NJ Sen. Bill Bradley and TX Gov. Ann Richard (Cleveland PLAIN DEALER, 10/20).

*11 TEXAS (32): STRONG DEBATES FOR PEROT ADDS TO MYSTERY

DALLAS MORNING NEWS' Attlesey reports TX "remains up for grabs." According to "experts," the 3rd debate "served only to solidify the support" of Clinton and Bush and to "restore the credibility" of Perot. Univ. Houston's Richard Murray: "We'll see more of the Perot recovery here than around the country and that probably will benefit Clinton in a two-person matchup. You can't lock the state up with Perot being such a big factor." Dem consultant George Christian: "The odds are still with Bush to carry Texas, but Clinton has made it very competitive, and it

could go either way." Aides said both Clinton and Bush are expected to campaign in TX before 11/3 (10/21).

*12 THE OTHER FORTY

ALABAMA (9): BIRMINGHAM POST-HERALD poll surveyed 571 likely voters from 10/12-14; margin of error +/- 5% (10/19).

Clinton	45%
Bush	35
Perot	12
Undec.	8

CONNECTICUT (8): Jesse Jackson helped register voters in New Haven, Waterbury, Hartford and E. Hartford. "If Jackson has a strained relationship" with Clinton, "it is not keeping him on the sidelines." Jackson "said he is already looking past the election to the next battle": "The struggle to beat Bush should end Nov. 3. Now there will be another struggle on November the 4th to set priorities that take into account commitments Mr. Clinton has made" (Pazniokas, HARTFORD COURANT, 10/21).

MONTANA (3): Lee Enterprises newspapers surveyed 808 likely voters from 10/12-15; margin of error 3.5% (AP, 10/20).

Clinton	41%
Bush	33
Perot	18
Undec.	8

NEW MEXICO (5): ALBUQUERQUE JOURNAL poll, conducted by Research & Polling Inc. from 10/13-16, surveyed 925 registered voters; margin of error +/- 3% (10/18).

Clinton	42%
Bush	30
Perot	9
DK/Other	18

OREGON (7): Clinton was endorsed by ex-National Endowment for the Arts chair John Frohnmayer at an "Oregon Republicans for Clinton" news conference in Portland (Clinton release, 10/19).

VIRGINIA (13): Mason-Dixon surveyed 814 likely voters from 10/16-18; margin of error +/- 3.5% (Fairfax JOURNAL, 10/20).

Bush	41%
Clinton	40
Perot	10
Undec.	9

WASHINGTON (11): Clinton arrives in Seattle late tonight "at the midpoint of a stamina-testing effort to dislodge a half-dozen Western states" from the GOP. A crowd of 10,000 is expected at Pike Place Market tomorrow. Such rallies are Dem tradition: Dukakis drew 15,000 in '88; Ferraro drew 12,000 in '84. "Clinton's trip is seen as as a demonstration of heady confidence in his camp. With less than two weeks to go in the presidential race, [he] is devoting two days to courting states with low populations and Republican leanings." Before Seattle, Clinton appears in Pueblo, CO, Cheyenne, WY and Billings, MT. After WA, he heads to OR and NV (Connelly, SEATTLE POST-INTELLIGENCER, 10/21).

*13 ELECTORAL MAPS:

A W.S. JOURNAL/Charlie Cook analysis has Clinton at 321 Electoral Voters from 25 states and DC; Bush at 61 EVs from 9 states; and 156 EVs from 17 states being toss ups (10/21). Dem analyst Mark Siegel has Clinton at 425 EVs from 35 states and DC;

Bush at 42 EVs from 6 states; and 71 EVs from 7 states (NV, ND, MO, OK, TX, LA, SC) as being toss ups (CNN, 10/20).

*14 CANDIDATE SCHEDULES

	10/21	10/22	10/23	10/24	10/25
CLINTON 501/399-3840 D. Seldin	Pueblo CO Cheyenne WY Billings MT	Seattle WA Eugene OR CstaMsa CA	Las Vegas NV Fayetteville AR	Des Moines IA OH	Saginaw MI Detroit MI Win-Sal NC
GORE 501/399-3840 K. McKiernan	NYC Newark NJ Macon GA	Macon Athens GA Melborn FL	Melbourne FL	Melbourne Pnsacla FL Huntsville AL	
BUSH 202/336-7080 T. Clarke	Train Trip ends Raleigh NC	Vineland Secaucus NJ	Miami FL ?		
QUAYLE 202/456-7034 D. Beckwith	Bus Trip MI OH	Bus Trip OH			
PEROT 214/788-3000 S. Holman	Dallas TX	Dallas TX	Dallas TX	Dallas TX	Dallas TX

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=====

SENATE WATCH =====

*15 FEC REPORTS: 3RD QUARTER -- TRULY THE YEAR OF THE WOMAN

The following data is derived from statements covering activity 7/1 - 9/30/92 (Primaries after 7/1 shortened the filing period). 36 seats are up in '92 -- 21 Dem (6 open) and 15 GOP (3 open). Incumbents in CAPS.

	3RD Q RAISED	3RD Q SPENT	3RD Q PAC \$	TOTAL DEBT	CASH-ON HAND
ALABAMA					
SHELBY (D)	131,200	65,963	74,850	0	1,398,552
Sellers (R) -- not available.					
ALASKA -- 8/20 - 9/30					
MURKOWSKI (R)	142,036	278,283	69,655	0	181,838
Smith (D)	147,984	208,876	39,950	95,936	15,417
ARIZONA -- 8/20 - 9/30					
MCCAIN (R)	269,906	725,861	127,278	67,264	679,109
Sargent (D)	59,827	62,307	7,000	44,989	6,221
Mecham (I)	13,013	10,384	0	0	2,630
ARKANSAS					
BUMPERS (D)	465,390	636,188	143,500	0	741,711
Huckabee (R)	323,424	268,079	10,050	0	70,513
CALIFORNIA "A"					
Boxer (D)	2,633,967	1,571,217	287,608	123,664	1,456,881
Herschensohn (R)	1,939,652	1,732,459	248,541	490,285	207,642
CALIFORNIA "B"					
SEYMOUR (R)	1,160,406	976,381	248,666	268,492	462,733
Feinstein (D)	1,864,821	1,132,253	275,112	131,820	1,408,516
COLORADO -- 7/23 - 9/30					
Campbell (D)	588,255	400,381	311,805	64,603	198,503
Considine (R)	512,613	606,047	116,077	56,905	97,651
CONNECTICUT -- 8/27 - 9/30					
DODD (D)	531,974	1,068,820	115,850	0	1,404,015
Johnson (R)	106,050	911,059	0	0	50,524
FLORIDA -- 8/13 - 9/30					
GRAHAM (D)	150,245	133,073	41,439	0	2,230,335
Grant (R)	35,184	34,704	2,000	34,770	1,310
GEORGIA -- 7/2 - 9/30					
FOWLER (D)	381,731	960,117	147,395	0	1,459,617
Coverdell (R)	429,007	295,780	39,250	24,154	191,733
HAWAII -- 8/31 - 9/30					
INOUE (D)	146,621	601,828	33,000	0	407,177
Reed (R) -- not available					
IDAHO					
Stallings (D)	308,715	358,242	135,908	0	96,453
Kemphorne (R)	447,523	391,874	209,552	36,310	95,447
ILLINOIS					
Braun (D)	2,930,293	2,935,752	163,915	408,985	1,038,833
Williamson (R)	888,592	1,012,295	209,473	124,672	157,999
INDIANA					
COATS (R)	688,839	963,060	207,145	0	1,211,095
Hogsett (D)	349,061	656,300	72,074	0	572,426
	3RD Q RAISED	3RD Q SPENT	3RD Q PAC \$	TOTAL DEBT	CASH-ON HAND
IOWA					
GRASSLEY (R)	613,697	935,801	253,570	0	499,347

Lloyd-Jones (D)	129,935	233,362	800	100,000	25,790
KANSAS -- 7/16 - 9/30					
DOLE (R)	300,640	401,161	104,190	0	2,224,489
O'Dell (D)	66,490	71,269	7,000	74,346	(99)
KENTUCKY					
FORD (D)	403,578	308,132	167,600	0	1,060,795
Williams (R)	174,745	95,507	6,800	23,445	114,724
MARYLAND					
MIKULSKI (D)	269,213	646,295	72,830	0	1,052,517
Keyes (R)	367,726	310,612	6,300	65,368	96,795
MISSOURI -- 7/16 - 9/30					
BOND (R)	714,019	1,214,139	264,534	106,325	1,346,168
Roth-Serot (D)	410,460	308,210	127,291	140,000	277,043
NEVADA -- 8/13 - 9/30					
REID (D)	133,297	732,188	83,225	0	530,260
Dahl (R)	118,932	143,991	0	27,276	2,115
NEW HAMPSHIRE -- 8/20 - 9/30					
Rauh (D)	112,981	232,159	0	254,884	12,099
Gregg (R)	201,044	241,106	74,956	0	177,389
Brady (I)	11,450	6,196	0	0	5,254
NEW YORK					
D'AMATO (R)	1,351,641	1,195,820	98,300	0	3,252,664
Abrams (D)	1,061,474	2,151,999	56,100	255,131	197,026
NORTH CAROLINA					
SANFORD (D)	565,121	541,881	129,800	0	439,421
Faircloth (R)	634,397	630,276	96,981	592,251	12,394
NORTH DAKOTA "A"					
Dorgan (D)	324,121	488,539	239,266	0	338,925
Sydness (R)	213,362	249,378	80,819	28,776	33,372
NORTH DAKOTA "B" -- election 12/4.					
Conrad (D)	26,870	35,264	8,000	0	558,486
Dalrymple (R) -- was not required to file.					
OHIO					
GLENN (D)	597,872	908,023	210,433	0	1,045,763
DeWine (R)	896,057	1,080,149	230,315	0	164,731
OKLAHOMA -- 8/6 - 9/30					
NICKLES (R)	237,244	755,942	66,086	0	1,613,373
Lewis (D)	329,937	426,037	65,109	0	149,937
OREGON					
PACKWOOD (R)	530,915	1,237,984	164,695	0	2,401,824
AuCoin (D)	487,089	326,613	161,724	38,292	376,034
PENNSYLVANIA					
SPECTER (R)	1,121,028	2,431,548	222,418	0	1,518,313
Yeakel (D)	2,106,195	2,391,631	184,047	231,019	276,924
SOUTH CAROLINA -- 8/6 - 9/30					
HOLLINGS (D)	330,953	656,787	96,813	0	808,103
Hartnett (R)	166,103	234,056	29,000	0	23,603

	3RD Q RAISED	3RD Q SPENT	3RD Q PAC \$	TOTAL DEBT	CASH-ON HAND
SOUTH DAKOTA					
DASCHLE (D)	366,223	745,867	135,832	0	735,933
Harr (R)	188,007	201,647	39,522	73,911	27,322
UTAH -- 8/20 - 9/30					
Owens (D)	287,883	282,093	83,503	53,205	51,515
Bennett (R)	753,374	1,304,845	86,025	0	40,082
VERMONT -- 8/20 - 9/30					
LEAHY (D)	31,296	77,801	5,000	0	592,457

Douglas (R)	73,041	43,356	0	3,349	41,125
WASHINGTON -- 8/27 - 9/30					
Murray (D)	240,990	275,355	90,134	41,565	98,337
Chandler (R)	281,193	531,242	121,224	73,403	202,021
WISCONSIN -- 8/20 - 9/30					
KASTEN (R)	459,653	1,083,243	176,407	18,585	941,829
Feingold (D)	362,966	341,472	92,294	28,317	186,600

NOTE: Sen. John Breau (D-LA) won re-election 10/3.

*16 MISSOURI: POLL SHOWS RACE TIGHTENING AS BOND MARGIN SINKS
A KMOV-TV poll by the Prell Org. surveyed 510 likely voters 10/19-20; margin of error +/- 4.2% (Rothman-Serot release, 10/21). Tested: Sen. Kit Bond (R), St. Louis Co. Councilmember Geri Rothman-Serot (D).

	10/19-20	10/4-5
Bond	44%	49%
Rothman-Serot	36	35
DK/other	20	16

*17 NEW YORK: D'AMATO TOUCHING SUBURBAN BASES

In his second L.I. stop in two days, Sen. Al D'Amato (R) spoke to workers at Grumman Corp.: "We're not going to cut the budget 50 percent and throw thousands of working people out on the street. ... Bob Abrams, you may have your job as attorney general after the election but we're going to make sure the people at Grumman have theirs too." The "mixed reception for D'Amato is an example of the larger picture that the latest public opinion polls have been picking up." D'Amato is "not doing as well on this friendly turf," the suburbs, as he did on '86. Nassau Co. Dem chair John Matthews: "[D'Amato] cannot win without the suburbs and we believe he's worn out his welcome." Nassau GOP chair Joseph Mondello: "He's a hometown boy and he's done well. ... This has always been his base. ... My money is on him" (Wasserman, N.Y. NEWSDAY, 10/21). With suburban support "softer than it has been in previous years," D'Amato "unveiled a plan to paint Abrams as anticommuter by posting billboards in Long Island Rail Road stations" quoting Abrams saying, "I am here today to oppose any New York State loan or any [other form of] subsidy for the [LIRR]." The new billboards "do not mention that Abrams made the comment 22 years ago, at a time when he was Bronx borough president." Abrams spokesperson Tim Gilles: "D'Amato has completely distorted and taken out of context the statement. It is crystal clear that Abrams is only objecting to the fact that as a [NYC] official at the time he felt that the subway system was not receiving its fair share" (Riley, NEWSDAY, 10/20).

ENDORSEMENTS: "Saying it would facilitate Bill Clinton's first 100 days" as president, Sen. Pat Moynihan (D) endorsed Abrams 10/19. Moynihan said if Clinton is elected, "he will need a solid Democratic majority in the Senate to enact the ambitious economic recovery legislation he has vowed to deliver" (Tumposky/Lombardi, N.Y. DAILY NEWS, 10/20). D'Amato was endorsed by Cmte of 100 Democrat, "a Bronx Democratic organization." Groups leader Dominick Fusco said they endorsed D'Amato because of Abrams's "ethnic slurs" against him. Fusco added "as an Italian-American of the World War II era, 'fascist' is a bigger insult than any other insult" (Stanley, N.Y. TIMES, 10/20). D'Amato was endorsed by NY Council of Building and Construction Trades, representing 250,000 (N.Y. POST, 10/21).

BIG AL: Rev. Al Sharpton (D) "warned he might urge black voters to sit out" of the Senate race unless Abrams "reaches out for his support": "They're dealing with me with a wall of silence." Sharpton said D'Amato "is out of the question for me" but "we can tell people to vote for Clinton and forget about the Senate race." Abrams spokesperson Tim Gilles said efforts to reach out to Sharpton "through a mutual contact" have been made (Lombardi, N.Y. DAILY NEWS, 10/21).

GAY RIGHTS: "Fighting for his political life," D'Amato "says he is dropping his long-held opposition to gay rights": "There is nothing more important than government protecting the rights of every citizen and that right should be protected regardless of a person's sexual predilections." D'Amato spokesperson Zenia Mucha "denied" D'Amato was flip-flopping: "No, the senator has always been for everyone's rights. He has never been an advocate of preventing people from expressing themselves in whichever shape or form." Asked if D'Amato was "seeking gay voters' support," Mucha: "Well, we've, you know, we have always been, you know -- the senator was the only senator who actually went out and appropriated funds for AIDS research. OK?" (Nicholson, N.Y. POST, 10/20).

FUNDS: "Vastly out-financed ... and thus eclipsed in the battle" of TV ads, Abrams "is in the thick of the most elaborate, and desperate fundraising drive" of his career. His public campaigning "ground to a halt" after the primary and assembling his largest finance staff ever and waiving self-imposed rules about taking money from attys, "he has gathered nearly \$5.4 million." D'Amato's warchest still beats Abrams, 4-1 (Gottlieb, N.Y. TIMES, 10/21). D'Amato will donate to charity money "contributed to his election campaign by the alleged head of a \$70,000-a-week Bronx heroin ring linked to at least 12 murders." Angel Padilla-Martinez, who "has been accused of heading a heroin operation," has donated over \$10,000 to GOP Senate candidates, including \$750 to D'Amato (NEWSDAY, 10/19).

*18 OREGON: ADD JACKSON TO OREGON TRAIL MIX

Jesse Jackson "delivered a strong anti-George Bush, anti-[Sen.] Bob Packwood [R] message" during a 10/19 GOTV tour of OR. Speaking at a rally for Rep. Les AuCoin (D-01) and against OR's anti-gay rights ballot initiative, Jackson "called for unity between loggers and environmentalists": "Plants are closing in Oregon because they can't get logs in Oregon. The log are going to Japan." Jackson said Bush and Packwood are using "your tax money to buy the rope from which you are hanging. ... You cannot be for the loggers and the environment in Oregon and support subsidizing corporations that take logs and the environment from the coast to Japan to China" (Rollins, Portland OREGONIAN, 10/20). Jackson accused Packwood of a double-standard, "blocking a bill which would have ended subsidies for log exports while endearing himself to timber workers by advocating a change in the Endangered Species Act" (Wong, Medford MAIL-TRIBUNE, 10/20). Packwood's opposition to "ending a \$100-million-a-year tax break for log exporters remains a lingering issue" and "could damage" his "credibility with the very timber workers he's vowed to support." AuCoin has "hammered away" at Packwood's position, and timber worker unions have "blasted" Packwood "as someone who's put the interests of big timber companies ahead of the millworkers" (Robertson, Eugene REGISTER-GUARD, 10/18).

PROFILES: OREGONIAN's Mapes profiles both. "For all his care as a political tactician, Packwood is not an automaton. ...

In a sense, Packwood has always emphasized his judgement more than issues. ... AuCoin's year on the campaign trail has been a lot like his career in Congress: high-minded principles in frequent clash with political practicalities" (10/18).

***19 PENNSYLVANIA: RADIO DAZE**

Sen. Arlen Specter (R) and women's activist Lynn Yeakel (D) "pummeled each other" in a radio debate "that was characterized more by theatrics than substance." Their interruptions of each other "led moderators at one point to ask whether they believed voters really cared about all the personal attacks." Specter "sought to portray" Yeakel as "uninformed on the issues and extreme in her positions." Yeakel "painted Specter as a liar about her record and a laggard on helping" Phila., PA and the country. As Specter "continued to home in on what he said were differences between Yeakel's position" and the Clinton-Gore position on issues, Yeakel "stopped [him] by asking whom he was going to vote for." Specter said Bush and Yeakel answered: "Clinton and Gore are working with me. ... They want me in the Senate." Specter's post-debate spin was Yeakel had "collapsed" on issues. Yeakel's assessment: "We just saw the ugly side of Arlen Specter" (Motley/Eshleman, PHILA. INQUIRER, 10/21).

THE VERDICT IS: Yeakel's "most controversial" TV ad, calling Specter the "most obnoxious man in the Senate," was called "very objectionable" by the PA Citizens Jury, a League of Women Voters-sponsored voter panel. In their third meeting, the jury focused on the TV ads of both campaigns. The panel members watched 29 Specter ads and eight Yeakel ads, judging them on their "accuracy and 'usefulness' to voters." Yeakel's "obnoxious" ad was "categorized as 'not useful' to voters" by 14 of the 16 panel members. Panel member Wayne Clifton: "It was useful; it made me realize I didn't want to vote for Yeakel." The panel's comments came after Yeakel's campaign called the process "tainted and biased." The Specter ad that was criticized by the jury was one that "advertised his high ratings" given by the first two meetings of the jury. The jury criticized that ad for "implying that Specter had been endorsed by the nonpartisan" group (Gorenstein, PHILA. INQUIRER, 10/20).

ENDORSEMENTS: PHILA. DAILY NEWS endorses Yeakel (10/21). Nineteen African-American ministers in Phila. endorsed Yeakel (PHILA. INQUIRER, 10/21). Specter "took a hearty endorsement" from the PA Conference of Teamsters (PHILA. DAILY NEWS, 10/21). PHILA. INQUIRER's Claude Lewis plugs Specter: "After a dozen years in Washington, he is gaining new respect, stature and authority. Now is not the time to replace him" (10/21).

OTHER: Yeakel lent her campaign \$200,000 according to FEC reports. She made a similar loan in 4/92 (INQUIRER, 10/21). Specter "appealed" to GOP and Dem voters 10/19, "saying he is more in tune with the thinking" of both Bush and Clinton than Yeakel (INQUIRER, 10/20). Gloria Steinem, Blair Brown and Blythe Danner campaigned for Yeakel 10/20 (PHILA. DAILY NEWS, 10/21).

***20 WASHINGTON: POLL SHOWS RACE WITHIN THE MARGIN**

An Elway poll, surveyed 403 registered voters 10/14-15; margin of error 5%. Tested: Rep. Rod Chandler (R-08) and state Sen. Patty Murray (Elway release, 10/20).

	NOW	9/19	MEN	WOMEN
Chandler	36%	34%	40%	31%
Murray	38	43	35	41

DEBATE: In the second of four debates, Murray "sharpened her attack" while Chandler "shifted his focus from Murray's 'risky' economic proposals to her character." But "the news of the night" was Murray asking Chandler why he finished their first debate by using an "incongruous quotation from an old Roger Miller tune" called "Dang Me." Murray said the song was about a man who "spends all his hard-earned money carousing and forgets his wife and baby." She said it "could be taken as metaphor for the way Congress has treated the American people." Murray: "Why did you choose to sing that song?" Chandler, "endorsing the consensus opinions of both campaigns": "Because it was one of the dumbest things I've ever done." As the crowd laughed, Chandler "quickly turned his admission into an attack" calling Murray a "hypocrite" for accepting a payraise while attacking him for voting for one. Murray's payraise was set by a non-partisan, unelected state salary panel (Matassa, SEATTLE TIMES, 10/20).

ROTARY APPEARANCE: Chandler spoke to the Spokane Rotary and "attacked Murray, in a reprise of his campaign ads. ... After 20 minutes he finally drew a response by attacking Congress for overregulating business." Murray sent a surrogate to the event. Self-described moderate businessman Jimmie T. G. Coulson "lit into Murray": "Her inattendance here today was a slap in the face in the face to this side of the state" (Boren, SEATTLE POST-INTELLIGENCER, 10/21).

*21 HOUSE RACE BRIEFINGS

CA 19: In a TV debate, Rep. Richard Lehman (D-18) attacked businessman Tal Cloud (R) for his recent ads, which he called "immature" and an attempt to ridicule him." The ad shows Lehman "eating at a campaign forum in Madera and says Lehman has spent most of his career in Washington collecting congressional perks" (Boren, FRESNO BEE, 10/17). NRCC announced last week it would give Cloud \$57,000. Cloud said he has already raised about \$100,000 (Boren, FRESNO BEE, 10/13).

CT 05: Rep. Gary Franks (R), Probate Judge Jim Lawlor (D) and state Rep. Lynn Taborsak (I) met in their first debate 10/19. While Franks called himself a "fiscal conservative" and Lawlor cited CT's "severe economic woes," Taborsak "tried several times to lump" Franks and Lawlor together, "calling them 'these two guys'" (HARTFORD COURANT, 10/20). Taborsak is running under A Connecticut Party. She lost the Dem primary to Lawlor.

GA 03: ATLANTA JOURNAL endorsed state Sen. Mac Collins (R) over Dem Rep. Richard Ray (10/19). Ray has nearly 10 times more money, reporting \$235,193 to Collins' \$27,197, and is "planning a last-minute TV blitz" (Goldberg, ATLANTA CONSTITUTION, 10/17).

GA 06: Starting today, House Min. Whip Newt Gingrich (R) will use TV and radio ads "to attempt to shift the critical focus" of the race "to his opponent," atty Tony Center (D). The ads refer to an '86 divorce case in which Center won his client \$500/month child support payments for her two children, but then was forced to sue for his legal fee. The ads charge Center's suit "claimed his fee mattered more than the children's food, medicine and shelter." Center, who called the ads an "outrageous lie," cited Gingrich for his own '80 divorce. Noting the court had to order Gingrich to make child-support payments, Center: "To me, that's a deadbeat dad" (ATLANTA CONSTITUTION, 10/21).

MN 06: Ex-TV anchor Rod Grams (IR) "broadcast a harshly negative attack" on Rep. Gerry Sikorski's (DFL-06) "ethical lapses." The radio spot "ran despite Grams' pledge not to make it a focus of his campaign." Using a "Congressional Capers" game-show format, Grams "hit hard" at Sikorski's 697 House bank overdrafts and a 4-year old story that Sikorski used his staff to run personal errands. It also mentions Sikorski's vote for the payraise and the '90 tax hike (Minneapolis STAR-TRIBUNE, 10/20). STAR-TRIBUNE surprisingly endorsed independent Dean Barkley (10/19). STAR-TRIBUNE's McGrath writes the endorsement "helps legitimize" Barkley's candidacy and "caused Sikorski supporters to begin perceiving him as a potential threat" (10/20).

MA 03: In one of four new radio ads, state Rep. Peter Blute (R) attacks Rep. Joe Early (D) for his 140 bank overdrafts. The ad has a "Bart Simpson-like character" as Early saying, "Hey dude no big deal," or "Whoa, just doin' my job," and "I didn't do it. You can't prove that." Early aide John Buckley said Early will air two radio ads by the end of the week to highlight "Blute's negative approach." Early has agreed to participate in a "mini-debate" 10/26 and a "full debate" 10/28 (BOSTON GLOBE, 10/20).

MA 06: Ex-state Rep. Peter Torkildsen (R) "highlighted" Paul Tsongas's decision to not attend a 8/92 fund raiser for Rep. Nick Mavroules (D). Tsongas "backs" Mavroules over Torkildsen "but does not plan to campaign for him." Mavroules "dismissed" campaign manager Ellen Marlette, who was pinpointed by U.S. Dist. Judge David Mazzone for leaking information associated with

Mavroules' 17-count corruption indictment (BOSTON GLOBE, 10/20).

MT At Large: Lee Enterprise newspapers poll surveyed 808 likely voters from 10/12-15; margin of error +/- 3.5%. An internal Marlenee poll surveyed 500 registered voters 10/17-18; margin of error +/- 4.4%. Williams internal poll surveyed 502 registered voters "last week"; +/- 4.4% (AP, 10/20). Tested: Reps. Ron Marlenee (R-02) and Pat Williams (D-01).

	LEE	WILLIAMS	MARLENEE
Williams	50%	51%	41%
Marlenee	40	39	39
DK/Other	10	10	20

OH 15: State Rep. Richard Cordray (D), ex-judge Deborah Pryce (R) and Linda Reidelbach (I) debated 10/19. Cordray "drew applause even before he spoke." His introduction included the fact that he was a 5-time "Jeopardy" champion. The three "differed most on abortion." Cordray and Pryce are pro-choice, though Pryce favors some restrictions. Reidelbach is pro-life. Later on the Statehouse steps, Cordray announced the endorsements of NARAL and its OH chapter (COLUMBUS DISPATCH, 10/20).

PA 08: PHILA. INQUIRER endorses state Sen. Jim Greenwood (R) over Rep. Peter Kostmayer (D): "Kostmayer has been a good congressman, but Jim Greenwood would be a better one" (10/21).

PA 19: Carlisle SENTINEL endorses businessman Paul Kilker (D) over Rep. William Goodling (R): "The only thing that brought Goodling to the forefront in the past year was being named among the worst offenders in the House banking scandal" (10/16).

VA 08: Rep. Jim Moran (D) disclosed he used marijuana twice while in his early 20s. The admission came "less than a day after he attacked" atty Kyle McSlarrow (R) "for using marijuana and cocaine as a teenager." Moran said his experimentation with marijuana "was not comparable to McSlarrow's drug use because cocaine is a far more serious drug." While McSlarrow has admitted using both drugs as a teen, Moran said "he has been told that McSlarrow continued using drugs into his twenties." Moran's source was among McSlarrow's UVA classmates. McSlarrow denied the charge and called Moran "slimy" for raising it. Moran later apologized for bringing up the drug issue (W. POST, 10/20).

WA 01: State Rep. Maria Cantwell (D) raised \$133,000 in 9/92, five times more than state Sen. Gary Nelson's (R) \$27,500. But Nelson manager Peter Davenport promised the NRCC "will infuse the campaign with a substantial contribution": "It's going to change everything." Cantwell entered the final weeks with about \$100,000 cash-on-hand (Bellevue JOURNAL AMERICAN, 10/16).

CORRECTION: The OH 19 story in yesterday's HOTLINE reversed the standing of the two candidates in the Cleveland PLAIN DEALER poll. State Sen. Eric Fingerhut (D) leads Lake Co. Commis. Robert Gardner (R), 42-32%.

===== POLL UPDATE =====

*22 CNN/USA TODAY TRACKING: CLINTON 47%, BUSH 29%, PEROT 15%
 1,000 registered voters surveyed 10/17-19 by Gallup (most surveys pre-10/19 debate); margin of error +/- 3%. About 333 RVs surveyed nightly for rolling 3-day sample. Date shown is the final of 3 survey dates (CNN, 10/20; USA TODAY, 10/21).

3-WAY	10/19	18	17	16	15	14	13	12	11	10	9	8	7
Clinton	47%	48%	46%	47%	47%	47%	46%	48%	50%	51%	50%	49%	50%
Bush	29	30	34	34	34	32	34	33	33	33	34	34	34
Perot	15	15	14	14	13	15	13	12	11	10	10	10	9

*23 BATTLEGROUND '92 PRE-DEBATE TRACKING: CLINTON LEAD AT 13%
 1,000 registered voters, surveyed 10/14-19 (most surveys pre-10/19 debate) by The Tarrance Group, with analysis by Ed Goeas (R) and Celinda Lake (D); margin of error +/- 3%. Battleground surveys 250 RVs nightly to provide a rolling 4-day sample. No polling is done on Friday or Saturday nights. Date shown is final of 4 survey dates. NOTE TO MEDIA: Please cite as "Battleground Poll." This is not a HOTLINE poll.

3-WAY	10/19	18	15	14	13	12	11	8	7	6	5	FAV/UNFAV
Clinton	45%	45%	43%	41%	43%	45%	47%	49%	49%	48%	48%	52%/ 42%
Bush	33	32	33	35	34	34	34	34	35	36	35	42 / 55
Perot	16	14	15	14	13	13	10	9	8	8	9	45 / 43

===== TV MONITOR =====

*24 THIS MORNING: ABC's "GMA" hosted Margot Perot and N.Y. TIMES Wm Safire. NBC's "Today" hosted Rep. Dave McCurdy (D-OK) and ex-U.N. weapons inspector David Kay on Iraq, NBC's Andrea Mitchell on Clinton's AR record, and Tipper Gore with a photo history of the campaign. "CBS This Morning" hosted Rush Limbaugh, and author Richard Ben Cramer (10/21).

A.M. QUOTABLES: Margot Perot on what Perot will do after the election, if he doesn't win: "He'll always be involved with the 'United We Stand America' organization all over the country. And I think he'll always represent the people who feel they don't have a voice these days in Government" ("GMA," ABC, 10/21).

LAST NIGHT: ABC and NBC led with Bush in GA. CBS and PBS' "MacNeil/Lehrer" led with Bush and Iraqgate. CNN led with a report on working mothers. "M/L" focused on the debate with Gergen & Shields and Manhattan Institute's Linda Chavez. CNN's "Crossfire" hosted ex-MI Gov. James Blanchard (D), MI Gov. John Engler (R) and Perot counsel Clay Mulford on the debate. "Larry King Live" hosted the Rev. Jesse Jackson (10/20).

MEDIA COVERAGE: ABC's "Nightline" examined whether the media is predicting a Clinton victory too soon with Bush chair Bob Teeter and NEWSWEEK's Richard Smith. ABC's Greenfield: "The Bush camp worries that such stories demoralize their supporters and may even convince them that it would be futile to vote at all." Teeter: "The problem has gotten worse ... Each successive campaign the press gets more and more this way -- obsessed with the horse race." Smith, defending NEWSWEEK's cover treatment of "President Clinton?": "After all the debates, the speeches, the conventions and the political advertising, the last remaining question for the voters is what kind president might Bill Clinton be ("Nightline," ABC, 10/20).

HOME-MADE NEWSCAST: "Nightline" asked the Bush campaign to produce an "objective" news story for 10/21 broadcast. The piece, "reported" by Bush-Quayle's Alixe Glen: "Buoyed by his performance in last night's debate [Bush] continued to raise doubts about [Clinton's] integrity, this time at a campaign stop in Gainesville [GA]. ... Despite national polls putting Clinton ahead, Bush remains undaunted." Bush: "My concern about Gov. Clinton is that there's a pattern of deception. It's flip-flop, it's on the right-to-work, it's on free trade, it's on the war itself, it's on term limits. You can't be all things to all people. ... And on election day, we're going to show America, it ain't over 'till Cabrera swings." Glen: "Bush strategists say their internal polls show Clinton's support is soft, his negative ratings are going up, and the trust issue is what counts for voters on election day. ..." Greenfield then showed excerpts of network newscasts from last night, which focused on Iraq, and the tough task ahead for Bush (ABC, 10/20).

===== TV SOUNDBITE =====

"I'll bet you a thousand bucks."

-- Bush dep. manager Mary Matalin, after saying they'll win,
"Inside Politics," CNN, 10/20.

WASHINGTON

PRESIDENT BUSH

OCTOBER 21st

, 19⁹²

[illegible]

THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM
SIGNAL SWITCHBOARD

October 21, 1992

	TIME		NAME	ACTION
	PLACED	DISC		
XXX INC	7:49 AM PM		Prime Minister Brian Mulroney Residence, Ottawa, Canada 613-253-1642	LW with Mr. Farish 7:53 AM
OUT XXX	8:16 AM PM	8:27	Mrs. Barbara P. Bush Holiday Inn Philadelphia, Pennsylvania 215-654-9958	Tlkd-ok 8:20 AM
XXX INC	9:07 AM PM	9:12	Secretary James A. Baker III Office, Washington, D.C. White House Signal 7-2287	Tlkd-ok 9:08 AM
OUT XXX	AM 4:06 PM	4:23	Secretary James A. Baker III Office, Washington, D.C. White House Signal 7-2287	Tlkd-ok 4:06 PM
XXX INC	AM 6:37 PM		Secretary James A. Baker III Office, Washington, D.C. White House Signal 7-2287	Tlkd with Mr. Farish 6:38 PM
XXX INC	AM 6:39 PM	6:52	Secretary James A. Baker III Office, Washington, D.C. White House Signal 7-2287	Tlkd-ok 6:47 PM via INMARSAT
OUT XXX	AM 7:50 PM	7:53	Ms. Rose Zamaria Spirit Of America Spirit Of America Signal 3-8281	Tlkd-ok 9:22 AM
XXX INC	AM 9:57 PM	10:00	White House Admin Switchboard Washington, D.C. White House Admin x377	Tlkd-ok 9:57 PM
OUT INC	AM PM			
OUT INC	AM PM			

PRESIDENTIAL MOVEMENTS

Spartanburg, South Carolina
 Gastonia, North Carolina
 Kannapolis, North Carolina
 Thomasville, North Carolina
 Burlington, North Carolina

LOCATION: Raleigh, North Carolina

DATE: 21 October 1992

TIME

MOVEMENTS

0730	Depart Ramada Inn via Motorcade
0733	Arrive Waffle House (LOW KEY)
0744	Depart Waffle House (LOW KEY)
0747	Arrive Magnolia Street Train Station
0753	Depart Magnolia Street Train Station
	via Spirit Of America
1025	Arrive Gastonia, North Carolina
1105	Depart Gastonia via Spirit Of America
1230	Arrive Kannaplois, North Carolina
1320	Depart Kannaplois via Spirit Of America
1452	Arrive Thomasville, North Carolina
1546	Depart Thomasville via Spirit Of America
1723	Arrive Burlington, North Carolina
1815	Depart Burlington via Spirit Of America
2043	Arrive Raleigh, North Carolina
2045	Depart Raleigh Train Station via Motorcade
2120	Arrive North Carolina State Fair Grounds
2218	Depart North Carolina State Fair Grounds via Motorcade
2248	Arrive Radisson Hotel

THE WHITE HOUSE

Office of the Press Secretary
(Kannapolis, North Carolina)

For Immediate Release

October 21, 1992

The President today announced his intention to appoint Huda Bingham Jones, of Kentucky, to be a Member of the Commission on Presidential Scholars.

Since 1989, Ms. Jones has served as President of the National Federation of Republican Women. Prior to this, she served as a Partner with Booge Jones Ford/Mercury, 1982-1989. In 1990, she also served as National Chairwoman of the Women's Senate Victory Committee.

Ms. Jones was born July 29, 1937 in Mummie, Kentucky. She is married, has three children and resides in Beattyville, Kentucky.

#

THE WHITE HOUSE

Office of the Press Secretary
(Gastonia, North Carolina)

For Immediate Release

October 21, 1992

The President today announced his intention to appoint John H. Harriman, of California, to be a Public Member of the National Advisory Council on the Public Service. This is a new position.

Prior to his retirement in 1986, Mr. Harriman served as Counsel with the firm of Argue, Freston, Pearson, Harbison & Myers, 1985-1986. Prior to this, he served as Senior Vice President of Security Pacific National Bank and Secretary of Security Pacific Corporation, 1972-1985.

Mr. Harriman was graduated from Dartmouth College (A.B., 1942) and Stanford University School of Law (J.D., 1949). He served in the United States Air Force, 1943-1946. He was born April 14, 1920 in Buffalo, New York. Mr. Harriman is married, has three children and resides in Los Angeles, California.

#

THE WHITE HOUSE

Office of the Press Secretary
(Gastonia, North Carolina)

For Immediate Release

October 21, 1992

The President today recognized the volunteers of Genesis Women's Shelter of Dallas, Texas, as the 929th Daily Point of Light for the Nation. The volunteers provide a safe place to live and a sense of well-being to victims of domestic violence.

A program of Shelter Ministries of Dallas, Genesis Women's Shelter, founded in 1985, provides emergency refuge, food, clothing, counseling, and medical referrals to victims of domestic violence. Although some clients seek immediate crisis intervention, many need long-term assistance to live independently and lead more productive lives. They may remain at the shelter for six weeks.

This year, the shelter has served 575 women and children, offering counseling and support groups several times each week at which the women learn good parenting and career skills and prepare for court appearances. In addition, volunteers provide children developmental and psychological counseling, equipping them to cope with violence in their homes and teaching them to seek refuge from it to protect themselves.

Sixty volunteers offer support during counseling sessions, help with day care, answer hotline phone calls, and accompany the women to court appearances. Bilingual volunteers serve non-English speaking women and children. Others train new students at the Police Academy to recognize domestic violence situations and to offer support and sympathy to the victims.

Local volunteer attorneys offer *pro bono* legal advice and help in securing restraining orders. To raise public awareness about domestic violence, volunteers give workshops to school children and work with doctors and nurses, teaching them to recognize signs of abuse.

The President salutes the volunteers of Genesis Women's Shelter for exemplifying his belief that, "From now on in America, any definition of a successful life must include serving others."

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FOR FURTHER INFORMATION CONTACT: Miah Homstad or Karen Barnes
(202)456-6266

THE WHITE HOUSE

Office of the Press Secretary
(Gastonia, North Carolina)

For Immediate Release

October 21, 1992

The President today signed the following legislation:

H.R. 5237, which amends the eligibility requirements for the prepayment of loans made or guaranteed by the Rural Electrification Administration (REA).

H.R. 5739, which reauthorizes the Export-Import Bank and export promotion programs of the Department of Commerce.

H.R. 3665, which establishes the Little River Canyon National Preserve in northeastern Alabama as a unit of the National Park System.

#

THE WHITE HOUSE

Office of the Press Secretary
(Burlington, North Carolina)

For Immediate Release

October 21, 1992

MEMORANDUM OF DISAPPROVAL

I am withholding my approval of S. 3095, entitled the "Jena Band of Choctaws of Louisiana Restoration Act."

S. 3095 would establish the Jena Band of Choctaw Indians in Louisiana as a distinct, federally recognized Indian tribe.

It is important that all groups seeking Federal recognition as an Indian tribe should go through the established Federal acknowledgement process. The process was established with the encouragement and support of the Indian tribes and the Congress to deal uniformly and consistently with requests for acknowledgement. The acknowledgement process is objective, applies fair criteria, and provides each petitioning group the opportunity for an unbiased, detailed evaluation of its documented petition.

S. 3095 would circumvent the standard Federal acknowledgement process, establish a precedent that would weaken the Department of the Interior's acknowledgement process, and encourage other groups to seek statutory recognition outside this well-established process. Further, it would be inequitable to other groups seeking Federal acknowledgement. Finally, it is inconsistent with the standard practice of "restoring" Federal recognition to only those tribes that have been previously recognized and legislatively terminated.

S. 3095, in using the term "restore," automatically assumes the Band was formerly recognized as the Band claims. This claim is based on the fact that, for a few years in the 1930's, the United States funded a school for Indians at Jena, Louisiana, and, in 1938, considered relocating Jena families to Mississippi, but did not do so. The limited provision of funds for education and the consideration to relocate Jena families were actions based on the identification of the group as a tribe. There is a distinction between identifying individuals as Indians versus Federal recognition of a tribe, which establishes a perpetual government-to-government relationship.

Enactment of S. 3095 would circumvent and weaken the Federal acknowledgement process and be unfair to other groups similarly situated. For these reasons, I am withholding my approval of S. 3095.

GEORGE BUSH

THE WHITE HOUSE

October 21, 1992

THE WHITE HOUSE

Office of the Press Secretary
(Gastonia, North Carolina)

For Immediate Release

October 21, 1992

EXECUTIVE ORDER

- - - - -

TRANSFER OF CERTAIN IRAQI GOVERNMENT ASSETS
HELD BY DOMESTIC BANKS

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 5 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287c), and section 301 of title 3 of the United States Code, in order to apply in the United States measures adopted in United Nations Security Council Resolution No. 778 of October 2, 1992, and in order to take additional steps with respect to the actions and policies of the Government of Iraq and the national emergency described and declared in Executive Order No. 12722,

I, GEORGE BUSH, President of the United States of America, hereby order:

Section 1. The Secretary of the Treasury is authorized and directed to take all actions necessary to carry out the provisions of United Nations Security Council Resolution No. 778 with respect to blocked funds and other assets described in section 2 of this order, or funds and other assets received from the United Nations in repayment of funds and assets transferred pursuant to section 2 of this order. For this purpose, the Secretary of the Treasury is delegated and authorized to exercise all authorities vested in the President by sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) and section 5 of the United Nations Participation Act (22 U.S.C. 287c).

Sec. 2. Upon a determination by the Secretary of the Treasury that funds or other assets in which the Government of Iraq or its agencies, instrumentalities, or controlled entities have an interest represent the proceeds of the sale of Iraqi petroleum or petroleum products, paid for by or on behalf of the purchaser on or after August 6, 1990, each and every United States financial institution is directed and compelled to transfer such funds or assets held by it or carried on its books to the Federal Reserve Bank of New York, when, to the extent, and in the manner required by the Secretary of the Treasury.

Sec. 3. The Federal Reserve Bank of New York, as fiscal agent of the United States, is authorized, directed, and compelled to receive funds and other assets in which the Government of Iraq or its agencies, instrumentalities, or controlled entities have an interest, and to hold, invest, or transfer such funds and assets, and any earnings thereon, when, to the extent, and in the manner required by the Secretary of the Treasury in order to fulfill the rights and obligations of the United States under United Nations Security Council Resolution No. 778.

more

(OVER)

Sec. 4. Compliance with this order, or any regulation, instruction, or direction issued under this order, licensing, authorizing, directing, or compelling the transfer of the blocked funds and other assets described in section 2 of this order, or funds and other assets received from the United Nations in repayment of funds and assets transferred pursuant to section 2 of this order, shall, to the extent thereof, be a full acquittance and discharge for all purposes of the obligation of the person making the transfer. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, this order or any regulation, instruction, or direction issued hereunder. The operation of this order shall have no effect on rights, debts, and claims existing with respect to funds or other assets prior to their transfer to the Federal Reserve Bank of New York.

Sec. 5. For the purposes of this order, the term "United States financial institution" means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States, or any person located in the United States, which is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange or securities, including, but not limited to, depository institutions, banks, saving banks, trust companies, securities brokers and dealers, clearing corporations, investment companies, and U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of the foregoing. This term includes branches, offices, and agencies of foreign financial institutions which are located in the United States.

Sec. 6. The Secretary of the Treasury, in consultation with the Secretary of State, is authorized to take such actions, including the issuance of directive licenses, rules, and regulations, as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the Federal Government. All agencies of the Federal Government are directed to take all appropriate measures within their authority to carry out the provisions of this order.

Sec. 7. Nothing contained in this order shall create any right or benefit, substantive or procedural, enforceable by any party (other than the United States) against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

Sec. 8.

(a) This order is effective immediately.

(b) This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE BUSH

THE WHITE HOUSE,
October 21, 1992.

#

The Worst Lying About the Economy in the Past 50 Years

By ALAN REYNOLDS

Bill Clinton has been chided for his slippery lack of truthfulness when it comes to the draft. But a much more pervasive and dangerous disregard for the truth is on display almost every time he opens his mouth to talk about the economy.

Let's take the debates. In the first debate, Mr. Clinton said we are suffering "the first decline in industrial production, ever." What? The country has never before had a recession? There is nothing wrong with making a mistake in the heat of debate. But we might have expected some impolite person, somewhere, to ask the governor what on earth he meant to say. Instead, the anchor on one network noted that Mr. Clinton had displayed his "mastery of facts."

Industrial production has risen by 2.1% since May 1991, and manufacturing alone (excluding mining and utilities) by 2.8%. Meanwhile, industrial production over the past year has fallen by 2.5% in Germany and by 7.6% in Japan.

Over the past year, the U.S. economy has grown faster than the economies of Japan, Germany, Canada or Britain (the first two of those last four, presumably, being Mr. Clinton's models). U.S. exports have doubled in real terms in only six years, and now exceed \$620 billion a year. What does Mr. Clinton have to say about this? He worries that we can't compete, and proposes emulating foreign basket cases — "an American version of what works in other countries." We don't really need an American version of Europe's 10% unemployment, or Japan's stock market collapse.

Were it not for defense cuts, the U.S. would have reported an economic growth rate of 2.3% over the past five quarters, rather than 1.6%. Yet Mr. Clinton proposes

to cut defense deeper and faster. How will that help?

Then there is this matter of wages. In the first debate, Mr. Clinton said U.S. wages have slipped to 13th in the world. Really? Who are those dozen richer countries anyway? All these figures show is that high German interest rates pushed European exchange rates up. That did indeed make European wages look high when converted to dollars, but it also makes European prices look even higher. The real purchasing power of foreign wages is a great deal lower than implied by converting them into dollars.

Mr. Clinton said on Monday night that "most people are working harder for less money than they were earning 10 years ago, and they're paying higher taxes." Is that true? A good way to find out is to add capital gains, government transfers and health benefits to the median income of full-time workers, then subtract federal income and Social Security taxes. Nineteen eighty-two was a recession trough, so let's start with President Carter's last year, 1980. Then adjust for inflation using the current consumer price index, improved in 1983. The result? Real, after-tax median income for full-time workers rose from to \$27,593 in 1989 from \$24,950 in 1980, before slipping back to \$26,679 in 1991. Half of all full-time workers in 1991 were still 7% ahead of where they were in 1980, after taxes, and many in the bottom half also had gains. Income and wealth rose further in 1992.

Much of the relative income weakness in the past few years was in capital gains — particularly among the middle class, where the capital gains tax rate rose most sharply. For those in the middle three-fifths of the income distribution,

average capital gains had been around \$3,500 a year from 1983 to 1986, but immediately sank to \$1,200 from 1987 to 1991, after the higher rates went into effect. Federal and state governments lost, too — they saw lower revenues. Mr. Bush wants to fix that inhumane and destructive 1986 policy mistake; Mr. Clinton opposes change.

In the debates, Mr. Clinton and Al Gore alternate between asserting that the economy is in the worst shape "in 50 years" and saying it's in the worst shape "since the Great Depression." Those are not the same thing. While these candidates may be too young to remember that Herbert Hoover was not the president in 1942, they are not too young to remember the stagflationary mess of 1973-75, or 1980-82. In the first of those contractions, real GDP fell by 4.3% and unemployment reached 9%. In the second, real GDP fell by 2.8% and unemployment hit 10.8%. Inflation and interest rates were well above 10% both times.

In the 1990-91 recession, real output fell by 2.2%, unemployment peaked at 7.8%, and inflation and interest rates have been quite low.

When it came to the vice presidential debate, the TV truth squads jumped on Dan Quayle, claiming it a lie that Mr. Clinton proposes \$150 billion in new taxes, since he supposedly intends to return \$106 billion to favored corporations and the "middle class." The argument here is that if the Internal Revenue Service can squeeze a few thousand more from Dr. Smith each year, but also share some of the loot with those who vote correctly, then Dr. Smith really has nothing to complain about. Mr. Clinton even promised that the wealthy will get some back in the form of investment tax credits to corporations that buy machines to replace workers.

Some campaign contributors will get rich off that, to be sure, but not those industrious two-earner families whose marginal tax rate is to jump by 16%.

Actually, the vice president's claim that Mr. Clinton plans to raise taxes by \$150 billion really does deserve to be criticized, since there's no way Mr. Clinton can raise even a third of that sum from rich folks and foreign companies. But that means he has no idea how to finance all his pork-barrel "infrastructure" schemes; nor can he afford those undefined "middle class tax cuts." Mr. Clinton has already switched from vague promises of tax relief to the middle class to promising he won't raise their taxes: "Read my plan." Instead, he can simply redefine "middle class" downward, in ways that catch more fish.

In the rush to "change," everything seems to be a "crisis." To define a health-care crisis, Mr. Gore claimed that "40 million" Americans "who work full-time" do not have health insurance. The latest Monthly Labor Review shows that 83% of all full-time workers have employer-financed medical care coverage. The remaining 17% don't even add up to 15 million. But the 17% figure is also misleading. Millions of full-time workers are self-employed individuals (often affluent), so it makes no sense even to ask if they have an "employer-financed" medical plan.

The Clinton-Gore team has been running TV ads ridiculing the president for saying he's not sure we're in a recession. Yet the U.S. economy is now in the sixth consecutive quarter of positive growth. This is quite definitely not a recession by anybody's definition — much less the worst one since 1942 or the only time industrial production ever fell. That little fact, like so many, doesn't seem to stop Mr. Clinton.

Mr. Reynolds is director of economic research at the Hudson Institute in Indianapolis. 10/21/92

THE WALL STREET JOURNAL



SCHEDULE OF THE PRESIDENT

Wednesday, October 21, 1992

	<u>Spartanburg</u>	Spartanburg, South Carolina
7:45 am	The President departs Hotel for Train Station	
8:00 am	Departs Spartanburg enroute Gastonia	
9:30 am	Arrives for Gastonia Welcome (Kaufman)	Gastonia, North Carolina
	Photo with Victory '92 Supporters (Kaufman)	
12:10 pm	Arrives for Kannapolis Welcome (Kaufman)	Kannapolis, North Carolina
	Photo with Victory '92 Supporters (Kaufman)	
2:50 pm	Arrives for Thomasville Welcome (Kaufman)	Thomasville, North Carolina
	Photo with Victory '92 Supporters (Kaufman)	
5:20 pm	Arrives for Burlington Welcome (Kaufman)	Burlington, North Carolina
	Photo with Victory '92 Supporters (Kaufman)	
8:30 pm	Train Arrives Raleigh	Raleigh, North Carolina
	Photo with Victory '92 Supporters on Train (Kaufman)	



8:50 pm

Arrives North Carolina State
Fair Grounds for State Fair
Welcome
(Kaufman)

RON RALEIGH

THE WHITE HOUSE

WASHINGTON

October 20, 1992

2:07:20 P7:25

RECOMMENDED TELEPHONE CALL

TO: Electronic Industries Association's (EIA) Board of Governors.

DATE: October 21, 1992, 5:00 - 7:00 P.M. EST
2:00 - 4:00 P.M. PST

RECOMMENDED BY: David Denarest
Jeff Vogt

PURPOSE: To thank EIA for their support over the past four years.

BACKGROUND: EIA's Board of Governors will be hosting their Fall Conference. The group is comprised of 55 presidents and CEOs representing the nation's U.S. electronic manufacturing community.

A telephone call to EIA will help to demonstrate the President's support for the electronics industry, reinforce the Administration's ample record in this area and would do much to solidify the board's support for your Administration.

The EIA represents over 1,000 firms. The Administration's announcements with regards to Section 861 R&D allocation rules, as well as the recoupment regulatory changes, are most recent examples of the President's strong support for this industry. Larry Ellison, Oracle President and Clinton surrogate, is scheduled to address the membership luncheon prior to the Board's meeting.

TOPICS OF DISCUSSION: Thanks for the opportunity to interrupt your meeting. I just wanted to call to salute the EIA and thank you and your members for your strong support on a host of issues we've been working for.

I want to especially salute you in your efforts on behalf of free and fair trade. High-tech exports are up, creating more jobs for all Americans.

We are facing a new global marketplace; an economic interdependence in the Post Cold War era. And we must continue to seek new markets for our high tech goods, as in our NAFTA initiative, which your support has helped move forward.

The record in the high-tech industry is proof that jobs through exports is the correct formula -- since 1988 exports in your sector have increased by over 40%, resulting in over \$100 billion in sales this year alone.

My Agenda underscores the importance of the high-tech industry in our economy. We are working for capital gains tax reduction, investment tax allowances, R&D tax credits and cuts in small business taxes

These measures are all designed to foster economic growth and spur entrepreneurship -- the hallmark of the high-tech sector.

And I might take this opportunity to mention, because the national press failed to mention it, that last week over 80 CEO's from the high-tech industry endorsed my re-election effort. I am proud to have them by my side.

Among them were Dr. Gil Amelio, of National Semiconductor, and David Packard, of Hewlett Packard. Dr. Amelio was incorrectly listed as a Clinton supporter, so I really want to single him out, as he has studied each of our agendas carefully, and has chosen ours as the best for our economy.

Thank you for allowing me this brief interruption, and let me also thank your President, Pete McCloskey and Chairman, Frank Myers.

CONTACT
PERSON AND
NUMBER:

Mark Rosenker, Vice President, Public Affairs
Electronic Industries Association
Hotel Del Coronado, San Diego, CA (619) 522-8416

DATE
SUBMITTED:

October 20, 1992

ACTION:

TIME OF TRANSMISSION

TIME OF RECEIPT

WHITE HOUSE SITUATION ROOM

PRECEDENCE: IMMEDIATE
~~PRIORITY~~
ROUTINE

RELEASER: Janifer Shelt

DTG: 210020Z Oct 92

MESSAGE NO. 22 CLASSIFICATION unclassified PAGES 2
FROM Sharon Wagner/The White House 2702
(NAME) (PHONE NUMBER) (ROOM NO.)

MESSAGE DESCRIPTION _____

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
SC <u>Spokane</u>	Beth Thompson for Phil Brady	(FOR THE PRESIDENT/ACTION)	
SC <u>Spokane</u>	Rose Zamaria		

REMARKS:

Phone call for 10/21 between 5:00 & 7:00 p.m.

Dean has seen.

P/S DELIVER IMMEDIATELY!

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN 10/21

2:51 PM 10/20/92

October 20, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES A. BAKER, III *JAB III*

Here is a redraft of the speech that you've already looked at. It is still too long, but can be fixed.

We can refine it, but its purpose is to allow you to spell out the philosophical differences between you and Clinton and how you would go about implementing your agenda. We might shorten it to fifteen minutes and actually tape the speech at the event and buy time to broadcast it to the country.

The value of this is that as people have second thoughts about Clinton, they see you making clear that you really will tackle problems and are not offering what they perceive as more of the same.

If you are willing, we would like to do it Friday in Lexington, Kentucky, and will shape the audience accordingly.

Attachment

Monday
October 19, 1992 (6:00 p.m.)
DRAFT #2
AMC

**"THE CHOICE ON NOVEMBER THIRD:
PHILOSOPHY, POLICY, CHARACTER"**

Ladies and gentlemen:

Thirteen days from today, you and millions of others like you will once again contribute to the greatest and most noble political experiment in history: democracy in America. The ballot you cast will have far-reaching consequences, and no choice will have greater consequences than the choice you make for President of this land. That choice will affect your life and the life of this country -- indeed the future of the world -- for years to come.

To help frame your choice, I want to discuss with you today three questions I believe you should ask yourself -- and answer for yourself -- before casting your ballot. First, the question of philosophy: Who has the right vision for America's future? Second, the question of policy: Who has the most effective agenda for governing and getting the job done? Third, the question of character: Who can be entrusted with the responsibility of leading America to that future? Philosophy, policy, character -- at heart, that's what this election is all about.

I wanted to have this discussion with you because as we leave the campaign and the debates behind, we all need to look at the three men running for President not so much as candidates but as potential Presidents.

For each candidate, you need to ask yourself: Does this man

have what is needed to be President? Does he measure up? Will he be able to make the daunting decisions that weigh down the Presidency? Will he be as effective at governing as he is at campaigning? Put simply, will he be able to translate his political promises into effective action?

Let me begin with the question of philosophy.

Philosophy

My opponents say this election is about change. In a sense, they are right: We have seen -- and are seeing -- America and the world go through a period of great change.

Let's start with the single greatest change of the last four years -- indeed, the greatest change of this generation: The end of the Cold War. The Soviet Empire has crumbled and Soviet Communism has vanished, replaced by a democratic Russia and the other new democracies which seek partnership and friendship with the United States. The Communist threat around which international and American politics revolved for over forty years has disappeared.

In fundamentally shaping America's role in the world, competition and conflict with communism also fundamentally shaped American life -- economically, politically and psychologically. And so the Cold War's end has brought profound changes domestically as well as internationally.

We have transcended the US-Soviet competition -- but now the American people wonder whether we will be able to compete effectively with Europe and Asia. We have lifted the burden of our

defense and radically reduced the military budget -- but now our defense industries must convert to civilian production. And with the end of the Cold War, the American people look to collect the dividends of peace -- more competitive schools, more affordable health care, and new jobs and new businesses for new times.

But will we collect these long-term dividends from the Cold War's end through a sensible program of action based on sound principles? Or are we going to go for change just for change's sake and miss our great opportunity?

Philosophically, my opponents try to argue that with such great changes sweeping the world and America, so much has changed that we can throw out the philosophy that got us here. The Democrats argue that the way to make America better is to make government bigger. But let's think about that for a minute.

We won the Cold War because we protected individual initiative and choice and understood that government was subordinate to the people, not lord over them. It would be tragic if that primary lesson of our Cold War victory was lost here at home at the precise moment in history when the American dream is most vibrant and alive beyond our shores.

Government cannot be the solution to every question. To cure the deficit, we need lower spending. To stimulate economic growth, we need lower taxes. But this is just the beginning. As we enter a new era, an era where we will live in a truly global economy, we must be poised to compete. Our people must be equipped to compete.

There is a conservative agenda for helping people. It is an

activist agenda that empowers people to make their own choices. It increases their ability to compete. It gives them the opportunity to choose the option -- especially from the private sector -- that works best to improve their lives.

Just because we are not advocating government-dominated policies, does not mean that we believe government has no role. On the contrary, we believe government must play an important role.

During the course of this campaign, some have sought to portray the choice as "activist" government versus a "trickle down" or "laissez faire" approach to government. That's a false choice.

The real choice is not between activism and passivity. Rather, it's between monopolistic government that seeks to impose solutions on individuals, families, and the private sector and an activist government that gives families the means to make their own choices from competing options -- preferably from an unleashed private sector. The monopolistic approach, whether it's on health care or education, mandates solutions where one size fits all.

We know one size does not fit all. We know people have different needs. Small businesses have different needs. And these needs must be taken into account. So, our activist approach is to provide aid to individuals and families so they can choose.

Look for a moment across various policies to see the consistency of our logic.

In education, we want to provide scholarships so parents can choose the schools -- public, private, or religious -- where their kids can learn the most.

In health care, we want to ensure the availability of quality care for all Americans -- especially those who are uninsured today or struggling with high costs -- by offering either tax credits or tax deductions for over 90 million Americans. With this extra money, families can make their own choices from plans that will compete at lower costs.

For parental leave, we want to provide tax incentives so even the smallest businesses will have something to gain by providing parental leave.

Is it better to improve our schools by giving Washington more control, or by giving parents, teachers, and principals more choice? Is it better to provide health care by letting a board decide how much we should all spend on health care, or is it better to change the system so incentives are altered and individuals have access to health care through the avenue they best see fit?

Ours is a philosophy that empowers individuals, rather than investing in bureaucrats. That's the prescription for real growth and renewal. Simply increasing government spending and expanding the public sector -- whatever you call it -- is simply a recipe for stagnation.

Boiled down to essentials, Governor Clinton believes in government monopolies and mandates to decide what is best for the people. My approach believes in a government that helps people by giving them the means directly to make choices among competitive options -- public or private. I believe that the American people believe enough in themselves that they know they are the best

solution to most of their problems, not some bureaucrat in Washington.

Policy

That brings me to policy. A candidate can make promises but a President has to perform. A philosophy of governing needs to be turned into a plan of action that can work.

I realize how rapidly the world and America are changing and the need in today's complex, interdependent world for integrated, comprehensive approaches to today's problems. That's why on September 10, I outlined my Agenda for American Renewal -- a comprehensive approach to building on what works best in America: individual initiative.

We formulated an integrated agenda because in a more competitive world our schools must enable our kids to learn how to compete; our workers must have the skills to compete; our small businesses must be free to compete; our people must be secure enough to change jobs in a rapidly changing workplace without fear of health insurance or pension loss; and we must be able to increase jobs and job opportunities by opening new markets and by extending free trade agreements into Latin America, Eastern and Central Europe, and across the Pacific.

Translating my agenda into action will require that we form new coalitions. With shifts in party alignment and loyalty, with the rise of new and competing constituencies, and with different areas of the country more oriented toward the outside world than other areas, any policy approach that is going to work in the next

four years will require the formation of new and unique coalitions to get the job done. We'll need to create new alliances in Washington between the Presidency and the Congress, between the federal government and state and local governments, and between the private sector and the public sector.

That's why I've asked Jim Baker to stay on and assemble a new team to begin implementing my agenda immediately after the election. Together, we've worked to put together coalitions internationally with Desert Storm, the Arab-Israeli peace talks, and support for Russian democracy. In my first four years, we remade the world. In my next term, I am determined to remake America.

In my Agenda, I outlined thirteen specific objectives I hope to achieve in the first year of my second term -- ranging from an economic growth package and health care reform to term limits and a Balanced Budget Amendment. I want to consolidate these 13 priorities into five discrete packages.

First, we need a package to Jump-Start the Transition to Post-Cold War Prosperity. This package would include pushing through my health care reforms and job training proposals in the Congress and moving forward aggressively in supporting increased civilian research and development and defense conversion. We all know that without addressing health care costs, job training, and the task of defense conversion, it will be extremely difficult to adapt the economy to the needs of the post-Cold War world economic competition.

Second, I will recommend a packaged approach to Opening New Markets for a New Era. We will push through NAFTA and will finish the Uruguay Round. I have already made it clear I will be pursuing expanded trading authority to broaden America's competitive opportunities overseas.

Third, we need a legislative package to ensure Long-Term Growth Promotion and Deficit Reduction. So, I will consolidate our initiatives in small business, legal reform, and education reform. Each in its own way is essential to unleashing the private sector to fuel our prosperity into the next century. This package will also include my deficit reduction initiatives -- including a Balanced Budget Amendment, a line item veto, caps on spending of mandatory growth programs (other than social security), and a check-off system to allow the taxpayers to put pressure on the Congress to cut the deficit.

Fourth, Restoring our Inner Cities. I want to send to the Congress a comprehensive package to save our inner cities, including proposals for dealing with crimes, treating the inner city drug problem, cultivating business, and promoting welfare reform.

Fifth, voters from all sides of the spectrum are demanding fundamental political reform in both Executive and Legislative branches, and they deserve to get it. I will therefore propose a package for Government Reorganization, Revitalization, and Rededication. This will include: a one-third cut in White House and Congressional staffs; a 5% pay cut in higher-paid government

employees; abolishment of PACs subsidized by corporations, unions, and trade associations; and term limits for Congress. Most importantly, the package will consolidate and reorganize the Executive Branch to align it with post-Cold war realities.

Obviously, this is not an agenda for business as usual. Nor do I believe we can afford to proceed in a business as usual manner. I plan to use the time from November 4 through the convening of the new Congress to meet with all the new members of Congress, and to shape my five-part legislative package in a way that will ensure swift passage through the Congress.

We'll sit down with the Congressional leadership and chairs and ranking members of each of the key Congressional committees to plot out a gameplan that can work. We'll lay out our ideas and solicit theirs. We'll identify the key roadblocks to implementing parts of the Agenda and how best to overcome them.

We'll review their priorities, lay out ours, and will compromise to put together a tentative schedule that is in the best interests of the nation. Building on a device that has been used in the past, we'll seek agreement with Congressional leaders to form a Steering Group or Ad Hoc Committee that can help ride herd over some of the relevant committees to ensure the legislative packages don't get bogged down. An activist conservative Administration that cares with a Congress revitalized with 150 new members is the way to break the gridlock without breaking the bank.

But not all our policies will depend on Congress. Already, we're working with 1700 communities to push through our America

2000 education reform, and we've granted ten welfare reform waivers to innovative state programs. But we plan to do even more in the next four years with states, local governments, and community leaders. I plan to meet in December with governors and mayors to see how best to move ahead with the Agenda. He will also solicit their ideas and enlist their support in working with the Congress to gain approval of our different legislative packages.

In addition, I plan to convene four critical sets of meetings or "domestic summits" during December and January.

I will convene a Health Care Summit to discuss the most effective ways to cut costs and to finance his health care proposals. My plan is to invite members of the American Medical Association, the American Hospital Association, insurance company executives, business and consumer leaders, and Congressional leaders.

I also plan to form a Defense Conversion Council of relevant cabinet secretaries to facilitate our efforts to help the defense industry convert resources to civilian production. The Council - - an Executive Branch body -- would be supported in its work by an Advisory Task Force composed of representatives from industry and the Congress. Building on the monies already in the Defense Authorization Bill for defense conversion, I plan to create in my next budget submission a "Fund for Future Generations." The Fund would provide seed monies to help defense sector and civilian firms form joint partnerships and use the knowledge we've gained from building the world's most advanced weapons to make our economy

stronger. Indeed, it would help ensure that we win today's competition in exports and trade.

The third high-level domestic summit I will convene before the Congress meets will focus on government reorganization. The aim of this meeting will be to work with Congress so that the consolidation of the executive branch will also lead to some consolidation of Congressional committees to reduce the bureaucracy in both the legislative and executive branches.

Finally, to get the ball rolling to expand open markets, I plan to meet with the Congressional leadership and then meet early in the year with the European Community, the countries of the Asia Pacific Economic Cooperation (APEC), and the Central and Eastern European countries -- Poland, Hungary, and Czechoslovakia -- to discuss ways to expand free trade between our countries.

These are my priorities. I realize I have gone into some detail here, but I wanted to err on the side of substance because it is critical, as I said earlier, that voters in these last two weeks ask themselves of each candidate: How would this man govern the country?

That is not an easy question to answer for either Ross Perot or Bill Clinton. Neither has been very serious about specifying how they plan to implement their programs. Ross Perot says he'll sit down and read the plans of action already available and then move forward with the best one. But a country is not a computer, and politics is not engineering. You can't separate the conceptual plan from the plan of action.

As for Bill Clinton, we do know he wants to raise taxes by \$150 billion and increase spending by \$220 billion, but beyond that, his promises are vague and ever-changing in any case.

He did say in early June that he intended to present a legislative package to the Congress before the election, or as his press secretary put it, "the idea is to show that if Governor Clinton was elected, he would have a mandate to take to Congress in the first 100 days and get things rolling." But as with so many of Governor Clinton's ideas, we're still waiting for him to fulfill his promise and deliver a legislative package.

Having laid out my thinking on a first-year plan in some detail, I think it's fair for all of us to challenge Ross Perot and Bill Clinton to do the same. It would be good for the voters and good for the country if we had a better idea of what they really would do if elected. For after all, to borrow a phrase, you can't be one kind of man, another kind of candidate, and yet another kind of President.

Character

While the philosophy of a candidate is critical, character is most important of all. For when you peel away the speeches, and the position papers, and the advisers, you're left with just one individual -- one individual who must make difficult and often painful decisions, decisions that can change the world, decisions that can lead to war, decisions that can cost lives.

Character touches the very core of the Presidency because in the end it is the essential element to every decision that any

President makes. I remember President Ford's humility and his willingness to put the interests of healing the nation above any personal gain. I remember President Reagan's undying optimism - an optimism that helped renew America after years of stagflation and malaise.

Character is critical because it affects the decisions you make and how you deal with the consequences. I've made my mistakes, but I hope I've learned from them. That's the only way you can deal with the really gut-wrenching decisions that a President has to make: the decisions as Commander-in-Chief.

It is easy in the aftermath of Desert Storm's stunning success to portray the decision to go to war as an easy one, but we all know it was not. It was not a uniformly popular decision. The Democratic Congress had spent much of the fall parading so-called experts before the American people, experts who said we'd get into another Vietnam. Nor was the vote in the Congress overwhelming, and many said let's give sanctions more time. But I made the decision to go to war because I knew it was right -- not because it was popular.

But that's what's so critical in a President and what makes being a President so different from being a governor, or a senator, or a businessman: The President alone is the Commander-in-Chief. And he -- and he alone -- can take the country to war. If you're a Governor or Senator you can make a decision that turns out to be a mistake, but you can almost always recover from it. But when you are Commander-in-Chief, your decisions can put America at risk -

- and can risk the lives of our young men and women. That is an awesome responsibility, one that few can -- or should -- have to carry.

The Choice

These then are the questions confronting you as the most important person in American democracy: a citizen who votes.

First, philosophy: Who has the right vision for America's future? Second, character: Who can be entrusted with the responsibility of leading America to that future? Third, policy: Who has the most realistic agenda for governing and getting the job done?

I ask you to ask these questions of yourself. I do so because I hope you'll agree with me that when you do, I'm the right man for the job. Thank you and God Bless the United States of America.

margaret TUTWILER

THE PRESIDENT HAS SEEN
10/21

TUES. OCT. 20th

DEAR MR. PRESIDENT,

MY PARENTS WOULD HAVE BEEN SO PROUD THAT YOU
MENTIONED ME LAST NIGHT. I WAS SO FLATTERED AND TOUCHED
BY YOUR GENEROUS REMARK - THANK YOU SO MUCH FOR GIVING ALL
OF US TUTWILER'S SUCH A THRILL. YOU WERE FABULOUS LAST NIGHT!
YOU ARE GOING TO WIN - I REALLY BELIEVE THAT.

MUCH LOVE,
MOT

POOL REPORT # 7

October 21, 1992

State Fair to Radisson
(Raleigh, North Carolina)

Michael Busch reported the mag count for the crowd at 17,000.
You heard the event. Motorcade to hotel uneventful.

John Harwood - Wall Street Journal

October 21, 1992
(Gastonia, South Carolina)

Motorcade last night from the train station to the Ramada was uneventful.

This morning at 7:30, however, staff coyly announced a brief detour en route to the station for "breakfast," which turned out to be a stop at the Waffle House ("America's Place to Eat, America's Place to Work"), just off Interstate 85 and within sight of the motel. The President, in a gray suit, and Marvin in his Braves windbreaker burst in on the kitchen staff and a smattering of maybe 10 diners with about a half-hour's notice, and took two barstools at the counter. The staff already had prepared his breakfast (scrambled eggs, bacon, waffle, syrup, butter, coffee with cream, in one of those translucent white china cups with the ugly brown filigree around the rim, and a hearty glass of milk).

On Mr. Bush's left sat Daryl Scott Cromer, 28, a stock clerk for Piggly Wiggly who was clad in jeans, striped shirt, curly over-the-collar blond hair and a black leather jacket, draped over the back of his barstool. On Marvin Bush's right was John Martin, 29, a trimmer for Asplundh (cq) Tree Co., also jeans-clad. The four of them conducted an animated conversation for about 15 minutes as the President munched on his waffle (heavy on the butter), drank most of his milk and ignored the eggs.

Almost all the chatting was inaudible, but TV crews, which had boom mikes draped over the scene like a flock of condors, no doubt picked all of it up.

Asked whether his stop at the Waffle House had any political significance, Mr. Bush replied, "I wouldn't jump to any conclusions if I were you." But Torie Clarke, watching bemusedly from the wings, said that "We want to keep the waffles in the Waffle House, where they belong."

From a booth next to the counter, a man in tweed coat and tie looked on with interest and confessed to one reporter that he was thinking of voting for Bush, but that "frankly," he had some concerns about the President's leadership. Henry Shaw, a Columbia, S.C. businessman with Eastman Kodak Co., said that he was at heart a Kemp admirer who liked the HUD secretary's decisive style. Informed by the press at one point that Mr. Shaw was still on the fence, Mr. Bush said amiably, "That's all right, that's the great American process," whereupon Mr. Shaw good-naturedly protested, perhaps with a tinge of embarrassment, that his words had been twisted, and that he probably would support the President come November.

What was turning into your garden variety presidential drop-by-at-the-local-greasy-spoon got somewhat more peculiar toward the end, when a short, mid-fortyish man with straight shoulder-length blond hair, again in jeans and a plaid lumberjack-style shirt, worked up the courage to get out of his booth and approach the President. In tow were two young ladies, somewhere in their early teens to early 20s. (Relationship wasn't clear. At one point Mr. Bush asked one, "Is this your dad?" to which she replied, "Oh, no, he's just a friend.")

A.C. Wilson, no age or occupation, carried with him a frayed brown scrapbook which he presented to Mr. Bush for viewing. Inside (we are told, but could not personally see) were Kodachromes of the man's trick horse, which apparently lies on the ground and allows people to then lie atop him (her?) and also licks the young ladies' heads. ("That's how we comb her hair," Mr. Wilson had said earlier, apparently in jest, of a photograph that showed the horse giving one of the young ladies a style and henna rinse.)

Emboldened, the two young ladies Doris Hass (cq) and Wendy Mergeenghler (that's a double cq, good buddy) engaged the Commander-in-Chief in a lengthy game of riddles. Most, if not all, came from Wendy, the younger of the two. Example: "Railroad crossing, look out for the cars. How do you spell that without any R's?" Well, that stumped the President, so Wendy provided the answer: "You spell that T-H-A-T."

"Where do you get all these jokes? Your old man?" Mr. Bush asked.

Then the President told one, considerably funnier, if you ask me. "Did you hear the one about the duck that went into the bar?" he asked. "Bartender looked at the duck and said, 'Your pants are down.'" That met with silence, so Mr. Bush pointed out that "down" has two meanings.

Several more hilarious riddles were also told by Mr. Wilson's charges, dealing with twenty sick sheep and a horse named Friday, but we could not hear the details from our observation point. We did note that Mr. Bush figured them all out pretty quickly, or had heard them before and knew the answers outright.

Amidst all this, the President also was interrupted briefly by a blond woman who engaged him in a conversation in French, in which Mr. Bush seemed to more than hold his own. Sorry, no I.D. for

The President paid with a twenty and picked up the tabs for his two breakfast companions, both of whom said later that they were strong Bush backers.

Not long before departure, Mr. Martin stood up and called out to the assembled press. "Anybody here from the local television stations? Anybody here from the local newspapers?" There wasn't, but he went on anyway. "Make sure you get this one, because my boss man's getting ready to lay me off because I'm late for work, and I want to prove it to him that I'm here."

Mr. Cromer said later that he and Mr. Bush talked about "just down-home stuff, same as anybody." Asked if he knew the President was joining him for breakfast, he said, "Absolutely not, or I'd have gone home and gotten dressed."

Mr. Martin said he and Marvin and the President discussed the Administration's health-care proposals.

Oh, and as we were leaving, the Muzak in the Waffle House struck up Lee Greenwood's evergreen anthem, "I'm Proud To Be An American (Cause At Least I Know I'm Free)."

Trip notes for those of you joining up in Gastonia: Mr. Bush said in an interview on Spartanburg television last night that he plans to spend only two nights in the White House, and no days between now and Election Day.

Mag count on the crowd at last night's event was 14,800, according to Michael Busch. Some advance folk were anxious to note that that was far in excess of expectations (they say less than 10,000 had been expected, and local TV said 5,000). Spartanburg itself numbers about 48,000 souls.

Crowds en route this morning were friendly and sometimes good-sized. The train did a slowdown in Grover, N.C., where a friendly mob of schoolkids and other onlookers lined the tracks, and again in Kings Mountain, N.C., which we're reliably informed was the site of the first defeat of British forces in the Revolution, and the turning point of the Revolutionary War.

Mike Wines
NY Times

...the crowd was friendly and sometimes good-sized. The train did a slowdown in Grover, N.C., where a friendly mob of schoolkids and other onlookers lined the tracks, and again in Kings Mountain, N.C., which we're reliably informed was the site of the first defeat of British forces in the Revolution, and the turning point of the Revolutionary War.

THE WHITE HOUSE
MRS. BUSH'S PRESS OFFICE

DAILY PRESS CLIPPINGS

WEDNESDAY, OCTOBER 21, 1992

Mrs. Bush	(in folder)
Susan Porter Rose	
Julie Cooke	
Anna Perez	
Joan DeCain	
Laurie Firestone	
Ann Brock	
Sondra Haley	
Jean Becker	
Sally Runion	
Jane Moore	
Peggy Swift	
Anne Griffith	Room 98 OEOB
Diana Kellogg	Room 157 OEOB
Secretary Baker	West Wing
Marlin Fitzwater	West Wing
Constance Horner	West Wing
Dennis Ross	West Wing
Margaret Tutweiler	West Wing
Steve Provost	Room 118 OEOB
Patty Presock	Residence
Gregg Petersmeyer	Room 100 OEOB
Shirley Green	Room 94 OEOB
Karen Connell	Room 58 OEOB
Carol Powers	West Wing
Marguerite Sullivan	Room 268 OEOB
Carolyn Washington	Room 268 OEOB
Benita Somerfield	hold one copy
First Lady Detail	Staircase
Chronological Files	
Event Files	(originals)

MILWAUKEE SENTINEL
10-9-92

First lady enthralled crowd with light conversation

By ELDON KNOCH
Sentinel staff writer

One thousand Republicans and at least one Democrat Thursday paid homage to first lady Barbara Bush, who was on the campaign trail for her husband, George.

The questions were soft, the conversation was light and the crowd was enthralled as Mrs. Bush took center stage at the Italian Community Center, 631 E. Chicago St.

She even had her own cheerleaders from Racine's Horlick High School. The 26 girls dressed in their red and white sweaters and skirts didn't actually give any cheers, but they looked like they wanted to.

"The Horlick cheerleaders say hi," freshman Melissa Beesley, 14, told Mrs. Bush during a question and answer period.

"Hooray for the Rebels," responded Mrs. Bush, quickly picking up the school's nickname displayed on Melissa's uniform.

Then Melissa, the daughter of Linda and Gary Beesley, got to ask her question: "What do you do in the White House all day?"

"I've learned how to use a computer," the president's wife replied. She said that in addition to her official duties — "We enter-

tain a lot" — she reads and gets her exercise by swimming, tennis and riding a stationary bicycle.

It was one of Melissa's classmates who is the Bill Clinton backer.

Horlick senior Altovise Roscoe, 17, daughter of Albert and Nora Roscoe, said she didn't go to a recent Racine rally for Vice President Dan Quayle because "I thought that would be too strong a stand."

However, Republican Barbara Bush was too much of an attraction for Altovise to turn down.

Linda Tripp, the high school's cheerleader adviser, said someone had called the school to invite the squad after several of the girls appeared at the Quayle rally.

"Everybody loves Barbara, don't they?" Tripp said. Looking around at the roomful of people, she added, "It's a great civics lesson."

Although a number of people at the rally said they had been invited, the state Bush headquarters said the event had been thrown open to the public.

But it was clear from the audience's applause and good-natured laughter that Tripp was right: Everyone there did appear to love Barbara Bush.

MS
10.9.92

Mon 19-Oct-92 20:14 EDT

Ice cream eaters see politics as 'rocky road'

GLENDAL, Calif. (UPI) — The presidential race has evoked a wide range of images, but the scoop among ice cream fans is it is definitely a "rocky road." More than 75,000 Baskin-Robbins customers nationwide responded to a "presidential favorites" poll, asking them to choose which flavor names they associate with President Bush and Democratic nominee Bill Clinton.

Bush's top vote-getter by a large margin was "Rocky Road," while for Clinton it was "Rocky Road" with a close second of "Preppy Mint."

In St. Louis, Bush was seen as "Plum Nuts," but in Pittsburgh, Clinton is "Raisin Cain."

New Orleans, perhaps the most optimistic of the ice-cream voting cities, believed both candidates are "Berry Berry Good."

The candidates' wives also were on this ballot. The favorite flavor by far describing first lady Barbara Bush was "Mom's Apple Pie," while "Honey Bunny" was chosen most often for Hillary Clinton.

Voters also were invited to write in their own flavor ideas.

"Budget Crunch," "Dessert Storm," "Read My Chips" and "That Vanilla Thing" were among the entries offered for Bush.

For Clinton, the menu included "Inhalings and Cream," "Better Than Nut'n," "Razorback Raspberry" and "American Praline Dream."

Sat 17-Oct-92 0:22 EDT

U.S. Treasurer says Clinton burned American flag _ then retracts charge
By MARK LANGFORD

AUSTIN, Texas (UPI) _ The U.S. treasurer accused Democratic presidential nominee Bill Clinton of burning the American flag during anti-war protests in Europe, then retracted the charge and apologized.

Treasurer Cathi Villalpando, a native of San Marcos, Texas, made the accusation Friday at a "Viva Bush" rally kicking off a four-city bus tour with first lady Barbara Bush and several prominent Texas Republicans, including state Treasurer Kay Bailey Hutchison.

In an appeal to Hispanic voters, Villalpando said Hispanic servicemen have the highest percentage of Medal of Honor winners, and that Clinton dishonored them for failing to serve in the military.

"It's a slap in the face when you have a person that wants to be in the White House as our leader when he doesn't even honor those of our community that have shed blood and gone when their country demanded it instead of dodging the draft and instead of going to another country to burn our flag," she said.

When Mrs. Bush was asked about the flag-burning remark, she replied, "I don't know about that."

Villalpando later said in a statement, "I apologize to Governor Clinton. I have no knowledge that Governor Clinton ever burned an American flag."

Clinton says he participated in protests against the Vietnam War while a Rhodes scholar in England in the late 1960s. President Bush has sharply criticized Clinton for antiwar protests on "foreign soil," and Clinton said his GOP opponent was wrongly questioning his patriotism.

Brian Berry, a GOP campaign official, said Villalpando feels strongly about the issue because her brother was a Vietnam War veteran and Clinton did not serve during the war. He had a student deferment and was not drafted.

Mrs. Bush called Villalpando's address "fabulous" and denied that it represented negative campaigning.

"That isn't negative when you're telling the truth," Mrs. Bush said. "Negative is when you make up stories."

Reporters who asked to talk with Villalpando after the rally were told by a GOP official that she was already aboard the bus and that it had to leave for other campaign stops.

Craig Sutherland, a spokesman for Clinton's Texas campaign, called Villalpando's charge "an absurd suggestion. Never did Bill Clinton burn flags. Tomorrow they will take it back and say 'that is not what we meant.'"

"I thought the Bush campaign had stooped as low as it could stoop, but they are digging themselves a little bit deeper," he said.

Villalpando's 'flag burner' slap at Clinton disavowed

By MARY LENZ
POST AUSTIN BUREAU

AUSTIN — First lady Barbara Bush carried the roses and U.S. Treasury Secretary Catalina Villalpando brandished thorns, im-plying Friday that Bill Clinton was both a draft dodger and a flag burner. Democrats said Villalpando's remarks were desperation tactics. Republicans said Villalpando speaking at the Austin kick-off of a "Viva Bush" tour of Texas, Villalpando contrasted the patri-

Villalpando said Clinton "doesn't even honor those of our community that have shed blood and have gone when their coun-try demanded it — instead of dodging the draft and instead of going to another country to burn our flag." Brian Berry, regional director for President Bush's campaign, said: "She misspoke and she has now apologized to Gov. Clinton."

olism of Hispanics serving in the armed forces with the Arkansas governor, who organized an anti-war demonstration in London during the Vietnam period.

GOP apologizes for U.S. treasurer's remark

By ROSS RAMSEY

Houston Chronicle Austin Bureau

AUSTIN — U.S. Treasurer Catalina Vasquez Villalpando accused Democratic presidential candidate Bill Clinton of flag-burning Friday — a charge Republicans quickly acknowledged was wrong.

At an East Austin rally with first lady Barbara Bush, Villalpando attacked Clinton for demonstrating against the Vietnam War while he was a student at Oxford University in England.

"It is a slap in the face when you



Villalpando

have a person that wants to be in the White House as our leader when he doesn't even honor those of our community that have shed blood and have gone when their country demanded it, instead of dodging the draft, and instead of going to another country to burn our flag," she said.

"How many of us revere our country and praise our flag?" she asked the crowd of about 500 supporters. "Is that the kind of person you want in the White House? I don't want that kind of person."

The treasurer said other members of her family were also supporting President Bush for re-election.

"I had a brother that served in Vietnam, and he went twice and with pride, and he definitely is not a supporter of this president, this guy that wants to be president," she said.

Villalpando did not talk to reporters before leaving the lunchtime

event. Within hours, President Bush's campaign was calling news organizations to retract her comment.

"On that one, we're pretty clear about it. She misspoke, and she has apologized to Governor Clinton about that statement," said Brian Berry, regional director of the Bush-Quayle campaign. Berry called reporters to "correct" Villalpando's statement before the Clinton campaign had even responded to it.

Villalpando's apology to the Arkansas governor is her second in three months. In August, she referred to Clinton and his adviser, former San Antonio Mayor Henry Cisneros, as "skirt-chasers." She apologized after Clinton campaign officials said she should be fired to keep the president's pledge to keep "sleaze" out of his campaign.

Sun 18-Oct-92 12:40 EDT

Hillary Clinton tops Glamour's Women of the Year list

NEW YORK (UPI) — Hillary Clinton topped a list of Women of the Year announced Sunday by Glamour magazine on the basis of a survey of 300 journalists, mostly women. Barbara Bush third and Tipper Gore sixth.

Marilyn Quayle trailed near the bottom of the list, getting only half as many votes as Gore.

The magazine noted that there were votes for Anita Hill and AIDS activist Elizabeth Glaser but they were not counted because both women have previously been named Women of the Year by Glamour.

The top 12 women in the voting by journalists, each of whom was asked to select 10 names, were:

1. Hillary Clinton, 54 percent.
2. Diane English, executive producer of "Murphy Brown," 38 percent.
3. Barbara Bush, 25 percent.
4. (tie) Carol Mosely Braun, Democratic candidate for the U.S. Senate from Illinois, 21 percent.
4. Penny Marshall, actress and film director, 21 percent.
6. (tie) Candice Bergen, actress, 17 percent.
6. Tina Brown, editor of New Yorker magazine, 17 percent.
6. Katie Couric, NBC "Today Show" anchor, 17 percent.
6. Susan Faludi, author of best-selling "Backlash," 17 percent.
6. Mary Fisher, AIDS activist, 17 percent
6. Tipper Gore, 17 percent.
6. Lynn Yeaker, co-founder of Women's Way, 17 percent.

The Women of the Year are chosen by a panel of distinguished women and Glamour Editors as a result of the voting. They will be honored at a ceremony in New York Nov. 9.



AP Photos

Bush returns to the White House from a weekend at Camp David

15 Campaign DAYS Countdown

PRESCOTT BUSH can't figure it out. His brother, George, literally "weeps" for people in trouble — the poor and unemployed — but he stumbled in the second presidential debate when asked about the personal toll of tough economic times. "Why did he let that one get away?" wondered the president's eldest brother while watching on TV. Despite his difficulties, George will win another term, says Prescott, 70.

*Written by Fred Bruning,
with reporting by Timothy
Clifford and Martin
Kasindorf*

NEW YORK POST, WEDNESDAY, OCTOBER 21, 1992

N.Y. GOP: BUSH 'HOMER' BOOSTS HOPES

By FREDRIC DICKER
State Editor

ALBANY — Top New York Republicans insisted yesterday that President Bush's strong performance in Monday night's debate means he still has "a good chance" of winning the election on Nov. 3.

"The president hit an absolute home run and I think he's going on from here to win," proclaimed Jonathan Bush, the president's younger brother and a New York investment adviser.

"The president has revived his campaign, there's no question about it," said Bush's New York campaign chairman, former state Sen. Douglas Barclay. State Republican Chairman

William Powers called Bush's performance "a slam dunk."

He insisted, "the president still has a good chance to win and I think he's going to make it."

Meanwhile, relieved GOP leaders predicted that Bush's feisty effort to revive his campaign will benefit hundreds of New York Republicans, including hard-pressed U.S. Sen. Al D'Amato in his fight with state Attorney General Robert Abrams.

"This has given our candidates and our troops a tremendous boost. They're motivated

to go out and work through the election," said Powers.

But even a revitalized GOP has its work cut out here.

Public and private opinion polls show Democrat Bill Clinton winning a landslide victory in New York by a million or more votes.

As a result, the national Bush campaign has been spending little money in New York on television and radio advertising and Bush has yet to make a campaign swing through the state.

The Reliable Source

By Lois Romano

WE'VE HEARD THAT...

June newlyweds Bobby and Doro (Bush) Koch have been telling family and friends that they're expecting a child in late spring. It's his first and her third.



CAMPAIGN '92

Dan should run: wife

Marilyn hints he may seek '96 nomination

By MAUREEN SANTINI

News Washington Bureau

WASHINGTON — With Republicans focusing desperately on the 1992 presidential contest, Vice President Quayle's wife yesterday all but announced that her husband was planning to seek the GOP nomination in the future.

"From my personal standpoint, I'm not sure that's something I would want, but for the nation, he is so good at finding solutions to problems that I really think he should," Marilyn Quayle said.

Her remarks came in an interview on ABC's "Good Morning America," in which she first fended off speculation about her husband's political role in 1996 and was then asked whether she expected him to run for President someday.

Nearly all GOP insiders believe Quayle is now — and has been been for some time — planning a run.

The second lady is considered to have enormous influence on her husband — she has an office across from his in the Old Executive Office Building — and would be unlikely to utter such a statement off the top of her head.

The vice president, who suffers from a tarnished image, has been consulting with experts over the last four years in an effort to learn how to become more respected and, in effect, learn how to be President.

Bush as mentor

President Bush has served as a mentor to his understudy, particularly during the weekly lunches they had before the campaign interfered with their schedules.

"I read the vice presidential debate as Quayle really setting up the first debate for 1996, which is why he engaged (Democratic front-runner Bill) Clinton throughout."

said one GOP insider close to the Bush campaign.

He added that it was as if Quayle were saying: "I'm going to show you I've got the stuff it takes to be your nominee in 1996."

"One of Bush's top advisers told the Daily News that he assumes Quayle will run in 1996 'because all vice presidents do.'"

"He's done himself a lot of good in this campaign," said this presidential adviser.

"He's done good for himself for four years in developing a following among party activists in the party base. If he wants to run, he's a very serious candidate."

No distractions

The adviser also praised the way the Quayles have worked hard in 1992 "and (have) not been talking to anybody about 1996." He said they have done "100% of everything we've asked them to do. They haven't distracted themselves worrying about the future."

Other potential candidates for the GOP nomination in 1996 are Housing Secretary Jack Kemp, who is writing a plan, and Texas Sen. Phil Gramm.

Former Delaware Gov. Pete du Pont may run, as well as White House chief of staff James Baker.

Perot watch: Ross Perot has spent \$800,000 for more 30-minute slots on all three major networks and plans to air the new programs on Thursday, Friday and Saturday. So far, he has spent more than \$10 million for commercials and 30-minute programs on the economy, his economic platform and his biography.

Presidential debate 1992

Retort: Lawyers and lobbyists contributed at least \$622,850 to the Democratic Party in August, compared with \$81,046 for the Republicans, campaign finance reports indicate. President Bush's campaign has frequently targeted lawyers.



Hillary Clinton forges a following for her husband, and herself

By Jessica Seigel
Chicago Tribune

DENVER—Those who believe the president's wife should be seen and not heard would do well to remember Valley Forge, Rep. Patricia Schroeder told the crowd at a political fundraiser as she introduced Hillary Clinton.

Schroeder (D-Colo.) recounted how Martha Washington camped with George at Valley Forge for three winters to help rally the demoralized revolutionary army. Despite her valiant service, she was criticized for wearing cotton rather than silk and speaking English instead of the tonier French.

"You left out the most important part," Clinton said as she took the podium, "when Martha was pilloried by the press corps for wearing head bands at Valley Forge."

The audience at the \$1,000-a-plate event howled, then applauded wildly for the woman who may well be the next first lady.

Clinton responded to the applause with a broad smile. Looking at ease and self-confident (with no headband), she has emerged from her own Valley Forge with a serenity even friends have remarked on.

In six speeches and rallies in Denver and Atlanta observed over two days, the woman whom Republi-

cans tried to smear as a cookie-hating Lady Macbeth is being greeted more like an Eleanor Roosevelt.

Hand-lettered signs at rallies such as "We need a few good women: Hillary and Tipper" underscore the sentiment that has turned the "Hillary Clinton for First Lady" campaign button into a hot commodity.

Flying with her staff of five bright young women in her own small jet, her rigorous schedule has included up to seven events in three cities in one day. Sometimes she meets up with Tipper Gore, wife of vice presidential candidate Sen. Al Gore, and sometimes the two of them meet up with their husbands. On Tuesday, the Clintons and Gores will visit Hillary Clinton's home state of Illinois for a noontime rally at the Daley Center in Chicago.

Almost everywhere she goes, college presidents and local Democratic leaders introduce her as a role model for mainstream American women juggling home and job. Her accomplishments, such as her work for the Children's Defense Fund and her rank as one of America's most influential 100 lawyers, are often mentioned before that other fact—that she is Bill Clinton's wife.

With a no-nonsense demeanor that is jocular without appearing flip, she speaks at length without notes, focusing on children, educa-



Hillary Clinton campaigning in Chicago last March. She and Bill Clinton will attend a noontime rally at the Daley Center Tuesday.

tion, health care, poverty and abortion rights. When she tells crowds how these issues, once denigrated as "women's issues," have become central in this year's campaign, she is cheered loudly.

Universal health coverage "should not be a privilege, but a right in America," Clinton said, outlining the Democratic health care plan to an audience of about 200 nurses at

University Hospital in Denver. This country is approaching the point, she added, where the only people who can get health insurance are "22-year-old vegetarian aerobics instructors."

In Atlanta at Spelman College, an all-black women's school, she was introduced as the "First Sister of Arkansas," who worked in the civil rights movement during college.

"It is only the blind who say we have not been divided," Clinton said in Sisters Chapel, a grand hall where Martin Luther King Jr.'s body lay in state. "We must stand up against . . . hatred wherever we see it."

Clinton, who says she wants to be "a voice for children in the White House," reels off statistics—a child is abused every 13 seconds—to hammer home her message about the plight of the young. "Everything else pales by comparison."

People who hear Clinton speak say they are struck by how "real" she seems, a feeling that is hard to miss, especially for those who complain that her husband often comes off as stiff. Though engaging, she also is carefully polished with reporters, avoiding any snappy comments of the type that have been used against her in the past.

"I feel pretty much the way I've always felt" on the campaign trail,

she said in an interview. "I try to get some exercise, I try to catch up on sleep and get home every few days so I can see my daughter and get grounded with family and friends."

Though she no longer uses phrases like a "two-for-one" Clinton deal, which irritated some, women say that's exactly why they like her.

"Women in politics should mean women running for office," Mary Sampson, a 32-year-old businesswoman, said at a Denver rally. "But Hillary Clinton may be the best shot for us to get any real respect in the next four years."

As an activist first lady, Clinton would be following a long tradition that goes back to Mary Todd Lincoln, with Eleanor Roosevelt as perhaps the best-known example.

Clinton's standing as a professional activist before reaching the White House, though, does make her different. "She doesn't need to be briefed on the issues; she's one of the most well-informed people in the country," said Carl Anthony, the Washington author of the two-volume book "First Ladies: The Saga of the Presidents' Wives and Their Power."

In recent decades, Betty Ford, Rosalynn Carter and Nancy Reagan were criticized for being too outspoken, too activist or too involved in

their husbands' administrations. But except for Nancy Reagan's B-movie acting career, these women weren't known nationally before moving into the White House.

Clinton says she understands why some people have had a hard time accepting that she is a mother, a lawyer, an activist and a political wife.

"There's a kind of historical transition at work . . .," she said. "The issues about women's roles that have been played out in every other level of the private sector haven't been played out in the presidential sector. It is understandable why people are replaying this now."

At least one man's thoughts on the proper role of a first lady changed after he heard Clinton.

"I really came in skeptical," said Joe Ezhaya, a stockbroker and Democrat from Maine who was not going to vote for Bill Clinton because of Hillary. Ezhaya said he had been particularly disturbed by Clinton's remark that she could have stayed home and baked cookies. That's what his wife does.

"I was threatened by her before today, but I've been changed—really changed," he said. "I thought her strength came from ego, but that's not true. I bet there's a million men in America who could do anything if she were their wife."

The Worst Lying About the Economy in the Past 50 Years

By ALAN REYNOLDS

Bill Clinton has been chided for his slippery lack of truthfulness when it comes to the draft. But a much more pervasive and dangerous disregard for the truth is on display almost every time he opens his mouth to talk about the economy.

Let's take the debates. In the first debate, Mr. Clinton said we are suffering "the first decline in industrial production, ever." What? The country has never before had a recession? There is nothing wrong with making a mistake in the heat of debate. But we might have expected some impolite person, somewhere, to ask the governor what on earth he meant to say. Instead, the anchor on one network noted that Mr. Clinton had displayed his "mastery of facts."

Industrial production has risen by 2.1% since May 1991, and manufacturing alone (excluding mining and utilities) by 2.8%. Meanwhile, industrial production over the past year has *fallen* by 2.5% in Germany and by 7.6% in Japan.

Over the past year, the U.S. economy has grown faster than the economies of Japan, Germany, Canada or Britain (the first two of those last four, presumably, being Mr. Clinton's models). U.S. exports have *doubled* in real terms in only six years, and now exceed \$620 billion a year. What does Mr. Clinton have to say about this? He worries that we can't compete, and proposes emulating foreign basket cases — "an American version of what works in other countries." We don't really need an American version of Europe's 10% unemployment, or Japan's stock market collapse.

Were it not for defense cuts, the U.S. would have reported an economic growth rate of 2.3% over the past five quarters, rather than 1.6%. Yet Mr. Clinton proposes

to cut defense deeper and faster. How will that help?

Then there is this matter of wages. In the first debate, Mr. Clinton said U.S. wages have slipped to 13th in the world. Really? Who are those dozen richer countries anyway? All these figures show is that high German interest rates pushed European exchange rates up. That did indeed make European wages look high when converted to dollars, but it also makes European *prices* look even higher. The real purchasing power of foreign wages is a great deal lower than implied by converting them into dollars.

Mr. Clinton said on Monday night that "most people are working harder for less money than they were earning 10 years ago, and they're paying higher taxes." Is that true? A good way to find out is to add capital gains, government transfers and health benefits to the median income of full-time workers, then subtract federal income and Social Security taxes. Nineteen eighty-two was a recession trough, so let's start with President Carter's last year, 1980. Then adjust for inflation using the current consumer price index, improved in 1983. The result? Real, after-tax median income for full-time workers rose from to \$27,593 in 1989 from \$24,950 in 1980, before slipping back to \$26,679 in 1991. Half of all full-time workers in 1991 were still 7% ahead of where they were in 1980, after taxes, and many in the bottom half also had gains. Income and wealth rose further in 1992.

Much of the relative income weakness in the past few years was in capital gains — particularly among the middle class, where the capital gains tax rate rose most sharply. For those in the middle three-fifths of the income distribution,

average capital gains had been around \$3,500 a year from 1983 to 1986, but immediately sank to \$1,200 from 1987 to 1991, after the higher rates went into effect. Federal and state governments lost, too — they saw lower revenues. Mr. Bush wants to fix that inhumane and destructive 1986 policy mistake; Mr. Clinton opposes change.

In the debates, Mr. Clinton and Al Gore alternate between asserting that the economy is in the worst shape "in 50 years" and saying it's in the worst shape "since the Great Depression." Those are not the same thing. While these candidates may be too young to remember that Herbert Hoover was not the president in 1942, they are not too young to remember the stagflationary mess of 1973-75, or 1980-82. In the first of those contractions, real GDP fell by 4.3% and unemployment reached 9%. In the second, real GDP fell by 2.8% and unemployment hit 10.8%. Inflation and interest rates were well above 10% both times.

In the 1990-91 recession, real output fell by 2.2%, unemployment peaked at 7.8%, and inflation and interest rates have been quite low.

When it came to the vice presidential debate, the TV truth squads jumped on Dan Quayle, claiming it a lie that Mr. Clinton proposes \$150 billion in new taxes, since he supposedly intends to return \$106 billion to favored corporations and the "middle class." The argument here is that if the Internal Revenue Service can squeeze a few thousand more from Dr. Smith each year, but also share some of the loot with those who vote correctly, then Dr. Smith really has nothing to complain about. Mr. Clinton even promised that the wealthy will get some back in the form of investment tax credits to corporations that buy machines to replace workers.

Some campaign contributors will get rich off that, to be sure, but not those industrious two-earner families whose marginal tax rate is to jump by 16%.

Actually, the vice president's claim that Mr. Clinton plans to raise taxes by \$150 billion really does deserve to be criticized, since there's no way Mr. Clinton can raise even a third of that sum from rich folks and foreign companies. But that means he has no idea how to finance all his pork-barrel "infrastructure" schemes; nor can he afford those undefined "middle class tax cuts." Mr. Clinton has already switched from vague promises of tax relief to the middle class to promising he won't raise their taxes: "Read my plan." Instead, he can simply redefine "middle class" downward, in ways that catch more fish.

In the rush to "change," everything seems to be a "crisis." To define a health-care crisis, Mr. Gore claimed that "40 million" Americans "who work full-time" do not have health insurance. The latest Monthly Labor Review shows that 83% of all full-time workers have employer-financed medical care coverage. The remaining 17% don't even add up to 15 million. But the 17% figure is also misleading. Millions of full-time workers are self-employed individuals (often affluent), so it makes no sense even to ask if they have an "employer-financed" medical plan.

The Clinton-Gore team has been running TV ads ridiculing the president for saying he's not sure we're in a recession. Yet the U.S. economy is now in the sixth consecutive quarter of positive growth. This is quite definitely *not* a recession by anybody's definition — much less the worst one since 1942 or the only time industrial production ever fell. That little fact, like so many, doesn't seem to stop Mr. Clinton.

Mr. Reynolds is director of economic research at the Hudson Institute in Indianapolis.

As More Earn Equivalency Diploma, Its Value Is Debated

By IVER PETERSON
Special to The New York Times

TRENTON, Oct. 20 — Jonathan Ledlow dropped out of Trenton High School a dozen years ago but promptly got his G.E.D. high school equivalent certificate so he could join the Navy, which was all that he desired at the time.

Now Mr. Ledlow is nearly 30 years old and subsists on \$140 a month from the Mercer County welfare board. Along with his honorable discharge from the Navy, he is proud of having earned his equivalency degree, the result of passing a 7½-hour comprehension test. It proves he was able to complete something in his life, he said, but he is not sure what good it is doing him now.

Given today's economy, Mr. Ledlow might be unemployed now even if he had completed high school. Still, a new study says, Mr. Ledlow and others who passed the General Education Development test are no better off than high school dropouts who did not take the test. And as his educational experience grows more common — the G.E.D. in 1991 accounted for 14 percent of all high school graduates compared to five percent in 1968 — more questions are being raised about the long-term value of the test.

The study, by a University of Chicago economics professor, shows scant difference between the incomes of G.E.D. holders and of high school dropouts with no certificates. And the Army, which pioneered the forerunner of the G.E.D. for World War II veterans 50 years ago, last year quietly stopped accepting the certificate holders into the service on the same basis as high school graduates. The reason: G.E.D. earners flunk basic training at twice the rate of high school graduates.

The test, designed to measure whether the test taker has the same level of comprehension as an average high school senior, requires no classroom work and can be taken without any preparation at all, although most people do study for it in some way. About 70 percent of those who take it pass it. This year, some 480,000 people will earn a G.E.D.; about three million students will graduate from high school.

The G.E.D. Testing Service, which administers the G.E.D. nationwide, has been stunned by the sudden swell of bad news about a program that has long been regarded as a kind of saving second chance for millions of high school dropouts. The study on earnings, by James J. Heckman of the University of Chicago, is misleading, the service says.

A Lot Better Than Nothing

Besides, the G.E.D.'s defenders note that they have never suggested that their certificate is as valuable as four years of high school, only that it is a lot better than nothing.

"I don't think the G.E.D. has ever been intended to be everything you get from four years of high school study," said Janet Baldwin, director of policy research for the G.E.D. Testing Service in Washington, which is part of the non-profit American Council on Education. "It has been intended to measure the equivalence of what you learn in high school."

Indeed, many G.E.D. holders use their certificate to become eligible for further education: community colleges and Federal and state job-training programs accept the certificate for admission. According to the Council, 25 percent of G.E.D. recipients complete a two-year college degree.

Necessary Social Fiction?

Beyond that, the defense of the G.E.D. often includes a more subtle argument for accepting the notion of parity between the G.E.D. certificate and a high school diploma. G.E.D. holders are poorer than average, their parents are more likely to have been dropouts themselves and they are more likely to be members of minority groups. According to this argument, for the country to view the G.E.D. as equivalent to a high school diploma is a kind of necessary social fiction: not strictly true, but helpful to people whom life has dealt a hard hand to play, and who need some encouragement to press on.

"People who have not completed high school feel there is something important in their lives that they have not finished, there is a lack of closure," said Ms. Baldwin. "For a lot of them, getting that G.E.D. diploma gives them the feeling that they can go on."

"That is one of the reasons the Heckman report is so disheartening.

It seems to blame people who have chosen to come back and get their diploma by another way."

Using figures from the Census Bureau's National Longitudinal Survey of Youth, Dr. Heckman compared the earnings of male G.E.D. holders at age 25 and at age 28 with those of other dropouts and those of high school graduates. While the G.E.D. holders earned somewhat more than other dropouts, Dr. Heckman ascribed the difference to G.E.D. holders' having, on average, attended one more year of high school than the other dropouts.

For 25-year-olds, Dr. Heckman found dropouts without the G.E.D. had average annual earnings of \$10,379 per year in 1988 dollars. For G.E.D. holders of that age, the figure was \$11,777, while high school graduates, to whom the G.E.D. holders are expected to be equivalent, earned \$15,213.

At age 28, the gap between G.E.D. holders and high school graduates had widened, according to the study. Dropouts made \$12,411, G.E.D. holders made \$13,921, and high school graduates \$20,195.

"The person who takes the G.E.D. typically has 11 years of school," Dr. Heckman said, giving his explanation of the wage advantage G.E.D. holders appear to have over other dropouts. "Those who drop out and do not take the G.E.D. have 10 years of school. When you make an adjustment for what an additional year of high school will do for your earnings, you will see that having the G.E.D. makes essentially no difference."

In his study, Dr. Heckman concluded, "Both dropouts and exam-certified equivalents have comparably poor wages, earnings, hours of work, unemployment experiences and job tenure." He added, "There is no cheap substitute for schooling."

Dr. Heckman noted that some G.E.D. holders did very well in life, calling it "the Bill Cosby effect," af-



Steve Jennings

The G.E.D. high school equivalency program has come under fire recently. A woman studied for the test in Tulsa, Okla.

ter one of the country's most successful G.E.D. holders. Others include Gov. Jim Florio of New Jersey, who took the G.E.D. in the Navy, and Waylon Jennings, the country singer. Nonetheless, he sees access to job training programs or to community college as the only economic benefit of the certificate.

Mr. Ledlow, the G.E.D. holder who is now on welfare and is seeking a job as a salesman, was dismayed to hear that the G.E.D. alone was no longer accepted by the armed services.

"That's wrong," he said. "At least if you have the G.E.D., you can show somebody that you completed something in your life," he said.

But Col. John Meyers, director of advertising and public affairs for the United States Army Recruitment Command, said that G.E.D. holders were not longer welcome in the Army unless they first obtain 15 semester hours of college classroom time, or 540 "seat hours" in a vocational school. Each is equivalent to a half-year's schooling.

"We are looking for high school diploma graduates and there is no doubt about our intentions there," Colonel Meyers said, adding that for the past decade, about half of all G.E.D. recruits eventually flunk basic training and are kicked out of the service, as against about a quarter of high school graduates.

"We are not disputing the value of the G.E.D. process," Colonel Meyers said. "We are operating on our desire to be in the high school diploma market on hard experience with the difference in attrition rates between high school and G.E.D. holders once they access into the Army."

In fiscal year 1989, 10 percent of the new Army recruits were G.E.D. holders. This year, the number of G.E.D. holders admitted — because they met the Army's new requirements for additional education — amounted to less than half of one percent of the total number of recruits.

"This is the most controversial part of a credential assessment we did a few years ago," said a military personnel officer at the Pentagon who spoke on condition of anonymity. "You would look at a person who goes out and gets a G.E.D. and think that person would be able come into the military and be successful, but it has not worked out that way."

When disciplinary problems are removed as a cause for failure, the official said, G.E.D. holders flunk out

of the military at an alarming rate of high school diploma holders, regardless of geographic origin, work experience or arrest record.

The G.E.D. Testing Service has been sensitive to charges that the availability of the G.E.D. may encourage some high school students to seek a short cut to a diploma by dropping out and sitting for the G.E.D. To prevent this, the G.E.D. Testing Service does not allow anyone to take the test before the date he or she would normally have graduated from high school, but about half the states allow exceptions for dropouts who receive a recommendation for the test from their former high school.

The lure of a quick G.E.D. instead of one or two more years of high school is clearly a temptation to disgruntled students, said Judy Myer, a guidance counselor at Jackson High School in Jackson, Mo., and the past vice president of the American School Counselors Association.

"For some students and for whatever reason — poor grades or a chance for a full-time job quickly — the G.E.D. is an out," Mrs. Myer said. "Some say they have parents or friends who took the G.E.D. so it must be all right, and for others it's simply an escape. It's something they can say to the school office or to their parents: 'It doesn't matter if I drop out, because I can get the G.E.D. and it's just as good.'"

She hastened to add that some students drop out for reasons other than laziness or alienation, like pregnancy or the need to work to support a family. And once a student has dropped out, the G.E.D. is certainly a step in the right direction, Mrs. Myer said. But she emphasized her belief that obtaining a G.E.D. is simply not as good as staying in school.

"I just can't accept that the G.E.D. is equivalent to getting the full high school curriculum," she said.

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A Quick Look at the G.E.D.

Here are sample questions from the General Educational Development test:

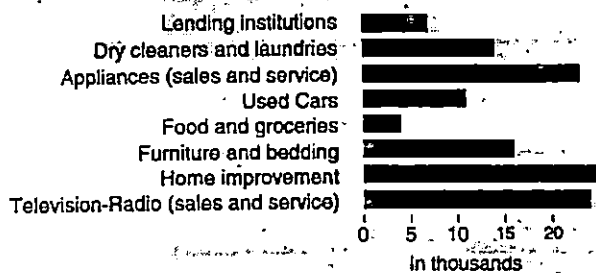
MATHEMATICS

7. Bonnie works 10 hours a week as a crossing guard earning \$5 an hour. She will work 36 of the 52 weeks in a year. Which of the following expressions represents the number of dollars she will earn per year at this job?

- ☐ A $5 \times 10 \times 36$
- ☐ B $5 \times 10 \times 52$
- ☐ C $50(52 - 36)$
- ☐ D $\frac{5 \times 10}{36}$
- ☐ E $\frac{5 \times 10}{52}$

SOCIAL STUDIES

Consumer complaints reported to consumer protection agencies



4. According to the graph, against which of the following businesses would a customer be least likely to have a complaint?

- ☐ A furniture store
- ☐ B hardware store
- ☐ C car dealership
- ☐ D supermarket
- ☐ E appliance store

Writing Skills D, Science C, Mathematics A, Social Studies C

Source: G.E.D. Testing Service

SCIENCE

10. If you've ever been lost, taken a difficult test, or been afraid, you have experienced stress. Stress makes your heart beat faster and increases your rate of breathing. Physicians think stress may reduce the life expectancy of some people by several years. But not all stress is bad, and a certain amount is necessary for you to maintain good health.

Which of the following situations would probably result in the most stress for most people?

- ☐ A getting a restful night's sleep
- ☐ B waiting in line at a store
- ☐ C Speaking before a large group of people
- ☐ D riding in an elevator to the third floor
- ☐ E reading a relaxing book about outer space

WRITING SKILLS

Items 17 to 18 refer to the following paragraph.

1) At some point in our lives, we each may ask the apparently simple question, "Why do I forget?" 2) We all know that forgetting produced terrible results. 3) Forgetting to pay a bill causing a service to be discontinued. 3) Forgetting to send a Birthday card or anniversary present may hurt the feelings of a friend or relative. 5) Knowing all this, why do we still forget?

17. Sentence 2: We all know that forgetting produced terrible results. What correction should be made to this sentence?

- ☐ A replace We with you
- ☐ B change know to knew
- ☐ C replace that with what
- ☐ D change produced to produces
- ☐ E no correction is necessary

18. Sentence 3: Forgetting to pay a bill causing a service to be discontinued. What correction should be made to this sentence?

- ☐ A replace a with their
- ☐ B insert a comma after bill
- ☐ C change causing to may cause
- ☐ D change causing to caused
- ☐ E Change the spelling of discontinued to discontinued

The General Educational Development test is multiple choice, lasts 7½ hours and was designed by the G.E.D. Testing Service to measure competence in high-school-level academic skills.

Its five sections cover writing skills, social studies, science, mathematics and reading comprehension. The G.E.D. does not test raw fact-knowledge — the dates, names and formulas

that high school students study and memorize for tests. Judging by a practice test provided by the service, most necessary information, including mathematical formulas, is provided with the test. The G.E.D. Testing Service gives sample questions to high school seniors each year to determine that the academic level of the G.E.D. questions is equivalent to senior-year courses of study.

Taking the test does not require any class-

room preparatory work. According to the testing service, about 40 percent of G.E.D. test-takers sit for the exam without any preparation; the rest brush up by either reading how-to books available in bookstores or enrolling in pre-G.E.D. classes held at many night schools and community colleges.

The writing skills segment includes a 200-word essay on a given topic.

Mighty Menopause

By Helen E. Fisher

Be useful as well as ornamental" was one of my father's favorite sayings when I was growing up. And it looks as if I wasn't the only girl who heard it.

As we all know by now, it's "the year of the woman." More women than ever are running for political office. Experts commonly attribute the rise in women's political participation to the confluence of several events and trends: the Anita Hill-Clarence Thomas imbroglio, the chipping away of abortion rights, the growing presence of women in the work force.

But while these cultural phenomena are indeed sending women into politics, American demographics and natural biological forces are motivating them, too.

The demographic factor is well known: the age wave. Seventy-six million Americans were born between 1946 and 1964. Hail the baby boom, a mass production following World War II. These men and women have been moving through society like a pig through a python, changing social life since they were born. Their interests have been the country's issues.

Now, as boomer women enter midlife, menopause has become one of their concerns. Two generational spokeswomen, Gail Sheehy and Germaine Greer, have recently written books on the subject. Though the books broke new ground, another point needs to be made. In concert with the age wave, this change in female biology will certainly contribute to women's rise to political power.

As menopause proceeds, levels of the female hormone estrogen steadily decline — unmasking natural levels of testosterone. Testosterone is one of nature's potent cocktails. The predominantly male hormone is linked with assertiveness in animals and people. Scientists have established that men (and male monkeys) of high rank often have elevated testosterone levels.

In many societies, middle-aged women (with relatively high levels of testosterone) gain influence in political, religious, economic and social life. As Margaret Mead once said, "There is no greater power in the world than the zest of a post-menopausal woman." So it is likely that

Helen E. Fisher, an anthropologist at the American Museum of Natural History, is author of "Anatomy of Love: The Natural History of Monogamy, Adultery and Divorce."



Cathy Hull

boomer women will attain authoritative political positions as well.

Certainly, there are cultural reasons for women's midlife rise in status. Released from the constant chores of rearing children, menopausal women are freer to pursue activities outside the home. But biology, in this case, is working in their favor. How ironic, too, given the fact that science has historically been used to bar women from power. Menstrual cycles made us unreliable in combat, biology left us unfit to lead.

Will a rise in women's activism affect our home lives, too? While some things will be different, gender relations are unlikely to change as much as one might expect. Power in one segment of society does not necessarily translate into power across the board. For example, women who work outside the home still find them-

Hormones, baby boomers and 'the year of the woman.'

selves doing most of the housework. This is true around the world: even in cultures where women are politically and economically powerful, they still do most domestic chores.

Moreover, even if American women become much more powerful in politics, it's unlikely the sexes will be at each other's throats. Again, biology may play a role. As middle-aged women exhibit more assertiveness, middle-aged men display less of it. Men's testosterone levels peak when they're in their 20's; then the amount of the hormone steadily declines. This helps explain why men become more nurturing as they age.

Could the war between the sexes ebb as the genders mature? Given the cultural and biological forces that work together to build and break relationships, it's unlikely that a general rise in women's political power will dramatically alter women as wives and lovers.

Nevertheless, "the year of the woman" is here to stay. In fact, it may well be the decade of the woman. Society has positioned women to rise in political power. And the biological changes wrought by menopause will bolster their interest in power and increase their ability to use it. As usual, culture and nature go hand in hand.

The New York Times

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NEW YORK, WEDNESDAY, OCTOBER 21, 1992

Women Advance in Politics By Evolution, Not Revolution

By CATHERINE S. MANEGOLD

In this acidic political season in which Anita Hill has become a shorthand for outrage and the "Year of the Woman" is a familiar refrain, it is easy to believe that revolution is at hand.

But come November, when the voting is over, there will be no storming of the gates.

Even a wave of victories by female candidates will not give women dominance on Capitol Hill. Should every female candidate win, the 103d Congress would still be 80 percent male.

More likely, many women will lose, leaving the United States still well behind most European countries in female representation. Yet women have made steady gains in politics since the early 1970's, and this year they will make more. Already, half again as many women (108) have won Congressional primaries as ever before. (The previous record was 70 in 1990.)

Eleven women, a record by one, are running for the Senate. State legislatures will be changing, too. In California, women will run in 74 of 120 races. Every victory will bring another woman experience that may some day propel her toward a higher office.

Patience, Patience

Those gains have been the stuff of sweat, not spontaneous combustion. Though women have clearly been beneficiaries of voters' enthusiasm for change, actual victories at the ballot box will be not so much a result of sputtering anger as of the long, little-noticed efforts of a band of well-spoken political guerrillas.

Undaunted by early defeats, scrounging money from mailings stamped "Urgent!," this loosely knit community has worked for well over a decade to recruit and elect female candidates. Its members have guided campaigns and gathered in hotel rooms to study everything from hairdos to handshakes and help women in a competitive world they tend to enter later and with less professional experience than men.

As long ago as the early 1970's, groups like the National Women's Political Caucus gathered candidates for seminars in the building blocks of fundraising, stump speaking and other campaign fundamentals. Then, that group and others gave that most essential of campaign lubricants: money.

The groups' common goal is as difficult as it sounds simple: never to quit until women, who make up almost 52 percent of the population, have something like 52 percent of the clout.

"We've got the objective reality that women vote differently than men on important issues," said Patricia Ireland, the peripatetic president of the National Organization for Women. "It is women who experience sexual harassment on the job. It is women who experience violence in the home. It is women who are still the primary caregivers. If we are going to have a representative government, we have to have women in office."

Studies of voting patterns conducted

Continued on Page D21, Column 1

Evolution, Not Revolution, Spurs Women Toward Congress

Continued From Page A1

by the Rutgers Center for the American Woman in Politics show that women vote differently from men on many issues.

Ultimately, the advocates believe, having more women in office can make the difference between a bill's passage and its defeat. According to a NOW study on female legislators and social policy, 71 percent of women — but only 52 percent of the men — in Congress voted unsuccessfully to override a Presidential veto of the Family Medical Leave Act.

More recently, when Congress sought to override President Bush's veto of a bill that would have allowed federally financed family-planning clinics to provide information on abortion, women voted overwhelmingly to override but failed to carry the day.

'Tribes on the Hill'

"It's not like we are taking over the country," said Harriett Woods, the president of the National Women's Political Caucus and a two-time losing senatorial candidate from Missouri. "But men left to themselves are like tribes on the Hill. We just want to try things our way."

The groups operate on a first-name basis in a loose yet complementary community. Still, disputes simmer. Some women believe that political contributions should be invested only in candidates with a good chance of winning. Others say that victory is impossible to predict, so the more the merrier. Some believe women should not run against each other and cite the bitter New York Senate primary in which Geraldine A. Ferraro and Elizabeth Holtzman were defeated. Others say that men do, so why shouldn't they?

Political Action and Women in Politics

For two decades or more, women have helped women in politics. Today, some organizations are devoted to that goal full time or have made it a central theme. Most of the organizations provide campaign training and most saw membership and contributions rise dramatically after Anita Hill's testimony in the Senate confirmation hearing of Justice Clarence Thomas.



Organization Head	When founded Membership Headquarters	Financial assistance to candidates	Criteria
National Organization for Women Patricia Ireland	1966 270,000 members Washington	\$500,000 is expected to be distributed through a national political action committee this year. Other contributions through 80 state and local PAC's.	Nonpartisan. Men and women. Candidates must be considered strong on feminist issues including abortion rights, women's health, violence against women, economic equality and civil rights.
National Women's Political Caucus Harriett Woods	1971 35,000 members Washington	\$500,000 is expected to be distributed to candidates this year.	Bipartisan. Women only. Candidates for national office must support abortion rights, the equal rights amendment and available and affordable day care. Candidates must be considered able to win.
Women's Campaign Fund Jane Danowitz	1974 10,000 donors Washington	\$1 million is expected to be distributed to candidates this year.	Bipartisan. Women only. Candidates must support the E.R.A. and abortion rights including Government financing. Candidates must be considered able to win.
Emily's List Ellen R. Malcolm	1985 22,000 members Washington	\$6 million is expected to be distributed to candidates this year.	Democratic. Women only. Candidates must support abortion rights and must be considered able to win.
Wish List Lynn S. Shapiro	1991 1,500 members Red Bank, N.J.	\$400,000 is expected to be distributed this year.	Republican. Women only. Candidates must support abortion rights and must be considered able to win.

This year, such questions have eased a bit. Despite the recession, the groups' bank accounts are brimming as never before. The stumbling economy and the resulting focus on domestic concerns have pushed issues like family and medical leave, health care and abortion rights to the fore. High-profile candidates like Barbara Boxer and Dianne Feinstein in California, Carol Moseley Braun in Illinois and Lynn Yeakel in Pennsylvania have now made the goals seem more reasonable.

Democrats Benefit More

The boon, however, has gone primarily to the Democrats. The Republican Party, split over a conservative platform that would outlaw abortion and perceived this year as almost hostile to women's rights, has alienated some Republican women and missed out on some of the energies generated by the Anita Hill-Clarence Thomas controversy. President Bush only compounded that problem Thursday when, during the debate in Richmond, he said of female candidates, noting that most of them are Democrats, "I hope a lot of them lose."

This year, 10 of the 11 women running for the Senate are Democrats who represent the mostly liberal ideals shared by the women's political groups. Democrats dominate races for the House of Representatives as well, 71 to 37.

There was no real beginning. Instead, the effort to move women center stage has been propelled by a series of losses, setbacks and moments of recognition so complex and varied that no one date suffices.

In 1973, when the Women's Political

Caucus, a group devoted to furthering women's participation in government, held its first national convention in a hotel in Texas, the front desk refused to page one of the participants on the ground that only a prostitute would answer a hotel summons.

Year by year, more women were willing to face such invective and challenge the odds against them. Year by year, most of them lost.

New Surge of Energy

Then 1982, the year that saw the equal rights amendment drift past its deadline and into virtual defeat, brought a new surge of energy. Activists with the women's movement suddenly turned their sights toward mainstream politics. While Ms. Woods's commitment was triggered by lessons learned through her own defeat, other figures such as Eleanor C. Smeal, then the president of the National Organization for Women, decided to move away from street protests to pull more traditional levers of power.

The E.R.A.'s demise and the election year itself had sent two powerful messages:

First, studies done after the E.R.A. deadline passed showed that female legislators had voted in favor of it more often than men, with a gap of up to 40 percentage points in some states.

Second, 1982, like 1992, was a post-census election year that had more open seats than usual because of redistricting. A study of the winners showed that women (like all challengers) made better gains in reconstructed or open districts than they did fighting against incumbents.

Finding and Financing

The lessons and strategic refinements of the following years held the seeds of a conflict that still simmers. Early political groups like the Na-

tional Women's Political Caucus and the Women's Campaign Fund built their work around the notion that it was up to them to find and finance the best candidates they could. Working with limited resources and plenty of heart, they stormed the country looking for women who would run. Then, fearing that a woman's loss was actually a double loss — once for the candidate herself, and again for those women who might follow — they tried to determine who would win.

In 1985, Ellen R. Malcolm, a straight-speaking, independently wealthy Washingtonian who had watched Ms. Woods's second defeat with dismay, founded Emily's List to raise money and finance women's candidacies. Taking its name from the phrase "early

More women than ever are trying to climb the Hill.

money is like yeast," and contributions from a loose network of women sympathetic to the cause (10 percent of the group's members are men), Ms. Malcolm devised a novel fund-raising strategy. Convinced that every dollar must be fired like a rifle, Ms. Malcolm requires candidates to provide polling data and proof of a well-organized campaign.

The stakes are huge. Those candidates who win the group's backing gain a certain celebrity status along with bundles of checks. The fund-raising strategy this year is expected to raise

\$6 million in contributions, making that group by far the best financed.

"If we took money and gave it to 150 women equally instead of the 35 we thought could win," said Ms. Malcolm, "then some of those 35 wouldn't win."

But some feminists say this rifle-shot approach penalizes deserving candidates. "You can't predict winners," said Ms. Smeal, the former NOW president. "Politics isn't like that."

In 1987, she founded the Fund for the Feminist Majority, and began a nationwide drive called "the feminization of power" to encourage women to aspire to positions of power in everything from student councils to the White House. Though the fund does not contribute to candidates because of its tax status, this year it dispatched a team of fierce lieutenants through California, New York, Arizona, Oregon, Tennessee and South Carolina to identify potential candidates.

Using a slick campaign, massive mailings and a sizable staff, it spreads the message that a major surge in representation can be obtained only by "flooding" tickets with women on the ground that some will win, some will lose and everyone will learn something in the process.

In Georgia, Cynthia McKinney, a charismatic Democrat from a predominantly black district, said her campaign team had estimated that it would have cost about \$50,000 to provide the data, information and structure that Ms. Malcolm's group required.

"We only had about \$20,000 in the bank," Ms. McKinney said. Instead, Ms. McKinney's campaign received help from the National Organization for Women. "They had confidence in my candidacy when other groups didn't," she said. "NOW really came through for us." An endorsement soon followed from the Women's Campaign

Fund, and now, having won the primary for an open seat, she is given a good chance at victory.

Groups teach everything from how to organize a campaign budget to how to make a stump speech.

At Emily's List, once a candidate is endorsed, she is coached. "Women candidates are very serious," said Ms. Malcolm. "They learn and learn. It's like they are trying to pass their S.A.T.'s."

Someday, perhaps, such remedial training will no longer be needed. Someday, too, in the far distant future when women fill the halls of Congress and the Senate has finally built a women's bathroom (female senators now use the wives' lounge) someone, sometime may sputter and declare that it is high time, really, for a "Year of the Man."

But that will be another generation's battle.

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GEORGE BUSH
WASHINGTON

Mr. Alec P. Courtelis
Courtelis Company
Suite 1400
701 Brickell Avenue
Miami, Florida 33131-2822

GEORGE BUSH

WASHINGTON

October 21, 1992
(two days after the last debate)

Dear Alec,

I tried to do all you outlined in your wonderful letter of October 19. You can be sure I'll keep hammering away on the character issue. To me, it's one of the most important of the campaign.

Off to New Jersey in the morning, and we'll be working hard the next 13 days for a November 3rd victory.

All my best to you and Louise.

Warm regards,



cc: R. Zamaria
1 copy
in/out

This letter was given to OPA to be transferred to the Bush/Quayle Committee for mailing.

ALEC P. COURTELIS
701 BRICKELL AVENUE, SUITE 1400
MIAMI, FLORIDA 33131-2822
(305) 979 8467

Just in over the
President's
personal fax.

(have not shared
with anyone.)

October 19, 1992

The Honorable George Bush
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

At the closing of the last two weeks of the campaign, I am sure you are getting a lot of advice from your professional advisors and friends concerning your reelection. I hesitated whether I should write to you, however, as you have known me for many years, I always try to give you my best advice as your good friend and your very dedicated supporter.

Recognizing that if Governor Clinton is elected, it will be a devastating experience for our country; I would like to make the following recommendations for your consideration:

1) I have been frustrated as much as you have with the failure of the American people to take the character issue of Governor Clinton seriously. Tonight at the debate you may want to use the following approach when you address the American people:

"I have been bringing up the character issue of Governor Clinton to you quite a few times during the campaign and seemingly I am not getting across my point. Let me put it to you simply this way -- if you were going to hire someone to do a job for you, you would interview him and ask questions about his qualifications, training and previous job experience. You would ask him to tell you how and what he would do if he was to be chosen for the position in question. If the applicant gives you satisfactory answers to the point that you are impressed enough to hire him, you would then ask him for references so that you can check his experience, trustworthiness and character. If the references do not check out with what the applicant has told you, then you would not hire him. We absolutely want the person who will serve as President of the United States to be of impeccable character and to be trustworthy and honest. The character references on Governor Clinton do not check out. Many times during the campaign (you may want to be specific) he would say one thing to one audience about his record and say a completely opposite thing on the same subject to another group. (You may want to expand further on these inconsistencies).

The Honorable George Bush
October 19, 1992
Page 2

Please consider these character flaws of Governor Clinton's when you decide who you want to represent the United States as President for the next four years."

I hope that this approach will be one the public will understand and relate to more than they have in the past. This may be the way to make the average citizen understand better the issue and to start taking Governor Clinton's character seriously.

2) Between now and the election, I suggest that the campaign take three or four 1/2 hours of commercial time on major television networks prime time and have you speak directly to the American people about what your presidency has achieved and how under your watch the very low interest rates are giving the opportunity to the public to decrease their liabilities and have more money to spend which in turn is starting to make the economy move.

3) A direct comparison of your economic plan and Governor Clinton's should be made in simple terms directly by you so that they understand the vast differences.

4) The record of Governor Clinton as Governor of Arkansas should be exposed and criticized with specifics, especially concerning promises made and not kept as well as the condition of the environment, etc.

These are my recommendations at this time. I did not want to wait to tell you about them when I see you this Friday because I feel that time is of the essence. If you have any questions or would like to discuss this further, please contact me.

Louise joins me in sending you and Barbara our kindest regards and as always we pledge to you both our faithful support.

With kindest personal regards,


Alec F. Courtelis

APC/cg

VIA TELECOPIER

Alec P. Courtelis
Courtelis Company
701 Brickell Avenue, Suite 1400
Miami, Florida 33131-2822

PERSONAL AND CONFIDENTIAL

Date: October 19, 1992

To: Rose Zamaria

Fax Number: 202/456-2397

From: Alec P. Courtelis

We are sending from a Cannon Fax 410. Number of pages including this sheet 3

Our fax machine number is 305/374-4981. If there are any questions please call Charlene or Celia at 305/379-8467.

MESSAGE:

As discussed, enclosed please find a letter which I would appreciate you giving to President Bush prior to his departure today. Thank you very much.

GEORGE BUSH

WASHINGTON

October 21, 1992

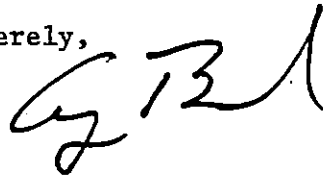
Dear Lauren,

I loved being on the train with your dad. I feel he did a very fair and accurate report on television. I watched it this morning before climbing on the train again.

Thanks for your support and the report on the campaign in your school. I'm convinced I'm going to win on November 3rd.

Best wishes.

Sincerely,



Ms. Lauren Elizabeth Crabtree
117 Tanglewylde Drive
Spartanburg, South Carolina 29301

cc: R. Zamaria
1-copy
in/out

This letter was given to OPA to be transferred to the Bush/Quayle Committee for mailing.

Dear Mr. President,

I wanted to tell you about
a campaign in my school. Monday
at lunch some high school kids came
the five people were for you, and two
were for Clinton. But about $\frac{3}{4}$ were
for you. I was for you of course!
My parents are going to
vote for you. And so are my friends
parents. I really want you to
to win. Good luck in the election!

Sincerely,

Jason Elphelt
Calicut

117 Tanageridge Dr.
Portland, O.C.

89301

10/20/92 18:09

202 456 7739

WHITE HOUSE/OEDP

002/002

**MORTGAGE DISCRIMINATION
TALKING POINTS**

THE PRESIDENT HAS SEEN 10/21

The data gathered under the Home Mortgage Disclosure Act and the recent study by the Federal Reserve Bank of Boston clearly suggest that discrimination in mortgage lending is a genuine problem in the private sector. The Bush Administration has taken early and aggressive steps to deal with this issue:

- The Justice Department has undertaken a substantial and continuing investigation of mortgage lending practices. Most recently, the Department entered into a consent decree with Decatur Federal Savings and Loan, imposing a penalty of over \$1 million for their "pattern and practice" of discrimination. This is the first such victory by any Administration.
- The OCC has begun close scrutiny of 70-80 banks that HMDA data show may have discriminated. They have forwarded nearly 40 individual complaints to HUD for investigation of lending discrimination.
- The Justice Department is making arrangements to accompany regulators on examinations of certain banks and thrifts to assess compliance with federal nondiscrimination laws.
- The OTS has adopted particularly stringent nondiscrimination rules, going well beyond the requirements of federal fair lending statutes.
- Even before release of the first HMDA data, the OCC had issued an Advisory letter urging banks to determine the reasons for racial and ethnic disparities in loan denial rates.
- Regulators have developed processes with HUD to share information on mortgage lending and cooperate in complaint investigations.
- Regulators have asked community groups, such as ACORN, to report instances of possible lending discrimination to the regulators.
- Through FFIEC, the regulators are contracting with a consultant to study and make recommendations for improving nondiscrimination examination procedures and training programs.
- The President's most recent appointment to the Federal Reserve Board, Larry Lindsay, has taken a key role in examining mortgage discrimination and has developed a range of interesting approaches to solving this problem.

The Bush Administration is fully committed to enforcing laws against discrimination in mortgage lending. In addition to the steps outlined above, the Bush Administration is working to ensure that the Community Reinvestment Act -- the law which prohibits "redlining" -- is vigorously enforced.

WEDNESDAY, OCTOBER 21, 1992

Voter Anger Doesn't Equal Voter Apathy

By Dan Balz
Washington Post Staff Writer

The extraordinary interest in the debates that ended Monday underscored one of the maxims of this unusual campaign year: an angry electorate is not necessarily an apathetic one.

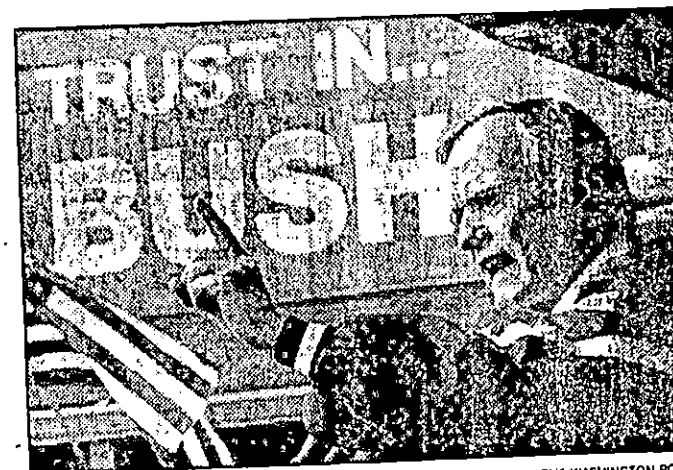
The four debates, which played to record audiences, may not have fundamentally altered the structure of a presidential race in which Bill Clinton maintains a solid and steady lead over President Bush, with independent Ross Perot running third. But they reinforced the seriousness of the voters, who want their politics straight and without the negatives of the past.

NEWS
ANALYSIS

With just two weeks of campaigning left, Republicans said yesterday that, despite the president's vigorous performance on Monday night, he is fast running out of time to catch Clinton. Privately they were even more gloomy, given Clinton's double-digit lead and an even more commanding position on the electoral college map.

But the president, campaigning in Georgia, vowed he could still overtake Clinton and stepped up his criticism of the Democratic nominee as a man trying to play all sides of the issues, an argument he made Monday night more clearly than he has all fall.

With Bush pinned down on a train trip through three nor-
See ANALYSIS, A26, Col. 1



BY FRANK JOHNSTON—THE WASHINGTON POST

President Bush speaks from campaign train in Gainesville, Ga.

Voters Appear Angry, Not Apathetic

ANALYSIS, From A1

mally Republican states in the South, Clinton planned to press his electoral college advantage, beginning a campaign swing today through Rocky Mountain states that Democrats rarely contest at this stage of an election. Campaign aides also indicated that Clinton is likely to fight to win in Florida—another indication of the enormity of Bush's challenge.

"We are not going to allow anyone to take anything for granted and we are not going to allow this election to be redefined in the last two weeks," said George Stephanopoulos, Clinton's communications director.

But it is unlikely anything can redirect the voters' attention away from the country's economic problems that have been at the heart of the campaign debate and that put Bush on the defensive at the very start of the year.

"I don't think the debates dramatically changed the direction of this campaign," said Republican pollster Neil Newhouse. "But one thing it did show was how interested people are in this election."

From the first contests in New Hampshire last winter through the miniseries-style debates of this fall, the American people have demonstrated that whatever their frustrations with their choice of candidates, they are not taking this presidential campaign lightly—nor will they sanction politics-as-usual from the candidates. Witness the disdain for negative attacks shown by the debate audience in Richmond last Thursday.

Millions of words have been written and spoken about the sour mood of the voters, but there are growing indications that there may be fewer stay-at-home voters than once forecast. Some analysts now predict that voter turnout, which has been slipping almost steadily since 1960, may actually increase in November, testimony to the insecurities American feel about the economy and their futures.

"I think we'll have an uptick now," said Curtis Gans, director of the Center for the Study of the American Electorate. "Registration will be up, not by a record, but it will be up. And the enormous amount of interest in the debates,

the interest indicators on election [shown in national polling], and turnout on Senate and gubernatorial primaries all point to an uptick."

Bush, Clinton and Perot drew spectacular audiences during their nine-day series of debates—a total of more than 100 million watched at least one of the four, with more than 90 million tuning in to see last Thursday's encounter in Richmond and more than 91 million watching the finale in East Lansing, Mich., on Monday night.

Texas Republican Chairman Fred Meyer said yesterday the collapse of communism and the weak economy had helped to rivet voters on the election. "For 50 years, there was a real consensus and focus in this country," he said. "We knew who the baddies were. The Russians. That's gone. We're going through this economic transition . . . They're now turning inward toward their own self-interest, their own welfare."

Republican operatives said Bush's performance in Monday's debate would help energize Republican voters. "The last debate very much invigorated the Republican base in Texas," Meyer said. "We're going to carry Texas. Now what we're going to do in the rest of the country, I don't know."

"He has got to build on this momentum and continue to get this same message across the country," Newhouse said. "I think [his] ads will be more effective simply because of the debate [Monday night]. It's still an uphill battle for him, but the fact that he showed the kind of spark Republicans were looking for,

will go a long ways to solving the problems he has among Republicans."

But the Democrats say they are the principal beneficiaries of the energized electorate. Phil Angelides, chairman of the Democratic Party in California, said preliminary analysis of voter registration figures in his state shows that Democrats gained a net of about 1 million new voters this year, far in excess of Republican gains.

"I am seeing a level of engagement that exceeds anything I've seen since the early 1970s when I started in this line of work," Angelides said.

Angelides said there are about 30,000 volunteers helping Democratic candidates throughout the state this fall. In New Jersey, Clinton campaign officials say they have more than 8,000 volunteers helping turn out the vote.

There are still plenty of dissatisfied voters, with many of them looking with renewed interest at Perot, whose sharp-tongued exhibition Monday night gave him at least a temporary boost with voters who said they still have not made up their minds.

But there may not be enough undecided voters left to swing the election one way or the other, even if they all moved in the same direction, which is unlikely. The candidates believed the debates offered them a platform to show off their differences and take control of the election. What the debates may actually have shown is that the voters are in control of this campaign, as they have been all year.

Bush TV Ads Are Airing Locally

The presidential advertising campaign has finally hit local television.

President Bush is airing his "man-on-the-street" ad, in which selected people criticize Democrat Bill Clinton, on several Washington stations in an effort to reach viewers in Northern Virginia. Bush also has bought time on stations in Richmond, Portsmouth and Roanoke.

Until recently, Washington-area viewers have seen few presidential ads, other than those that Bush and independent Ross Perot have placed on network shows, because the air war is being fought in other regions. Clinton, who has done little national

advertising, has been almost entirely absent from the local airwaves.

Bush has been buying time in such traditionally Republican states as Virginia, Indiana, Arizona, Kansas, Nevada, South Carolina, Mississippi, Oklahoma, Texas and Florida, a sign that he is still shoring up his base.

Overall, Bush has spent \$17.9 million on the three major networks, Perot \$17.3 million and Clinton \$3.8 million, according to Advertising Age magazine. Perot has purchased 30-minute blocks on ABC Thursday night, NBC Friday night and CBS Saturday night.

—Howard Kurtz

WEDNESDAY, OCTOBER 21, 1992

Hill Delays Sending Tax Bill to Bush

Democrats Seek Post-Election Signing

By Eric Pianin
Washington Post Staff Writer

The office of the House speaker yesterday intentionally delayed sending a \$27 billion tax bill to the White House after some Democratic leaders became convinced President Bush might sign the bill after the Nov. 3 election, despite presidential veto threats, congressional sources said.

The move to slow down the process of formally transmitting the bill to Bush came amid growing speculation among some members of Congress and hundreds of special-interest groups that Bush is reluctant to kill a measure that enjoys widespread support, notwithstanding his pledge to never "ever" again raise taxes. A delay in sending the bill to the White House would give Bush additional time to consider the bill free of campaign pressures.

Rep. Guy Vander Jagt (R-Mich.), chairman of the National Republican Congressional Committee, told reporters yesterday he supported the bill and that "I think there is a chance" Bush will sign it "because it's a \$27 billion tax cut" that will help retrain workers, build more low-cost rental housing and provide dozens of other benefits.

"I believe the weight of the arguments will be overwhelming," Vander Jagt said. "Wisdom will come to him between now and the decision."

Sources said last night that among those pressing for a delay in



REP. GUY VANDER JAGT
... sees "a chance" Bush will sign bill

sending the bill to Bush were Senate Finance Committee Chairman Lloyd Bentsen (D-Tex.), House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) and Senate Majority Leader George J. Mitchell (D-Maine).

A spokesman for Bentsen denied last night that the senator was among the Democrats who sought to delay transmittal of the bill. "He did not urge this bill to be slowed down or speeded up," the aide said.

The bill, which was approved by the House 208 to 202 on Oct. 6 and by the Senate 67 to 22 on Oct. 8, has emerged as a mosaic of special-

See CONGRESS, A6, Col. 1

Congress Delays Sending Tax Bill to White House

CONGRESS, From A1

interest benefits, with tax breaks for groups ranging from real estate agents to boat manufacturers to major corporations.

Besides creating 50 urban and rural enterprise zones and showering them with numerous tax breaks and incentives, the bill also would repeal the 10 percent luxury tax on boats, airplanes, jewelry and furs that has had an adverse impact on sales in those industries.

To pay for the enterprise zones and other tax breaks, the bill would raise revenue through closing loopholes and accelerating payments of taxes. By requiring individuals and corporations that file quarterly estimated payments to increase those payments, for example, the bill would pick up \$9.6 billion over five years. Changes in accounting procedures for securities held by dealers would raise an additional \$3.7 billion over five years. By capping deductions of moving expenses at \$10,000 and denying the deductibility of club dues, the bill would generate an additional \$4.6 billion.

Since Congress completed work on the huge, 600-page bill nearly two weeks ago, rumors have per-

sisted that the Democratic leadership might delay transmitting the bill so that Bush would have time after the election to make a less-pressured decision.

Bush has the choice of signing the bill, vetoing it, or allowing it to die by simply not signing it within

There is growing speculation among members that Bush is reluctant to kill the measure.

10 days of receiving it, not counting Sundays, because Congress has adjourned and would have no opportunity to override a veto. This third alternative is called a pocket veto.

A White House official said two weeks ago that Bush would veto the tax relief bill because it contains nearly three dozen offsetting "tax increases" that would violate his no-new-taxes pledge, even though it contains many of the provisions he sought, including enterprise zones.

However, the president has not issued a definitive veto statement.

When asked during the second presidential debate whether he was threatening to veto the bill, Bush replied: "Sure, but the problem is, you get so many things included in a great big bill that you have to look at the overall good."

During the third debate Monday night, Bush said, "And now we hear a lot of talk, oh, well, we all want enterprise zones, and yet the House and the Senate can't send it down without loading it up with a lot of, you know, these Christmas tree ornaments they put on the legislation."

A White House spokeswoman, suggesting that the bill contains congressional "pork," said last night that the legislation "includes over 50 amendments worth \$2.5 billion that are without policy justification."

The five-year tax bill, however, includes several major provisions that proponents say would help the economy. Bentsen sponsored an amendment to restore deductions for contributions of up to \$2,000 to Individual Retirement Accounts (IRAs). Individuals making up to \$75,000 and married taxpayers earning up to \$100,000 would qualify. The plan for enterprise zones—Washington's effort to help troubled

cities after this year's Los Angeles riots—was crafted by Rostenkowski, and the repeal of the luxury tax on yachts and other goods was championed by Mitchell, who represents an Atlantic coast state.

If the bill were sent to the White House today, Bush would have until Monday, Nov. 2, to act on it, one day before the election. Any further delay would likely put the deadline for action beyond the election.

As of yesterday morning, aides to the House Democratic leadership said that the huge tax bill had been formally printed on parchment and signed by a presiding officer, Rep. Steny H. Hoyer (D-Md.), and was scheduled to be sent to the Senate to be signed by the president pro tem and then shipped to the White House.

But by midafternoon, sources said, several House and Senate Democratic leaders had put a hold on the bill. Rather than sending it on to the Senate, the bill was being kept in a box on the floor of the House speaker's office.

"There are people at that [leadership] level who believe that keeping the question open and giving the president the opportunity of deciding after the election" might lead him to sign it, said one source.

WEDNESDAY, OCTOBER 21, 1992



AGENCE FRANCE-PRESSE

On the day after the final presidential debate, Bill Clinton waves to thousands of supporters in Chicago's Daley Plaza.

Clinton Campaign Is Feeling No Pain

In Post-Debate Glow, Democrat Seeks 'Mandate to Rebuild' Country

By Edward Walsh
Washington Post Staff Writer

CHICAGO, Oct. 20—There was a time earlier in the presidential campaign when the Republicans might have had some fun with the scene that unfolded in Daley Plaza here today. There was Bill Clinton, "Slick Willie" as President Bush has relentlessly portrayed his Democratic opponent, peering across a sea of faces toward the monument of ambiguity in the distance.

It is known simply as "The Picasso," a 50-foot high, dark rust-colored steel sculpture that was a gift to the people of Chicago from Pablo Picasso. What the great Spanish artist had in mind when he created it no one

has ever figured out. Is it a horse? A dog? A woman? At 163 tons, it has never actually been seen to waffle, but it certainly is open to interpretation.

In the old days, the Republicans could have used it as a symbol for what Bush calls Clinton's "pattern" of being on several sides of every issue.

But unfortunately for Bush and his GOP allies, all the fun of this campaign now belongs to the Democrats. It can be seen in the boyish grin that seems frozen on Clinton's face. It can be seen in the Democratic nominee's body language. Boarding his campaign plane in a cold drizzle in Detroit this morning, he slashed his fist

See CLINTON, A22, Col. 3

Clinton Seeks a 'Mandate to Rebuild' U.S.

CLINTON, From A1

through the air, a gesture of joy and defiance and relief all at once.

After an extraordinarily intense nine days in which he faced off with Bush and independent Ross Perot in three nationally televised debates, Clinton and his staff know that their long quest for the presidency is near its end, and, cautious and superstitious as they are, even they are having trouble thinking of ways that it now might elude them.

Clinton entered the debate show-downs in an unusual position. A year ago, when he began his campaign, Clinton was unknown to most of the country, challenging an incumbent president who has been a player on the national political stage for years.

But Clinton entered the debates as the front-runner. The election, the polls said, was his to lose, and the place where he was most likely to lose it was on the stage with Bush and Perot.

The spin doctors of all three campaigns dutifully claimed victory after each debate, but by the end of the ordeal this much seemed clear: Clinton did not lose.

The breakthrough came at the second debate in Richmond last Thursday and was best expressed by Susan Leachman, 48, a substitute teacher from Ashland, Va., who with hundreds of others waited for hours to see Clinton at a brief rally following the debate. Wearing a large "I Trust Bill" button, this self-described "conservative Democrat" could not bring herself to vote for Bush in 1988 so she didn't vote.

"I thought Clinton was better

than I've ever seen him," she said. "He was fantastic. He seemed more at ease and he's seemed to have grown through this experience."

After Richmond, the tension inside Clinton's traveling party seemed to evaporate. "We're doing pretty good," mused James Carville, a senior campaign strategist, the next day. And when he was asked whether Clinton's trip later this week to normally Republican strongholds in the West was designed to help other Democratic candidates in the region, Carville flashed a devilish grin and replied: "Let's put it this way. There's a lot of Democrats out there we can't hurt, and that's a hell of a difference this year."

Other Democrats were everywhere with their party's nominee. As he moved from one debate site to the

ON TV

SEN. ALBERT GORE JR.

■ Thursday, 7 a.m., NBC (Ch. 4)
"Today"

Live interview.

■ Thursday, 10:30 p.m., MTV

"Choose or Lose"
Questions from an audience of
18- to 24-year-olds



THE WASHINGTON POST

next, Clinton twice hooked up with members of the Congressional Black Caucus who were barnstorming the South and shared a stage with Rep. Charles B. Rangel (D-N.Y.), who had openly criticized Clinton for paying too much attention to the likes of Leachman and too little to the Democratic base, particularly blacks.

In their exuberance, the Democrats did the strangest things. In New Orleans Friday night, a rap singer who had warmed up the crowd at an outdoor rally impulsively gave his pink-rimmed sunglasses to Sen. J. Bennett Johnston (D-La.), who put them on and listened to Clinton's speech while looking like a character from "Saturday Night Live."

The endorsements also poured in as the scramble for influence with a presumed new administration began in earnest. "Four years ago I supported President Bush," Zbigniew Brzezinski announced in a statement released by the Clinton campaign. The former national security adviser to President Jimmy Carter went on to explain that in 1988 he considered foreign policy the "defining issue" in the election, while today "the defining issue is the renewal of America."

Through it all, Clinton warned against overconfidence, and when the subject of not just victory but a mandate from the voters came up he dismissed it. But with each passing day, he edged closer to that tantalizing possibility.

"I want the American people who believe in what our campaign is trying to do to be part of it on Election Day," he said two days after the Richmond debate. "I want to pull them out

in record numbers. I want to make a statement about what kind of changes we need in this country. . . . This is not a race to just defeat my opponent. This is a race to shape the future of the country."

By today, Clinton no longer shied away. With his running mate, Sen. Albert Gore Jr. (Tenn.), at his side, he called on the thousands jammed into Daley Plaza to give him a "mandate to rebuild this country."

It was an appropriate place to begin the last two weeks of the campaign, another symbol that the Republicans will not be able to use this year. The sprawling plaza is named after the late Chicago Mayor Richard J. Daley, who, GOP folklore holds, "stole" the 1960 presidential election for the man who became Clinton's political hero, John F. Kennedy. But the Bush campaign has stopped advertising in Illinois, effectively conceding the state to Clinton, so that such shenanigans, if they did take place in 1960, will not be necessary this year.

Almost from the beginning of the campaign, Clinton has been counting down the days to the election, reminding supporters there were only 75 or 62 or 49 days to go. As Election Day has drawn closer the crowds have issued their own countdowns. "Three more weeks, three more weeks" they chanted in Richmond Thursday night. Today the sound echoed back from Daley Plaza.

"Two more weeks. Two more weeks. Two more weeks."

Staff writer Ann Devroy, traveling with Clinton, contributed to this report.

WEDNESDAY, OCTOBER 21, 1992

Incumbency: A Dreaded Word in '92

Even Lawmakers Are Running for Congress by Running Against It

By Kenneth J. Cooper
Washington Post Staff Writer

SACRAMENTO, Calif.—Rep. Vic Fazio gets no credit for being a senior House leader from his Republican opponent, who tags the California Democrat as the "prince of perks" and a captive of special interests.

In the college town of Boulder, Colo., Rep. David E. Skaggs has scrapped campaign signs identifying him as "our congressman" and ceased reciting a list of federal pro-

jects the Democrat has steered to his district north of Denver. "We don't talk about that stuff. It makes him look like a congressman, a typical politician," explained Jennifer Laszlo, his campaign manager.

It is the year of the anti-incumbent candidate, and challengers across the nation are running hard against Congress and the excesses for which it stands in the minds of many voters. Even incumbents have gotten into the act. Campaign signs posted in his Northern Cali-

fornia district tout Rep. John T. Doolittle, a first-term Republican, for "taking on Congress."

Other self-described outsiders have stretched the label to cover state and local officials who have extensive political backgrounds and have benefited from government perks and special-interest contributions just like House members. In his district near Sacramento, for instance, Fazio faces H. L. "Bill"

See OUTSIDERS, A22, Col. 1

OUTSIDERS, From A1

Richardson, who was a state senator for 22 years and founded lobbying groups that have contributed millions to political candidates.

But there are also political novices, such as Skaggs's challenger, who are making races competitive this year on the strength of anti-Washington sentiment.

Republican nominees for a House that has been under Democratic control for 38 years have jammed the anti-incumbent route to Congress. They have unloaded attacks on lawmakers for such problems as the House Bank and House Post Office scandals, congressional pay raises and federal deficits in hopes of joining what may be the largest incoming class since World War II. At least 91 and perhaps as many as 150 newcomers are expected, depending on how anti-incumbent sentiment and the presidential race affect congressional voting on Election Day.

Skaggs is threatened with defeat despite raising about 10 times as much money as his GOP challenger, Bryan Day, a Southern Baptist preacher and first-time candidate. When Skaggs recently cited Day's infrequent votes in Colorado elections as evidence that he would be a lackadaisical House member, Day's campaign replied that his spotty voting record showed the disgust he and others have felt toward politics as usual.

Voter alienation and the impact of redistricting this year have lengthened the list of endangered incumbents that political analysts from both parties keep. Republicans facing unusual difficulty in their reelection campaigns include Reps. Philip M. Crane (Ill.), William F. Goodling (Pa.), Newt Gingrich (Ga.), Jim Lightfoot (Iowa), Olympia J. Snowe (Maine) and Don Young (Alaska).

The Democratic endangered include Reps. Anthony C. Beilenson (Calif.), Albert G. Bustamante (Tex.), Robert A. Borski (Pa.), Nicholas Mavroules (Mass.), Romano L. Mazzolli (Ky.) and Mary Rose Oakar (Ohio). In the case of Bustamante and Mavroules, legal problems have largely caused their reelection troubles.

Because of his House leadership positions, Fazio appears more vulnerable than most Democratic members to the kind of anti-incumbent assaults that Richardson has launched in a competitive drive to oust Fazio, who is seeking an eighth term.

Fazio, 50, chairs the Democratic Congressional Campaign Committee, serves as vice chairman of the Democratic Caucus and chairs the Appropriations subcommittee on the legislative branch, which pays House expenses. As chairman of the Appropriations subcommittee, Fazio directed the floor debate in favor of 1989 legislation that increased House members' salaries and banned them from taking speaking fees. Though he had no House Bank overdrafts, Fazio repeatedly responded last spring to Republican criticisms of the bank scandal as proof of Democratic misrule.

Lawmakers, Challengers Running for Congress by Running Against It

Recent political history also should worry Fazio. This year, his Republican counterpart, Rep. Guy Vander Jagt (Mich.), was defeated in a primary election by a furniture salesman, and Fazio's Democratic predecessor, Rep. Beryl Anthony Jr. (Ark.), lost to a state official in a runoff.

Richardson, mounting a political comeback at 64 after his 1988 retirement from the legislature, displays a banner across his

"The guy is a hypocrite. He is the ultimate political insider."

—Rep. Vic Fazio (D-Calif.) on his GOP challenger, H. L. "Bill" Richardson

campaign office in a former automobile showroom that urges voters to "stop the Fazio pay raise." He has also blamed Fazio for helping boost the federal deficit and permitting scandals at the House Post Office and now-closed House Bank.

"He's been a lousy congressman. He's helped get us in the biggest financial mess that country has ever been in, by his incessant spending," Richardson said recently. "Vic also talks about his leadership in legislature. That's not popular today, talking about being a part of the congressional leadership, because that flushes up imagery of post office scandals and check-kiting."

Borrowing a phrase from New York

Times columnist William Safire, Richardson has cast Fazio as the "prince of perks" and, in a radio advertisement, attributed a large financial advantage to the incumbent's taking money from "special-interest political action committees."

Fazio, perhaps the most instinctively aggressive of House Democratic leaders, has responded with a counteroffensive against Richardson: "The guy is a hypocrite. He is the ultimate political insider."

Rapidly, Fazio recited Richardson's background as a movement conservative who represented a Southern California district for two decades but took up permanent residence near the capital of Sacramento, served as state GOP Senate caucus chairman and founded three political action committees that have given candidates \$7 million since 1975. He continues to direct two PACs: Gun Owners of California and Gun Owners of America, the last a national group with offices in Springfield, Va.

Richardson, with Howard Jarvis, pioneered the political use of direct mail and played a leading role in the recall of California Supreme Court Justice Rose Bird.

In response to Richardson's charges about House perquisites, Fazio said he does not set such policies, the House Administration Committee does.

Richardson did not dispute the facts of Fazio's broadside, only their interpretation. After criticizing California legislators for coming to Sacramento and staying to pursue politically related careers, Richardson said he did likewise to raise three children.

Despite his leadership positions, he said he was a maverick among minority Republicans. And he described his PACs as donors to nonincumbents only, which makes them different from other special interests.

"I don't buy [political] favors. I try to elect people who believe in the right to bear firearms," Richardson said. "From the inception, I got into government to change it, not to be a part of it, and if I go back to Washington, I'll be going back there to change it, not to be a part of it."

Fazio's congressional district was redrawn so that instead of stretching west from Sacramento into the San Francisco suburbs, it now heads north into rural areas. He has not represented about 35 percent of the new district, meeting one definition of a threatened incumbent. One asset in the new district: His less visible role on the Appropriations subcommittee on energy and water development, where he has worked on water issues important to a drought-stricken region.

The Colorado district Skaggs has represented for six years changed little in the decennial remap, but he is unknown to many residents because of his low-key style and the dominance of Rep. Patricia Schroeder (D) in the Denver news media. As a result, Skaggs is in danger of having Day define him as a big spender who wrote 57 bad checks on the House Bank.

"He's an incumbent, and they don't know who he is," said Laszlo, who manages the Skaggs campaign. "People know him better in Washington than they know him here."

WEDNESDAY, OCTOBER 21, 1992

Watching the Debates, Looking for Someone to Believe In

By Dale Russakoff and Richard Morin
Washington Post Staff Writers

MONTGOMERYVILLE, Pa.—Jewell Greiner, disaffected, disconnected and disgusted with politics, tuned into the presidential debates with equal parts scorn for Bill Clinton, President Bush or Ross Perot.

"Clinton is all show, he's like an actor," said the 47-year-old suburban Democrat. "Perot, I feel he's playing a game. Bush, he's just hanging in there not knowing what to do."

Among 10 voters from the solidly middle class, outer suburbs of Philadelphia, her alienation was hardly extreme. Greiner and her companions, all either weakly committed or undecided voters, were brought together by The Washington Post to watch all four debates and share their views on how concentrated exposure to the three tickets affected likely voters still open to changing their minds.

The group was not intended to reflect the general electorate. Polls conducted by media organizations over the past week found that about a third of all voters are either undecided or only weakly committed to their choices. Many of the men and women in the focus group were blank slates, knowing little about the candidates' positions until the first debate on Oct. 11.

The nine-day journey took Greiner, a single mother who manages a 1,400-vehicle motor pool, and her nine compatriots through anger, frustration and suspicion. But they shared a powerful yearning to believe in someone, and their reactions may say as much about this election as the final vote tally on Nov. 3.

Through the first three debates, they virtually relived the presidential campaign thus far: They thrilled at first to Perot, the straight-talking outsider, then soured on him as lacking substance. They reconciled themselves to a Bush-Clinton race.

But on the final night, they declared independence from the conventional wisdom that a Perot vote was a wasted one. Five of 10 embraced Perot; three of the other five expressed more enthusiasm for Perot's ideas than for Bush's or Clinton's, though they decided to stay with the major party candidates.

"I'm tired of voting for someone because of who I don't believe in," said accountant David Goins, 38, who spent much of the debates weighing whether Bush or Clinton would be worse for the economy. "I want to say who I do believe in. Maybe it will fall flat on its face, but for once in my life I'm going to say this is a positive image I'm going to try and project."

The group bore bruises from the recession and shared the same dismay over politics and politicians. Other than voting, they have paid little attention to politics. Sherry Sikora, 32, a nurse, interrupted the vice-



Jewell Greiner, extreme lower left, David Goins, Sherry Sikora, Joe Butler, Bruce Bailey, Bill Pollak, Jade Baird and Jean Gutsche discuss debates.

presidential debate to say, "Am I the only one here who has never heard of a CAFE standard?" Only Goins, the accountant, could tell her they referred to automobile fuel efficiency.

Like most voters, they see the economy as the overriding issue. Michelle Zeppin, 22, a factory worker, worries whether she and her fiancé ever will save enough money to start a family. Pat Bellino, 46, a mother of six who works full time as a secretary, has to wait tables on weekends because her husband, an accountant, was laid off in a downsizing in January. Jade Baird, 31, a social worker, worries constantly about many laid-off friends.

Continued exposure to the finely tuned messages and practiced stagecraft of the two leading candidates only made these voters more suspicious. They liked Clinton's vision, but found the man suspect. Bush held little attraction, appearing weary, even resigned to defeat.

Unlike the pundits, these voters felt enlightened by the debates, seeing in them a chance to educate themselves in a system few understood. They were paid to watch, but their enthusiasm went beyond money. They brought legal pads and took notes. No

one missed a night. No one was late. No one left early.

"What I'd like to get from this," said Bellino, a Democrat, undecided at the outset, "is a deep feeling in my heart that I could

In the end, the group that had clamored for specifics reached out for something amorphous—Perot, who for all his billions seemed to be one of them.

trust somebody—that the person I vote for, they'll do good for this country."

Minutes before the first debate began, the 10 voters were asked their impressions of each of the presidential candidates.

George Bush? "Tired," said Joe Butler, 41, a Republican who voted for Bush in

1988 and said he reluctantly would do so again. "Groping," said Bruce Bailey, 66, retired Montgomery Township chief of police and another weak vote for Bush. "Desperate," said Bill Pollak, a 34-year-old insurance agent who was leaning toward Perot after voting Republican throughout the 1980s.

Clinton fared little better. "Showman," said Greiner. "Puzzling," said Baird, who was leaning toward the Democrat. "Slick," said Jean Gutsche, a Bush supporter with doubts.

Ross Perot? "His way or no way," said Zeppin, leaning toward the Texas independent. "Mid-life crisis," said Goins. "Other people buy a sports car, he runs for the presidency."

"He reminds me of a chicken," said Bellino.

Yet when the first debate ended, it was Perot who captivated these voters. To them, Clinton seemed too polished and glib—the kind of clever politician they had grown to distrust. And Bush, even his supporters agreed, offered surprisingly little to convince them that a second term would not be four more years of economic pain and legislative gridlock.

Baird said she was surprised by Perot and

how "natural he was." Clinton, her choice going into the debates, "sounded like processed stuff. It wasn't as natural as the other two."

These voters directed their harshest attacks at Clinton. Before the debate, Pollak said he "wanted the real Bill Clinton to show up." Now, he said he still was left wondering what Clinton really stood for. "It seemed like whatever the issue was, that was his highest priority," Pollak said.

Members of the group were unmoved by Bush's promise to never again raise taxes, or Clinton's pledge to avoid a middle-class tax increase to pay for his new program. But when Perot said that solving the country's financial problems realistically would require "shared sacrifice," every head around the table nodded in agreement.

"It's fascinating that this is a man who tonight ... admitted that he's willing to raise gas taxes by 50 cents over five years and everybody in this room still thinks he won the debate," Goins said.

"I can't believe I called this poor man a chicken," Bellino said.

If the first debate lifted hopes that the system could be saved, the vice-presidential debate trampled them.

"If they were my children up there, I would have sat them down at the dinner table, and they probably would have gotten a crack," said Bellino of Vice President Quayle and Sen. Albert Gore Jr.

"I just felt that he [Quayle] might as well just have laid down and had a temper tantrum," said retired police chief Bailey.

It almost did not matter that the group generally felt Quayle outperformed expectations, which they said were extremely low. And while they rated Gore's performance as near-perfect, he did not reassure them. They found him "robotic," the very embodiment of a smooth-talking politician.

They cheered when Perot running mate James B. Stockdale interrupted momentarily to say this is why there is gridlock in Washington. But Stockdale's baffling, largely incoherent performance only deepened their disillusionment. Butler said it illustrated what could happen to Perot in a Washington packed with professional politicians.

Everyone seemed to agree or at least concede his point. That left them with a troubling choice between the major party tickets, a choice they did not relish.

"I really wonder what kind of chance we do have" to make a difference, Butler said. "We look like the admiral [Stockdale]."

Their dissatisfaction and anger largely vanished in the middle of the third debate.

Thanks to persistent questioning by undecided voters much like themselves, they said, they felt issues finally had been discussed, plans outlined. The tone had been surprisingly civilized. Perot, they felt, added

See VOTERS, A27, Col. 1

Undecided Voters Watched Debates for Signs of Hope

VOTERS, From A21

little to the earthy aphorisms and metaphors that so charmed them in the first debate.

His attempts to talk specifics merely made matters worse, including his pledge to serve only one term. "Isn't that crazy?" Bellino asked the group. Then, as if speaking directly to Perot, she asked: "Don't you care if you're doing a really good job, don't you want to stay in and see how much more you can do?"

These voters found Bush less frantic and shrill than the first time, and Clinton far less overbearing and arrogant. Some began to change their minds.

Zeppin, the factory worker and future bride, said she liked Clinton's specific vision for jobs, health care and cities, and became the first of these voters to declare strong support for a candidate. "I'm finished with Perot; I'm strong Clinton now," she said, grinning broadly.

Greiner, who was weakly for Clinton earlier in the campaign, also shifted toward him. "It's really weird," she said, as if unable to understand why. Other wavering voters moved toward Bush, but not enthusiastically.

Clinton's "a real polished politician," said Sikora, a Democrat, shaking her head. "He had that puppy look, like 'Buy me.' So smooth." By the end of the night, she would declare a shaky allegiance to Bush, influenced, in part, by accountant Goins's repeatedly expressed doubts about Clinton's economic proposals.

By the debate's end, Goins remained undecided. Nobody, he declared, was being realistic about the deficit.

Bellino, too, was at a loss to choose. "Perot is out for me," she said. "I never liked Bush. I feel I can't even give him the benefit of the doubt." She was particularly put off by Bush's halting, confused answer to a woman who asked how he had been affected by hard times.

"And Clinton," she went on, "I don't trust him. Isn't that wonderful?"

The fourth debate opened with almost everyone resigned to a choice between Bush and Clinton. But somewhere between Clinton's multi-point plans that seemed to promise painless solutions and Bush's tiring "admit-your-mistakes" refrains, Goins suddenly found Perot a positive alternative.

"This has turned into a real zoo," he said of his government, abandoning his careful, accountant-style effort to weigh the Bush and Clinton economic plans against each other. His earlier doubts about Perot's resolve virtually vanished.

He even was ready to forgive Perot his choice of Stockdale. "Do any of us want George Bush to die?" was Goins's riposte.

One by one, the previously undecided and wavering voters began declaring themselves for Perot. Even two of the three Bush hold-outs and one of two in Clinton's corner said their hearts were with Perot but they feared he would be blocked by Congress. Bellino, the wavering Clinton supporter, said she feared voting for Perot because she was afraid it would help Bush,

whom she was determined to defeat after watching the debates.

Bailey tried in vain to stop the Perot stampede, but did not even try to make a case for his candidate, Bush. Reelecting Bush, he acknowledged, "feels like another four years of spinning our wheels." But if a political pro such as Bush was stalled by Congress, how could Perot do better, he asked.

"How much worse could he possibly do?" Goins responded.

In the end, the group that had clamored for specifics reached out for something amorphous—a man who, for all his billions, seemed to be one of them. Sikora, the nurse who said no issue was more important to her than health care, embraced Perot even as she said she had no idea what he would do about her main concern.

Their yearning to understand government, to have a voice, to jolt a faltering political system—all the emotions of the first debate—surged forward.

"If Perot gets in, the America public will follow him to a 't,'" said Greiner, smiling for the first time in the four debates and declaring that she was enthusiastic about a candidate for the first time in her 47 years. "If Clinton or Bush gets in, January comes, and everyone is going to forget all about politics and let them do what they want."

Asked to be specific about her reasons for believing in Perot, she responded: "He's us. He's not a politician."

"Perot talks about passing on the American dream and that's a knife in my heart," said Pellak, who has a son 3, and daughter, 6. "How am I

going to face these kids and say I spent all your money?"

For two hours after the debate, the group talked almost exclusively about Perot, mentioning Bush and Clinton only when prompted.

Clinton had persuaded them that America needs change and Bush that it needs a leader people can trust, but they preferred Perot on both counts. They noted Bush's renewed aggressiveness in attacking Clinton's character, but it only backfired. "It's getting old," Butler muttered at his candidate's image on the television. Pellak summed up the reaction to Clinton: "Sometimes when something sounds too good to be true, it is."

Zeppin, the committed Clinton supporter, made the only heartfelt plea for a major party candidate. "People are looking for something to believe in," she said. "I believe in Clinton and I think he believes in me."

It was perhaps fitting that the most poignant explanation of Perot's appeal came from Jean Gutsche, who nevertheless is voting reluctantly for Bush. She said she never had to work while raising her three children, but now, at 56, she does, and so do the mothers of her grandchildren.

"It sure breaks a grandmother's heart to see children in day care because their mothers and grandmothers have to work," she said.

"I think the country is looking for—I won't say a messiah—maybe a prophet," she said. "Someone who's going to have all the answers and someone for people to look up to. In one word, the country is looking for hope."

WEDNESDAY, OCTOBER 21, 1992

Perot Disputed on Iraq Account

Congress Got 'Every Single Paper' on Envoy's Instructions, Bush Says

By Ruth Marcus and Michael Isikoff
Washington Post Staff Writers

State Department spokesman Richard Boucher yesterday accused independent presidential candidate Ross Perot of "several misstatements of fact" about actions before the Persian Gulf War, and White House national security adviser Brent Scowcroft said Perot "doesn't know what he's talking about."

The statements were triggered by Perot's contention during Monday night's debate that the Bush administration was guarding "like the secrets of the atomic bomb" classified instructions given to April C. Glaspie, then U.S. ambassador to Baghdad, before her controversial July 25, 1990, meeting with Iraqi leader Saddam Hussein.

Perot charged that these instructions would show Glaspie had given Saddam a green light to invade Kuwait, saying: "We told him he could take the northern part of Kuwait, and when he took the whole thing, we went nuts."

Administration officials flatly deny that any such instructions were ever given and President Bush said yesterday that "every single paper" relating to Glaspie's instructions had been released to Congress. "You know, he [Perot] shot from the hip, obviously," Scowcroft told reporters traveling with Bush.

After the debate, White House Chief of Staff James A. Baker III told Perot this and Perot admitted "he hadn't known that," Bush said.

No comment was available yesterday from Perot or the Perot campaign.

Late yesterday, the Clinton campaign called on Bush to release publicly the cables Glaspie sent to the State Department following her meeting with Saddam, the text of the message Bush sent Saddam five days before the invasion of Kuwait and the full text of National Security Directive 26, the secret directive Bush signed in October 1989 authorizing the U.S. efforts to "bring Saddam Hussein into the family of nations," as the president put it during the debate.

"George Bush should come clean to the American people," a campaign statement said. The statement said "there is no legitimate security interest in keeping classified" the materials.

Meanwhile, Bush, declaring that "character belongs on the front page," embarked yesterday on a whistle-stop train tour to convince the American people that Democratic nominee Bill Clinton does not have the right character, philosophy or experience to do the job.

But the red and gold foliage Bush could see from the window of the Spirit of America as it rolled north through small Georgia towns such as Lula and Flowery Branch served as an unavoidable reminder that time is running out for the president to make that case—and that he is being forced to make it in a region that should be solidly in his camp by now.

"Right now, we would be hard-pressed to pull it off," acknowledged South Carolina Gov. Carroll A. Campbell Jr., traveling with Bush

through Georgia and South Carolina. "In two weeks, we'll pull it off."

"Don't believe these crazy polls," Bush said, speaking from the last car of the 18-car train. "Don't believe these nutty pollsters. Don't let these guys tell you what you think. You have a debate, you see what you think and then two seconds later, some crackpot comes on and tells you what you think."

In Norcross, Ga., Bush assailed Clinton for failing to tell "the full truth on your sorry draft record" and called Clinton's running mate, Sen. Albert Gore Jr. (Tenn.), "Mr. Ozone," a reference to what Republicans say is Gore's environmental extremism.

Bush described Clinton as a waffler with a "pattern of deception" so chronic he would probably seek to please both sides in the World Series.

In Milwaukee, Clinton took on Bush's primary theme these last weeks, the charge that he cannot be trusted, and turned it on the president. He cited statistics on Bush's record as "the biggest spender in 20 or 30 years," the tax increase he signed in 1990 and his record of increasing regulation despite pledges to cut it back.

"And he wants you to trust him?" Clinton said.

He cited the public squabbling between the FBI and CIA over handling of the Banca Nazionale del Lavoro fraud case in Atlanta and the State Department's check of his passport records as examples of the administration "polluting the politics of this country."

Clinton repeatedly mocked Bush's debate performance, comparing him at one point to Lucy in the Peanuts comic strip, who says,

■ Excerpts of 1990 State Department cable traffic on Iraq. Page A17

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BY FRANK JOHNSTON—THE WASHINGTON POST

Bush greets well-wishers from the rear of his train in Gainesville, Ga., during tour through that state and South Carolina.

"If you can't be right, be wrong as loud as you can."

Perot was nowhere to be seen yesterday, keeping with his standard practice of avoiding virtually any campaign appearances outside of his paid television commercials. A secretary answering the phone midday at Perot's campaign office said media spokeswoman Sharon Holman had not yet returned to Dallas and there was no information on Perot's whereabouts.

Nevertheless, Perot's comments during and immediately after the debate attracted continued interest.

Perot charged in the debate that Republican "dirty tricks" experts had "investigated every single one of my children. They investigated my wife. They interviewed all of my children's friends from childhood on. They went to extraordinarily sick lengths."

Perot provided no documentation for his charges. David Tell, senior policy analyst and chief of "opposition research" for the Bush-Quayle campaign, said of Perot's accusations: "I don't know what he's talking about. That's ludicrous."

At a raucous post-debate news

conference Monday, Perot lashed out at members of the news media, calling reporters "teenage boys" who were biased against him. "You guys have less respect in this country than Congress," he said. "Now the point is, you guys hate the fact that I'm in the race. You guys hate the fact that the American people put me on the ballot."

Marcus reported from Georgia, Isikoff from Washington. Staff writer Ann Devroy, with the Clinton campaign, contributed to this report.

The Washington Post

AN INDEPENDENT NEWSPAPER

After the Debates

THE LAST of the three debates among the presidential candidates was both the most combative and the most revealing, not always the same thing. For a formal campaign event of its kind it provided as clear a display of the major strengths and weaknesses of the candidates as you are likely to get. President Bush was more energetic than in the two previous encounters, and Gov. Clinton was thrown somewhat more on the defensive. But there were no particular gaffes or surprises, so that the various exchanges did more to illuminate and confirm what was already well known than anything else.

Mr. Bush for all the vigor that he showed spent little time defending his own domestic record or program. The president devoted himself instead to attacking Gov. Clinton; most of the attack was pretty well repelled. Mr. Bush accused the governor of a "pattern" of trying to having it both ways on major issues, something he piously said a president can't do. The governor rightly replied that the man who had been in three places in four years on tax increases and was now presenting himself as a true believer in what 12 years ago he denounced as voodoo economics ought to find another line of attack. Perhaps more to the point, he said that Mr. Bush was setting up false choices: "His whole deal" on such things as the North American Free Trade Agreement "is you've gotta be for it or against it, you can't make it better. I believe we can be better. I think the American people are sick and tired of either/or solutions, people being pushed in the corner, polarized to extremes." Not bad.

The president's second point of attack had to do with Mr. Clinton's record in Arkansas, which he said was bad. Mr. Clinton maintained was good and Ross Perot said was largely "irrelevant." That one quickly became a statistical forest on which we would guess the election is not going to turn. The fact is that by most measures Arkansas was a poor and fairly backward state when Mr. Clinton first became its governor 14 years ago; that it's still pretty low on the list in

terms of average income, public services and the like; that Gov. Clinton has nonetheless been responsible for some pretty clear improvements; and that it is for raising taxes to finance these that the Republicans attacked him earlier in the campaign. You wonder how many ways they want it.

The last line of attack was that Mr. Clinton would increase taxes—would have to, to pay for his program—and together with a Democratic Congress would burden the economy by expanding the role of government, which the Republicans for the last 12 years have tried to reduce. To part of that the governor happily pleaded guilty. When the conversation turned first to the weak state of the auto industry and later to the airlines, he said the government could and should have played a greater role in supporting both. On taxes and whether his various proposals to stimulate the economy and reduce the deficit while also reducing the burden on the middle class add up—they don't—he was more defensive. But he has rightly said before that the Republicans have created two deficits, one fiscal, the other social, which the country must try to reduce simultaneously. It's a contradictory task, the more so in light of the weakness of the economy, and the hardest the next president will face.

Mr. Perot was the loose cannon in the debate, as perhaps he also is in the election. The shots he fired did some damage to both sides, but more to Mr. Bush (if only by throwing him on the defensive as well on such subjects as Iraq and detracting from the messages he was trying to send). The president and his people nonetheless are obviously hoping to go from Monday's improved performance into a decisive last-two-week upswing in the polls. True to the pattern of the past couple of months in which his campaign assistants bemoan not their own errors but the deficiencies of Mr. Bush, it is being said now that the president still didn't get his entire message across. But it is possible that Mr. Bush's problems are owing to the fact that in fact he did.

"THERE'S A CERTAIN AMOUNT OF RECOIL"



LETTERS TO THE EDITOR

Candidates on Campus

The Oct. 3 editorial "Big Men on Campus" correctly identified the First Amendment and public policy reasons for saving colleges and universities from overregulation by the Federal Election Commission. What it missed was the FEC's rule-making attempts to achieve that very goal. The commission is part of the solution, not the problem.

The Federal Election Campaign Act of 1971, as amended, prohibits corporations from giving "anything of value" to a federal candidate, including free use of facilities such as halls and auditoriums. Most private colleges and universities are incorporated, and Congress made no provision for treating such charitable institutions differently from commercial corporations.

The prohibition on corporate contributions has been enforced by the FEC against colleges and universities for years. For example, in February, the FEC told Vanderbilt University that a student group could sponsor an appearance by a presidential candidate as part of an annual series of lectures only if the candidate agreed not to mention his campaign while on campus.

It is against this background that the

FEC is considering modifying its rules to create an exemption for colleges and universities. The rule-making recognizes a conflict between federal election laws and the traditional American values of academic freedom and robust political debate on campus.

The commission has asked for public comment on a proposal that would exempt colleges and universities from some of the strictures of the election laws as applied to other incorporated entities.

However, it is important to recognize that the FEC can only issue regulations interpreting the election laws Congress has passed. Further, there would be no issue here if candidates paid rent for campus podiums in the first place.

Most do not, hence the potential "corporate contribution" and the legal problem.

TREVOR POTTER
Commissioner
Federal Election Commission
Washington

WEDNESDAY, OCTOBER 21, 1992

STATE DEPARTMENT CABLE TRAFFIC ON IRAQ-KUWAIT TENSIONS, JULY 1990

In the election-year debate over U.S. foreign policy, the Bush administration's statements to Iraqi leader Saddam Hussein in the weeks before the Aug. 2, 1990, invasion of Kuwait have become particularly controversial.



Iraqi President
Saddam Hussein

Democratic vice presidential candidate Albert Gore Jr. charged last Thursday, for example, that President Bush had sent an "obsequious" personal message to Saddam just five days before Iraq's invasion. Gore depicted the message, which he said the administration has improperly kept secret since the Persian Gulf War, as one of many Bush actions that "caused Saddam to miscalculate

and decide that he could invade the neighboring nation of Kuwait with impunity."

Gore challenged the president to disclose the text of his message "so the American people can make a full and fair judgment about the character and judgment of George Bush." The State Department declined yesterday to release a copy of the letter, however, on grounds that all communications between heads of state must remain classified.

Independent presidential candidate Ross Perot separately charged during the televised debate Monday that on the eve of Iraq's invasion, the administration had instructed its ambassador to Baghdad to tell Saddam "in effect" that he could "take the northern part of Kuwait." Perot said his claim was based in part on an Iraqi transcript of the well-known meeting between the ambassador, April C. Glaspie, and Saddam on July 25, 1990.

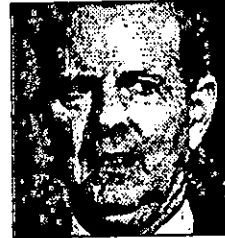
Perot challenged Bush to make public what Perot called these secret instructions to Glaspie, which he said had been withheld from Senate investigators and were being guarded "like the secrets of the atomic bomb." Contrary to Perot's allegation, all of the cables were provided to Congress last year.

Bush heatedly denied the substance of Perot's charge, and yesterday State Department spokesman Richard Boucher told reporters the administration had already declassified the only two cables on the issue sent to Glaspie before her meeting with Saddam. Boucher said acting Secretary of State Lawrence S. Eagleburger had asked him to state categorically that "the United States has never ... told or in any way indicated to Saddam Hussein that Iraq could take the northern part of Kuwait."

Nothing in these documents contradicts Eagleburger's account of U.S. discussions with Saddam. In the first hours after the invasion, senior U.S. officials did believe that Iraq would probably halt its forces after occupying the Rumaila oil fields in northern Kuwait. But there is no indication that the United States expressed any approval for such action.

Here are relevant portions from each of the documents recently cited in the campaign. They were obtained by The Washington Post from a government source.

—R. Jeffrey Smith



Former secretary
of state
James A. Baker III

These are excerpts from the first State Department cable containing instructions for U.S. Ambassador April C. Glaspie's meetings with Iraqi officials after the crisis erupted. State

Department spokesman Richard Boucher said yesterday that Glaspie delivered the message to Iraqi Deputy Foreign Minister Nizar Hamdoun on the day it was received. It was officially declassified on July 18, 1992.

(Cable dated July 19, 1990)
FM SECSTATE (James A. Baker III)
WASHDC
TO AMEMBASSY (American Embassy)
AMMAN IMMEDIATE...
CONFIDENTIAL STATE
SUBJECT: IRAQI LETTER TO ARAB
LEAGUE THREATENING KUWAIT

1. During a previously scheduled July 18 working lunch with Iraqi Ambassador (Mohamed) Al-Mashat, NEA DAS (Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs) David Mack raised Iraqi Foreign Minister Tariq Aziz's July 16 letter to Arab League Secretary General Chedli Klibi regarding Iraqi grievances against Kuwait. Mack used the following talking points in outlining U.S. concerns:

Begin text:

— ...The tone of the letter and the implied threat to use force against Kuwait run counter to Iraq's stated policy of seeking to foster Arab unity and peace in the gulf. A central principle of international relations is that disputes should be settled by peaceful means, not through intimidation and threats of the use of force.

— The United States takes no position on the substance of the bilateral issues concerning Iraq and Kuwait. However, I take this opportunity to reiterate that U.S. policy is unchanged: We remain committed to ensure the free flow of oil from the gulf and to support the sovereignty and integrity of the gulf states....

2. Mack also gave Mashat a copy of the State Department press guidance prepared in response to the Iraqi letter... :

— I do not have any specific reaction to these statements....

— We remain determined to ensure the free flow of oil.... We also remain strongly committed to supporting the individual and collective self-defense of our friends in the gulf with whom we have deep and longstanding ties....

4. Embassy Baghdad should draw on the points in paragraphs 1 and 2 in outlining the U.S. position and in pressing the GOI (government of Iraq) for clarification.... [signed]
Baker.

WEDNESDAY, OCTOBER 21, 1992

This is the entire second State Department cable to Glaspie about the crisis, and according to Boucher, it is the last one sent to Glaspie before her meeting with Saddam on July 25. Glaspie conveyed its substance to Hamdoun by telephone on the evening of July 24 and in person the morning of July 25, Boucher said. It was officially declassified on Oct. 17, 1991.

[Cable dated July 24, 1990]
FM SECSTATE WASHDC
TO EC COLLECTIVE IMMEDIATE...
SUBJECT: U.S. REACTION TO IRAQI
THREATS IN THE GULF

1. Secret—entire text.
2. Action addressee posts should take opportunity of briefing host-country governments at appropriate level on U.S. views and actions following recent Iraqi statements and threats against its gulf neighbors. In doing so, they should provide the text of the following [State] Department statement of July 18:

"We remain determined to ensure the free flow of oil through the Strait of Hormuz and to defend the principle of freedom of navigation. We also remain strongly committed to supporting the individual and collective self-defense of our friends in the gulf with whom we have deep and longstanding ties."

3. You should also draw on the following points:
 - The U.S. is concerned about the hostile implications of recent Iraqi statements directed against Iraq's neighbors, Kuwait, and the United Arab Emirates. While we take no position on the border delineation issue raised by Iraq with respect to Kuwait, or on other bilateral disputes, Iraqi statements suggest an intention to resolve outstanding disagreements by the use of force, an approach which is contrary to U.N. charter principles. The implications of having oil production and pricing policy in the gulf determined and enforced by Iraqi guns are disturbing.

— We stated some of these views clearly on July 18. We have reinforced them in discussions with the Iraqi ambassador in Washington and with the GOI through our ambassador in Baghdad. Our embassies in Arab League capitals have been instructed to make our policies known to host country officials.

4. Please report reactions as appropriate.
- [signed] Baker**

These are excerpts of the official Iraqi transcript of Glaspie's unplanned meeting with Saddam on July 25, two hours after her meeting with Hamdoun. It was released by the Iraqis in September 1990.

Glaspie: "I have a direct instruction from the president to seek better relations with Iraq."

Saddam: "But how? We too have this desire. But matters are running contrary to this desire...."

Glaspie: "I know you need funds. We understand that and our opinion is that you should have the opportunity to rebuild your country. But we have no opinion on the Arab-Arab conflicts, like your border disagreement with

Kuwait.... I received an instruction to ask you—in the spirit of friendship, not in the spirit of confrontation—regarding your intentions...."

Saddam: "[We give] our word that we are not going to do anything until we meet with them [the Kuwaitis]. When we meet and when we see that there is hope, then nothing will happen. But if we are unable to find a solution, then it will be natural that Iraq will not accept death."



**Former U.S. ambassador to Baghdad
April C. Glaspie**

These are excerpts from a cable by Glaspie to Baker, reporting on her July 25 meeting with Saddam. It has not been declassified on grounds that all accounts of meetings with heads of state are privileged communication.

[Cable dated July 25, 1990]
FM AMEMBASSY BAGHDAD
TO SECSTATE WASHDC IMMEDIATE...
SUBJECT: SADDAM'S MESSAGE OF
FRIENDSHIP TO PRESIDENT BUSH

1. Secret—entire text.
2. ... Ambassador made clear that we can never excuse settlement of disputes by other than peaceful means....
21. The ambassador thanked Saddam for the opportunity to discuss directly with him some of his and our concerns. President Bush, too, wants friendship, as he had written ... on the occasion of Iraq's national day. Saddam interrupted to say he had been touched by those messages.
22. Ambassador resumed her theme, recalling that the president had instructed her to broaden and deepen our relations with Iraq. Saddam had referred to "some circles" antipathetic to that aim. Such circles certainly existed, but the U.S. administration is instructed by the president....
23. What is important is that the president has very recently reaffirmed his desire for a better relationship and has proven that by, for example, opposing sanctions bills....
30. Note: On the border question, Saddam referred to the 1961 agreement and a "line of patrol" it had established. The Kuwaitis, he said, had told [Egyptian President Hosni] Mubarak Iraq was 20 kilometers "in front" of this line. The ambassador said that she had served in Kuwait 20 years before; then, as now, we took no position on these Arab affairs....

32. ... His response in effect that he tried various diplomatic channels before resorting to unadulterated intimidation has at least the virtue of frankness. His emphasis that he wants peaceful settlement is surely sincere (Iraqis are sick of war), but the terms sound difficult to achieve. Saddam seems to want pledges now on oil prices and production to cover the next several months. **[signed] Glaspie**



**Acting Secretary of State
Lawrence S. Eagleburger**

This is the entire text of Bush's reply to Saddam after Glaspie's meeting. It has not been declassified.

[Cable dated July 28, 1990]
FM SECSTATE WASHDC
TO AMEMBASSY BAGHDAD IMMEDIATE
SECRET STATE
SUBJECT: PRESIDENT BUSH'S RESPONSE
TO SADDAM HUSSEIN'S MESSAGE

1. Secret—entire text.
2. Please deliver the following as an oral response from President Bush to Saddam Hussein's message in refel B [Glaspie's cable summarizing her July 25 meeting with Saddam].
3. Begin text.

— I was pleased to learn of the agreement between Iraq and Kuwait to begin negotiations in [the Saudi Arabian seaport] Jeddah to find a peaceful solution to the current tensions between you. The United States and Iraq both have a strong interest in preserving the peace and stability of the Middle East. For this reason, we believe that differences are best resolved by peaceful means and not by threats involving military force or conflict.

— I also welcome your statement that Iraq desires friendship, rather than confrontation, with the United States. Let me reassure you, as my ambassador, Senator [Robert J.] Dole, and others have done, that my administration continues to desire better relations with Iraq. We will also continue to support our other friends in the region with whom we have had long-standing ties. We see no necessary inconsistency between these two objectives.

— As you know, we still have fundamental concerns about certain Iraqi policies and activities. And we will continue to raise these concerns with you, in a spirit of friendship and candor, as we have in the past both to gain a better understanding of your interests and intentions and to ensure that you understand our concerns. I completely agree that both our governments must maintain open channels of communication to avoid misunderstandings and in order to build a more durable foundation for improving our relations.

End text.

4. Ambassador should indicate this is in the nature of an interim reply, and that she hopes to be able to respond more fully to the concerns raised by Saddam on her return to Baghdad. Ambassador may furnish the points to the Iraqis as a non-paper if this is the only way they can be delivered before her departure on July 30. **[signed] Eagleburger**

David S. Broder

Saving The Best For Last

EAST LANSING, Mich.—The minute that Jim Lehrer wound up the third and final presidential debate Monday night, the national campaign was over. From now on, it is 51 separate races—in the 50 states and the District of Columbia—and that is a big problem for George Bush.

From my seat, the president had by far his best night of the year here, more spirited, coherent and emphatic than anything he had done in this campaign. Bill Clinton was still clear on his jobs-and-change message. Ross Perot was even more caustic than before in his indictment of the two-party political system.

But for the first time, Bush defined the economic policy choice in terms that worked to his benefit. And for the first time, he tied Clinton to two reasonable and relevant yardsticks: the standing of the state he has governed for 12 years and the history of the last time a Democratic governor, Jimmy Carter, shared power as president with a Democratic Congress. Compared with the previous Republican assaults on Clinton's youthful role in anti-Vietnam War demonstrations and his travels to Russia, this was serious stuff.

Clinton is a far different man from Carter, more at ease with other politicians and more skilled in working with legislators. He is less likely to preach at Congress and more likely to cooperate with it. And he is less parochial

The president was more spirited, coherent and emphatic than he has been so far in the campaign.

than Carter. His campaign staff is unlike Carter's home-grown Georgia inner circle. It is drawn from many states and many branches of the Democratic Party. His White House staff would be too.

Yet it is true that Clinton, like Carter, never has dealt with world problems and never has wrestled with anything on the scale of the national government or economy. There is always a risk in turning over the presidency to someone like that—there was with Ronald Reagan and, for that matter, with Franklin D. Roosevelt—and Bush is on solid ground in asking voters to ponder what might happen.

But the impulse for change is a powerful one in a nation where eight out of 10 citizens think the country is on the wrong course, as polls consistently have shown this year. And Bush has been far less successful and convincing in describing an agenda for change than Clinton. He was late in developing such a plan. It was not until mid-September, at the Detroit Economic Club, that Bush was handed a coherent and comprehensive statement of domestic policy by his newly installed White House team. He has yet to master its main points well enough that they emerge, naturally and convincingly, in his own phrasing during stump speeches and debates.

In rereading the transcripts of the three debates, I was struck by how often Bush was simply indecipherable in describing his own proposals. Here, for example, is a portion of his answer to a question on health care reform at the Richmond debate: "My program is this. Keep the government as far out of it as possible. Make insurance available to the poorest of the poor through vouchers. Next, range in the income bracket through tax credits. And get on about the business of pooling insurance." No voter can make sense of that hash.

From this point on, Bush will have no national forums of the kind the three debates and their gigantic audiences provided. The only saturation coverage his remarks will receive will come in the communities he visits. And there are too many places where his standing needs bolstering for him to visit in the remaining time.

In retrospect, it is clear that James A. Baker III, Bush's White House chief of staff, and the Bush campaign hierarchy made a mistake in rejecting the schedule and format proposed by the bipartisan Commission on Presidential Debates. That plan would have started the debates two weeks earlier and finished them four days sooner. And now every day counts.

Of all people, Baker and campaign chairman Bob Teeter should have known this, because they saw it during their first collaboration on President Ford's campaign in 1976. Then, too, the incumbent president was fighting from behind. Then, too, his momentum was interrupted by a poor performance in the next-to-last debate. Then, too, he became a man in perpetual motion in the final fortnight of frantic campaigning.

But Ford ran out of time to "move the vote" by personal appearances in as many states as he had to reach, and Jimmy Carter was elected.

Clinton went into the 1992 endgame with a larger lead in more states than Carter enjoyed at a comparable point in 1976. There are exploitable doubts about Clinton that may well cause some voters to shift back to the incumbent. But to ask Bush to do what Ford could not accomplish is to ask a lot.

This is not a mistake one would have thought Baker would make.

Robert J. Samuelson

Health Care Illusions

We need to nationalize our health care. By this, I don't mean that every doctor and hospital has to go on the federal payroll. But we must find some way—a political way—to control runaway health spending. Otherwise, it will continue to depress take-home pay and squeeze other government programs. The good news is that this election has thrust health care onto center stage. The bad news is that the debate has been hugely unrealistic.

Bill Clinton boasts that his plan for universal health insurance will actually save hundreds of billions of dollars. Sorry, folks, it won't. But at least he frames the issue, while Ross Perot has talked only in generalities and George Bush's plan would leave millions uninsured.

Our basic problem is contradictory expectations. A Washington Post/ABC News poll reports that 63 percent of us think health costs are too high. But we also see health care as a right. People shouldn't be denied it because they can't afford it. A survey by the Employee Benefit Research Institute asked how costs might be curbed. Less medical technology? No, said 57 percent. Less generous health insurance? No, said 61 percent. Less care for the elderly? No, said 86 percent. The trouble is that if health care is a right—everyone deserves the best, whenever it's needed—costs will soar.

All other societies use government to balance these mutually exclusive expectations. Not us. We view the "health care problem" as a series of discrete defects, all of which should be fixed. By now, these defects are well known. Spending has skyrocketed (from 6 percent of gross domestic

product in 1965 to 12 percent in 1990). Too many Americans lack insurance (35 million, by the Census Bureau's latest count). And increasing numbers of us (26 percent, by one survey) fear we'll lose insurance coverage.

Every politician who addresses health care must pretend to solve all these problems without curtailing Americans' right to choose their care. In effect, we demand that our leaders do the impossible. They try to oblige. Take the Clinton plan. It would achieve universal insurance by requiring companies to provide coverage for all workers. This is the easy part. It shifts most of the extra costs to business, which mainly passes them along to workers (in lower wages) or consumers (in higher prices).

The hard part is holding down total health spending. Clinton claims to do this by creating a Health Board that would set a ceiling on national health spending. Unfortunately, the board can't easily enforce the ceiling. Even if it set rates for all hospitals and doctors, it couldn't easily control the amounts of services (tests, visits, operations) performed. Similar problems have frustrated government efforts to limit Medicare and Medicaid spending. The huge savings Clinton claims are based on a "study" that simply assumes that the plan achieves most of its goals.

Quite the opposite might happen. Expansive mandates and lax controls could raise total health spending. To be effective, cost controls would have to be tougher. For example, Clinton might require people to join health-maintenance organizations (HMOs). Then he might limit the amount of money that could

be paid to each HMO per member. HMOs would have to curb spending to stay within their budgets. But this approach would expose Clinton to the charges that he was depriving Americans of "choice" and undermining health care "quality."

The Bush plan aims to avoid such criticism. The president would let the uninsured buy insurance with refundable tax credits—subsidies—but the conditions are sufficiently restrictive that many people would remain uninsured. Meanwhile, Bush ignores the issue of costs and brags he's preserving "choice," as if our health care is a bastion of the free market. It isn't.

We already have socialized medicine. Government pays 42 percent of health care and lavishly subsidizes private insurance through tax breaks. No one has any reason to cut costs because third parties—government or insurers—pay 90 percent of hospital bills and 81 percent of doctors' bills. Patients expect the best, and doctors and hospitals earn more by ordering more tests and operations.

The choice we have made, unintentionally but logically, is to let health care overwhelm everything else. Since 1973 health insurance costs have accounted for half of all workers' increased compensation (pay plus fringe benefits), estimates the Congressional Budget Office. Economist Henry Aaron of the Brookings Institution reports that 29 percent of new government spending in the 1980s went to health care. By the year 2000, CBO expects health spending to hit 18 percent of GDP. And as baby boomers age, cost pressures will intensify.

The easiest way for government to control

health spending is to create something like "health stamps." Everyone would get a fixed amount of money (to be financed by taxes, but replacing employer-paid plans) to buy basic coverage. This would include coverage for catastrophic illnesses and might require co-payments for routine care; people could still choose their own coverage. Anything beyond the basic package, people would pay for themselves without tax breaks. Ideally, insurers, doctors and hospitals would organize groups to compete for members. The groups with the best services and lowest costs would presumably attract the most members and be the most profitable.

Some waste—unnecessary tests or operations—might vanish. But inevitably, strict spending limits would limit health services. Waiting times might increase for visits and surgery. Meager funds might impede valuable new technologies. The dread word "rationing" would be heard. The practical, political and ethical problems of such a system would be horrendous but, perhaps, less horrendous than tolerating today's costly chaos. Every plan, including doing nothing, has immense drawbacks.

Only government can force us to see and confront these choices. The task of the next president is to change the terms of public discussion. It is to make us face our contradictory expectations. It is to compel us to compare drawbacks and to construct a better imperfect system. Our ideal system is make-believe, and if the next president pursues it—by perpetuating our illusions—he ensures failure.

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Richard Cohen

Throw in the Towel

EAST LANSING, Mich.—Right after the presidential debate here Monday night, as the so-called spin doctors worked the room to the delight of many but the edification of none, Marlin Fitzwater bumped into Dee Dee Myers. Fitzwater is George Bush's press secretary. Myers does the same job for Bill Clinton. They nodded and then Fitzwater said, "Let's get together. Win or lose, I've got a lot to talk to you about." Myers appeared stunned. It seemed Fitzwater had thrown in the towel.

The invitation, a gracious gesture from a gracious man, seemed appropriate enough. The president may well have turned in his best performance of the three debates, but he could not overcome his crushing burden: his record. Time and time again, he uttered the word "mistake" in reference to his term in office. It had been a mistake for him to renege on his "Read my lips" pledge. It had been a mistake for him to suck up to Saddam Hussein in the run-up to the gulf war. Nine times, in one context or another, Bush said the dread word. It's a fitting mantra for his administration.

But the mistake, as Bill Clinton pointed out, was for Bush to have crossed his heart and hoped to die about taxes in the first place. It was,

as we suspected all along, a hokey promise, the political equivalent of a womanizer's patter: Say anything tonight and worry about tomorrow in the morning. This truth, now known to all Americans in essence if not in detail, accounts for why Bush has been unable to score points on Clinton. He lacks the political character to impeach Clinton's personal character.

This inalienable truth has both mocked and haunted Bush. Three times now he has come to these debates as if they were prize fights. We were told to beware the knockout blow. Be alert to attacks on Clinton's character, maybe even something about the odious Gennifer. But Bush never had the punch for a knockout. He is president in a time of economic pain, a political phony with no constituency to call his own. Not even presidential debates, with all their showmanship and media manipulation, can be divorced from reality. Never mind Clinton and Ross Perot. Bush's real nemesis is his record.

These "mistakes" of George Bush are not mere bobbles. The period before Iraq's invasion of Kuwait not only entails a botched policy—one that did not deter war—but it's also one that has the CIA and the FBI at each other's throats, has engendered one genuine scandal (Banca Nazionale

del Lavoro) and has resulted in the naming of an "independent investigator."

But perhaps what's most characteristic about this "mistake" is that much of the policy was conducted in

"Bush never had the punch for a knockout."

secret by a president who not only thought he knew better (than Congress, for instance) but was morally certain of it. The truth of this mistake—like that of Bush's involvement in the Iran-contra affair—is not even fully known. It may well amount to more than one mistake: the policy and the coverup.

The areas in which Bush concedes error—tax policy and the prelude to the gulf war—virtually represent the sum and substance of his administration. His foreign policy trophy is tarnished; his economic plan is a failure. When the president repeatedly challenged Clinton to similarly confess his mistakes, Clinton was simply out-classed: How could he match

Bush in mistakes? He is the mere governor of a wee state. What's some fudging over how he avoided the draft compared with the dismal state of the national economy or the mismanagement of Saddam Hussein?

The president had his moments, but Clinton, like a creature in a time-lapsed film, has grown in stature with each debate. On Monday, he was downright presidential, even thanking Bush at the end for his service to the country. It was not patronizing, as some have suggested, but supremely self-assured. This was a man on his way to that magical metamorphosis: the becoming of a president. Soon he will command the armed forces, not to mention network television.

Fitzwater, an honorable man in a job that has dishonored others, understood what had happened here and how no debate and no debate performance could change reality. George Bush has not been a good president, which is why he could not be a good debater. In two weeks, the polls say, that the American people will vote him out of office. When that happens, Dee Dee Myers will indeed come to see Marlin Fitzwater. For everything there is a time, and the time for turning over the keys is fast approaching.

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Rowland Evans
And Robert Novak

Pumped Up

EAST LANSING, Mich.—President Bush finally heard the wake-up call in the third and last debate 10 months after the alarm sounded in the New Hampshire primary.

Showing unexpected glimpses of humor and a grasp of debating tactics absent in St. Louis and Richmond, Bush pushed Gov. Bill Clinton to the defensive on two seminal campaign issues: Clinton's "waffling" with the truth and a soak-the-rich tax plan Bush insists will also soak the middle class.

Bush was pumped up when he arrived here. Talking to Michigan Gov. John Engler on the drive from the airport to Michigan State University, Bush said it did not take voters long to perceive their error in electing Jimmy Carter in 1976 over Gerald Ford, who Bush noted was the only Republican president since 1932 to fail reelection. Without mentioning Ford, he then sharpened that warning for the first time in a head-to-head battle with Clinton.

To finance Clinton's spending program, Bush said, taxpayers down to the \$36,000 income level would pay higher taxes, not just those whose income is above \$200,000. "When you hear, 'Tax the rich,' Mr. and Mrs. America, lock your wallet."

That \$36,000 figure was cranked out by Bush's economic aides last summer, but he had never remembered to use it in a debate watched by 80 million to 90 million voters.

A pointed question earlier by moderator Jim Lehrer set the stage by forcing the governor to brush up against that untouchable icon, Social Security. "Should people," Clinton answered, "... pay more for Social Security if they get more out of it than they've paid in and they're upper-income people? Yes." Bush's aides gleefully saw those words as a threat to Social Security and a bonus campaign issue for the president.

On Clinton's alleged "waffling," Bush surprised even close aides by stating clearly what he had failed to say in previous debates. He focused on the precise issue of Clinton's fuzziness about his Vietnam draft status, without mudslinging or irrelevant meandering into Clinton's 1969 Moscow journey.

"He said he'd bring out all the records in the draft," Bush said. "They have not been forthcoming. He got a deferment or didn't he? He got a [draft] notice or he didn't. ... It's this pattern that troubles me ... you can't have this pattern of saying, well, I'm, I did this or I didn't. ... That's my difference with him on the draft. It wasn't failing to serve."

Whether Bush can translate his newfound clarity and vigor into damaging Clinton during the campaign's final two weeks is highly questionable. Bush's own tracking polls improved last week after Vice President Dan Quayle's tough offensive against Sen. Al Gore, but Bush's wan, hapless performance in the Richmond debate Thursday produced alarming deterioration: Clinton leading by 16 points going into East Lansing.

But more is at stake for Republicans than the president. Bush came here on the edge of devastating desertions from the Bush-Quayle ticket by Republican candidates for Congress, governor and state legislatures, all threatened by weakness at the top of the ticket.

Bush has now stopped this drain, Kentucky Sen. Mitch McConnell, a rising party figure, told us after the debate. "He was clear and focused and knew what he wanted to say."

He was also relaxed and even funny, casting off the sour mood that seemed to advertise his own sense of inevitable defeat. Clinton ridiculed him for saddling Jim Baker with his second-term economic recovery program, saying that in a Clinton administration, "the person responsible for domestic economic policy ... will be Bill Clinton." "That's what worries me," Bush shot back.

Last weekend, Bush privately poured out grief and anger over speculation that he has given up and is resigned to giving up the White House. Baloney, he said. His energetic performance here, 10 months overdue, restored his political manhood and lifted his party.

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Jim Hoagland

Hiding Behind April Glaspie

The character deficit in this case belongs to George Bush.

Ross Perot, Al Gore, Brent Scowcroft and Herman I. Liebling of Bethesda join to remind me that I owe one to April Glaspie. And if this helps end your diplomatic purdah, April, you owe one to Herman. His letter made me do it.

As Perot reminded the nation in Monday night's presidential debate, Glaspie was the U.S. ambassador to Baghdad who met with Saddam Hussein on July 25, 1990—eight days before Saddam invaded Kuwait. She cabled Washington after the meeting that the Iraqi dictator wanted peace and she was going on vacation. (We'll stipulate here that nobody is perfect.)

Perot and Gore focus on Glaspie to cinch the albatross of U.S. support for Saddam around President Bush's still squirming neck. They are demanding the public release of a warm, cuddly and still-secret classified message President Bush directed to Saddam on July 28, 1990, and other papers that highlight Bush's responsibility for the Iraq debacle.

Perot and Gore are in the right church but have found their way to the wrong pew. The Glaspie case does inform voters on a central issue in this campaign. But that issue is not Iraq.

That issue is, in Bush-speak, C-H-A-R-A-C-T-E-R, the blunderbuss the president aimed repeatedly at Bill Clinton Monday. The character deficit in the Glaspie case belongs to Bush and to his election-year Svengali, former secretary of state Jim Baker. Their effort to deep-six Glaspie after I published a full account of her conversation with Saddam needs to be brought into sharper focus before Nov. 3.

Bush's Secret NODIS 280615Z JUL 90 cable, sent to the embassy in Baghdad to be delivered "as an oral response from President Bush to Saddam Hussein's message in Reftel B," breaks no new policy ground. (RefTel B is State Department jargon for Glaspie's original message describing her conversation with Saddam. It confirms all essential points of the Iraqi notes of the meeting that were the basis for my original articles shortly after the Kuwait invasion. The administration has provided both cables in classified form to the Senate Foreign Relations Committee.)



Bush's friendly "oral response" to the Butcher of Baghdad's open but misunderstood threats to Glaspie simply carries forward—long after it should have been dropped—the policy line Bush decided on at a crucial, previously unreported National Security Council meeting on Iraq the previous year.

The question debated at that secret meeting, according to one who was present, was "whether the leopard could change his spots"—whether Saddam could be induced by U.S. policy to stop oppressing and murdering Iraq's Kurds and Shiites, threatening his Arab neighbors and Israel and building up a giant weapons arsenal.

The key presentation was from CIA Deputy Director Richard Kerr, who delivered "a long-winded no" based on the intelligence community's clear-eyed assessment of Saddam. But national security adviser Scowcroft and Secretary Baker responded, "Yes, perhaps," Bush, saying, "It's worth a try," decided to sign NSD 26, the blueprint for one of America's greatest diplomatic failures.

The July 28 cable simply repeats Bush's "let's get along" message. It was a philosophy that coincided with Glaspie's own thinking on Iraq. She helped shape that philosophy throughout her tour as the first American woman ambassador to

the Middle East and before as a senior, well-respected Arabist at the State Department.

She followed orders well, if not wisely. But when the roof fell in, Baker did not send the vacationing Glaspie back to the Middle East or give her a key role in Washington. She went into policy limbo, where she remains to this day.

On a Sunday morning television talk show after the Kuwait invasion on Aug. 2, Baker sought to avoid his responsibility in misreading Saddam and subtly shift the blame to Glaspie. Baker associates let it be known to selected friends in the press that they were happy to have attention focused on Glaspie's role, not on Baker's. Her chances for an important policy job while Baker was around, it was suggested, were two: slim and none.

Today, Glaspie handles ECOSOC issues, whatever those are, as part of the U.S. mission at the United Nations.

Descending to playing campaign spin doctor after Monday's debate, Scowcroft pooh-poohed Perot's concerns about Washington's instructions to Glaspie, saying at first that he could not remember the instructions and then claiming that they were "not important." The usually honorable Scowcroft, under election pressure, lets the ambassador's reputation twist in the wind.

But it was the hand-written, thoughtful letter from Liebling, a retired government economist and a regular reader who was disappointed in my recent columns on the Iraq Coverup, that causes me to review the treatment of Glaspie by Bush and Baker in print now. Liebling fears that I am simply bandwagoning, tossing "the wounded Bush" to the wolves "for the November kill."

That view ignores my criticisms of the Bush pre-war policy on Iraq from Day One of this administration. Liebling—and the voters—need to look at how Bush and Baker have sought to evade their moral and political responsibility on Iraq by hiding behind April Glaspie.

Her rehabilitation should be one of the first symbolic acts of the new administration, be it Clinton, be it Bush. It would show character.

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William Kristol in his office. His job with Dan Quayle, Kristol has said, "is not to hum quietly, it's to change the world."

Dan Quayle's Gray Matter

Chief of Staff William Kristol, Doing Some Thinking of a Contrarian Nature

By Henry Allen
Washington Post Staff Writer

How lovely, how American: On an October afternoon, here in William Kristol's part of the vice president's offices, a window is open and a breeze rustles in the potted plants. Things have an incidental quality—a football under a desk, a purse dropped on the floor behind a chair. High ceilings give a sense of oddly impersonal coziness.

This is power in Washington, something a little sad and temporary about it, particularly at election time and particularly for Republicans. They never quite seem to belong in Washington. Their offices have a borrowed feeling. (By contrast, Democrats always act as if they'd been born owning Washington, as if power were something akin to the family silver.)

Bill Kristol, at 39, is the vice president's chief of staff, the man known as "Dan Quayle's brain." He gets

credited for a lot of whatever respect Quayle has acquired in the past four years. He is a conservative. He has spent four years turning Quayle into a spokesman for the causes that George Bush has paid only lip service to: SDI, the Competitiveness Council, legal reform, deregulation, congressional term limits, support for Israel.

And for the election—how could it go wrong?—family values. Wasn't this campaign plank sawed out of nothing riskier than Mom, apple pie and baby kissing? Well, no, as it turned out. There's a difference between standing on a plank and walking it. If the Republicans lose, will Washington spend years saying "family values" with a snicker, the way it said "malaise" and "lust in my heart" for years after Carter lost?

For Kristol, it won't matter. Other Republicans may be Xeroxing résumés, but even if Kristol has backed a losing issue in a losing campaign, he still looks good. One man's irony is another man's no-lose situation. It's

part of his persona—he seems to be all future, no past, something of the eternal brilliant son about him.

He half-curls up in an armchair near the pictures of his wife and three children. No young-Republican suspenders, no Mont Blanc pen, all business. He is a short, smart, witty New Yorker, a Harvard professor who got Quayle to start quoting Plato, Machiavelli and the Talmud, at least until reports that one journalist had discovered Quayle didn't know the source of Plato's most famous passage, the parable of the cave.

Kristol looks a lot like his father, Irving Kristol, the New York intellectual who started out a Trotskyite and ended up being known as "the godfather of neoconservatism."

Bill Kristol is both intense and cheerful—he has a way of frowning and smiling at the same time. He also has a way of looking away and muttering that makes you think he is preoccupied, shy, tired or doing some kind of power move.

See KRISTOL, B9, Col. 1

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THE WASHINGTON POST

William Kristol

KRISTOL, From B1

He is muttering now about the Redskins and Washington fans.

"I don't like the Redskins," he says. "There are all these people who come to Washington ... are not native Washingtonians ... have no reason to be Redskin fans, but they become these rabid Redskin fans ... rooters ... and there's this sort of phony pretense that this is their home team."

How contrarian. Then again, a lot of conservatives are contrarians, and a lot of them make it a principle to defy things Washingtonian as they attempt to induce some sort of withering away of the state, which may or may not include the Redskins.

What's hard for some liberals to understand is that conservatives see themselves as not just contrarians, but also as underdogs, martyrs, the last gentlemen, beacons of truth in the gathering fog of political correctness, the last bastions against the "cultural elite." And they feel this way even after 12 years in the White House—it seems that no amount of success could ever erase that sense of opposition and minority.

Kristol says: "There are huge segments in American society that we not only don't control, we barely have a foothold in. You know, culture, the entertainment industry, the mass media, the universities."

These are the "cultural elite." The phrase has a lineage. Its direct ancestor is the "adversary culture" that Kristol's father has written about—Quayle even used "adversary culture" in defending his "family values" campaign. Meanwhile, "cultural elite" has prompted talk of antisemitism.

The notion that you can't criticize Hollywood or intellectuals because a lot of them are Jewish is really ridiculous," says Kristol. "I've heard that charge, just once or twice in the last month or so, but it honestly never crossed my mind, it's a genuine red herring."

All of which might never have been a major issue if it hadn't been for the family values thing, which was injected into the neural substrate of the electorate by Quayle's attack on television "Murphy Brown" for glamorizing single motherhood. This provoked charges that Quayle was bad-mouthing single mothers and using "code words" to create a "wedge issue," as Quayle called in September, when the furor over family values forced him to give another speech defending the Murphy Brown speech. By that time, the Republican campaigners were backing away from the whole business. People wondered: Who came up with the Murphy Brown idea?

There was some back and forth about whose idea it was," Kristol says. "I don't believe it was my idea to put it in, but I had no problem with it, either."

Why should he? It was a wonderful conservative twofor, this attack on a liberal television show about the liberal media. What sweeter song for conservative ears than the scalded-dog screaming of Hollywood's cultural elite? Wouldn't Mr. and Mrs. Front Porch USA love it? By August, at the convention, the party's right wing—the Phyllis Schlaflys, Pat Robertsons and Pat Buchanans—had picked up the theme. Finally! Anti-communism was dead, and free-market conservatism had lost some charm in America's end-of-the-Jefferson recession, and so cultural conservatism, a stepchild of conservative politics for decades, could finally arise.

The problem was, it was hard to control. It started to seem nasty. Murmurs of racism, antisemitism, classism. Murmurs that the Republicans were stuck in an Ozzie-and-Harriet daydream. It wasn't working. People asked why, with the economy crum-



Bill Kristol: "I think it's kind of an instinctive desire to root for the underdog."

bling, the Republicans were talking about illegitimacy. One poll showed that after all of the campaigning, Americans trusted Bill Clinton more than George Bush on family values.

"I'm not going to defend every use of the term by every political figure on our side in the last several months," Kristol says. "We used this issue too much to bludgeon and too little as a genuinely important issue. Instead of a genuine attempt to call attention to an important issue and to highlight the extent to which cultural values and factors ... And the fact of the matter is, it was never intended to be a substitute for an economic policy. To the extent that some people felt that you could use it to win an election in lieu of everything else, that was clearly—the vice president never felt that ..."

Then when the focus became Murphy Brown, it was his sense that this was a good example of Hollywood missing the point, and showing a certain contempt for any attempt to point to the importance of the messages Hollywood sends through the popular culture.

When Kristol took a job in the vice president's office after the squalor and giggling of Quayle's 1988 campaign, people said it was a no-lose proposition: Quayle was such a fool that Kristol would get the credit for anything Quayle did well, and Quayle would get the credit for anything Quayle did badly.

"If people want to write that, obviously there's not much one can do to stop them," Kristol says. "And I worry about, and I'm unhappy about the extent to which this application has been used against the vice president. I didn't take this job because I thought it was a no-lose situation. If that was such a universal ticket to success, we'd have a flood of job applications to be assistants to people who have poor public images, and I don't notice that that's the case."

Four years earlier, Kristol says, he set out to make Quayle a player first in the White House, then in the Republican Party, then with the American public.

And now ... "Win or lose, I'm, you know, one does one's best, that's all one can do. I'm personally pleased to have been part of the vice president's team for the past almost four years. He has done a good job, and I'm happy to have helped him do a good job."

Kristol did well with the White House. As for the Republican Party, a poll of delegates at the convention in Houston put Quayle fifth on a list of favorites for the 1996 nomination, behind not only Jack Kemp and James Baker, but also No Preference and Other. As for the American public, Quayle remains famous for bizarre brain-lock episodes like telling a schoolboy to misspell "potato," or telling reporters, "Hawaii has always been a very pivotal role in the Pacific. It is in the Pacific. It is a part of the United States that is an island that is right here." After four years, he still has lower favorable than unfavorable ratings.

"So, d.e. the president," Kristol says.

It seems one of the smaller comforts to be found in the current campaign.

fought against liberal relativism, and for the idea of natural rights derived from a natural order described in the classics. There have been Straussians all over Washington in recent years: a Quayle defense adviser named Carnes Lord; Robert Goldwin at the American Enterprise Institute; Walter Berns at Georgetown University; and Francis Fukuyama at the State Department, before he left to finish his book on "The End of History."

Dinesh D'Souza, another bright young star in Washington's conservative sky, says: "Straussians have an intellectual rigor that is very attractive. They have extolled the idea of the statesman, and the notion of advising the great, the prince, like Machiavelli or Aristotle. This is necessary because the prince is not always the smartest guy in the world."

His job with Dan Quayle, Kristol has said, "is not to hum quietly, it's to change the world."

And now the election approaches, and the polls are prophesying doom. Outside the office window, the leaves turn and the grass bristles with the blithe beauty of a city that cares only about winners. Which makes it a tough town for conservatives, who take a certain satisfaction in decline and fall—or at least take comfort in the thought that it's better to have civilization going down the drain than coming up it. One problem, though, is that a conservative movement that seemed so cheerfully united 12 years ago is on tumble dry now, contrarianism turning on itself, party splits at the convention that made onlookers think they were watching Democrats.

"One of the things to be done is improving the conservative movement itself, which in some respects has gotten, well, sectarian and bitter," Kristol says. "Other parts have become sort of fat and lazy. We need to regroup and think of a realistic agenda that isn't purely defensive. The conservative analysis of problems besetting us is very powerful. How to solve them is not so powerful. The closing of the American mind we've analyzed. We don't know how to achieve the opening of the American mind."

He may have his chance, far from the tiny potato-spelling details of daily politics. If the Republicans lose, his next stop may be one of the shadow governments the conservatives set up at one think tank or foundation or another—he has a lot of friends at the Hudson Institute, including his former boss, William Bennett. He is a made guy in Washington's conservative mafia, a pal of Reps. Vin Weber and Newt Gingrich, with all the credentials of a Harvard professor (conservatives love the imprimatur of liberal institutions).

He's apt to be good at being in the out-party.

When Democrats are out, they act like resentful nobility, a kind of fatigued self-righteousness about them. But conservative Republicans can read their books by the fireside, argue over Burke, Strauss and Hayek, grind their teeth and be martyrs and contrarians. And Lord knows the country could use some family values. It's a no-lose situation.

But that's not the point. It's hard to imagine a liberal with credentials as good as Kristol's applying for a job with a klutz of Quayle's credentials. But Quayle is the perfect conservative underdog, an underdog in power, a martyr with Secret Service protection. For a contrarian, the logic is clear.

"I think I do have a slightly contrarian nature," Kristol says. "I don't know if that's good or bad. I'm sure it can lead me astray sometimes. I remember shocking my high school history teacher by defending the Austro-Hungarian empire as arguably a good thing. The right thing to say was self-determination is good, finally these countries achieve freedom from ... I remember sort of shocking this teacher. I was rebuked pretty sharply."

Growing up on Riverside Drive, he says, he "would root for just whoever was challenging the Yankees. I was a Mets fan, not a Yankees fan; a Jets fan, not a Giants fan. I think it's kind of an instinctive desire to root for the underdog."

At Harvard he would wear a Spiro Agnew sweat shirt for the hell of it. "It's fun being the underdog, and I like to think, in fact, you know, I have fond memories of being one of five Nixon supporters."

He finished Harvard in three years, got his PhD in political philosophy, taught at the University of Pennsylvania and then Harvard.

Kristol arrived in Washington in 1985 after he left the Kennedy School of Government for a job on the staff of William Bennett, then secretary of education. He became known for his energy and endless supply of ideas. He quit in 1988 to manage the senate campaign in Maryland of his old roommate, Alan Keyes, the black Republican who this year called the party "racist" for not giving him all the campaign funding he wanted. Keyes got hammered, but Kristol's reputation grew: a Harvard intellectual who could handle the scut work of a campaign.

Like Keyes, he is a Straussian, an intellectual orientation he inherited from Harvey Mansfield, his professor at Harvard. It came from Leo Strauss at the University of Chicago. Strauss

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WE'VE HEARD THAT

June newlyweds Bobby and Doro (Bush) Koch have been telling family and friends that they're expecting a child in late spring. It's his first and her third.

■ Hillary Clinton has been sporting an antique cameo bar pin that Bill gave her for their well-publicized 17th anniversary this month.

■ Tipper Gore spends an enormous amount of time on the campaign taking pictures with her three cameras—of Al, of reporters, of Secret Service agents, of anybody. But mostly, we are told, she takes pictures of people taking pictures of her.

■ Fergie the Duchess of York and her American "financial adviser," Johnny Bryan, are suing photographer Daniel Angeli, the tenacious shutterbug who snapped her



Tipper Gore: Shutterbug.

topless and the two in mid-snuggle. They allege invasion of privacy and are each asking for \$2.2 million in damages.

■ D.C. Council Chairman John Wilson has been known to refer to Marion Barry as "The Emperor."

■ One real estate company is getting a jump on potential post-election business. Century 21 Avanti Realtors sent out a notice to some Northwest neighborhoods



telling interested parties to list their homes pronto. "Our . . . affiliated offices are already contacting all election candidates for the purpose of referring them to our office," the notice puffed.

■ Mattel has decided to muzzle a line spoken by its Teen Talk Barbie, after women's groups protested that the statement "Math class is tough" promoted a negative stereotype of girls' prowess in math.

■ It's time for lobbyists to make sure they've got enough Democrats on hand for the holidays. Democratic politico Bob Beckel's grass roots firm is being bought by Cassidy & Associates, which also owns Powell, Tate.

■ Irate parents plan to storm the District Building between 11 and 1 on Friday, the first of 12 teacher furlough days, in an organized protest of the city's plan to give



From left: Great expectations for the Koches; new clothes for Barry; Teen Talk didn't add up.

the teachers 12 days off in lieu of a wage increase.

■ A ruby and diamond bracelet that belonged to screen siren Marlene Dietrich sold at Sotheby's yesterday for \$990,000—more than doubling its highest estimate. She wore the bracelet in Hitchcock's "Stage Fright."

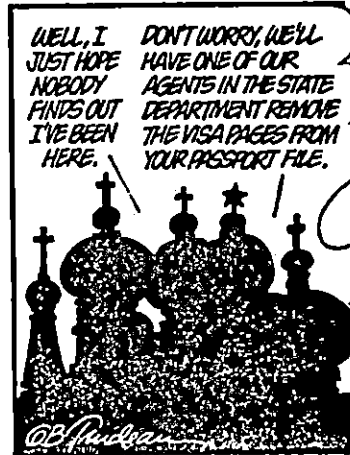
■ Somalian-born super model Iman, wife of rocker David Bowie, announced in London yesterday that she plans to set up a foundation to fund much-needed schools in her native country.



Iman: Helping her homeland.

DOONESBURY

By G.B. Trudeau



Musical Presidents

By Joseph McLellan
Washington Post Staff Writer

The White House is "America's oldest showcase for the performing arts," according to Elise Kirk, who should know. Kirk is the author of "Musical Highlights From the White House," which updates her prize-winning "Music at the White House" (1987) through the Bush administration.

Monday night, in a White House bicentennial program (its cornerstone was laid in October 1792), Kirk hosted an evening in Catholic University's Hartke Theatre surveying the presidential mansion's music tradition in performance and anecdotes—for example, the time the band struck up "The Lady Is a Tramp" just as Queen Elizabeth II started to dance at a reception: the last time that number was ever played at the White House.

Some presidents had no musical taste at all, she said—U.S. Grant, for example, who once said, "I only know two tunes; one is 'Yankee Doodle' and the other isn't." But Thomas Jefferson, John Tyler and Woodrow Wilson were violinists, Richard Nixon and Harry Truman played the piano and Chester Alan Arthur was reportedly a

whiz on the banjo. Presidents who did not play often hosted concerts. Lincoln, who went to the opera 20 times or more during his administration, was criticized for such frivolous activities in wartime but answered, "I must have a change or I will die."

The concert, cosponsored by the White House Historical Association and conducted by Robert Ricks, gave the Catholic University a chance to show off not only its Symphony Orchestra but also some of the fine soloists on its faculty. Breathtaking performances were given by violinist Jody Gatwood in Mendelssohn's Concerto in E Minor (recalling a 1903 concert for Theodore Roosevelt) and soprano Sharon Christman in "Ah! fors' e lui" from "La Traviata" (first sung at the White House during the Buchanan administration in 1859). Soprano Regina McConnell conveyed the power in Verdi's "Pace, pace" despite moments of excessive vibrato, and baritone Jason Stearns gave an exemplary performance of "Di Provenza il mar."

The orchestra was not quite warmed up in the "Rejouissance" from Handel's "Royal Fireworks Music," which opened the program, and the balance did not make the woodwinds sound as prominent as they should have been. But Copland's "Billy the Kid" was an impressive showcase for the whole orchestra, notably the woodwinds and percussion, and "Stars and Stripes Forever" was a rousing finale.

Miss America Crowns Bush

■ Well, she's definitely not just another swimsuit.

Miss America Leanza Cornett complained yesterday that President Bush's administration is not doing enough to combat pediatric AIDS. "I'm a Republican—a disgusted one," she said at a press conference here sponsored by the



Cornett: Disgusted.

Pediatric AIDS Foundation, the group founded by AIDS patient Elizabeth Glaser.

Cornett said she's finding her first voting experience "discouraging and disillusioning because of something that I'm standing 110 percent for. And I don't see anybody else giving it the time of day."

It's enough to make her lean toward the Democrats. "I tend to agree that Governor Clinton has the best health-care program on the line, and as a Republican it's hard for me to say that. . . . When we are being lied to and misled, what else are we to say?"

A Bush campaign spokesman takes issue with Cornett's comments, saying the administration spends more on AIDS "than any other disease except for cancer."

KUDZU DOUG MARLETTE

BILL CLINTON CAMPAIGNS FOR THE COVETED DUB DUBOSE VOTE:

LET ME TAKE A MOMENT TO EXPLAIN MY SMALL FILLIN' STATION OWNER SUBSIDY PLAN...



LATER...

...AND THE SAVINGS WOULD BE PLOWED BACK INTO THE HEALTH-CARE PLAN ALONG WITH THE PEACE DIVIDEND AND MY DAUGHTER CHELSEA'S ALLOWANCE.



SECRETARY OF BARBEQUE! HOW DOES THAT SOUND?



SHOE JEFF MacNELLY

MY OPPONENT REFUSES TO DEBATE ME!!



SO I'M DEBATING THIS EMPTY CHAIR!!



THAT'LL MAKE IT A LOT MORE INTERESTING...



WEDNESDAY, OCTOBER 21, 1992

The TV Column

91 Million Viewers Flock To Final Debate

By John Carmody
Washington Post Staff Writer

More than 91 million viewers tuned in to the final presidential debate Monday as the four major networks attracted their biggest debate turnout yet—despite an afternoon start on the West Coast and a relatively small turnout on the Fox stations.

As many as 89 million people may have watched candidates George Bush, Bill Clinton and Ross Perot Monday night on the four networks alone, with up to 8 million more tuning in to PBS and Cable News Network.

ABC Research yesterday estimated that more than 100 million viewers saw some or all of the one vice presidential and three presidential debates over the nine-day period of the national events.

ABC had estimated that at least 81 million watched the first debate,

See TV COLUMN, B6, Col. 1.

TV COLUMN, From B1

and another 84 million had seen the Thursday night debate, with some 76 million looking on for the vice presidential debate Oct. 13.

By comparison, the first presidential debate in 1988 was viewed by about 73 million on ABC, CBS and NBC; the second, by 71 million. The vice presidential debate was seen by 72 million.

Once again ABC drew the largest debate audience, some 32 million on Monday night. NBC attracted some 27 million and CBS was only slightly behind, at between 26 million and 27 million. Fox, with only 73 affiliates carrying the East Lansing, Mich., confrontation, accounted for approximately 3 million more viewers.

In addition, PBS estimated its debate coverage was seen by some 3.3 million, while CNN could count another 4.6 million.

Although interest in the final debate Monday was high, the 4 p.m. start time on the West Coast affected the total. "The early airing on the Coast certainly had to hurt the audience count," ABC vice president Larry Hyams noted yesterday.

He said that, with the early start, "the Monday debate probably didn't get as many new people tuning in who hadn't watched the other three."

Hyams, vice president of primetime audience analysis for ABC, pointed out yesterday that "this year the debate was available on substantially more outlets—CNN certainly wasn't as big [in 1988] and there is much more cable penetration." In addition, Fox in 1988 carried only delayed broadcasts of the debates, and few of its affiliates chose to air them.

Monday night's cumulative rating on ABC, CBS, NBC and Fox came to 44.6 percent of the nation's 93.1 million TV homes, compared with 36.9 percent for the first debate on Sunday, Oct. 11 (without CBS participation), and 43.4 percent for last Thursday's debate. The vice presidential debate averaged a 34.9 rating.

Locally Monday night, Channel 7 (ABC) had the biggest audience. Its 18.0 rating and 26 percent share of the audience represented some 532,000 viewers. That rating compared with a 13.0/19 for Channel 4 (NBC), an 11.7/17 for WUSA (CBS) and a 5.6/8 for Channel 5 (Fox). WETA averaged a 3.1/4.

Altogether in the Washington area Monday, some 51.4 percent of the 1.85 million total TV households, or about 1.5 million viewers, were tuned to the debate. It was watched on 74 percent of all TV sets in use.

Previously in Washington, Debate I had attracted a cumulative rating of 44.9/65, Debate II, a 52.4/70, and the vice presidential debate (without Fox participation), a 43.2/67.

Now This

"Love & War" creator Diane English has written an episode in which the bartender dies, the other characters come to grips with his passing and a memorial is held in the bar . . .

John Hancock, who played bartender Ike Johnson on the new CBS hit series, died earlier this month in Los Angeles of a heart attack . . .

Mr. Hancock will be seen in three more episodes after Monday night's appearance . . .

The episode about Ike Johnson's death is expected to air in mid-November. As for a replacement for Mr. Hancock, for the time being, the series regulars will take turns working behind the bar, according to sources . . .

Tonight and tomorrow, ABC's "Nightline" will look at Los Angeles six months after the south-central riots, coinciding with the release of the Webster Commission's report on the crisis . . .

"NBC Nightly News" finished second to "ABC World News Tonight" for the second week in a row and enjoyed its biggest margin (1.5 ratingzzzz points) over "CBS Evening News" since a baseball week in early October 1990 . . .

ABC had a 10.1/21, compared with a 9.2/19 for NBC and a 7.7/16 for CBS. CBS blamed the baseball playoffs . . .

NBC newswoman Mary Alice Williams gave birth to twin girls Saturday at New York Hospital's Cornell Medical Center. She is married to TV producer Mark Haefeli. Sara Mary and Laura Abigail join 2½-year-old Alice Ann . . .

CNN will air a half-hour profile of independent vice presidential candidate James Stockdale tonight at 10:30, anchored by Greg LeFevre . . .

Also Monday night, CBS won the post-debate battle, led by an 18.0/26 from "Murphy Brown." The Bengals-Steelers NFL game on ABC averaged a 15.2/25, and "Jonathan: The Boy Nobody Wanted" at 13.8/21 topped the NBC offerings following the debate . . .

CBS News has aired the most critical comments about President Bush since the first of the year, according to an updated study of network newscasts conducted by the Center for Media and Public Affairs between Jan. 1 and Oct. 11 . . .

In that period, according to the center, 72 percent of the sources cited by CBS to comment on the president were critical of him, while 56 percent of those commenting on Clinton were negative, representing a 16-point negative gap, by center reckoning . . .

The Washington Post

WEDNESDAY, OCTOBER 21, 1992

ABC sources were 65 percent negative about Bush, 61 percent negative about Clinton, or a four-point gap, while NBC (69 to 60) had a nine-point gap . . .

Since Labor Day, one-third of network news has been devoted to the campaign for president, with the GOP receiving nearly twice as much coverage as the Democrats last month—2.8 hours, compared with 1.7 hours for Democrats and 1.2 for the Perot campaign . . .

TV Ratingzzzz

Following are the top 20 network primetime shows last week, ranked according to the percentage of the nation's 92.1 million TV households that watched, as measured by the A.C. Nielsen Co. A share represents the percentage of actual sets-in-use tuned to a particular program when it aired.

Rank	Rating	Share	Network
1	21.6	32	ABC
2	20.2	32	CBS
3	19.2	28	CBS
4	19.0	29	ABC
5	18.8	28	ABC
6	18.2	31	CBS
	18.2	31	CBS
8	16.8	27	CBS
9	16.2	27	ABC
10	15.8	23	CBS
11	15.6	28	CBS
	15.6	24	CBS
13	15.4	29	ABC
14	15.3	24	NBC
15	15.0	24	CBS
16	14.9	23	ABC
17	14.8	23	NBC
18	14.7	24	NBC
	14.7	22	NBC
20	14.2	22	NBC

HIGHLIGHTS

- Tonight, Game IV of the World Series on WUSA.
- Capitals and Rangers on WDCA.
- And "Frontline: The Choice '92" on WETA.

Sports

NHL Hockey. Washington Capitals at New York Rangers (Channel 20, 7:30).

Baseball (CC). World Series Game IV: Atlanta Braves at Toronto Blue Jays (Channel 9 at 8).

Public Broadcasting

Brooklyn Bridge (CC) (R). Ken Burns's 1981 film chronicles the 14-year-long construction of the bridge (Channel 26 at 8).

Straight Up. Naim Akbar discusses Afrocentric thought in America today (Channel 32, 8:30).

Frontline: The Choice '92 (CC). An in-depth portrait of presidential candidates George Bush and Bill Clinton (Channel 26 at 9).

Primetime Movie

The Man on the Eiffel Tower (1949). A police inspector wages a war of words with an accused killer. Two hours (Channel 50 at 8).

Series

Unsolved Mysteries (CC). A report on the belief that 10 percent of the population has dreams that come true (Channel 4 at 8).

Beverly Hills, 90210 (CC). An English teacher is accused of sexually assaulting a student (Channel 5 at 8).

The Wonder Years (CC). Kevin signs up for McGovern's 1972 presidential campaign (Channel 7 at 8).

Doogie Howser, M.D. (CC). Dr. Canfield establishes a sensitivity-training program (Channel 7, 8:30).

CBS won Week 4 of the new season with a 14.9 rating and a 25 share, compared with a 12.1/20 for ABC, an 11.2/18 for NBC and a 7.2/12 for Fox. After a month, CBS is 1.1 ratings points ahead of ABC, 2.2 points up on NBC . . .

With the Series in the mix, CBS won five nights last week, with only Tuesday and Friday going to ABC . . .

CBS's "Love & War" and "Hearts Afire" are the only two new series to make the top 20 last week, but ABC's "Laurie Hill" was 22nd . . .

With preemptions for (unranked) political coverage and sports events, new series had it pretty tough, altogether. ABC's "Going to Extremes" was 41st, NBC's "Mad About You" was 46th and CBS's "Golden Palace" was 47th . . .

Fox's "Martin" was 51st, CBS's "Bob" was 53rd . . .

ABC's "Delta" was 58th, NBC's "Rhythm & Blues" was 64th and CBS's "Picket Fences" tied for 65th . . .

Seven new series—six of them from Fox—filled out the Final And Usually Fatal Five Plus Two last week. "Flying Blind," "Great Scott," "Whoops!," "Ben Stiller" and "Melrose Place" took up spots 82 through 86, and a truncated version of NBC's "I Witness Video" was 87th, while Fox's "Likely Suspects" was 88th and last for the week ending Oct. 18 . . .

Seinfeld (CC) (R) and friends get kicked out of a Yankees baseball game (Channel 4 at 9).

Melrose Place (CC). Alison begins a torrid love affair with a married man (Channel 5 at 9).

Home Improvement (CC) (R). Tim embarrasses Jill on his TV show (Channel 7 at 9).

Mad About You (CC). Jamie's upbeat parents visit for the weekend (Channel 4, 9:30).

Laurie Hill (CC) and Jeff discover that son Leo is having problems in math class (Channel 7, 9:30).

Law & Order (CC). The bodies of two teenage immigrants are found in the harbor (Channel 4 at 10).

Civil Wars (CC). Charlie negotiates between a feuding wife and husband involved in opposing Bush and Clinton campaigns (Channel 7 at 10).

Late Night

The Arsenio Hall Show (CC). With Virginia Madsen, Ringo Starr and Nils Lofgren (Channel 9, approx. 11:30).

The Tonight Show With Jay Leno (CC) (R). With Mel Gibson, Molly Ivins and Kathleen Battle (Channel 4, 11:35).

Late Night With David Letterman (R). With Jacques Cousteau, Illeana Douglas and Billy Bragg (Channel 4, 12:35 a.m.).

Thursday Morning

Today (CC). With Democratic vice presidential candidate Al Gore (Channel 4 at 7).

Good Morning America (CC). With Tipper Gore (Channel 7 at 7).

CBS This Morning (CC). An interview with folk singer Joan Baez (Channel 9 at 7).

In Their Own Words

PRESIDENT BUSH

In a speech yesterday at a stop in Gainesville, Ga., on his train trip through Georgia, South Carolina and North Carolina.

“The scariest moment of that debate was when Governor Clinton said he wanted to do for the United States what he's done to Arkansas. That scares me. We cannot have that. I hate to ruin a beautiful rally on a sunny day in Gainesville, but let me tell you something: Arkansas is the 50th out of 50 states in environmental initiatives, 49th in high school diplomas, 45th in well-being of children, and incomes and jobs and wages lag the entire nation. We do not need that for the greatest country on the face of the earth.

You know, I agreed with one thing that Ross Perot said. He said the grocery store is no preparation for Wal-Mart, and I think he's right. This is the big leagues; you can't have it both ways on every issue. You got to say what you think, admit your mistakes and lead and not waffle. I am that kind of leader and the other man is a waffler.

I had a chance to point out last night — he didn't like it a bit — that Governor Clinton has already said he wants to raise your taxes by \$150 billion. I'm sorry. He wants to spend \$220 billion. He says he'll take it all from the rich — all you cab drivers, all you nurses, all you Boys Club workers. All you watch out, because he's coming right after your wallet, coming right after it. And we are not going to let him tax the American people any more.

He wants trickle-down government. We do not need bigger government in Washington, D.C. We need to control that growth of spending, give the overtaxed taxpayer a little relief, and get this deficit down. That is my program. ”

GOV. BILL CLINTON

In a speech yesterday at a rally in Daley Plaza in Chicago.

“They talked about the tax record when he's got the read-my-lips burden around his shoulder. They talked about trust when he said, 'read my lips,' 15 million new jobs, we're better off today than we were four years ago. How you doing?

He's been giving out money now to programs he's opposed for four years, using the State Department and the tax office for his own political purposes. Got the drug office — listen to this — tried to have the drug office repress a report showing that drug use among children in America is going up again, until after the election, because they didn't want it to hurt him. What about all the kids that are being hurt out here?

Killed the crime bill that would have put more police officers in the street in Chicago because he didn't want to stand up to the N.R.A. and be for the Brady bill and require a waiting period before people can buy a hand gun so you can check their criminal record, their mental history and their age.

Vetoed a women's health bill that would have put more money into women's cancer research and osteoporosis and other women's health problems because he wanted to pander to the far right.

And now he's got the F.B.I. investigating the Justice Department, the Justice Department investigating the F.B.I., the C.I.A. and the Justice Department calling each other liars to a Federal judge — and he wants us to trust him with four more years. It's all politics, and we're not buying it this time, Mr. Bush. ”

Debates Leave Some Holes, But Also Clear Impressions

By DAVID E. ROSENBAUM
Special to The New York Times

WASHINGTON, Oct. 20 — For the relatively few Americans who listen to campaign speeches and read position papers, the Presidential debates left big gaps and plenty of unresolved arguments.

But for the tens of millions of others who watched, the 270 minutes of debate offered a first and rather solid look at where the candidates stand on important issues.

On some issues like gun control, trade, term limits and automobile pollution standards, the lines separating the three candidates were clearly drawn.

On other matters like how to pay for a new health care system, the distinctions remained fuzzy.

President Bush was forced into a discussion on Iran and Iraq that he would have preferred to avoid. Gov. Bill Clinton was unable to describe how he could do all he was promising and still get the deficit under control. Ross Perot kept saying there were plenty of plans on everything, but he never let on which ones he favored.

And a major issue — abortion — was never mentioned. Neither was the question of what qualifications the candidates would look for when they picked nominees for the Supreme Court.

'A Sense of Priorities'

Still, said Charles O. Jones, a political science professor at the University of Wisconsin and a student of the Presidency, the debates were of great value to voters. "You got a sense of priorities," he said. "You got a sense of their personal engagement in different issues. They're not all engaged in the same issues. You got a sense of the depth of their understanding of the issues. And you got a general sense of direction."

But people who have been closely following the candidates found that little new ground was broken.

One possible exception came Monday night, when Mr. Clinton suggested that some affluent people should pay higher taxes on Social Security benefits. The Arkansas Governor discussed the topic last spring before the Florida primary but has mentioned it little if at all since then.

Mr. Clinton's campaign staff said the comment about Social Security was a statement of philosophy rather than a specific proposal.

Mr. Perot has also suggested taxing a larger portion of the retirement payments of the more affluent beneficiaries. Mr. Bush opposes the higher taxes.

Simple Issues, Firm Answers

On issues where voters are likely to have fixed opinions, the three candidates took firm positions:

¶Mr. Clinton supports a waiting period to allow police checks before handguns can be bought. Mr. Bush opposes the measure. Mr. Perot says it is not very important.

¶Mr. Bush likes the free-trade agreement with Mexico. Mr. Perot opposes it. Mr. Clinton supports it with modifications.

¶Mr. Perot wants a higher tax on gasoline. The other two oppose such a tax.

¶Mr. Bush and Mr. Perot favor term

HOW BAD OFF ARE AIRLINES, BANKS?

Ross Perot is not alone in expressing concerns about the health of American airlines and commercial banks, but he seems to be overstating their problems. *Business Day*, page D6.

limits for members of Congress. Mr. Clinton does not.

¶Mr. Clinton wants stricter limits on auto emissions. Mr. Bush and Mr. Perot oppose such a measure on the ground that it would cost jobs.

Uncertainty on Health Care

But on more complicated issues, the candidates often bobbed and weaved. Perhaps it was because they did not want to let on that the public might have to pay a price. Perhaps it was an indication that the candidates themselves had not sorted out where to stand. The best illustration of this is the question of how to pay for medical care.

The three candidates agree that the health care system should be changed so that insurance is more widely available and affordable and medical costs do not rise so much. Outside experts say it could cost \$20 billion a year or more to meet those goals, but neither party's candidate was able to say during the debates how they would meet the additional costs.

Mr. Clinton talked about taking on insurance companies and bureaucracies. Mr. Bush kept bringing up the high cost of malpractice lawsuits. Mr. Perot answered a question about this on Oct. 11 the same he answered questions on several other matters: "We've got plans lying all over the place in Washington. Nobody ever implements them. Now I'm back to square one. If you want to stop talking about it and do it, then I'll be glad to go up there, and we'll get it done."

Hardest Questions

His record on the economy aside, if Mr. Bush could have avoided one topic, it would doubtless have been the questions Mr. Perot raised Monday night about Mr. Bush's policy toward Iraq before the war in the Persian Gulf.

For his supporters, the President's highest cards have been his record of leadership during that war and his reputation for telling the truth. The questions about Iraq could have planted doubts in voters' minds on both matters.

The hardest question for Mr. Clinton was probably the first one Monday: how could the public possibly believe that as President he could create jobs, cut taxes for the middle class, reduce the deficit, change the medical care system, build big new public works projects and guarantee college educations for everyone who is qualified and pay for it all just with higher taxes on the very wealthy and foreign corporations?

Mr. Clinton said the middle class would "have their fair share of changing to do and many challenges to face."

But he did not say exactly what he meant and never answered the question directly.

NEW YORK, WEDNESDAY, OCTOBER 21, 1992

Political Memo

By RICHARD L. BERKE
Special to The New York Times

EAST LANSING, Mich., Oct. 20 — Now that the nation has survived an assault by campaign debate, certain truths about debate tactics can be passed along to the next generation:

¶ Presidential campaigns don't know what's good for them. Before the debates, President Bush's aides wanted a panel of journalists to pose questions; now they say that approach was the least helpful to their man. Gov. Bill Clinton's side wanted a single moderator to ask the questions but ended up preferring another format, too.

¶ Nobody likes a journalist. Attacking the press is in this year — President Bush, Governor Clinton and Ross Perot have eagerly attacked reporters at one time or another. Now they have more ammunition. When journalists participate, all sides agree, the questions tend to be pompous, the issues peripheral, the answers stilted. On this question, even some journalists agree.

¶ The Ordinary Citizen, exalted each election season, tends to ask the kinds of questions candidates like to answer. With journalists out of favor, there is something reassuring in dull, safe, even dutiful questions from real people. Even Dan Rather said they had the best questions.

¶ Heavy cramming with briefing books and mock debates doesn't always pay off. Senator Al Gore came across to many as heavily pre-programmed; Ross Perot was a hit with little preparation. Spontaneity, however, has its limits. Poor James B. Stockdale, Mr. Perot's running mate, didn't study and paid for it.

After months of quarreling and weeks of issuing ultimatums over how to stage the nine-day marathon of three Presidential debates and one Vice Presidential debate that ended here Monday night, politicians have rediscovered what they knew already: no debate format is perfect.

Mr. Rather, the CBS News anchor, still refuses to call the debates debates, preferring "joint appearances" or "happenings."

"They're valuable but they aren't debates," he said in an interview. "When you read the Lincoln-Douglas debates, they jump off the page at you for the depth and substance of the argument. It's exciting, even riveting stuff."

They hardly resembled the Lincoln-Douglas debates, but here, some 70 questions later, is a look at what worked and what didn't in the four clashes:

Washington University, St. Louis. One moderator, three-reporter panel: No give-and-take among candidates. Panelists had no chance to adequately follow up their questions.

"The panel interrupts the whole flow," said John Mashek of The Boston Globe, who participated in that first panel.

"It was more like a joint press conference," said Paul G. Kirk Jr., co-chairman of the bipartisan Commission on Presidential Debates, which had pressed for a single moderator for all the debates.

Georgia Tech, Atlanta. One moderator (Vice Presidential): Plenty of opportunity for candidates to mix it up and question one another. Allowed for more than canned responses. But was there too much flash and no substance?

"Forget the sparks," Mr. Mashek said. "We all like to see a fight in our business but we also like to see voters informed."

Debating the Debates: John Q. Defeats Reporters

University of Richmond, Va. Moderator with questions from undecided voters: Won raves from many quarters. "It worked best because the questions were by far the best," Mr. Rather said. "This format was designed to enlist from rank-and-file Americans the things that were foremost in their heads and hearts."

Mr. Clinton pressed for this citizen-questioner approach and seemed most comfortable with it. So it comes as little surprise that Mickey Kantor, the Clinton campaign chairman, said he liked the format because "it gets over the filter that people in the media and, frankly, people in politics get ... the questions are more substantial."

Some explained, though, that the

questions were softballs and that there was little actual debate. Denton Walthall, a domestic mediator from Richmond who asked during his question at the debate that the candidates

pledge to address real issues, said afterwards: "I heard some typical, canned expressions and few specifics being thrown out. What did I learn? I don't know."

Michigan State University. Half moderator and half three-reporter panel:

The all-moderator half allowed the moderator, Jim Lehrer of PBS, to follow up his questions and allowed crosstalk among the candidates. Bush aides said the President gave his best performance at this last debate which, not surprisingly, they said was the best format.

"It gave the President more of a chance to stay on the issues than the other formulas," said Frederic V. Malek, the Bush campaign manager. "There was a lot of dialogue, a lot of give and take, not just two-minute speeches."

Gene Gibbons, a Reuters reporter who was on the panel Monday night, said of the first half of the event: "The first part with Jim really got in what we think of as a real free-for-all. I hope we were able to continue that."

Another panelist here, Helen Thomas of UPI, said she was pleased to have participated but wished she had more opportunity to follow up. "A reporter, if given the chance," she said, "can try to pin the candidate down."

Brian Lamb, chief executive of C-Span, said he was distracted by the live audiences — favored by the Clinton campaign — and would have preferred that the candidates sit around a table in a television studio.

"The best debate would probably be to put the candidates in a room, get the moderator out of the way and make them talk to each other," he said. "Then the audience can't blame the moderator for being too antagonistic, too aggressive or too one-sided."

To Dan Rather, these things are 'happenings,' not Lincoln-Douglas.

The debates were also hampered by an outside force particularly unloved (this season) by Republicans: lawyers. In the middle of the Vice Presidential debate, for example, a Republican minion burst into the production trailer with a hand-written note from the campaign's chief counsel, complaining that Vice President Dan Quayle was not given enough time under extensively pre-negotiated rules to respond to a question Mr. Gore. "We have a big problem," the messenger said urgently. His complaint was noted; the debate proceeded unchanged.

Ted Koppel, of ABC News' "Nightline" program, said he would have liked to have participated. But he, like Mr. Rather, complained that it was an "oxymoronic notion" that there could be a "debate" among three candidates and said there was "a total lack of substance" in the four confrontations.

"For all that President Bush and Bill Clinton and, for that matter, Ross Perot, keep bemoaning the fact that they are allowed only sound-bite answers," Mr. Koppel said, "I think each one of them would have heart palpitations if they had to go into a real debate and be forced beyond their sound bites, forced beyond their clichés, to speak five or six minutes on a given subject. If each of them were to be challenged by the other, really challenged, I think they'd be horrified at the prospect."

Final Debate Tops Ratings

Defying expectations that the electorate was tiring of the Presidential debates, Monday's third and final debate scored the highest television Nielsen rating of this month's political debates.

The debate had a combined 44.6 rating on the four networks that carried it. That beat the number for last Thursday, a 43.4 rating. (Each rating point represents 931,000 homes.)

Those numbers include ABC, CBS, NBC and Fox, but do not include CNN, PBS or C-SPAN, all of which also carried the debate.

ABC estimated that Monday's debate was seen by 88 million viewers, up from an estimated 84 million on Thursday.

The increase is surprising because Thursday's debate started at 9 P.M. Eastern time, 6 P.M. on the West Coast, an hour when many more viewers traditionally watch television.

Monday's 7 P.M. starting time meant that viewers in the West had to tune in at 4 P.M., a time when many viewers are either at work or in their cars traveling home. In the major cities on the West Coast, the debate attracted about two-thirds the audience it did in the major cities of East and Midwest.

Campaign Trail

Nixon Differing With Bush? That's What Friends Are For

Richard M. Nixon is telling friends that President Bush probably lost the 1992 race before it ever started.

As Mr. Nixon analyzes the contest, the friends say, Mr. Bush could probably have withstood the damage of a deteriorating economy if in other areas he had been an activist, progressive President instead of a defensive caretaker.

"He's puzzled why Bush never figured out he had to have some policies besides the status quo," one Nixon friend reports, adding that the Bush campaign has yet to ask Mr. Nixon for his advice.

The former President's friends also report that Mr. Nixon believes Mr. Bush has hurt himself by being too cozy with the far right.

What next?

"Richard Nixon is too much of a political professional to totally count out George Bush until Election Day is over," replied the Nixon friend. "But his mind has already pitched forward to what the Republican Party might do to recover."

Star-Crossed Aides Cross Paths Again

Follow-up No. 1:

Right from the start, James Carville and Mary Matalin had a problem. He was a top Clinton's strategist, she was a top Bush strategist, and they were in love. So they told the world that they would put their Romeo-and-Juliet romance on hold until after Nov. 3.

Well, world, love conquers all.

In recent weeks, there have been Carville-Matalin sightings in such diverse settings as a Washington dinner party, a Washington grocery and a Baltimore Orioles game. More, spies in the Clinton and Bush camps report that there are phone conversations each morning and plans for a house in the Virginia mountains.

And then there was Monday night

in East Lansing, Mich.

Mr. Carville was in "spin alley," touting his man's debate performance. Ms. Matalin was further down the alley, spinning for her candidate.

She broke away for a moment, walked over to Mr. Carville and handed him a coat.

"Don't go home without it," she instructed, brassily.

Them, Partner, Are Drinking Words

Follow-up No. 2:

As planned, a couple of nights before Monday's debate about 20 mid-level young Bushians met with a like number of young Clintonistas at an East Lansing bar called Beggar's Banquet.

The drinking détente, the inspiration of a Clinton aide, Jeff Eller, was at first a bit tense. But things loosened after the Clinton forces stood for a round of something called Mind Erasers and the Bush crew riposted with a flight of B-52's.

Then the Democrats gave the Republicans a selection of pro-Clinton temporary tattoos. Again the Republicans riposted, this time with a T-shirt celebrating one of Mr. Clinton's better-known statements of 1992: "I didn't inhale — not!"

More Mind Erasers. More B-52's.

A Clintonista modeled the "I didn't inhale" shirt. A Bushian plastered a Clinton tattoo on his forehead.

More Mind Erasers. More B-52's. More détente.

In Perot's View, Just 2 Young Men

Ask Ross Perot to grade his performance in a debate, or the performances of his rivals, and the answer typically has been a dismissive wave. But he has some thoughts on the debate performances of the Vice-Presidential candidates.

Of his running mate, Adm. James B. Stockdale, who by just about any measure had an awkward time of it, he said: "You say, 'But gee, he can't

just stand there and shoot his mouth off.' Well, that's not why I picked him either. Washington's overrun with people that can do that."

And what of the admiral's rivals, Vice President Dan Quayle and Sena-

tor Al Gore?

Just young men," Mr. Perot replied, "that in the commercial world would have trouble getting a job in middle management somewhere."

B. DRUMMOND AYRES Jr.

NEW YORK, WEDNESDAY, OCTOBER 21, 1992

Clinton and Bush Agree on Trimming Armed Forces, but Their Paths Vary

By ERIC SCHMITT
Special to The New York Times

WASHINGTON, Oct. 20 — President Bush and Gov. Bill Clinton agree that the United States military in the post-cold war era should be a smaller force prepared to respond quickly to regional contingencies with the most advanced weaponry.

But the two candidates offer slightly different paths to reach roughly similar goals. Mr. Bush would shrink the active-duty military from 1.9 million now to 1.6 million troops by 1995. Mr. Clinton would match that cut and reduce the force level by 200,000 more by 1997. Already, the military is shrinking by 100,000 troops a year.

Mr. Bush proposes military spending of \$1.42 trillion between now and 1997. Mr. Clinton calls for spending \$1.36 trillion in the same period, a difference of about 4 percent. Most of the difference would come from troop cuts and reductions in the "Star Wars" anti-missile defense system.

Issues The Military

"Our forces must be more mobile, more precise and more flexible, and they must have the technologically advanced weapons they need to prevail and to prevail quickly," Mr. Clinton told the National Guard Association convention on Sept. 15.

This line could have been borrowed from speeches by Defense Secretary Dick Cheney or Gen. Colin L. Powell, the Chairman of the Joint Chiefs of Staff. Mr. Clinton has deliberately hewed close to the Administration's position on military spending to defuse Republican accusations that Democrats are soft on national defense and to deflect questions about the Arkansas Governor's avoiding the draft during the Vietnam War.

Beyond those generalities, Mr. Clinton has given only skimpy details of

what his proposed military of the future would look like, and campaign advisers say that was done deliberately to avoid committing to troop levels that may have to be changed later.

Because the candidates share relatively similar positions on military spending and the size of future armed forces, national security issues have not been a major part of the campaign debate.

Nor has Ross Perot focused closely on military reductions. In his book, "United We Stand: How We Can Take Back Our Country," Mr. Perot calls for \$40 billion in cuts beyond those proposed by Mr. Bush (or about \$20 billion less than Mr. Clinton's). Mr. Perot would have American allies, like Germany and Japan, pay a larger share of the cost to station American troops in those countries for their defense.

Visions on the Future

Mr. Perot and Mr. Clinton favor lifting the ban on homosexuals in the military. Mr. Bush does not.

Mr. Bush and Mr. Clinton do diverge in their vision of how to help former service members, and what role the Government should play in helping America's military industry adjust to smaller Pentagon budgets.

Mr. Bush would rely mainly on existing programs in several Government agencies to cushion the pain for military personnel leaving the armed services, displaced military factory workers and communities affected by base closings. By most estimates, though, these programs are inadequate to cope with hundreds of thousands of former service members flooding a weak economy.

Still, the Bush Administration has demonstrated a pronounced reluctance to interfere with the free-market forces that are buffeting military contractors and throwing thousands of people out of work. Mr. Cheney has said the Defense Department should not be a "social welfare agency."

Relying on Democrats in Congress

But Mr. Clinton does not think the Government is doing enough. He favors transferring Pentagon spending to expanded job retraining and community assistance programs. He says he favors continued production of several major weapon systems, like attack submarines and fighter aircraft, to keep that technology readily available in times of crisis.

In crafting his strategy for military spending and national security, Mr. Clinton has relied heavily on three centrist Democrats in Congress: Representative Les Aspin of Wisconsin, chairman of the House Armed Services Committee; Senator Sam Nunn of Georgia, chairman of the Senate Armed Services Committee; and Representative Dave McCurdy of Oklaho-



Susan Harris for The New York Times

At 84, He Hopes That '92 Is His Number

Al Gore Sr., 84 years old, campaigning for the Democratic Presidential team, which includes his son, offered a special greeting yesterday to anyone at a home for the elderly in Mamaroneck who could match his age. Blanche Neubart was one of the compatriots he found.

ma, chairman of the House Intelligence Committee.

A Clinton Administration would cut the number of aircraft carriers to 10 from the 12 called for under Mr. Bush's plan. Mr. Clinton has not described the number of Army divisions or Air Force fighter wings he would want, though he does favor building new aircraft like the F-22 fighter, C-17 transport plane and V-22 Osprey aircraft.

Mr. Bush, meantime, had spelled out a detailed "base force" he would keep — 12 aircraft carriers, 12 active-duty Army divisions and 26 fighter wings. He, too, supports modernization of existing weapons systems, including the F-22 and the C-17.

Under both candidates, the American military would be an increasingly United States-based force, less reliant on foreign bases and sea power, and — particularly under Mr. Clinton's plan — more dependent on improved seafight and airlift to send troops and equipment to a conflict quickly.

Mr. Bush would keep 150,000 American troops stationed in Europe after 1995. Mr. Clinton proposes reducing that force to 75,000 to 100,000 troops, a position Congress has endorsed. Both candidates would retain some American forces in Japan and South Korea.

Clinton campaign advisers say that the Administration's plan is just a smaller cold war force. President Bush responds that Mr. Clinton's plan cuts too deeply into "the muscle" of American forces.

Mr. Bush's assertion that under a Clinton Presidency one million additional jobs would be lost in the military industry misrepresents a University of New Mexico study on which the claim was based. The author of the study, Avi Shama, a professor of management, wrote in an article for The New York Times last month that one million defense industry jobs would be lost under Mr. Bush plan and nearly 1.6 million jobs would be lost under Mr. Clinton's cuts.

Mr. Bush supports missile defenses, from improved Patriot missiles to missile-killing rockets orbiting the Earth. Mr. Clinton endorses an improved Patriot but would cut \$15 billion to \$20 billion from the Bush Administration's proposed \$37 billion "Star Wars" program, mainly from space-based weaponry. Mr. Clinton would also slow development of a ground-based missile-defense site until the need for such a system is clear.

Advisers from both campaigns concur that candidates have fundamentally different views on how, or whether, the Government should help the military industry adjust to shrinking Pentagon budgets or convert production to more commercial goods.

The Bush Administration "is letting major production lines go cold, for everything from tanks to planes to submarines, often ignoring the capacities they represent," Mr. Clinton said in a speech last August to the Foreign Affairs Council in Los Angeles.

Moreover, the two candidates differ on how to help former service members. Mr. Clinton says he would find

There is overlap in plans to cut the U.S. military.

jobs for displaced workers by devoting Federal money to communication, transportation, new environmental technology and other infrastructure projects. He supports using redirected Pentagon spending for this purpose.

This month, Congress approved a \$274.3 billion military budget bill for the 1993 fiscal year that included \$1.5 billion for these kinds of programs.

Mr. Cheney said the Administration had programs in place providing \$7.1 billion to help people or regions affected by military cuts. Of that \$7.1 billion, which is over two years, about \$2.2 billion is in severance pay and \$3.4 billion in unemployment benefits. The Administration is spending the remaining amount on a combination of job retraining, community assistance and improved G.I. Bill benefits. And in a separate program the Administration has also proposed spending an additional \$1 billion over the next five years

for similar programs.

But beyond that, the Administration has a questionable record when it comes to spending money earmarked in the Pentagon budget for conversion purposes. In October 1990, Congress ordered the Pentagon to transfer \$150 million to the Labor Department for retraining programs, and \$50 million to the Commerce Department for community assistance.

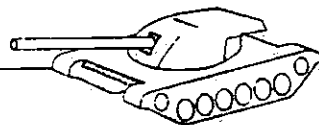
But the Labor Department did not receive the money until September, 1991, and has spent only \$30 million of the \$150 million. The Commerce Department did not receive its money until February 1992 and has spent \$1.9 million of the \$50 million, according to Commerce Department officials.

On balance, though, campaign advisers and military analysts say the shape, size and mission of the armed forces in the future would not be radically different under Republican or Democratic administrations.

An assessment of Mr. Clinton's national security proposals by Georgetown University's National Security Studies Program concluded: "A Clinton Presidency would not fundamentally alter the current content of U.S. national security policies."

CANDIDATES ON THE ISSUES

Differing Routes to Similar Military Goals



Mr. Bush says that as the leader of the international coalition that defeated Iraq, he should be trusted as an experienced Commander in Chief. He supports a smaller post-cold war military ready to respond to regional contingencies with the most advanced weaponry. Mr. Bush says his Administration has already taken steps to ease the transition for people and areas affected by military reductions.

Mr. Clinton acknowledges Mr. Bush's experience in national security issues, but holds that national security is now linked closely to domestic economic strength. He, too, supports a smaller post-cold war military with a size adequate to respond quickly to regional conflicts. But Mr. Clinton would use more Pentagon spending to cushion the effects of military reductions and assert a larger Government role in helping American military industries in the transition.

THE PROPOSALS

Mr. Bush endorses the Pentagon's "base force" of 1.6 million active-duty troops by 1995. He would spend \$1.42 trillion between now and 1997 on the military's budget. He supports modernizing American military technology and an anti-missile program that includes weapons in space.

Mr. Clinton would cut an additional 200,000 troops by 1997 and proposes spending \$1.36 trillion by 1997, about 4 percent less than Mr. Bush. Most of these reductions would come from troops cuts and reductions in the "Star Wars" missile defense system, mainly in space based weapons.

Mr. Bush faces a losing battle with a Democratically controlled Congress on maintaining his proposed spending levels for the military. An agreement between the White House and Congress that prevented the transfer of Pentagon spending to domestic programs expired this year, making deeper Defense Department reductions likely in 1993.

Mr. Clinton has deliberately stayed close to the Bush Administration's position on military spending and strategy, largely to avoid accusations that Democrats are soft on national security. He has not described in detail the shape of his post-cold war military, but Congress is likely to support his more aggressive programs to assist workers and regions affected by base closings.

NEW YORK, WEDNESDAY, OCTOBER 21, 1992

Iran-Contra Document Says Bush Favored Secrecy in Hostage Affair

By DAVID JOHNSTON
Special to The New York Times

WASHINGTON, Oct. 20 — A White House document, little-noticed before, shows that in November 1986 George Bush endorsed a Reagan Administration plan to conceal the specifics of the Iran initiative as details of the secret arms-for-hostage arrangement began spilling into public view.

The document, a cable from John M. Poindexter, the national security adviser, to Secretary of State George P. Shultz, came shortly before Mr. Bush asserted that he had urged Administration officials to tell the truth about the affair.

The message lists Mr. Bush as one of several senior officials who favored a "close-mouthed" policy even as Mr. Shultz sought to persuade top officials to disclose what they knew.

Focus on Campaign Issue

Mr. Poindexter's cable was one of tens of thousands of formerly classified Government papers released by the Iran-contra Congressional investigating committees in 1986 and 1987. At that time, Mr. Bush's role was not a central focus of the investigations, and so the document received little attention.

But in recent months the President's role in the Iran-contra scandal, and whether he has explained his role in full, have become campaign issues. Democrats have pressed Mr. Bush for a fuller account of his actions during the affair, in part as a counterweight to the Republican accusations that Gov. Bill Clinton has shaded his accounts of how he avoided the draft during the Vietnam War.

The Poindexter memorandum suggests that Mr. Bush's position within the ranks of top officials as the scandal threatened to engulf the White House was somewhat different from the way he presented it in a major speech a month later. In that speech, intended to clear the air about the affair and his role in it, he said: "Let the chips fall where they may. We want the truth. The President wants it. I want it. And the American people have a right to it. If the truth hurts, so be it. We got to take our lumps and move ahead."

In the following months and years, Mr. Bush wrote a book and along with

A White House cable highlights a campaign issue.

his staff has answered what he has estimated were 3,500 questions about the affair. But he has never provided a detailed account of how much he knew and what he did in an arrangement to sell arms to Iran in an effort to free American hostages there.

There has never been any evidence that Mr. Bush was aware of another central element of the affair, the diversion of some of the profits from those arms sales to the Nicaraguan rebels.

Seeing Nothing new

C. Boyden Gray, Mr. Bush's legal counsel, said today there was nothing new in the Poindexter document. "This is fully described in Chapter 19 of the Congressional report," he said. "I cannot see any reason why there is any news."

That chapter of the report, prepared by the House and Senate committees that investigated the affair, refers to the Poindexter cable but focuses primarily on other Administration officials, like Mr. Poindexter himself, who provided several incomplete and misleading accounts that culminated with the news conference on Nov. 25 when Attorney General Edwin Meese 3d disclosed the diversion of proceeds from the arms sales to help buy arms for the Nicaraguan rebels.

The cable — sent from the White House situation room and marked top secret — does not resolve a broader question: how much Mr. Bush knew of the arms-for-hostages affair as Vice President. Mr. Bush has repeatedly said he knew arms were being sold to Iran and that hostages were being released but did not view the operation as an arms-for-hostages arrangement until December 1986, when the details were made public.

The Poindexter document implies that Mr. Bush knew enough of the Iran initiative to be sought out by Mr. Poindexter in the internal struggle over how much should be revealed. But it is also possible that Mr. Bush knew fewer of the details about the affair than Mr. Poindexter, the official directly in charge, and consequently might not have fully grasped how much would be concealed by a posture of non-disclosure.

Reacting to Disclosures

The Poindexter memo was written on Nov. 5, 1986, two days after a Beirut weekly magazine disclosed that Robert C. McFarlane, a former national security adviser to President Reagan, had secretly traveled to Teheran the previous May in a failed effort to gain the release of the hostages in exchange for weapons.

In the aftermath of the magazine disclosures, Mr. Shultz, who had long opposed the initiative, urged Mr. Poindexter in a cable to make it clear in a public statement that the Iran initiative was a "special one-time operation based on humanitarian grounds."

The next day Mr. Poindexter sent his own cable to Mr. Shultz, then in Vienna for talks with Eduard A. Shevardnadze, the Soviet foreign minister. "At some point we will have to lay out all the facts," he wrote. "Having said that, I do not believe now is the time," because talking about it openly might hamper efforts to release other hostages, and because the Administration had not yet told Congress about the program.

Mr. Poindexter added that he "remained convinced that we must remain absolutely close-mouthed while stressing that our basic policy toward Iran, the Gulf War and dealing with

hostages has not changed."

In the next paragraph he wrote: "Today I have talked with VP. Cap and Bill Casey," referring to Mr. Bush, Defense Secretary Caspar W. Weinberger, and William J. Casey, the Director of Central Intelligence. "They agree with my approach."

When all the facts were made public, Mr. Poindexter said, it was his view that "it will be well received since it is a good story."

The Poindexter cable was among a number of classified papers sent anonymously today to a New York Times reporter. Many of the documents, like this one, had been previously released in edited form by the Iran-contra Congressional investigating committees, or by prosecutors in the trials of Reagan Administration officials charged with wrongdoing. But some had never been disclosed.

Mr. Poindexter's message to Mr. Shultz set the stage for several top-level meetings later in November 1986 which Mr. Bush attended, that Iran prosecutors examined this summer in the final phase of their inquiry into the affair. Those meetings, cited in the June 16 perjury indictment of Mr. Weinberger, seemed to be part of a wider effort by top Reagan advisers to try to conceal some aspects of the affair, fearing that disclosure could lead to Mr. Reagan's impeachment.

Prosecutors obtained tantalizing leads hinting at a concerted effort to protect the President as everyone around him denied having detailed knowledge of the affair. But the prosecutors, lacking a witness and clear-cut evidence of a conspiracy, ultimately abandoned their theories.

The Democrats

Clinton Campaign Is Wary of Rejoicing Too Early

Continued From Page A1

the candidate and the staff might relax the fight and let the other side come back, that the press might accuse him of the sort of smug assumptions that voters like to punish, that he might fail to maximize his victory.

Still, as relatively pleasant as these thoughts are, they are real, and they have sparked a debate within the Clinton camp about how best to proceed in the closing two weeks.

On one hand are those who wish to use these last days to outline the agenda of a Clinton Administration, so that a victory by Mr. Clinton may be presented as a mandate for change already ratified by the electorate. On the other, are those who are made nervous by such talk, and who think Mr. Clinton should keep up the strong anti-Bush rhetoric that can help bring loyal core voters out in solid numbers.

Mr. Clinton, with his natural tendency to reach for the compromise, is a member in good standing of both camps, as he showed in two starkly contrasting speeches today, each representing one half of his endgame message.

Tough Talk for Lunch

In the first speech, a lunchtime talk to a crowd of at least 20,000 people jammed into the streets around City Hall here, Mr. Clinton began with an assault on Mr. Bush — accusing his opponent of "giving out money now to programs he's opposed for four years," and "using the State Department and the tax offices for his own political purposes," — but then dropped these themes and segued into a broad appeal for "a mandate" to govern.

"In two weeks, we're going to change Presidents and change the country," Mr. Clinton said, in one of the rare occasions in which this somewhat superstitious man has allowed himself to openly predict victory. "Al Gore and I do not seek a victory for ourselves or for our party. We want a mandate to rebuild this country and put our people first again. We want to make a real difference in our people's lives."

Mr. Clinton went on to enumerate, in a bland and vague manner, the central goals of the domestic agenda that is the heart of his plan for governance: new spending and building programs to boost employment, the establishment of a national health-care program, raising of taxes on richer Americans

and on corporations, revamping the collage loan and grant programs, retooling the welfare system, building "boot camps" for juvenile criminal offenders.

The candidate wrapped up with the fulsome but shapeless rhetoric of consensus government, expressed in his trademarked formula.

Eye on the Ball

"We can have an America that is pro-family and pro-choice; pro-environment and pro-growth; pro-business and pro-labor if we have the courage to do it," Mr. Clinton said. "I ask you, my fellow Americans, if you believe that you have obligations to this country, fight on for two more weeks."

The Chicago speech was initially drafted to reflect the concerns of a number of high campaign officials that Mr. Clinton should focus in these last weeks on developing a mandate to govern. "It's not taking your eye off the ball," said Bruce Lindsey, the campaign director. "The ball is still winning, but it is also a focus now that the

people, when they vote, know what we intend to do so that we can go to Congress and say, 'This has already been ratified by the people, and get it done.'"

But when that draft arrived from the campaign's Little Rock headquarters to the traveling entourage, Paul Begala, a senior strategist who strongly supports speeches with the sort of red-meat language that drives the faithful out to vote, objected to its vague and pacifistic tone. "It was only part of what we wanted, full of very high-minded rhetoric, but without the Bush stuff on top," Mr. Begala said. "So I worked with Bill on it. We sat down on the floor and worked it out together."

Shades of Comic Strip

Mr. Begala's influence was perhaps evident in Mr. Clinton's second and final speech of the day, in Milwaukee, where the candidate largely abandoned the tone of the noon talk and returned to a sage at midday. Mr. Clinton had by nightfall returned to a full-throated attack on Mr. Bush.

He derided his opponent as one who was chronically wrong, comparing him to the character Lucy in the comic strip "Peanuts," and saying that, like Lucy, Mr. Bush held the motto, "If you can't be right, be wrong as loud as you can."

He repeatedly hit Mr. Bush on the issue the President has tried so hard to use against him, that of trust, returning again and again to the idea that it was Mr. Bush, not he, who was untrustworthy.

"Now get this," Mr. Clinton said, "this fellow that wants you to give him four more years, all shrouded in trust, has got his F.B.I. and his Justice Department investigating each other. And in a case involving Iraq-gate, he's got the C.I.A. and the Justice Department lying to a Federal judge, but they're saying each other did it."

He ran through a long litany of issues of politics and policy in which he said Mr. Bush had been wrong, or had lied, ending each one with the incredulous comment, "And he wants you to trust him?"

The Vice President

Quayle, in Michigan Rallies, Fights Polls and Union Heads

By KAREN DE WITT
Special to The New York Times

DOWAGIAC, Mich., Oct. 20 — Vice President Dan Quayle campaigned across Michigan by bus today, hammering at what he called Gov. Bill Clinton's "waffling," questioning the Arkansas Governor's character and warning that turning the White House over to the Democrats would mean "higher taxes and fewer jobs."

The swing is part of a last-ditch effort by the Bush-Quayle campaign to win Ohio, Michigan, New Jersey and Pennsylvania. Mr. Quayle will be visiting all those states in the next several days, and public opinion polls indicate the Democrats are ahead in all except Michigan, which is rated a toss-up.

Mr. Quayle, enthusiastic after President Bush's showing in Monday night's debate, swept across Interstate 94, jumping off the bus here at Southwestern Michigan College, where he was met by a rally of cheering students, and in Niles, Paw Paw and Jackson. Earlier, Mr. Quayle flew into Detroit and stopped in nearby Dearborn.

"We're getting close to gut-checking time," Mr. Quayle told reporters at the Fairlane Town

Center shopping mall in Dearborn.

When a reporter noted that the auto workers and other major unions in the state had endorsed Mr. Clinton, Mr. Quayle said that what union leaders did was irrelevant since they were part of the Democratic establishment.

"We're taking the campaign to the people," he said. "The rank and file won't support Bill Clinton."

It was not enough to convince Eric Williams, a 30-year-old engineer at the Ford Motor Company, who was in Dearborn Mall. "I'm not impressed with Bush-Quayle given how things have been going during the time they've been there," said Mr. Williams. "Clinton scares me, but based on the way things are, I'll probably vote for him."

But Joan Simmons, a 25-year-old temporary worker at Ford, said she preferred another Bush-Quayle Administration. "I feel I'm better off than four years ago," she said. "I was in college at Michigan State then but at least I got a job right away. I'm voting for them but I'm not sure they'll win."



Michelle V. Agins/The New York Times

On a campaign swing through Michigan yesterday, Vice President Dan Quayle stopped to talk to Jeannie Blotazar at a diner in Niles before heading to Southwestern Michigan College.

The Republicans

Bush, With Debates Over, Opens a Whistle-Stop Swing Through 3 Southern States

Continued From Page A1

ers in this small town northeast of Atlanta. "Governor Clinton tries to be on every side of every issue, and you cannot have that as President of the United States."

Earlier, in Norcross, Mr. Bush's charges about Mr. Clinton during the Vietnam War, while forceful, largely avoided the stridency of his earlier suggestions that the Arkansas Governor was unpatriotic in opposing the war, and focused instead on Mr. Clinton's varying explanations of his behavior.

'Baseball Is Like Politics'

Campaign aides said later that they believed the issue of Mr. Clinton's credibility was beginning to register with voters after weeks of effort.

"Baseball is like politics," Mr. Bush said. "On Election Day we're going to

show America that it ain't over until Cabrera swings."

That was a reference to Francisco Cabrera, the catcher whose pinch-hit single in the last out of the ninth inning carried the Atlanta Braves into the World Series last week.

Ms. Matalin said Mr. Bush could still pull off a comparable feat by winning the sizable number of voters who still have reservations about Mr. Clinton. She assumes that Mr. Bush will capture 210 electoral votes in the normally Republican South and West, and pick up 60 more in contested states in the Midwest and border regions, for the 270 that are needed to win.

She and others here pinned the President's long-shot chances on the quirkiness of this election year — a year, they say, in which the unlikely has become routine.

They argue that an unusually large number of voters, perhaps a third, have still not committed themselves to

a candidate. That raises hopes that a volatile electorate could swing to Mr. Bush as the safest choice in a year without compelling favorites.

More important, Mr. Bush campaign's chairman, Robert M. Teeter, said Mr. Clinton's support remained unusually soft. He said in an interview today that perhaps a fourth of Mr. Clinton's backers were wavering, and that Mr. Bush still had a chance to snare many of them.

Aides also say Mr. Perot, whom Mr. Bush dubbed "the feisty little guy from Dallas" in one speech today, remains a wild card. At his current level of 15 to 20 percent in many polls, "we think that helps us and hurts Clinton," Mr. Teeter said.

But the depth of the President's plight is suggested by the itinerary of this railroad trip through Georgia, South Carolina and North Carolina, the very core of support that Mr. Bush is supposed to have locked up. Like much of the South, these states have left the Republican fold in the last 30 years to vote only for Jimmy Carter or Lyndon B. Johnson.

Assessment of the South

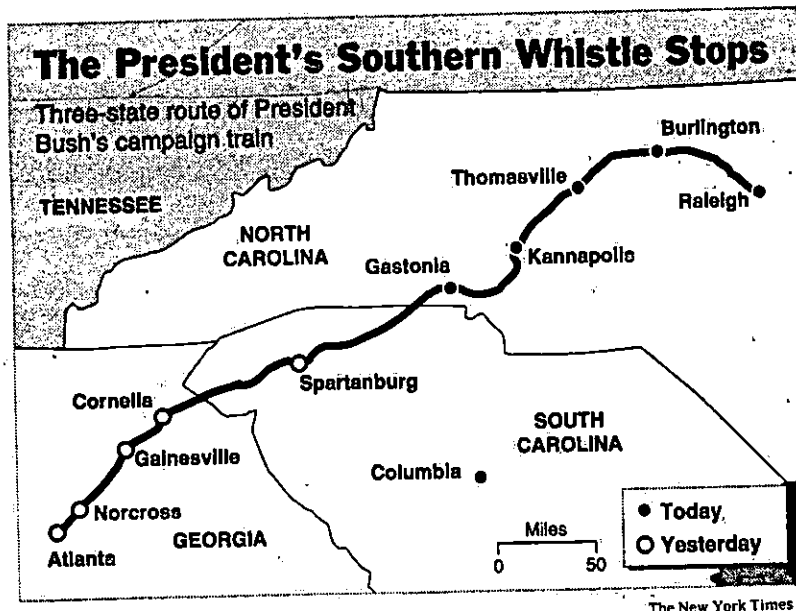
Senator Strom Thurmond, the South Carolina Republican, who was aboard the Bush train today, predicted that the President would carry his state. But even he allowed that Mr. Bush was trailing Mr. Clinton in Georgia and that the race in North Carolina was neck-and-neck.

Bush strategists have argued for months that the race with Mr. Clinton would tighten in September and October as voters grew more familiar with Mr. Clinton's record and gravitated to the supposedly safer choice offered by Mr. Bush.

Ms. Matalin said today that that still would happen before the election two weeks from today. But she acknowledged that the gap between the President and Mr. Clinton, even in the Bush campaign's own internal polls, had not narrowed much, but instead has only bounced up and down between about 8 and 15 percentage points.

As recently as this weekend, after Mr. Bush's slack performance last week in the second debate, the gap was in the double-digit range, she said. But she added that it had dropped since then and that she expected the margin to dwindle further after the Michigan debate.

The President began his stretch run today with a more pointed, more focused version of his standard stump speech and reels of new television commercials, which are to begin airing on Wednesday.



NEW YORK, WEDNESDAY, OCTOBER 21, 1992

The Independent

Perot Scores in 3d Debate, Then Opens Fire on the Press

By KEVIN SACK

Special to The New York Times

DALLAS, Oct. 20 — After a debate in which he exposed the vulnerabilities of his two opponents, Ross Perot leveled a vitriolic attack on the press Monday night, making it clear why he prefers to campaign through the unfiltered medium of television advertising.

Mr. Perot's aides said today that they still did not know when and where he might campaign in person. But the independent candidate for President continued to buy large and expensive chunks of television time, and it seems clear that the appeal of his campaign will be measured more by Nielsen ratings than by crowd estimates.

At a news conference after Monday night's debate in East Lansing, Mich., Mr. Perot revived his war of words with reporters by criticizing them for not conveying the enthusiasm of the crowds at his post-debate rallies. He also accused them of bias for not making a larger issue out of his complaint that some of President Bush's campaign aides have served as lobbyists for foreign countries.

During the extended assault Mr. Perot asserted that reporters "have less respect in this country than Congress," that they "hate the fact that I'm in the race" and that he had "never met a more thin-skinned crowd in my life." He singled out Time magazine, which he called "a joke," and a reporter for The New York Times — "I have to be real careful when you ask a question" — for individual criticism.

Anything for a Headline

"I think you'll do anything for a 'gotcha' story," Mr. Perot said, referring to the news media in general. "That just means anything that'll get you a headline, get you a bonus. You get among your peers and you high five and say: 'O.K., now I'm a big man. I got a story on the front page.'"

The news media were not Mr. Perot's only target. He also publicly rebuked Orson G. Swindle 3d, the director of United We Stand, America, Mr. Perot's political organization. Mr. Swindle erred, Mr. Perot said at the news conference, by saying in an interview last weekend that a vote for Gov. Bill Clinton, the Democratic Presidential nominee, would be "a disaster," and that Mr. Bush would be a preferred second choice to Mr. Perot.

Saying it was "a serious mistake" for Mr. Swindle to suggest any preference for a second choice, Mr. Perot added that he had talked to him about the comments and that they would not be repeated. "That was just Orson expressing a personal opinion," Mr. Pe-

rot said. "It does not reflect the feelings of our organization."

The timing of Mr. Perot's attack on the news media was unusual because it came at a juncture when he has generally been receiving positive notices for his performances in the Presidential debates and his paid television presentations.

In Monday night's debate the Texas multimillionaire skillfully turned a question about his abandonment of General Motors to his advantage, using it to issue a poignant warning about the urgency of eliminating the budget deficit. Largely unchallenged by either Mr. Bush or Mr. Clinton, he also gave new emphasis to questions about the Bush Administration's dealings with Iraq, and reinforced the Republican contention that Mr. Clinton's experience as Governor of Arkansas would have little relevance in Washington.

While Mr. Perot had no public appearances today, his associates said they were thrilled about post-debate poll results showing significant improvement in his approval ratings and incremental progress in his potential share of the vote.

"Ross Perot won in these debates the right to kibbitz, the right to be a permanent voice in America," said John Jay Hooker, a Nashville political activist and Perot supporter who said he spoke to the candidate this morning. "My opinion is that Ross Perot will be a candidate for President of the United States in 1996."

Mr. Perot's son, Ross Perot Jr., said the campaign's mission in the next two weeks would be to convince voters that a vote for his father would not be wasted. "Voting for Perot is a vote for his principles," he said.

More Programs Planned

Mr. Perot is scheduled to broadcast his next 30-minute program on Thursday night, followed by presentations on both Friday and Saturday nights. The 90 minutes will cost him \$812,000.

Mr. Perot, whose net worth has been estimated in various press reports at from \$2.4 billion to \$3.3 billion, said in Monday night's debate that he would spend up to \$60 million of his own money on his campaign.

By the end of the weekend Mr. Perot will have spent about \$18 million on television advertising since rejoining the race on Oct. 1, according to figures supplied today by the four networks. Through the end of August Mr. Perot's campaign spent another \$17.5 million, most of it his own money, according to Federal financial disclosure reports.

Before a Full House

Measured by political handicappers' cliché standards, none of the three Presidential candidates committed a dreaded *gaffe* in their third debate on Monday night. Neither did any of them deliver a fabled *knockout punch*. Indeed, the three had little to say that they hadn't already said in their previous joint appearances.

Even so, this round was valuable. Even if the candidates' tunes don't change much, the audience does. "Public" has been a moving target all year, and now America is paying attention. This debate attracted an estimated 88 million viewers, 4 million more than any other, even though it was early and on a weeknight.

President Bush, while maintaining dignity, seemed stronger and more focused than in debates one and two. He delivered one vintage Bushism, railing at Bill Clinton's "90-90 hindsight." But mostly he hewed with discipline to his theme: The public had better watch its wallet against the depredations of his tax-and-spend Democratic opponent.

Governor Clinton was sometimes less than clear, as in his response to Mr. Bush's complaint that he favors impractical fuel efficiency standards. But he also continued the personable warmth in which he has, increasingly, wrapped his intelligent invest-and-grow prescriptions.

Ross Perot offered more good-natured salesmanship with sentences starting "See," and "Please, folks," and proclaimed that he would spend \$60 million on his campaign. But he was steelier at other moments, notably in deriding Mr. Bush for mistakes in Panama and Iraq.

All told, this third Presidential debate offered a fair summary of the others, and of the campaign. Even the format was a blend, divided between Jim Lehrer as an admirably skillful single interrogator and a panel of reporters. In any case, probably the biggest change at this juncture of the campaign is not what happens on stage but in the audience. The public has only recently started to pay attention — and it is doing so more intently than usual.

In 1988, 66 percent of the public reported watching the first debate; this year the figure was 75 percent. Are people paying attention to the campaign? At this point in 1988, the answer was 34 percent yes; now it's 54 percent. And voter registration is up everywhere.

When the candidates first announced so many debates, they provoked fear of overload. It's clear that the four debates in eight days could have been constructively spaced out. But even compressed, they have instructed millions eager for instruction. The campaign is far from over; among other things, Ross Perot plans hours more TV. But the audience has already been well served.

Clinton Pledge vs. Clinton Plan

I will not raise taxes on the middle class to pay for my programs.

With that ringing assertion, Gov. Bill Clinton gave Monday's Presidential debate what may be its most memorable moment. Asked to cite a specific income level below which he would not reach for more taxes, he made a ringing no-tax pledge.

And not just once. Provoked by President Bush's repeated accusations that his plan was little more than tax-and-spend, the Governor repeated his pledge four times in two minutes. This was no mere slip of the tongue.

The pledge raises worrisome questions. Suppose Mr. Clinton is elected and, as experts expect, his budget estimates go awry. What would he do? His Monday answer invites people to think that he would suspend programs to invest in infrastructure, worker training and education rather than raise taxes, even slightly, on the middle class. That would cut out the soul of the growth agenda that makes Mr. Clinton's candidacy so promising.

The beauty of Mr. Clinton's plan is that it emphasizes putting government firmly behind both private and public investment, the key to promoting productivity. Productivity growth is the surest way to raise living standards.

An economic plan, even one as detailed as Mr.

Clinton's, is more metaphor than blueprint. The numbers are not offered with accountant's precision; they are useful most of all as a guide to a candidate's priorities. Ross Perot promises to eliminate the deficit no matter what the cost. Mr. Bush promises to cut taxes no matter what the cost.

But Mr. Clinton has promised a middle ground: Cut the deficit, but only by half over four years. That would leave room to pay for desperately needed public investment and even provide a small tax cut for middle-class families. The question now is whether Mr. Clinton is more committed to holding the line on taxes or, far more important, holding the line for growth.

Mr. Clinton left himself wiggle room. He didn't define middle class. He didn't define "my programs." And he didn't define the emergencies that would allow him to back away from his no-tax stance. But voters are not likely to be reassured by a candidate inclined to find refuge in loopholes.

No one asks Mr. Clinton to make a suicidal pledge, like that made by Walter Mondale in 1984, to raise taxes. But for Mr. Clinton to rule out tax hikes except under dire circumstances is to risk diving into the same policy straitjacket that has paralyzed Mr. Bush. The Governor told viewers Monday night not to read his lips. "Read my plan," he said. Fine, if only he sticks with it.

Public & Private

ANNA QUINDLEN

Prevailing Winds

The beginning of the end came at a moment of great triumph. The sound is what I remember best about the State of the Union Message George Bush delivered to Congress on Jan. 29, 1991, just two weeks after the gulf war began — the sound not of his voice but of the huzzahs, the cheers, the roars that interrupted him time after time. No matter that the speech was long on the self-congratulation of a country engaged in foreign conflict and very short on a domestic program. The room was stuffed to bursting with approval, like helium, threatening to levitate the man.

Did he remember that night when he looked into the unforgiving eye of the camera Monday and pleaded with the American people to vote for him, a little plaintive, a little perplexed?

There is an omnipresent argument in civics: Is an elected official meant to follow his own principles or is he meant to be a surrogate, to stand in always for the desires of those he represents? In his public life George Bush has epitomized the latter, the man who puts a wet forefinger up to the prevailing winds. His repeated accusation in the final debate that Bill Clinton does not stand firm on principle is disingenuous. Unlike Mr. Clinton, George Bush has never been canny enough to cast his pragmatism as a signal virtue. But he has always been an adaptable man.

When the prevailing winds blew against Saddam Hussein in favor of an America puffed up by a battle against a detestable foe, the President was in luck. His approval ratings soared. He believed his press, and so did we. Over my desk hangs a column I wrote in March 1991 that contains the sentence "George Bush will be re-elected President in 1992." It is there to remind me of the dangers of hubris. Unlike Mr. Bush, I will not lose my job because of the miscalculation.

But what is a man to do when there are no prevailing winds? It would be a simpler matter if the voters could tell Mr. Bush what they require. But they don't know exactly, particularly within the complicated confines of economic policy. If only it could be like the Persian Gulf war: quick, decisive, sure-handed. It was easy for the President to pick out his friends and revile his enemies. It must be hard to realize now that the electorate can be both friend and foe.

Mr. Bush talked over and over again during the last debate about a Clinton pattern of constantly shifting positions. But the Clinton pattern that

has loomed largest in this campaign is one of indefatigability. The women, the draft, the anti-war activities, the trip to Russia — Bill Clinton has come to resemble one of those inflatable children's toys with sand weighting the bottom. You knock him over and he pops back up. It is a compelling image for voters battered by the economy and eager to get back on their feet. The attacks everyone thought would bring him down may just help elect the man in the long run.

The debates are done. There was a great irony to the idea that they were George Bush's best chance for salvation; he has never been a person who does well off the cuff. That was clear

Mr. Bush and the state of the union.

when he almost offhandedly evoked the "Are you better off than you were four years ago?" question. It is a question Mr. Bush should never, ever ask.

For me, the beginning of the end was that speech nearly two years ago, when the internal needs of the nation were drowned out by cheering for the Commander in Chief, drowned out for too long. And the end was in this final debate, a small moment, really, when Mr. Bush referred to the state of Arkansas as the "lowest of the low." We all knew what he meant, that it is a poor state, a state with problems, a state whose Governor is not the political prestidigitator he claims. But that's not how it came out.

Paired with his heated defense of the "national honor" when Ross Perot asked some very pressing questions about the diplomacy preceding the gulf war, Mr. Bush's low blow made Arkansas seem disposable. The prevailing winds blow cold for a President who so clearly prefers statecraft to states. "Three weeks from now," the President began his closing statement, then looked skyward and began again, groping for how much time he had left. "Two weeks from tomorrow." November 3, Mr. President. That is the deadline for the invasion of Washington by opposition forces, if that makes it easier to remember. □



Associated Press

Gov. Bill Clinton found the city of big shoulders crowding in on him.

CLINTON IS LEERY OF PREMATURE JOY

Some in His Campaign Look
Beyond Winning Election

By MICHAEL KELLY

Special to The New York Times

CHICAGO, Oct. 20 — As they huffed about the asphalt of Midway Airport, tossing a football in one of the quadrennial rites of autumn, Gov. Bill Clinton and Senator Al Gore could not stop grinning, and neither could their aides.

For the Democratic Presidential ticket, today seemed, so to speak, morning in America. The third and final debate between Mr. Clinton and President Bush was over. In this last round, Mr. Bush had done much better than many had expected, and Mr. Clinton had spent a lot of time on the defensive, but it did not seem that anything had happened of a magnitude to inspire a reversal of the race.

The October Surprise, it appears, is that the the Republicans have no surprises.

The Clinton staff beamed and basked in the late-afternoon sun.

"It's like you've been cramming for an exam for months, and it's finally over, and now you're out in the open," said Deborah Sale, one of Mr. Clinton's traveling advisers, "and there's nothing left in front of you except a flat-out sprint."

At least 10 points up in the polls with the debates done with, Mr. Clinton and his strategists face worries of the sort that presumptive losers wish for: that

Continued on Page A18, Column 1

NEW YORK, WEDNESDAY, OCTOBER 21, 1992

Debating Done, Bush and Clinton Begin Final Push

President Swings Hard on Trip to the South

By MICHAEL WINES
Special to The New York Times

CORNELIA, Ga., Oct. 20 — No longer able to hope that Presidential debates would lure swarms of voters back to his ranks, President Bush and his advisers dropped the pretense today that campaigning as usual will win his reelection two weeks from now.

Now it is trench warfare, and the battle plan became evident today along the railroad tracks and picture-book crossroads of small-town Georgia.

Campaigning by passenger train one day after his best debate showing, an energized Mr. Bush hit Mr. Clinton with everything he had.

To throngs that filled main streets and spilled into alleys, the President assailed Mr. Clinton's record as Arkansas Governor, attacked his economic proposals, warned over and over that he "flip flops" on difficult issues and recalled the "sorry" history of his avoiding the Vietnam War draft.

Polls Shrugged Off

Both Mr. Bush and his aides appeared to be buoyed by the debate on Monday in East Lansing, Mich., in which the President struck many of the themes he repeated today. They shrugged off polls taken after the debate, some of which suggested that Mr. Bush's performance had still not won over wavering voters.

Saying he was glad to be "in the land of the free and the home of the Braves," Mr. Bush told about 7,000 people at the crossroads in the center of Norcross, Ga., an Atlanta suburb, with a few thousand others outside a roped-off security area. "Forget about all these polls."

When Mr. Bush spoke of his own plans, it was only to contrast them with what he called Mr. Clinton's philosophy of "tax more and spend more." When he mentioned the economy, it was to remind people that the slowdown is not just in this country but global, and that other nations have it worse.

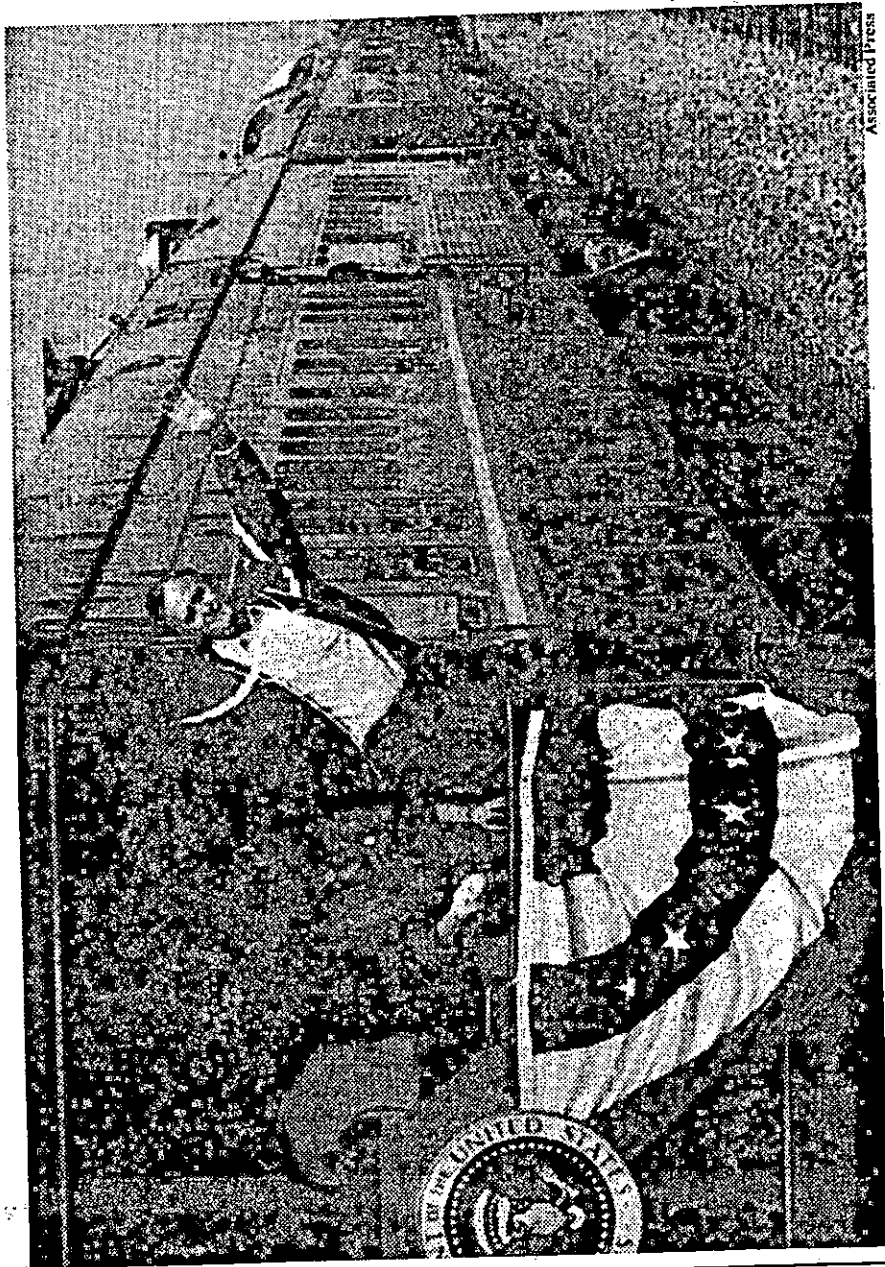
'Taxes and Trust'

"Our data show this thing is coming down to taxes and trust," said the Bush campaign's political director, Mary Matalin. "The people are not down to that choice stage yet."

On this two-day swing through three Southern states, Mr. Bush is going to 10 towns and granting six television interviews. His press secretary, Marlin Fitzwater, said he would campaign nonstop until Election Day, often speaking in three or four cities a day.

"You have seen the future," Mr. Fitzwater said as Mr. Bush spoke in Norcross, "and this is it."

In four stops through Georgia and South Carolina today, Mr. Bush focused repeatedly on what he called "a vast difference in experience," character, and philosophy between himself and Mr. Clinton. "Character is important, and you cannot in that Oval Office be all things to all people," Mr. Bush said to several thousand cheering support-



Hoping to match Harry S. Truman's 1948 effort, President Bush rode the rails yesterday in Georgia.

Perot Overstated Problems of Airlines and Banks

By AGIS SALPUKAS

Ross Perot, Presidential candidate, asserted in the Monday debate that the United States might, in effect, be dismantling its airline industry and raised the question of whether commercial banks are in worse shape than people generally realized.

News Analysis The current situations in each industry suggests that though there are indeed problems, Mr.

Perot has oversimplified the difficulties of the airlines and probably overstated current concern about the banks.

He is, however, certainly not alone in expressing the view that recent agreements by the airlines to form closer ties with foreign carriers may be "destructive," as he put it, to the airline industry.

But the validity of that concern depends on which airline you ask.

Foreign Links

Northwest is seeking to strengthen its ties with KLM Royal Dutch Airlines, and USAir wishes to do the same with British Airways. The two American companies contend that they need the ties to keep up in the competitive race with their bigger rivals — American, United and Delta.

The big three, meanwhile, are cooperating in an intense effort to have the Department of Transportation turn down the two ventures unless American, United and Delta can get access to the fly to British cities and beyond to a similar degree that KLM and British Airways will have to the United States. They want Andrew Card, the Secretary of Transportation, to link the approval of the USAir and British Airways proposal to a willingness by the British Government to reopen its bilateral aviation agreement. Mr. Card, who left for London yesterday to try to get bilateral talks moving, said that there was a wide gulf between the two sides but that he would leave "no stone unturned" to get a more liberal agreement.

All major American carriers in recent years have sought to build large international route systems — some by buying routes from failed carriers such as Pan American World Airways or struggling Trans World Airlines. Northwest and USAir have taken a different strategy. They see combinations with foreign airlines as a way to build global networks less expensively while also getting an infusion of money. USAir would get an injection of \$750 million from British Airways, in addition to a new connection to a vast network of international air routes.

If the Department of Transporta-

tion approves the USAir deal without the liberalized bilateral agreement, there could well be a gradual erosion of traffic for the remaining large carriers. American, Delta, United and Federal Express have estimated that it could cost American carriers a minimum of \$500 million a year in lost revenue and the loss of thousands of jobs. The four carriers employ about 350,000. USAir and Northwest employ about 94,000 workers.

If Mr. Card does get a liberalized agreement, the American industry will probably emerge strong. If not, and the USAir-British Airways deal is approved, there could, indeed, be serious damage.

Mr. Perot's questioning of the state of the commercial banking industry reflects suspicions many have expressed in recent months that a banking crisis is on the horizon but has been concealed until after the election. The idea has not gained credibility among those in the best position to know: bankers, analysts, investors or regulators.

On the other hand, the best case for such suspicions might be the undeniable fact that Federal and state regulators — and Congress and others who should have known — underesti-

mated and, in fact, denied the problems of the savings-and-loan industry until after the 1988 elections.

Closer to the Mark

Gov. Bill Clinton and President Bush both agreed that there are some weak banks, but said no banking crisis was looming. They seemed closer to the mark.

Unlike the savings-and-loan industry, which was insolvent in 1988, the banking industry has \$250 billion of equity capital to absorb unexpected losses, plus \$55 billion of reserves to absorb losses on loans already identified as troubled.

In addition, the commercial banks have regulators who have in the past few years forced the industry to recognize its problems by writing off bad loans and cutting dividends. Savings and loans, in contrast, had regulators in 1988 who overlooked weaknesses because they did not have to money to close the insolvent institutions.

Rather than continuing to weaken, as was the case with savings and loans, the banking industry appears to be growing stronger. Profits the first half of this year were a record \$15.7 billion, and have remained at record levels this quarter. Moreover,

banks are reporting modest declines in badly delinquent loans, which hurt them in 1990 and 1991.

The reports filed by banks do not indicate any significant retreat by bank examiners in their criticism of bad loans. To bankers' dismay, examiners continue to give very low grades to loans that are paying interest on schedule, but which the examiners say will never be paid in full.

Mr. Perot stopped short of predicting a crisis, but said he is concerned by a recent study reported on by The Washington Post. That study, however, makes several errors in calculating potential bank losses. It says real estate owned by banks, for example, is worth only 20 percent of the amount shown on their books, whereas many banks have been selling such real estate for prices about equal to book value.

George Salem, a banking analyst at Prudential Securities who accurately warned in 1990 and 1991 that banks' problems with commercial real estate loans would be very serious and costly, today says that the industry has turned the corner, and no crisis is looming. The level of badly delinquent loans remains high, and will cut into bank profits for several more years. But in most parts of the country, except for California, he says those problems are gradually declining.

Far From a Crisis

A change in Federal law on Dec. 19 that requires closing banks that are not insolvent, but are very weak, will clearly cause a some additional closings. But the number and size of those banks are small compared with the bank failures of recent years and a far cry from a crisis.

The Federal Deposit Insurance Corporation says that only 80 banks with about \$30 billion of assets may be subject to early closing because of their financial problems. Assuming that the F.D.I.C.'s losses from those banks are heavier than normal at 20 percent of the banks' assets rather than the 17 percent historical average, the losses to the insurance fund of \$6 billion would be easily covered by the reserves the F.D.I.C. established early this year.

But when the flurry of failures in the few months after Dec. 19 comes, analysts confidently predict that the closings will not be a shock to the economy or financial markets. The largest bank likely to be affected, First City National in Houston, has been in a well-publicized struggle to find a buyer or new investors for over a year, so its closing will hardly count as a surprise. With \$8.8 billion to \$9 billion of assets, First City is not among the nation's top 50 banking companies, and it is of a size that can be readily absorbed by another banking company.

Chronicle

■ From the White House, to down time, to
Mortimer Zuckerman ■ Group of mothers says
thank you for a playground, and much more.

SHERRIE S. ROLLINS, who resigned as a top aide to President Bush when her husband, EDWARD J. ROLLINS, became a manager of the Perot campaign, went to work for MORTIMER B. ZUCKERMAN, the publishing and real-estate magnate on Monday.

Ms. Rollins, who was Assistant to the President for Public Liaison and Intergovernmental Affairs, will be Mr. Zuckerman's senior vice president for communications. She will handle public relations for Mr. Zuckerman in matters relating to his

planned purchase of The Daily News, as well as to U.S. News & World Report, The Atlantic, and Boston Properties, his real-estate and development company.

She left the White House in June "because when my husband joined the Perot campaign, I felt a conflict of interest," she said. Mr. Rollins, who had managed President Reagan's landslide re-election race, quit the Perot team the day before Mr. Perot withdrew in July. Since then, Mr. Rollins has said that Mr. Perot deserves no second chance at the Presidency.

Asked how it felt for the couple who had been in the vortex of Republican party politics to sit out this campaign, Ms. Rollins said: "This has been an

interesting race in which to be a spectator. For Ed, it was a difficult year with difficult decisions. But I think that, having the choice of being involved with Perot or being on the outside, he prefers the outside."

When JANICE LEVIN, an art collector and philanthropist, gets involved with a cause, she believes in doing more than writing checks. So when she decided, in 1986, to donate the funds to renovate the children's playground in Central Park near 76th Street and Fifth Avenue, she went to the park to ask parents how they would like it changed.

"I told them the playground was

being redone and I had been commissioned by the Central Park Conservancy to ask them what they would want to have that they wouldn't," she said yesterday. "In less than five minutes, I had a list."

Renovation of the playground, designed specifically for toddlers, was completed in the fall of 1987 and it was named for Mrs. Levin's son, James Michael Levin, who was killed 37 years ago at the age of 3 by a hit-and-run driver.

This afternoon, a group of people who use it daily are giving a tea party there to thank her in person.

"We love this playground and we wanted to thank Mrs. Levin," said the organizer of the party, ELAINE MUR-

RAY, a mother of two daughters, 3 and 2. "There is a core group of 25 mothers who are in the playground every day. Even though we've never met, Mrs. Levin, we are so grateful to have that playground. She didn't just give us a playground for children, but a place for us to all meet and become friends. Friendships began in the playground that will endure for years.

"And we realize that there are people doing wonderful things in the world and nobody thinks to thank them."

NADINE BROZAN

Books of The Times: Weekdays

Review/Television

2 Roads to the Presidential Campaign

By WALTER GOODMAN

"The Choice '92" is less about issues than about careers. Richard Ben Cramer, author of "What It Takes," a book about the 1988 Presidential candidates, interweaves the stories of President George Bush and Gov. Bill Clinton from their childhoods to just yesterday to show how "they clawed to the top of our political heap." The contrasts are striking, but so are the similarities. (Ross Perot does not figure in this two-hour "Frontline" special, which was almost complete before he re-entered the race a few weeks ago.)

Viewers who have not had enough this season of how the two main candidates made their ways into politics can obtain a brisk recapitulation tonight, with the help of family members, friends and pictures of them on the rise. Mr. Cramer portrays Mr. Bush as a loyal party man who despite his own inclinations came out strongly against the Civil Rights Act of 1964, when he was running for the Senate in Texas. Later, a friend recalls, he expressed regret at taking "some of the far-right positions that I thought I needed to get elected." He said, "I hope I'll never do it again." John Sears, an aid to President Richard Nixon — who helped the Bush career — says, "I don't think George Bush's positions are central to who he is."

Frontline The Choice '92

PBS, tonight at 9
(Channel 13 in New York)

Produced by Thomas Lennon; Michael Sullivan, senior producer; David Fanning, executive producer; Richard Ben Cramer, correspondent.

Issues seem to have been more urgent for Mr. Clinton, who came of age in the 1960's. Mr. Cramer reports that as a college student, shown here in a sparse beard, Mr. Clinton was deeply opposed to the Vietnam War and stayed out of it by "working the system, sometimes baldly, every angle."

The program's account of the two men's twists and turns as they made their way upward are revealing not only about them but about what Americans demand of their leaders. Both suffered losses that apparently taught them the importance of adapting to political exigencies. Adaptation seems to have come more easily to Mr. Bush, but Mr. Clinton, too, proved an adaptable politician as he moved closer to his state's business interests. An Arkansas critic says, "Bill Clinton will never over-commit, not ever."

Mr. Cramer's conclusion that both have been reinventing themselves as

they go along speaks to the nature of American politics, where the price of success often includes moderating one's convictions and distorting one's personality. That may be lamentable, but it takes a remarkable figure to resist the pressures of democracy. "The Choice '92" leaves the impression that neither of this year's main contenders is that remarkable.

World in Focus

Channel 31, tomorrow at 10 P.M.

WNYC-TV begins a new 13-week series of half-hour discussions of foreign affairs tomorrow night with Lawrence Eagleburger, the Acting Secretary of State, answering questions about "U.S. Foreign Policy in the Post-Cold War Era." The sharpest exchanges between Mr. Eagleburger and his inquisitors — Margaret Osmer, the moderator; James Hoge, editor of Foreign Affairs magazine, and Leslie Gelb, a New York Times columnist — are over America's action or inaction regarding Bosnia.

The series, which is produced by the Council on Foreign Relations, promises more big names in international diplomacy, including, next week, the Egyptian Foreign Minister, Amre Moussa, and later, Shimon Peres, the Israeli Foreign Minister. Let's hope they are treated no more gently than Mr. Eagleburger.

Gasoline Mileage and Jobs

By MATTHEW L. WALD

President Bush is seizing on the issue of gasoline mileage rules in his re-election campaign, running radio ads in Michigan and Ohio that predict huge job losses at local auto factories if a Democratic administration tightens the standards. And some industry groups agree with him.

But efficiency advocates say that raising the standard, now at 27.5 miles a gallon, would actually create jobs in the auto industry and elsewhere in the economy, and Gov. Bill Clinton says he does not favor a law that would raise the standard above what the industry can achieve.

The two clashed on fuel economy in the debate on Monday evening, one of the few times they have mentioned energy issues.

The Bush radio ads say that Governor Clinton's "radical environmental proposals require increasing car mileage standards to 40 miles per gallon in 8 years."

Dropped by Congress

Earlier this year, when Congress considered new energy legislation, it debated raising the current auto mileage standard, which was set in 1975. But in a political package deal, it dropped that idea, along with a proposal to let oil companies drill in the

Arctic National Wildlife Refuge.

The Motor Vehicle Manufacturer's Association asserts that the domestic industry would lose 150,000 to 300,000 jobs if the United States moved to a standard of 40 miles a gallon. But proponents of stricter standards said that the manufacturers had simply counted the jobs in factories that today produce cars that would not meet the new standard, and that the proposal gave the companies time to adjust.

The American Council for an Energy Efficient Economy, a Washington-based study and lobbying group, recently predicted that stricter mileage rules would generate jobs by giving consumers extra money that would otherwise have been spent on fuel, and would even increase employment in the auto business.

"The industry will retool and add energy-efficiency features to vehicles, and thereby add value to their vehicles, which means more engineers, more assemblers, more parts suppliers, and more revenue and economic activity for auto producers," said Howard Geller, the executive director.

Mileage gives small price incentive; the American Automobile Association's "average" car costs \$5,865 a year to run, and raising its fuel economy by 40 percent would save less than \$250, or about 4 percent.

Bush, on Train Tour, Vows Late Comeback

■ **Politics:** He gets warm welcomes along Southern route. He points to Atlanta Braves' last-minute win and urges voters to ignore polls.

By DOUGLAS JEHL
TIMES STAFF WRITER

SPARTANBURG, S.C.—With fireworks, balloons and repeated invocations of the come-from-behind Atlanta Braves, President Bush on Tuesday rolled by train across the South in search of the post-debate momentum his campaign so desperately needs.

At an enormous final rally here, blazing roman candles greeted the President as his wood-paneled car rolled into a downtown station. Red, white and blue flares sizzled on a scaffolding to spell out the slogan: "We Trust Bush."

As thousands of Southerners flocked to greet him at small-town stops along his route across Georgia and into South Carolina, Bush time and again avowed his determination to overcome the odds that have left him facing political peril.

After drawing little political sustenance from his performance in three presidential debates, he was clearly moved by the acclaim with which the cheerleaders, marching bands and onlookers greeted him as they gathered along little-used railway tracks.

"I can't tell you what you've done for my spirits," he shouted from the rear platform of his campaign train in Cordelia, Ga., as the crowd here spilled down the tracks and packed the sidings. Gov. Carroll A. Campbell Jr. of South Carolina described his friend as "jacked-up sky-high."

In World Series-mad Georgia, Bush took baseball as a metaphor to invoke both hope and heroism. He donned a Braves jacket, jokingly threatened his rivals with the team's famous tomahawk chop and claimed inspiration from the Atlanta pinch-hitter whose last-minute heroics last week drove the team into World Series.

"On Election Day," he told at least 7,000 people in tiny Norcross, Ga., as he began a two-day Southern rail trip, "we're going to show America that it ain't over until [Francisco] Cabrera swings."

With just two weeks to go before Election Day, however, and little sign that Bush is closing on Democrat Bill Clinton in the polls, the example served as merely one more reminder of the odds the President must overcome.

An announcer in Gainesville, Ga., took

Bush's invocation to heart and introduced him as if he were a slugger heading for a final at-bat. "Two outs," he said, "bottom of the ninth: the President of the United States!"

And at the head of Bush's 18-car "Spirit of America," one of two locomotives bore a sign particularly appropriate for a three-state voyage the White House hopes will serve as stimulus for a political rebound. "Operation Lifesaver," it proclaimed, a leftover from a rail-safety campaign.

The journey, marking Bush's return to real-world campaigning after an intensive series of debates, also offered a first clear glimpse of the message with which Republicans hope to sway voters in a final 14-day blitz.

Seemingly newly conscious of the threat posed by Ross Perot, he spoke darkly of the tax increases the independent candidate has proposed. Twice, he chided the Texas billionaire as his "feisty little friend from Dallas."

Of the Democratic duo that remains his main threat, he mocked the environmental activism of vice presidential nominee Al Gore, referring to the Tennessee senator as "Mr. Ozone," and adding in Spartanburg, as a postscript, "The guy is strange." In a dozen different ways, he told voters that where Clinton's past conduct was concerned, they should remember that "character counts."

"You cannot lead by misleading," Bush said.

Bush waved from his train's rear deck at the hundreds who waited patiently at crossroads to greet him. He also conducted a series of televised interviews with local journalists in hopes of leaving lasting impressions of the informal images the White House believes portray Bush in the best light.

The trip was the second of four train trips now planned by the Bush campaign, with the next rail journey scheduled through the battleground state of Wisconsin sometime next week.

That Bush was forced in the aftermath of the debate to turn his attention back to this once near-solid Republican South, however, reflected the dilemma facing a campaign trailing in so many regions that spokesman Marlin Fitzwater conceded: "We've got a lot of places to go."



Agence France-Presse

President Bush reacts to supporters from train during a stop in Gainesville, Ga.

Campbell, a key Bush strategist in the region, told reporters that his state of South Carolina was one of the few in the South in which Bush holds a clear-cut lead.

Bush devoted much of his message to attempts to exorcise the demons he and aides claim are unfairly haunting him.

"Don't believe these crazy pollsters!" he roared in Cordelia, his last stop in Georgia before moving on to the Carolinas for the nighttime rally and the trip's second and final day. "Don't believe these nutty pollsters! Don't let these guys tell you what you think. . . . We don't need that in the United States."

On these tracks on Tuesday, where loyalty to the United States's sole remaining World Series team seemed to spill over into other bouts of patriotism, Bush found few who questioned that defiance.

A placard held aloft by a supporter at the massive rally in Cordelia even carried a wry reference to Clinton's Vietnam War-era draft status. "This is Bush/Braves country," it said, "not Clinton/Dodger country."

Bush grinned at the crowd who surrounded his train car. "This gets me fired up for the next one," he said. "I can't even tell you what this has done for my spirits."

Tsongas, Rudman Blast Economic Plans

■ **Politics:** Proposals by the candidates do not seriously address nation's deficit, the two say.

By MATTHEW MARSHALL
TIMES STAFF WRITER

WASHINGTON—Former Democratic presidential candidate Paul E. Tsongas and retiring Republican Sen. Warren B. Rudman (R-N.H.) criticized the economic agendas of President Bush and Democrat Bill Clinton on Tuesday, claiming their proposals do not seriously address the nation's deficit.

Tsongas and Rudman, who are heading a bipartisan coalition dedicated to deficit reduction, praised independent Ross Perot for bringing the national debt to the public's attention, but pledged their personal support to their respective parties' nominees.

"Perot had the right message, but I think he's the wrong messenger," said Rudman, who is leaving the Senate in part because of the government's failure to reduce its red ink.

Tsongas and Rudman, along with Peter Peterson, who was commerce secretary in the Richard M. Nixon Administration, last month announced the formation of the Concord Group, an organization they hope to use to educate the public about the deficit. The men view the deficit as immoral because it takes money from future generations.

Speaking before the National Press Club in Washington, Rudman and Tsongas said the economic proposals made by the major party nominees rely on overly optimistic assumptions and will be difficult to carry out without running up the deficit.

"My problem with the Clinton plan [is that] the numbers are wildly optimistic," said Rudman, a chief sponsor of deficit-reduction legislation that was approved in 1989 but has had little effect.

Tsongas criticized Bush's "no new taxes pledge," labeling it a classic example of an attempt to get elected.

Comment

ON THE NATION

What a Year of Revisionist PR Can Buy

*Clarence Thomas is losing in
the court of public opinion;
his accuser goes unchallenged.*

By VIRGINIA I. POSTREL

A year ago, polls showed that most Americans—male and female, black and white—didn't believe Anita Hill's charges against Clarence Thomas. When it was time to choose sides, they chose his.

Now the polls have shifted. Among some demographic categories, more people now believe Hill than Thomas. The public as a whole is evenly split.

Yet no new evidence of Thomas' guilt has come to light. Whatever transpired between Thomas and Hill remains as great a mystery as it was a year ago.

The change in the polls suggests how easily the details of historical events are lost. It shows, too, the power of opinion leaders—from commentators to candidates to comedians—to shape public perceptions.

A year ago, it was easy to see why the public believed Thomas: Everything about the hearings smacked of injustice. The charges were made at the last minute, against a political figure who had previously withstood four confirmation hearings. The allegations were of speech "crimes" for which there was little corroborating evidence. The accused was expected to prove himself innocent. Much of the questioning dragged into the middle of the night. And, of course, the whole matter involved a black man charged with sexual improprieties.

By now, the details are foggy. We remember Anita Hill, of course, and the senators. We are reminded of them with every report on this year's female Senate candidates.

But we forget Clarence Thomas—the eloquent, angry Thomas who came to defend himself, having thrown off his Republican handlers. We forget Charles Kothe—the kindly, credible Oral Roberts Law School dean, recalling how Hill and Thomas had rocked his house with friendly laughter. We forget the nine women, Thomas' colleagues and former colleagues, who appeared in the wee hours of the morning to defend him before the Senate Judiciary Committee.

A year ago, Americans listened to these witnesses, among many others, and decided that Anita Hill was lying. That doesn't mean they believed all of Thomas' denials.

Single men in their early 30s, as Thomas was when he and Hill were at the Department of Education, do occasionally ask their co-workers out. They sometimes watch X-rated videos and may discuss them at the office. They even make off-color remarks. This does not make them candidates for, as Orrin Hatch put it, "insane asylums." (Or even for harassment lawsuits.) Whether the line of propriety was crossed depends on the context, exact words and tone (humorous? threatening?) of the conversation. Hill never supplied context, never re-created circumstances, never described tone of voice. No wonder Americans didn't believe her.

But since the hearings, Hill has waged a public-relations campaign of speeches, and her supporters have used every opportunity—from sitcoms to political commercials—to lionize her. Thomas, by contrast, does not give speeches (nor did he while an appellate judge); he does issue unpopular opinions on the Supreme Court.

To make matters worse, his Senate supporters, except his old friend John Danforth, won't defend their own actions, much less stand up for him. Arien Specter, a bulldog during the hearings, has proven himself a coward on the campaign trail, where he is seeking reelection against the first of the "Year of the Woman" candidates.

Then there are the jokes. The incongruities of the hearings—Hatch talking solemnly of public hair, Ted Kennedy treating sexual harassment as a cardinal offense, the silly specter of a Senate committee discussing porn movies—legitimately lend themselves to humor. So does the notion of a randy Supreme Court justice.

But Anita Hill is never the butt of jokes, even though her uptight public persona makes the Church Lady look like a party girl. "Saturday Night Live" makes fun of everyone—but not Anita Hill. The show marked the hearings' anniversary by declaring that Thomas had been made an honorary member of the Tailhook Assn. The joke didn't get many laughs. But it was typical of the steady drumbeat that has turned a man accused of verbal harassment into a man convicted of sexual assault.

After 12 months of such constant and casual attacks, what's surprising is that so many Americans still believe that Clarence Thomas was wronged. We do not all have short memories.

Virginia I. Postrel is the editor of Los Angeles-based Reason magazine.

Last Debate's Rating Hits an 8-Year High

Monday's presidential debate drew a combined 44.6 rating and 68% of the television audience to the ABC, CBS, Fox and NBC networks, according to figures released Tuesday by the A.C. Nielsen Co., making it the highest-rated debate since the Oct. 21, 1984, meeting between then-President Ronald Reagan and Democratic challenger Walter F. Mondale, which had a 46.

About 88 million people watched at least a portion of the debate on the four commercial broadcast networks, according to ABC, 7 million more than the Oct. 11 debate and 4 million more than the one on Oct. 15.

An additional 2.5 million households were tuned in to coverage on the Cable News Network, and more watched on PBS, C-SPAN and the Spanish-language network Univision. The latter figures will be available later.

This year's three presidential debates averaged a 41.6 rating on the major broadcast networks, a 14.3% increase over the 36.4 the two 1988 debates averaged.

A rating is the percentage of the nation's households with televisions tuned in to a particular program, with each point currently equivalent to 931,000 households.

—STEVEN HERBERT

Candidates Urged to Build Program for Mass Transit

■ **Infrastructure:** Panel says first priority is funding a bill allowing the use of federal highway funds to buy subways and buses.

By MARK A. STEIN
TIMES STAFF WRITER

SAN DIEGO—Buoyed by the growing emergence of the country's infrastructure as a presidential campaign issue, a group of transportation officials Monday challenged the candidates to move swiftly in launching an aggressive mass transit program.

Members of the American Public Transit Assn., meeting in San Diego for their annual convention, urged President Bush, Bill Clinton and Ross Perot to use federal investment in transportation-improvement programs to spur the economy and cushion major job losses in defense industries.

Transit officials said their first priority is full funding of a landmark transportation bill adopted last year, which would allow states and cities to use federal highway funds to build subways or buy buses. The officials said they hoped whoever wins will act on a transit bill within 100 days of the inauguration.

Although Bush supported some key features of the bill, such as an innovative ability to shift highway funds to mass-transit projects, his Administration did not fully fund all of its programs. Full funding would have required \$5.2 billion this year; about 70% of that, or \$3.8 billion, was appropriated.

Clinton, responding in writing to an APTA query on budget priorities, has promised to fully fund the \$5-billion-a-year transportation plan—and add perhaps \$1 billion a year above the sum authorized by federal policy.

Bush and Perot have yet to respond to the transit association. Clinton aides on Tuesday criticized Bush's decision last week to designate five new high-speed rail lines as "just another election-year promise to buy votes."

California contains one of the rail

lines, which were designated as part of the policy bill approved last year. The Bush Administration has made available \$1.2 million to study how to eliminate road-rail intersections along a small part of the San Diego-to-Oakland route.

While privately excited by the prospect of a new Administration apparently more favorably disposed to mass transit, APTA officials were careful to keep doors open to all candidates.

"Regardless of who gets elected, we want to make sure we are part of the puzzle during the first 100 days [of the new term]," said Neil Peterson, Los Angeles County Transportation Commission executive director, who serves as chairman of APTA's Legislative Affairs Committee.

Peterson and other top officials of APTA, which represents most of the public-transit agencies in the United States and Canada, said every \$100 million invested in transit creates 6,000 "good, full-time jobs," as well as helping the nation's cities and rural regions deal with congestion and air-pollution problems.

"It is a fact that investment in public facilities—like mass transit—support the private sector economy, create jobs and at the same time protect the environment and conserve petroleum," said Louis J. Gambaccini, APTA's incoming chairman and general manager of the Southeastern Pennsylvania Transit Authority in Philadelphia.

Others at APTA urged that high-profile construction jobs should not come at the expense of federal operating subsidies for big cities. The recession has reduced ridership on most systems, reducing income from fares and putting many in financial difficulty.

Comment

ON CALIFORNIA

'90 Predictions May Finally Come True

BY SHERRY BEBITCH JEFFE

Is this *really* the year that incumbents take it in the ear?

Remember 1990? Voter anger skyrocketed as a result of budget messes, scandals and policy gridlock. California voters passed legislative term limits—narrowly—but nearly every congressional and state legislative incumbent who ran for reelection won. Why should this election year be any different?

In 1990, lawmakers were protected by an incumbent-friendly reapportionment. Last year, California Republicans joined their newly elected governor, Pete Wilson, to block Democratic control of redistricting. The courts eventually took over the job of redrawing district lines. That meant more competitive races and less political protection for sitting legislators.

In the 24th Congressional District, liberal, eight-term incumbent Anthony Beilenson (D-Tarzana) is strongly challenged by conservative Assemblyman Tom McClintock (R-Thousand Oaks). Beilenson, who drew the short straw when Westside congressional seats were refigured, is running in a new district far more conservative than his old one. He'll have to campaign hard to win, something Beilenson hasn't had to do recently. McClintock is an unreconstructed right-winger. He scorns Beilenson as a "tax-and-spend liberal" and unceasingly rails against the excesses of the Democratic-controlled Congress.

The race for the 42nd Congressional District pits veteran Democratic Rep. George E. Brown, chair of the House Committee on Space, Science and Technology, against Dick Rutan, who piloted the Voyager around the world. Brown, a liberal, has survived a series of tough races in the San Bernardino-Riverside area, which has shifted from rural to industrial, suburban and more Republican and conservative. Rutan, flush with celebrity status and commanding significant GOP support, is not exactly "Mr. Smith Goes to Washington." Nonetheless, this race may indicate just how angry voters are, since Brown is a legislative powerhouse and Rutan is a political neophyte.

State legislative incumbents, whether running for reelection or higher office, are at risk this year because they carry the baggage of the state budget fight.

In 1990, the federal budget mess threatened few California politicians because it had little direct effect on state voters. Sacramento's 63-day fracas this year was heavily covered by the state's media and caused real pain to some Californians. Polls showed that voters negatively rated all politicians involved.

Polls showing voter frustration and pessimism at historic highs indicate problems for incumbents of all stripes. Add to that the possibility of the "Ross Perot" factor coming into play.

One of the quirks of the 1990 election was an increase in the percentage of votes cast for third-party and independent candidates in congressional and legislative contests.

This election cycle began with Wilson and the GOP, victors in reapportionment, poised to end Democratic control of the Legislature and congressional delegation. Are Republicans now poised to snatch defeat from the jaws of victory?

The party remains mired in internecine warfare between the Religious Right and Wilson moderates. Harsh social stances in their state and national platforms have alienated many voters. Public dissatisfaction can mostly be traced to the soured state and national economies presided over by GOP chief executives. The bottom has fallen out of George Bush's and Wilson's approval ratings. Republican candidates are feeling their drag.

There is another cross-current in state races. What about the Year of the Woman? Again, remember 1990? That turned out to be the Six Months of the Woman. Anger over choice was not enough. Gains made by female candidates in 1990 primaries, including Dianne Feinstein's victory over John K. Van de Kamp in California's Democratic gubernatorial primary, eroded in November.

When the dust settles in November, Californians may discover 1992 is *not* the year of the woman, or that of the anti-incumbent. Anger and frustration, together with competitive races, may make 1992 the year of the voter.

Sherry Bebitch Jefe is a senior associate at the Center for Politics and Policy at Claremont Graduate School.

Texan Leads Feisty Fund-Raiser for Boxer, Feinstein

By DEAN E. MURPHY
TIMES STAFF WRITER

SAN FRANCISCO—The rendition provided a fitting finale to what was billed by its promoters as the largest gathering ever for a women's political fund-raiser: Texas Gov. Ann Richards and 2,700 women and "sympathetic men" belting out a gender-altered version of "America the Beautiful" in a packed concert hall.

"America! America! God shed her grace on thee! And crown thy good on sisterhood from sea to shining sea!"

The two-hour show Monday night raised \$300,000 for the Women's Council of the Democratic Senatorial Campaign Committee, money the committee hopes will help elect Californians Barbara Boxer and Dianne Feinstein and eight other Democratic women across the country to the U.S. Senate. The fund-raiser was organized with the help of Emily's List, a Washington-based group that raises money for Democratic female candidates who support abortion rights.

"Like we say in Texas, the roosters may crow but the hens deliver the goods," Richards howled in her Texas drawl as the customarily stuffy Davies Symphony Hall surrendered to a rowdy crowd of cheering partisans.

It was a night for women to be women, unafraid to play upon stereotypes in ways no male politician would dare. (Men were invited to empty their wallets but not share center stage.) No cat fights, please, one performer joked. Aren't we really here to see what everyone is wearing, another queried. Even Richards couldn't resist a

reference to a legendary female predilection: shopping.

"With this kind of crisp breeze in the air, I thought, hmm, hmm, it is going to be nice to start wearing some wool suits, and I need to get myself a new pair of shoes," Richards told a giggling crowd. "This fall, what I want you to do, is write Barbara Boxer and Dianne Feinstein a check for just one good pair of Ferragamo shoes. You might even stretch it out to an Ellen Tracy

jacket and an Anne Klein pair of slacks. Feel good about yourself!"

The tone was whimsical, but the underlying message was clearly one of urgency. Boxer's lead against Republican Bruce Herschensohn has slipped dramatically, and Republican Sen. John Seymour has promised a bruising final two weeks in his contest with Feinstein. The two women emphasized the importance of Democratic victories in both races, saying anything

short of that would leave the state at a disadvantage should Gov. Bill Clinton enter the White House.

"Just as Cagney had Lacey and Thelma had Louise, Dianne has Barbara and Barbara has Dianne," Feinstein said.

Boxer, who over the years has had a lukewarm relationship with Feinstein, assured supporters that their differences were behind them.

"She and I have grown very, very close," Boxer said. "We came up the ladder, and sometimes on different sides. We are together now. We have grown up. And we are working together. And we have a very similar vision of where this state has to go and where this nation has to go. And we understand that for either of us to be successful, we have to be successful together."

While the evening was about getting Feinstein and Boxer elected, a stand-up routine by Richards about President Bush stole the show. Richards gained nationwide attention for her speech at the 1988 Democratic Convention about then-Vice President Bush. She continued her assault of her fellow Texan Monday night.

"I am the successful governor of a very large state," Richards said in her typically deadpan manner. "Since I have been the governor of Texas the Berlin Wall has come down, the Russian empire has collapsed—and George Bush will no longer be President."

Later, she bemoaned efforts during the campaign to liken Bush to former President Harry Truman. "The only thing George Bush has in common with Harry Truman," she insisted, "is they are both history."



Associated Press

Barbara Boxer, left, Dianne Feinstein show solidarity at fund-raiser with Gov. Ann Richards, right.

Republican Candidate Finds No Easy Pickings

By BILL BOYARSKY

I've heard all the talk about the Grand Old Party's troubles, but it didn't hit home until I went campaigning with former Santa Monica Mayor Christine Reed, a Republican state Assembly candidate.

You know how it is. Read something in the newspapers or see it on television and it doesn't make much of an impression. You've got to experience it yourself.

Reed is running against Democratic Assemblyman Terry Friedman in the 41st Assembly District, which extends from Santa Monica to the Ventura County line and across the Santa Monica Mountains into the San Fernando Valley.

The district was created when the state Supreme Court drew new legislative and congressional lines to meet the changing population patterns revealed by the 1990 census. The court's districts wiped out old boundaries that had favored the Democrats. And as the election year began, Republicans figured they might be within striking distance of control of the Assembly, long in the hands of the Democrats.

But as the campaign got intense in the fall, it became clear that the California Republican Party faced many obstacles, and so did Chris Reed.

As I accompanied Reed while she campaigned in Pacific Palisades on Saturday, it was

**You'd think big
business—predominantly
Republican—would want to
replace liberal Democrat [Terry]
Friedman with a Republican. But
the corporate chiefs fear
offending Assembly Speaker
Willie Brown.**

easy to spot the problems.

It wasn't the reception, which was friendly. Reed is a down-home sort who was walking the neighborhoods in a plain dress, scuffed running shoes and white socks. She had arrived at her destination in a middle-aged, no-frills camper truck loaned by her mom and dad.

But no amount of friendliness can counter the hostility many voters have toward the GOP. "Hi, I'm Chris Reed, a pro-choice moderate Republican," she told one man, using her standard introduction. "What are you doing in the Republican Party?" he asked. She gave her political life's story—a Barry Goldwater volunteer in college who shifted toward the center. "A lot of Republicans agree with me," she said. "Not all Republicans agree with the church people."

Unfortunately for Reed "the church people"—fundamentalist Christian groups—are big donors to Republican legislative campaigns this year, and their money is going to the far right. Moderate candidates such as Reed were supposed to get help from Gov. Pete Wilson and the Republican legislative campaign committee, Opportunity '92. But the checks have been late because the Republicans are having trouble raising money.

You'd think big business—predominantly Republican—would want to replace liberal Democrat Friedman with a Republican. But the corporate chiefs fear offending Assembly Speaker Willie Brown, who shapes regulatory legislation affecting profits. One corporate official told Reed "our job is to protect the status quo. We have learned to work with the status quo. You represent a change in the status quo."

Friedman is a formidable opponent who has taken enthusiastically to the challenges posed by his new district. He used to have a safe district and coasted to victory on the strength of the Berman-Waxman political organization's famed mailed advertisements. Now, he and his volunteers walk door to door and he said it will make him a better lawmaker if he wins.

Like Reed, he is friendly and approachable. The floppy L.L. Bean Panama hat he wore to guard against the sun while precinct walking Sunday humanized his button-down shirt and striped tie.

Riding the Democratic tide, Friedman has been able to raise plenty of money, and he uses it well. Sunday, his headquarters on Ventura Boulevard was crowded with volunteers and huge mail sacks were piled up, awaiting delivery to the post office.

Before Friedman or his volunteer workers walk through precincts, a letter is sent to each house alerting residents to expect them. Afterward, the voters receive a thank you letter. Other mailings will be directed at the specific interests of the voters.

In addition, Bush's collapse in California, plus a well-organized Democratic registration campaign, have improved the political climate in the district for Friedman. At the beginning of the election year, the district had a Democratic registration edge of 49% to 40%. Now Democrats lead 50% to 39%. "We had a great volunteer effort," said Friedman. "And people are fed up with Bush, they are fed up with the status quo and they feel the Democratic Party is the party of change."

Acknowledging the difficulty of their task, Republicans are speeding help to Reed. Wilson is hosting a \$500-a-person fund-raising luncheon for her next week. Republican campaigners said \$45,000 is going to Reed this week, \$15,000 of it from the Assn. of California Insurance Carriers, a Wilson ally.

That will help. But Reed, knowing she's the underdog, expects the Republican Party troubles to continue through Election Day. "There are no goatsails," she said. "We're creating our own momentum."

Bush in 2-Week Sprint to Make Up Lost Ground

By ROBERT SHOGAN
TIMES POLITICAL WRITER

WASHINGTON—President Bush has never more forcefully stated the main premise of his candidacy—that Democratic rival Bill Clinton can't be trusted with the presidency—than he did in the final presidential debate.

But the daunting reality facing Bush is that he has only two weeks left to make that case, after trying vainly to get it across for more than two months.

"I think this election has been over for a long time," said John Petrocik, a political science professor at UCLA and a polling consultant to Bush's 1988 campaign. "People don't have a reason to vote for Bush and you can't get from your base vote to a majority just by giving people reasons to vote against your opponent."

Bush, however, clearly was buoyed by his debate performance and continued Tuesday to express confidence he could stage a dramatic come-from-behind victory.

On Tuesday, as he embarked on what was billed as an all-out,

By contrast, Perot dismissed the character question raised by Bush about Clinton's avoidance of the Vietnam-era military draft "as a waste of time when you consider the issues facing our country right now."

Said Clinton pollster Stanley Greenberg: "In the end, [Perot] hurts Bush because his candidacy is like a big blob in the middle of the electorate that sucks up undecided voters and weak supporters. It is hard for Bush to make a run at Clinton unless he can get past Perot."

Frank Luntz, a GOP pollster who worked briefly for Perot earlier this year, calculates that the Texas businessman has benefited enough from his debate performances that he could pull enough votes from Bush in Southern and Rocky Mountain states to help Clinton carry those states.

In California, Luntz believes Perot's resurgence in support will have the net effect of costing Clinton some votes. But Luntz added: "Clinton is winning by so much there that it won't make much difference."

Two recent polls, including a survey by The Times, gave Clinton 21 percentage-point leads in the state.

Bush campaign officials have refused to officially write off California. But asked after the Monday debate whether Bush's campaign plans include a stop in California, without which no Republican has won the White House in more than 100 years, Bush campaign Chairman Robert M. Teeter said only: "I don't know. We've got some free days. We are not going to this week, but we might before it's over."

Bush's best chance for help from Perot, in the view of Luntz and several other professionals, is probably in such industrial states as Michigan and New Jersey. Clinton now leads in both, but a strong Perot boom could draw enough votes away from him to boost Bush ahead.

Some Bush staffers, their spirits buoyed by the President's performance in Monday's debate, on Tuesday contended that the President has captured momentum coming out of the face-off and was closing in on Clinton.

Mary Matalin, the deputy campaign manager, told reporters traveling with the President in the South that Bush had closed to within single digits of Clinton in overnight national polls conducted

by the GOP camp. "We're closing all across the South, we're closing in the West, and we're very close in the Midwest," she claimed.

Such findings would seem to contradict the results of recent independent polls, which gave Clinton leads in the high teens. And other Bush strategists were reluctant to put much stress on blips in polling data.

Bush's own campaign itinerary served as perhaps the most valid gauge of his predicament. Along with campaigning Tuesday in Georgia, Bush visited South Carolina. Both are states that in the past three presidential elections were at the core of the solid Republican South.

Also on this week's schedule are Florida, New Jersey and Maine, all of which Bush had safely locked up by this time four years ago. And

the President's advisers made clear that he would also stump in the Mountain West, where he has also encountered unexpected troubles.

For all his troubles, Bush has served notice that if he is turned out of office, it won't be for lack of effort down the home stretch.

Aides said he plans to travel every day between now and the

Nov. 3 election in hopes of pulling off a come-from-behind triumph.

"He will spend all his waking hours in places that will help us get together 270 electoral votes" needed for victory, said Teeter.

"We're behind, you know," White House Press Secretary Marilyn Fitzwater told reporters. "When you're behind, you go all out."

Matalin insisted that the campaign had "no surprises" in mind and planned instead to drive home existing themes.

Teeter said the President's foreign policy experience, along with the contrast between his economic plan and Clinton's, will make up two parts of Bush's strategic thrust in the closing days.

The third point, Teeter said, "is what all presidential elections boil down to and that is character.

Nobody alive today—whether it is Clinton or President Bush or Perot—knows what the toughest problems are that the next President will face over the next four years. So what the voters do is look at the candidates and make value judgments as to which one they can trust."

As for Clinton, his advisers say they are going to stick with the formula that has gotten them this far.

"If we talk about anything other than the need for change and the need for strong economic leadership, if we deviate from those themes, we are making a mistake," said senior consultant James Carville.

A senior campaign official said that going into Monday's debate, Clinton's own polls showed him leading Bush in more than 30 states—in many by double-digit margins—while Bush led in 12 states, with large margins in only three.

Still another sign of Clinton's confidence is his decision to schedule a stop at a get-out-the-vote rally in Costa Mesa, Calif., Thursday, even though his campaign polls show California all but certain to go his way on Nov. 3. Clinton scheduled the stop, the senior campaign official said, to help boost Democratic senatorial candidates Dianne Feinstein and Barbara Boxer.

Times Washington bureau chief Jack Nelson and Times staff writers Douglas Jehl, Doyle McManus and Thomas B. Rosenstiel contributed to this story.

NEWS ANALYSIS

aggressive campaign schedule through Election Day, he told a crowd in Georgia: "Don't believe these crazy pollsters! Don't believe these nutty pollsters! Don't let these guys tell you what you think. . . . We don't need that in the United States."

Clinton and his advisers, meanwhile, are convinced that Bush's last chance to brake the Arkansas governor's momentum has passed. Thus, they are optimistically trying to exploit the potential for an

Please see BUSH, A5

Continued from A1

electoral landslide suggested by polling data by broadening their reach to encompass parts of the country where Democrats have feared to tread in recent elections.

Even as Clinton prepared to campaign today in such traditional Republican strongholds as Colorado and Wyoming, he dispatched crack Democratic advance man Jim King to scout the terrain for a possible sortie next week to Florida, a state Bush carried with 61% of the vote in 1988.

"We're going to be looking to expand the base of states we have been looking at in terms of electoral votes," said Joan Baggett, chief of staff of the Democratic National Committee. "You are going to see more states in the South and West coming into play."

Uncertainties remain, of course. One is the presence in the race of independent candidate Ross Perot. But at the moment, based on his performance in Monday's concluding debate, Perot appears to constitute at least as much of a threat to the beleaguered Bush as to Clinton.

"For the first time, I felt that Perot was going after Bush directly, trying to pull Bush's support over to himself," said Larry Berman, a UC Davis specialist in the presidency and foreign policy. He referred to Perot's charge that Bush had helped "create" Iraqi ruler Saddam Hussein by funneling to his regime "billions" of dollars in taxpayer money.

Despite Election Focus, U.S. Pushes Middle East Talks

■ **Negotiations:** The Bush Administration tries to head off stagnation in peace efforts as Arabs and Israelis watch the polls.

By NORMAN KEMPSTER
TIMES STAFF WRITER

WASHINGTON—With both Arabs and Israelis reading public opinion polls that indicate President Bush's days in office are coming to an end, the Administration is struggling to head off election-season stagnation in the Middle East peace talks, which resume here today.

A senior Administration official said Washington plans to push the parties toward compromise by playing a far more active role than at any time since the talks began a year ago.

"In the Middle East, things don't stand still, they go backward" if they don't advance, the official told reporters. "It is our very serious intent to do what we can . . . to push the parties toward making substantive progress."

In advance of the seventh round of face-to-face talks, Acting Secretary of State Lawrence S. Eagleburger sent a detailed letter to each party suggesting specific compromises needed to overcome generations of hostility and distrust. Although the details were kept secret, the thrust of the letters was to urge the parties to stop quibbling over technicalities and start looking for areas of possible agreement.

For instance, the senior official said, the Administration is advising the Palestinian delegation to concentrate on negotiating with Israel over the powers and responsibilities of a proposed interim self-governing authority for the Palestinian residents of the occupied West Bank and Gaza Strip, instead of trying to guarantee in advance that Israel will eventually give up the territories it seized during the 1967 Middle East War.

In effect, the United States is calling on the Palestinians to accept Israel's latest offer, which U.S. officials are convinced is the best the Palestinians can hope to secure.

"We are telling them to focus on divisions of authority" between Israel and the proposed Palestinian self-government "and to negotiate about the things they want done," the senior official said. "This is a unique opportunity to define as broadly as possible the spheres of responsibility."

If the Palestinians take the U.S. advice, he predicted, elections could take place as early as next May, and Palestinian officials could be in charge of at least some aspects of the daily life in the territories shortly after that.

Turning to the separate talks between Israel and Syria, the official said that chances are "about 50-50" that the region's most intractable foes will be able to agree this month on a "statement of principles" that would establish the framework for negotiation of a peace treaty.

In the round of talks that ended last month, Israeli and Syrian negotiators reached agreement on several paragraphs of the proposed statement, but their talks broke down over the core issue of Israeli withdrawal from the Golan Heights, Syrian territory captured by Israel in 1967. Syria demanded that Israel commit to a withdrawal before further talks on elements of a peace treaty, while Israel insisted on fixing the terms of peace before talking about withdrawal.

From the standpoint of the talks, the Nov. 3 election could hardly have come at a worse time. Now that the parties seem poised for serious talks, the authority of the U.S. mediator may be about to unravel. Former Secretary of State James A. Baker III, the architect of the peace talks, has been diverted to the White House to run Bush's beleaguered campaign. And it is unclear what influence the Administration will have if the President is defeated at the polls. Bush would have 2½ months as a lame duck.

"After one year of what we could call pre-negotiations, the parties are now moving into the critical phase of deal-making," said Martin Indyk, executive director of the Washington Institute for Near East Policy.

"This is precisely the moment that the secretary of state should be out in the region shuttling between the principals to cut the deal. . .," Indyk said.

"This is the moment James Baker has worked and waited for. And it is ironic, perhaps even tragic, for the peace process that at this very moment, democracy in the United States has diverted the attention and energy of the master deal-maker."

At the State Department, officials are understandably reluctant to discuss the impact of the election except to insist that U.S. politics will not be allowed to derail the process. One top official argued that the Arab and Israeli negotiators should get to work around the conference table without waiting for U.S. shuttle diplomacy.

"I don't think peace in the Middle East becomes academic no matter who is elected President of the United States," State Department spokesman Richard Boucher said Tuesday. "And we've made very clear . . . that the talks should proceed without regard to our electoral calendar."

There are indications that the Arabs and Israelis agree with the general thrust of that assessment.

Arab negotiators concede privately that they are concerned about the unabashedly pro-Israel rhetoric of Arkansas Gov. Bill Clinton, the front-running Democratic candidate. These Arabs said they will try to make as much progress as possible between the election and Inauguration Day next Jan. 20 if Clinton wins.

However, there is no particular incentive for Israeli Prime Minister Yitzhak Rabin to hold back and wait for a Clinton administration. Rabin needs to make progress in the peace talks for his own domestic political purposes, and a post-election hiatus would cost him valuable time.

And, Rabin enjoys warm relations with Bush in sharp contrast to the friction that marked former Prime Minister Yitzhak Shamir's dealings with the President.

'I don't think peace in the Middle East becomes academic no matter who is elected President of the United States. And we've made very clear . . . that the talks should proceed without regard to our electoral calendar.'

RICHARD BOUCHER
State Department spokesman

Comment

ON ENTERTAINMENT

TV Probes the Rise of Candidates

*PBS' 'Frontline' and two
CNN specials fill in gaps
in the lives of George Bush
and Bill Clinton.*

By HOWARD ROSENBERG

You saw them on the same stage with that feisty little Texas firecracker Ross Perot. And now these "two white-hot arcs of ambition"—as journalist Richard Ben Cramer describes George Bush and Bill Clinton—are flashing toward the presidential finish line.

"The Choice '92"—a two-hour "Frontline" special airing at 9 tonight on KCET-TV Channel 28, at 8 on KPBS-TV Channel 15 and at 7 on KVCR-TV Channel 24—may not make up any minds or change any votes. But it does compellingly fill some gaps while affirming that there are no white knights riding tall in this presidential campaign. The same message comes through in a pair of CNN biographies about the candidates.

"Frontline" said that it will explain tonight that Perot is excluded from the program because it was assembled largely before his late re-entry into the race and that he rejected an offer for a separate interview that would have been attached as an addendum.

Produced by Thomas Lennon and narrated and reported by Cramer, "The Choice '92" uses numerous clips and interviews to interweave the stories of Bush and Clinton into a tight braid. Omitted from these biographies are Clinton nemesis Gennifer Flowers and the Irangate, Iraqgate, Chinagate and Clarence Thomas-Anita Hill controversies that have nagged Bush.

A CNN biography of Clinton that aired last Sunday did cover the Flowers soap opera and was more judgmental than "Frontline" about Clinton's Vietnam draft revisionism. And CNN's program on Bush this Sunday at 7 p.m. virtually impales the President on his China policy.

CNN Correspondent Ken Bode: "Even as the Chinese were rounding up the survivors of Tian An Men Square, Bush equivocated. Official American policy gave no support to the democracy movement; instead, by diplomatic back channel, the President dealt with the tyrannical old leadership." And has continued to do so.

George (Poppy) Bush was shaped and polished by privilege. Billy Clinton was reared in a much more modest home where his alcoholic stepfather beat his mother. What emerges from these biographies, however, are two men who—despite charging down different political roads—intersect on the issue of trustworthiness. And it's not necessarily a pretty picture.

At 32, Clinton was the nation's youngest governor. At 34—after offending the conservative Arkansas political and business Establishment with his aggressive reform agenda and abrasive tactics—he was the nation's youngest ex-governor.

He was crushed by his defeat at the polls. Yet we hear that the Clinton reelected in 1982 was a changed man, a "consensus" governor whose bona fide achievements in the state would be at least partially eclipsed by his propensity to compromise on principle and abandon causes that offended his powerful political backers.

Despite retaining his populist rhetoric, Clinton "was prepared to do business with the very industries he opposed," CNN's Bode said.

They included the poultry industry, which created pollution along with jobs. When 90% of northwest Arkansas streams were found to be unfit for human contact in 1990, Clinton created an animal waste task force. But 24 of its 27 members were "agribusiness insiders," Cramer says on "Frontline."

Compromise is necessary in politics, a Clinton critic adds. "But when you make compromises so often and so deeply that people begin to wonder, 'Is there anything you stand for that you won't compromise?' then you've gone too far."

Or as Bode said: "Bill Clinton takes a strong stand, but gives ground if he runs into serious opposition."

The same reputation has trailed Bush, whose personal aversion to racial discrimination, Cramer says, did not stop him from publicly opposing the 1964 Civil Rights Act during a failed run for a Texas congressional seat. Victorious two years later, he supported President Lyndon Johnson's open housing bill, reversing his earlier resistance only "when it was clear it would pass," Bode says. Later as President, Bush vetoed a 1990 civil rights bill, then signed a slightly

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ROSENBERG

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revised one a year later.

A one-time supporter of women's "freedom to choose or not choose abortion," moreover, Bush did a "sudden and dramatic U-turn on abortion" just to pass the conservative litmus test and get on the 1984 Republican ticket with Ronald Reagan, Bode asserts. And the rest is history.

□

VOTE MILLIE. Is an estimated audience turnout of up to 85 million viewers for each of the presidential debates a positive sign that America is headed for a whopping voter turnout in November? That remains to be seen.

Just as big a question is whether voters got hard, useful information from the debates rather than the usual, superficial impressions of the candidates' personalities and abilities to perform under pressure.

Let's hope so, for the electorate could use some enlightenment.

Despite the impression that the media have performed better in 1992 than during the 1988 campaign, Americans are still poorly informed about the issues and the way the federal government operates, according to a nationwide survey of 601 "randomly selected likely voters" commissioned by the liberal media watchdog group Fairness & Accuracy in Reporting. The survey was supervised by two professors from the University of Massachusetts Center for the Study of Communication.

How uninformed is the electorate? In a question about government spending, only 22% of those surveyed correctly identified military disbursement as a major budget item, while 42% named foreign aid and 30% cited welfare as the No. 1 budget expenditure. Actually, each of the latter consumes but a tiny fraction of the budget.

What is the explanation for this fuzziness? The pollsters pointedly note that most of the respondents reported that TV news was their primary source of information, so draw your own conclusions.

On the positive side, 86% of those surveyed did know that the Bush family has a dog named Millie, and 89% could identify Murphy Brown as the TV character attacked by Dan Quayle.

State Dept. Denies Perot Claim on Iraq

By DOUGLAS FRANTZ
and DOUGLAS JEHL
TIMES STAFF WRITERS

WASHINGTON—The State Department on Tuesday denied presidential candidate Ross Perot's claim that it had provided written instructions to the U.S. ambassador to Iraq for a meeting with Saddam Hussein on July 25, 1990, just days before the Iraqi invasion of Kuwait.

But the response did little to rebut general criticism that the Bush Administration failed to warn Hussein clearly against launching the attack.

The State Department released a cable sent to all U.S. ambassadors in the Mideast a day before the meeting that did not invite Hussein to seize the northern Kuwait oil fields, as Perot charged in a heated exchange with Bush at Monday's final presidential debate.

However, while warning Iraq not to use force to resolve its dispute with Kuwait, the July 24, 1990, cable declared that the United States was taking "no position" on Baghdad's demand for access to oil fields there.

Administration officials said the cable did not constitute written instructions for April Glaspie's meeting with Hussein because the meeting was called suddenly by

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IRAQ: Perot

Continued from A1
the Iraqi leader.

The Administration's response to Perot and the newly released cable provided more insight into the series of vague signals and direct messages that flowed between the Bush Administration and Hussein's regime in the weeks before Iraq's Aug. 2, 1990, invasion of Kuwait.

The response indicated that Perot's accusation was at least partially unfounded. Perot charged that the Administration provided Hussein with a green light to seize northern Kuwait and that it has refused to disclose written instructions sent to former U.S. Ambassador Glaspie before her crucial meeting with Hussein.

The State Department said its response to Perot was ordered by acting Secretary of State Lawrence S. Eagleburger, who had spoken earlier in the day with Brent Scowcroft, the President's national security adviser.

The detailed reply represented a rare public explanation of sensitive diplomatic cable traffic and a second unusual incursion by the department into campaign politics. Last week, Eagleburger took responsibility for political appointees' expediting a search for Democratic candidate Bill Clinton's passport records.

Bush, who seemed surprised by Perot's allegations Monday night, encountered new questions about the affair Tuesday while taping an appearance on an Atlanta television station.

The President insisted that "every single paper, including Secretary of State notes, which is unprecedented, was taken up by the United States Congress and looked at it in detail."

It was apparent that the allegations found resonance among some undecided voters gathered for the TV appearance. The man who posed the question to Bush asked him "to respond to the allegations of Iraqgate or the Glaspie papers."

"I hope that one is cleared up," Bush replied, "because you had congressional hearing after congressional hearing. And my position on Iraq is that we did try to make Saddam Hussein into somebody a little more sane."

Bush said his White House chief of staff, former Secretary of State James A. Baker III, had explained the thrust of the policy to Perot after the debate. He said Perot replied that "he hadn't known that."

Perot could not be reached for comment Tuesday.

Scowcroft also insisted Tuesday that Congress had been given access to all relevant documents in the Glaspie affair and that there had been no written instructions because she had not anticipated the meeting with Hussein.

He charged that Perot had "shot from the hip" and "doesn't know what he's talking about."

State Department spokesman Richard Boucher said Eagleburger had decided to enter the fray to correct "several misstatements" by Perot.

"The United States has never, and I repeat, never, told or in any way indicated to Saddam Hussein that Iraq could take the northern part of Kuwait," Boucher told reporters.

Boucher also said allegations that the Administration was withholding written instructions to Glaspie before the meeting with Hussein were false.

Glaspie was summoned to meet Hussein on July 25, 1990. At the time, Iraq had 35,000 troops massed on its border with Kuwait and Hussein was threatening to use them to force Kuwait to settle a dispute over the border and oil pricing policy.

The day before, she and other American ambassadors in the region had received a cable from Baker, then the secretary of state, advising them how to respond to Hussein's threats.

"The U.S. is concerned about the hostile implications of recent Iraqi statements directed against Iraq's neighbors, Kuwait and the United Arab Emirates," Baker's message said. "While we take no position on the border delineation issue raised by Iraq with respect to Kuwait . . . Iraqi statements suggest an intention to resolve outstanding disagreements by the use of force, an approach which is contrary to U.N.-charter principles."

On July 25, Glaspie told Hussein that Bush desired friendship with Iraq but hoped that the dispute with Kuwait would be settled peacefully, according to a copy of her classified account obtained by The Times.

Three days later, Bush conveyed much the same sentiment in a personal message to Hussein. A copy of Bush's cable shows that he cautioned the Iraqi leader against the use of force without referring directly to Kuwait and repeated the U.S. desire for expanded ties.

Boucher refused to release Glaspie's classified account of her lengthy session with Hussein or Bush's cable to Hussein on July 28, 1990.

Frantz reported from Washington and Jehl from Georgia.

Comment

ON BUSINESS

Key to '93: Use Patience to Offset Politics

No matter which candidate is elected, fears of rise in inflation and interest rates may not be realized.

BY JAMES FLANIGAN

Some things you can count on this fall if, as looks likely, Democratic candidate Bill Clinton is elected President: The deficit will rise and so will interest rates. Bond prices will fall amid widespread fears of inflation.

Indeed, that's already happening—prices of U.S. Treasury bonds have fallen for four straight trading sessions.

But don't panic. Inflation fears will prove unwarranted, and interest rates should come down again as the country works itself out of a long and confusing recession. The best advice now is hold onto your hats, no matter who is elected.

The Democrats these days are supremely confident, planning to start work the morning after election on legislation to spur the economy. A Democratic leader of the U.S. Congress, in a private conversation this week, recited the post-election agenda: "Job creation, health care reform and lowering the deficit." If George Bush wins, the agenda might be different, but the goal would be the same.

Problem is, the economy will not respond quickly or easily because this is no simple recession. The economy is at a watershed, a time of profound change not seen for almost 50 years. Political parties may speak of grand programs, but they're groping like everybody else.

Even Alan Greenspan, the chair-

Political parties may speak of grand programs, but they're groping like everybody else.

man of the Federal Reserve Board, said recently that he is mystified that "old rules of thumb" don't seem to apply in these times.

But don't be intimidated. Ordinary people are capable of understanding what ails the economy, what the remedies are and how long the convalescence will take. Simply recall when school exams were approaching and you hadn't studied. You might pray for a miracle, but your chances of success were slim.

The U.S. economy is in a similar fix because private business investment has been lagging for more than a decade and has slid dramatically since the mid-1980s. As a percentage of gross domestic product—the economy's total output of goods and services—private investment is at its lowest point since World War II, says economist David Levy, vice chairman of the Jerome Levy Economics Institute at New York's Bard College.

Private investment is critical because it produces business profits, which in turn finance the hiring of employees and the development of new products that are the lifeblood of a healthy economy. Lately, in the absence of private investment, the \$350-billion federal deficit has kept the economy on life support—meaning that unemployment is under 8%, not 25% as it was in the 1930s.

To be sure, other trends have worked to stall private investment. The 1980s saw a burst of borrowing and investment in mergers, acquisitions and real estate.

"It got so bad, the bank would lend you money even if you had no visible means of paying it back," recalls investment banker Michael Tennenbaum, head of West Coast operations for Bear Stearns. The aftermath of such excess is not profit and growth but overcapacity, declining real estate prices and business failures.

On top of that, the Cold War's end has created a surplus of defense plants, which are now closing and idling thousands of well-paid employees. Auto plants too are in surplus, and car industries are downsizing in Japan and Europe as well as the United

Please see FLANIGAN, B7

FLANIGAN: Patience Versus Politics in '93

Continued from B5
States.

All those trends explain why the recession is persistent and nasty—and why it will take all of 1993 to climb out. Profits may not be robust, so stock prices may back and fill. But inflation will be dormant, so interest rates will fall and bonds should rally.

The remedies, especially if Clinton wins, will be government investments to give the economy a shove. Money is already appropriated for public works—\$161 billion for highways and mass transit approved last year in the Surface Transportation Act. Some of those funds will be brought forward to create jobs in an emergency.

Meanwhile a \$20-billion rise in tax payments in early '93, as the lower withholding that President Bush introduced in 1992 is reversed, will reduce the deficit—while also reducing consumer take-home pay.

Nonetheless, the deficit will rise short term as Clinton starts pumping \$20 billion a year into infrastructure. Long term, however, a better term for such spending would be *capital investment* because it lays the groundwork for new business.

In 1954, President Eisenhower

began the Interstate Highway System. The massive public investment that led not only to the rise of highway builders such as Peter Kiewit Sons and Morrison Knudsen, but to the growth of the U.S. trucking industry and of Holiday Inns and other motel chains and to the blossoming of cities and suburbs everywhere. Ripple effects of investment are incalculable.

New infrastructure investments will include telecommunications lines and satellites. Jane Jones Enterprises, a small temporary help firm in Nashville, Tenn., can give you an idea of the returns those investments might generate.

Jones wants to link a bunch of low-priced computers through modern telephone lines to teach her temporary workers better reading and communications skills so they can command higher-paying assignments. If she succeeds, their increased earning—and tax-paying—power will amount to a return on the public investment. You don't have to be an economic expert to understand that.

The upshot: Don't be frightened in what is likely to be a tough and confusing year ahead in the U.S. economy. You understand more than you realize.

3 Candidates Spell Out Education Programs

By EDWIN CHEN
and STEPHANIE GRACE
TIMES STAFF WRITERS

WASHINGTON—As a college student, Bill Clinton held so many jobs that he cannot remember them all. But one thing he cannot forget: Without working, he could not have afforded a Georgetown University education, much less three years at Yale Law School.

Clinton also benefited from Yale's pioneering program that allowed law students to repay tuition loans as a percentage of their income after graduation.

Now, based largely on such experiences, the Democratic presidential nominee vows to scrap the nation's student loan programs and replace them with a National Service Trust Fund that would lend anyone, including graduate students, full college tuition—"no questions asked." After graduation, borrowers would repay the loans with a percentage of their income or with community service.

The proposal is just one of several differences among Clinton and his two rivals for the White House, President Bush and Ross Perot. The candidates and their plans:

BUSH: The centerpiece of the President's education proposals is what he calls a "GI Bill for Children." It involves giving low- and middle-income children \$1,000 vouchers, which their parents could use to send them to public, private or parochial schools.

He contends that public schools would improve if the free market cost them students, and therefore money, and that his proposal would give lower-income families the same educational choices that more well-to-do families have.

Bush has substantially increased funding for Head Start, although Democrats contend that the program still lacks enough money to serve all

eligible children. He has called for development of innovative "model" schools, providing vouchers for job training and developing an apprenticeship program for non-college-bound youths.

As for college aid, the President plans to boost the major source of aid for needy students, Pell grants, which provide 3.4 million students between \$400 and \$3,700 a year. He advocates increasing funding for Pell grants to \$6.6 billion—a 22% hike, the largest one-year increase.

Bush also wants to give "Presidential Achievement Scholarships" of up to \$500 to every Pell grant recipient with high grades and has proposed making loans of up to \$25,000 to individuals for higher education that could be repaid as a percentage of income.

CLINTON: He has proposed a list of changes: fully funding Head Start; creating a Youth Opportunity Corps for high school dropouts; starting a national apprenticeship program; instituting national testing standards; giving teachers, principals and parents more decision-making power, and replacing the current student loan program with his trust fund idea—which he calls "the symbol of what this campaign is all about."

Community service options would include police work, health care, education, drug counseling, teaching and working with the elderly and the disabled. Recently, he and his running mate, Tennessee Sen. Al Gore, have suggested that the community service could be performed before attending college—in effect, storing up credits to finance education.

Clinton says the program would cost \$7 billion to \$8 billion a year and would serve 250,000 to 500,000 students. (In fiscal year 1990, the United States spent more than \$9 billion on such aid, primarily Pell grants and guaranteed student loans.)

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As for primary and secondary education, Clinton pledges to allow parents to send their children to any public school they choose, but he opposes using federal funds for private schools on grounds that that would take dollars away from already strapped public schools.

PEROT: He led a crusade in Texas to reform the public schools in 1983 and 1984 and traces his ideas to that effort. In his book, "United We Stand: How We Can Take Back Our Country," he advocates comprehensive preschool education, restoring autonomy to local schools, establishing national standards and measuring results, empowering parents by giving them information on how their children's schools stack up, making learning—not extracurricular activities—the first priority, boosting teacher pay and getting more uses out of school buildings—such as day care centers and medical clinics.

The first thing, he says, is to give parents a choice about where their child goes to school among all public schools within their district. He proposes a pilot project that would expand that choice to private and parochial schools. "We won't know if this will work until several states try it on a pilot basis," he says. "The time to debate

is after the results are in."

WHAT THE EXPERTS SAY: Financial assistance to college students has not kept pace with the rising costs of higher education, now averaging more than \$16,000 a year at private schools. Despite the overall increases in Pell funding, for instance, individual recipients likely will get less than before, because the eligibility requirements have been broadened.

"That's the fallacy when George Bush says more money than ever is being spent," says Frank Burtneit, executive director of the National Assn. of College Admissions Counselors.

Edward Kealy, director of federal programs for the National School Boards Assn., said one potential byproduct of Clinton's proposal to allow students to pay for college with service could be an influx of teachers into less advantaged school districts—if teaching in disadvantaged areas counted as payback.

As for Bush's proposal to give vouchers to parents to send their children to private schools, Kealy warned that it would undermine public schools "when they need all the support they can get both financially and from the strength of the presidency."

Polls showing widespread public support for this type of proposal are misleading, he said. "If you ask people what they would like to see

done, it's a peripheral issue. They would like to see safer schools, better funding, smaller classes and better facilities."

Experts disagree over whether the proposal could become law. Richard Elmore, a professor at Harvard University's School of Education, says no. "The private-school-choice proposal is dead on

The first thing, Perot says, is to give parents a choice about where their child goes to school among all public schools within their district.

arrival on the Hill. It's a pointless thing, except for ideological purposes," he said.

But Michael Edwards, manager of congressional relations for the National Education Assn., says if Bush was reelected the plan would get new respect. "Should he be reelected with this as the linchpin of his education policy, we would have to take it seriously."

Contrary to what many foes of the proposal believe, Elmore said, there is no absolute constitutional prohibition against public funds for religious schools. "We have a very different Supreme Court than we've ever had before," he said.

and if the issue were to reach that level, it is not at all clear what would happen.

But the proposal's merits are dubious, he said. "It's very, very, very simple economics to say that competition would improve the public schools."

What really happens in situations like this, Elmore said, is that those most likely to push for changes have an option of leaving the system, and schools are left with little incentive to improve.

But Michael Guerra, director of the National Catholic Education Assn.'s Secondary Schools Division, calls Bush's choice proposal "a step in the right direction."

"The reform of American education begins with full parental choice," he said.

Guerra dismissed the idea that the measure would undermine public schools. It is important that bad schools be put on notice that they have to change, he argued. "Education is not about schools; it's about students. Institutions should not exist just because they are able to keep people locked up."

Kealy worries about the equity issues raised by all three candidates' choice proposals, particularly as they would affect urban schools. "You start to cream off the educationally able students and leave behind a school system that just deals with problem kids and has less parental support," he said. "What about the kids left behind?"

EDUCATION: Candidates Give Proposals

California's Democrats Cruising as GOP Sputters

■ **Politics:** Republican Party officials now envy rivals, who have turned years of disarray into organization.

By PAUL FELDMAN
TIMES STAFF WRITER

Two years ago, the state Democratic Party stood in disarray, having lost its third consecutive gubernatorial race to the sleek, well-oiled state Republican Party juggernaut.

These days, however, a transformation has taken place.

California Democrats registered nearly three times as many voters from May to September. The state GOP is locked in a wrenching, intraparty feud between moderate Gov. Pete Wilson and the Christian right. And for once it is Republican Party leaders who, less than two weeks before a general election, are eyeing with envy the united front posed by their traditional ideological foe.

"It's fair to say the Democrats appear to be better organized than they've been in a long, long time and the Republicans appear to be less well organized than they've been for a long, long time," said Republican strategist Steven Merksamer, who served as a chief of staff for former Gov. George Deukmejian. "I think that it clearly will have an impact on the ballot. It always has."

Democrats are hoping their concerted effort will swing several key congressional and Assembly races in their favor. In 44 of California's 52 congressional districts, GOP registration has dropped by at least

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DISARRAY: California GOP

Continued from A1
1 percentage point since February. And in 69 of the state's 80 Assembly districts, Democrats outpaced Republicans in registration from May to September.

The registration boom could also provide icing on the cake for the U.S. Senate candidacies of Democratic front-runners Dianne Feinstein and Barbara Boxer, party leaders predict.

"Two years ago, Dianne Feinstein lost the governor's race by 266,000 votes, and in 1986, Sen. Alan Cranston was reelected by 105,000 votes," said state Democratic Party Political Director Bob Mulholland. "The point is, numerous elections have been decided by 100,000 votes out of nearly 8 million cast."

"So it is important that before the polls have been opened, we've increased the Democratic margin by some 400,000 registered voters in a Democratic year."

The state party's fortunes have been bolstered by a combination of strategic decisions, personnel moves and presidential trends.

Without question, experts say, California has proved fertile territory for Democratic organizing efforts because of widespread disenchantment with George Bush in a state that is suffering from spiraling unemployment and dire budgetary woes. The registration surge appears to mirror a national trend in which people are signing up in record numbers to vote in the presidential election.

In recent years, however, the state Democratic Party might not have had the institutional will or capability to take advantage, observers say.

When Feinstein narrowly lost her race for governor to Wilson two years ago, for example, the state party, chaired at the time by former Gov. Edmund G. (Jerry) Brown Jr., was embarrassingly outspent and out-organized in its get-out-the-vote effort.

"His specialty is ideas, not organization, and it showed," said Assemblyman Philip Isenberg (D-Sacramento), who chairs the Democratic Assembly's voter registration committee.

Brown, who eventually departed for loftier goals, was replaced by Phil Angelides, a young, ambitious Sacramento developer. Although some party members have been turned off by his self-promotional tendencies, Angelides, 39, has received credit for working tirelessly to instill manners in the long-dysfunctional party while paying strict attention to the nuts-and-bolts mechanics needed to win votes in the computer age.

"It's very simple," Mulholland said. "The Democrats finally said to themselves—and Phil deserves much of the credit for this—let's stop fighting with each other and fight the Republicans."

Last spring, the Democrats avoided infighting at their state convention in Los Angeles by not endorsing candidates in the two closely contested U.S. Senate primary races.

And in the last year, the party has poured as much as \$1.5 million into voter registration programs—including a \$1-per-head bounty to party workers for each new voter.

The effort could reap huge rewards in several hot races.

In the 69th Assembly District, where incumbent Tom Umberg (D-Garden Grove) faces a well-financed challenge, Democrats outpaced Republicans in new registrations by a margin of 11,061 to 1,618 between March and October. In the Napa County-area 7th Assembly District, where Democrat Valerie

The Summer Sign-Up Derby

California Democrats registered nearly three times as many voters as did Republicans from May to early September. The state party predicts that this effort will swing several key congressional and Assembly races in its favor. Here are the registration gains in Southern California over the four-month period.



DEMOCRATS

COUNTY	MAY	SEPT.	% CHANGE
■ Los Angeles	1,801,052	1,882,402	+4.6
■ Orange	372,024	392,337	+5.5
■ Riverside	226,186	237,058	+4.8
■ San Bernardino	271,974	284,318	+4.5
■ San Diego	469,779	491,008	+4.5
■ Ventura	128,679	137,711	+7.0

REPUBLICANS

COUNTY	MAY	SEPT.	% CHANGE
■ Los Angeles	1,152,096	1,167,502	+1.3
■ Orange	603,118	617,602	+2.4
■ Riverside	248,806	257,330	+3.4
■ San Bernardino	279,405	282,229	+1.0
■ San Diego	586,785	606,427	+3.3
■ Ventura	147,849	150,819	+2.0

Source: California secretary of state's office

Kent Brown is facing Republican Janet G. Nicholas. Democratic registration outpaced Republican registration by 18,523 to 2,980 between May and October.

In the 41st Assembly District in Los Angeles County, where incumbent Terry B. Friedman faces Republican Christine Reed, Democrats have registered 10,000 more voters than Republicans since the June primary. At the beginning of the year, the Democrats held a 49%-40% lead in registration in the newly formed district covering portions of the Westside and San Fernando Valley. Now the Democratic lead as widened to 50.3% to 36.5%.

Similar margins have been recorded in other contested districts from Stockton to the Coachella Valley.

"The reality is we have probably taken two Assembly seats off the table and made several others competitive," Isenberg said.

In the past, the state Republican Party has led in technological innovations and get-out-the-vote efforts.

Such strategies have eked out hard-fought victories for the state Republican Party in the last decade. In 1982, a seminal computerized vote-by-mail program was credited with winning the governorship for Deukmejian over Los Angeles Mayor Tom Bradley. Although Bradley beat Deukmejian by 20,000 votes at the ballot box, the conservative Republican carried almost 60% of the absentee vote, resulting in a final victory total of about 100,000 votes among 7.7-million cast.

Again in 1990, the Republican Party's grass-roots organizing efforts—with an estimated cost of \$7 million—were credited with pushing Wilson and state attorney general candidate Dan Lungren over the top. Like Deukmejian, Lungren trailed at the polls but inched ahead by 29,000 votes in the final absentee ballot count.

A lingering tribute to the Republican Party's grass-roots efforts during the last decade is the

fact that between 1932 and 1988, state Democratic registration never dipped below the 50% mark. Shortly afterward, it fell below that number.

But since February, the Democrats have been moving steadily back up.

Moreover, the state Republican Party has shown signs of unraveling.

Just as the state Democratic Party was once ripped asunder by internecine fighting between its ideological left wing and more moderate forces, the Republican Party is engaged in a furious tussle between Wilson's moderates and the forces of the religious right.

Indeed, the sitting governor was so concerned about dissension in the party that he and his followers boycotted the state Republican convention this year in an attempt to divert media attention from the disarray.

Observers say the fissure has led to competition within the party instead of toward focusing on finding new voters. And they say it threatens to undo Wilson's tenuous efforts through reapportionment and the recent 63-day state budget stalemate to position his party to take control of the state Assembly.

"The Republican side seems dispirited, disoriented and lacking any sense of focus," said longtime state observer Joe Scott, publisher of the California Eye political newsletter.

This fall, the governor is diverting valuable campaign funds in the fight for Proposition 185, which if enacted would dramatically increase his powers. Meanwhile, the state Republican Party has hired hard-line conservative and former Assembly candidate Barbara Alby to conduct its voter outreach program—which includes a registration video attacking homosexuals that is being distributed to churches statewide.

"Unfortunately, there is no question that we have not presented the image of a united party to the people of California and that's something we're going to have to get past," said Wilson's communications director, Dan Schnur.

"It seems there are too many people within our party who are too unwilling to give one another the benefit of the doubt," said Merksamer, who has tried to avoid taking sides in the battle. "Some of it is ideological and some of it, quite frankly, is personal."

"We can act like mature men and women and sit and try to work together," he said. "But if it doesn't happen, we'll be on a slippery slope."

New Data May Tell POW Fates

■ **Vietnam:** The Bush Administration says Hanoi's release of photos and documents could resolve cases of hundreds of missing U.S. servicemen.

By MELISSA HEALY and MICHAEL ROSS, TIMES STAFF WRITERS

WASHINGTON — Bush Administration officials said Tuesday that they believe thousands of photographs and documents discovered in Vietnamese military archives will resolve dozens — perhaps hundreds — of cases of American servicemen missing for as many as 25 years in Southeast Asia.

A day after Vietnam abruptly reversed a longstanding policy and offered to release records on missing and captured Americans from the Vietnam War, the Bush Administration promised families of the POWs and MIAs that they would soon be allowed to examine the documents and photographs.

While some of the documents have been in U.S. hands for several weeks, retired Gen. John W. Vessey Jr., President Bush's special emissary for POW-MIA affairs, brought more Vietnamese records back with him when he returned to Washington on Tuesday evening from a weekend trip to Hanoi.

"We have brought home some very important documentation," said Sen. John McCain (R-Ariz.), a former POW who accompanied Vessey. Confirming that the records include photographs of dead U.S. servicemen, McCain said that the newly obtained documents should "go a long way" toward resolving the POW-MIA issue and ending "this terrible nightmare for so many American families."

However, the initial reaction from POW activist groups and family support organizations was subdued, a caution that appeared to reflect both past disappointments and concern by some that the focus of the POW-MIA accounting effort should be kept on the search for prisoners who many activists believe may still be alive in Indochina.

Among the documents in Vietnam's archives, officials said, are photographs of Americans captured alive and of others who appear to be dead, but whose name tags or faces are clearly recognizable in the wreckage of downed planes. Some of the grisly photo-

Please see POWS, A3

Continued from A1

graphs are of soldiers shot on the battlefield.

Although sources cautioned that many of the servicemen photographed alive are believed to have already been returned to the United States or are known to have died in captivity, other photos could document the deaths of servicemen whose status is unknown.

"We have high hopes and I think there's a real possibility that at least some discrepancy cases will be resolved," said one knowledgeable Bush Administration official. "We've long suspected these guys [the Vietnamese] were fairly systematic about their documentation. But they have never owned up to it until now."

Word of the cache of documents came in a statement issued Monday in Hanoi acknowledging that "the government of Vietnam . . . has been conducting a countrywide search of all of its archives for documents, photographs and other material related to American POW-MIA cases and will make all such material available to the

United States."

The Vietnamese decision to turn over the documents concludes a fierce internal debate that has pitted political leaders in Hanoi against military officers and some diplomats.

But even as Vietnam's military and diplomatic officials argued to reluctant political leaders that the Hanoi government should open its archives, lower-level Vietnamese officials recently have been funneling many documents to American representatives without Hanoi's blessing.

Those documents, pored over intensely by American intelligence officials, made clear that the government of what was then North Vietnam had maintained meticulous documentation of American servicemen who were downed, captured or found dead in areas under the control of North Vietnamese forces.

In early October, as the evidence in U.S. hands mounted, Defense Secretary Dick Cheney asked Vietnamese Foreign Minister Nguyen Manh Cam to come to Washington

for a meeting with him and Acting Secretary of State Lawrence S. Eagleburger.

A knowledgeable official said that Cheney confronted the Vietnamese official with documents in U.S. possession, whose existence Vietnam had long denied, and demanded that his government surrender more material.

Eagleburger was said to have pointedly reminded the official that any normalization of diplomatic relations with the United States, long sought by Hanoi, depends on Vietnam's cooperation on the issue.

State Department officials cautioned Tuesday that while Vessey had made "important progress," that progress did not meet the criteria set by the United States for such normalization.

One official said that the Defense Intelligence Agency is "working around the clock" to identify the bodies depicted in the photographs it has. The result, the official added, could be "a major breakthrough" in the long-stalled effort to account for those still officially listed as missing.

But another source familiar with the cache said that about 80% of the photographs appear to duplicate each other or photographs already in the hands of U.S. officials. The source cautioned against expectations that the new evidence would quickly resolve most of the still-unresolved cases. The presumption is that many of the photographs will prove to be of servicemen already listed as killed in action, he said.

"The key question is the extent to which these photos help to resolve the discrepancy cases. I would suspect that the vast majority of them will turn out to be KIAs [soldiers killed in action]," the source said. It may take "weeks or months" before that question can be answered, the source added.

A Defense Department official added that "those [documents and photographs] relevant to a particular family's case . . . will be made available" to that family.

Word of the photographs prompted a flood of calls from family members to the Washington offices of the National League of

Families of American Prisoners and Missing in Southeast Asia.

"Obviously, the families are anxious to hear if any of the photos correlate to their missing family members," league spokeswoman Mary Backley said.

The muted reaction of many family groups appeared to reflect the possibility that many who had clung to hope will have to face reality and perhaps definitive evidence that their loved ones did not survive their ordeals in Southeast Asia.

"There will be some very solid but definitive evidence," contained in the documents, said one knowledgeable congressional source. "You can't take any joy in much this."

Backley also said that most of the families remain skeptical of Vietnam's pledge to turn over more information and cooperate more fully with U.S. investigators in the future.

Times staff writer Matt Mars contributed to this story.

COLUMN RIGHT/
JOHN B. TAYLOR

Economic Reasons to Vote Bush

■ The President's plan grasps the global downturn and how to turn it around.

America's top economic priority is to get back to the strong expansion mode of 1982 to 1990. That longest peacetime expansion in U.S. history created more than 20 million jobs, increased real income for all income groups and significantly reduced the poverty rate.

Another such expansion will do much more, if we establish an environment for growth into the next century. Economic analysis makes it clear President Bush's program—accomplished, under way and proposed—will deliver the strong and lasting expansion we need.

The Bush program is based on a coherent explanation of why the American economy—indeed the entire world economy—has slowed. Economists agree that reductions in defense spending, productivity improvements at businesses and shifts to lower debt and lower inflation have temporarily slowed growth. Each adjustment has caused pain, but each creates a better economy. The adjustments have been less painful in America than in any other major country.

The Bush income tax cut proposals would get the economy growing faster, especially when consumers are fearful of tax hikes. The essence of the budget deficit problem is runaway spending, not insufficient taxes. The government's share of spending is up despite defense cuts, and tax revenues are not down.

Hence, the President wants to limit the growth of "entitlement" spending to population plus inflation. This is a necessary complement to other spending limits he has achieved, though he said giving in to demands for a tax hike by a Democratic Congress to get the limits was a mistake that will not be repeated.

The Bush investment incentives—capital gains tax reductions, investment tax allowances and cuts in small-business taxes—would also stimulate growth. But remember that lower inflation is a valuable pro-investment and job-creating incentive achieved during the Bush years.

The President's legal reform proposals would increase growth by reducing litigation expenses and encouraging entrepreneurship. His financial reform legislation (including interstate branch banking) would increase business lending. Research tax credits and shifting federal spending toward research also bring growth.

The current regulatory freeze has aimed to reduce costly regulations. The 1990 Clean Air Act increased regulation, but the President's insistence on strict limits held costs well below what Congress wanted.

**'The trade deficit is way down.
American workers are now
more competitive than they
have been in 15 years.'**

The President also got a tradable emission allowance to control pollution.

Education is a huge contributor to economic growth. Competition and greater opportunity for poor children provided by full school choice—public and private—is essential to improve K-12 education. The Bush voucher proposal encourages full educational choice. Bush successfully battled Congress to make sure a large fraction of money from the 1990 child care bill went directly to parents. His America 2000 program supports grass-roots efforts to reach the educational goal he got all 50 governors to support in 1989.

The enterprise zone program would create growth in the inner cities. Reforming welfare—for example, by providing incentives to attend school or by allowing people to have some small savings—would help people get off welfare. Vouchers for home ownership would also help the poor. The President's health care program would provide credits of \$3,750 for low-income families to buy health insurance, encourage competition among providers and ensure that workers who change jobs remain insured. The training plan provides vouchers for dislocated workers without mandating costs on firms and workers.

The Bush trade plan calls for a network of free trade areas throughout the world. The President has already made tremendous progress by initiating a North American Free Trade Agreement, getting the negotiating authority from Congress and completing the agreement. The President has held off protectionist pressures, reduced voluntary restraint agreements and negotiated lower trade barriers in Japan and elsewhere. Exports have boomed. The trade deficit is way down. American workers are now more competitive than they have been in 15 years. The U.S. cost of capital is now lower than Europe and comparable with Japan.

The Bush agenda is based on proved pro-growth principles. It is the most innovative growth plan in this election year. To add to his commitment, Bush has designated Jim Baker as economic coordinator, with changes in the Cabinet as appropriate. Baker's experience as Treasury secretary during the 1982-90 expansion and as secretary of State during the end of the Cold War make him uniquely qualified to implement these sensible changes for America.

John B. Taylor is an economics professor at Stanford University.

COLUMN LEFT/
HOWARD L. BERMAN

Selling F-15s to Saudis Is a Political Fix

■ The deal escalates the Mideast arms race and is no long-term help for U.S. defense firms.

As one who represents an area suffering from huge aerospace layoffs, I well understand the seductive allure of President Bush's decision to sell 72 advanced F-15 warplanes to Saudi Arabia. Couched as a jobs program, the sale is actually a political fix to divert attention from his failed economic policy.

Even if they were not destabilizing, arms sales in the developing world are, at best, only a stopgap measure for defense contractors and workers. Such sales will never be sufficient to sustain the employment levels created by the massive U.S. defense budgets of the past. By focusing on keeping a few production lines open for a few more years, the President is ignoring the real issue: the conversion of our defense industries and the development of a post-Cold War economy.

If America is to remain competitive in the advanced industrial marketplace of the 21st Century, then we must start working now to develop and manufacture products and services that will provide hundreds of thousands of secure, well-paid jobs to replace those lost by defense downsizing.

To facilitate the sale, President Bush abandoned his regional arms-control policy and has done all that he could to curtail the ability of Congress to examine a \$9-billion transfer that escalates the Middle East arms race and reaffirms our status as premier arms-peddler to the world.

A year ago, President Bush announced his support for a multinational effort to limit arms sales to the Middle East. At the height of the Gulf War, then-Secretary of State James A. Baker III told the House Foreign Affairs Committee, "The time has come to try to change the destructive pattern of military competition and proliferation in [the Middle East] and to reduce the arms flow into an area that is already over-militarized."

However, since the end of the war, the United States has sold more than \$16 billion of new weapons to the region. The hope offered by Baker has been discarded by a President who says he will do anything to win reelection—including, apparently, making this world a more dangerous place.

This sale also seriously undermines our credibility in our efforts to persuade other countries to stop their dangerous arms transfers. How can we tell the cash-strapped nations of Russia and China to restrain their sales when we ourselves continue to push weapons and vigorously

'The President is ignoring the real issue: the conversion of our defense industries and the development of a post-Cold War economy.'

pursue new markets? And how can we expect Britain and France to work with us in building a responsible arms-supplier regimen if we proceed with unrestrained sales?

The Gulf War provided a powerful example of the dangers of unchecked accumulation of advanced weapons. The acquisition of F-15s by Saudi Arabia will only provide impetus for other Middle Eastern nations to acquire more weapons to counter what they will view as a new Saudi threat. Unless we stop the arms race in the region, U.S. troops, in the not-too-distant future, are likely to face an Iran, a Libya, a Syria or an Iraq armed with the deadliest and most destructive weapons that 20th-Century technology has to offer.

President Bush ignored both precedent and the intent of the law governing adequate notification of these kinds of arms transfers. There is no urgency to this sale. It will be years before the first planes are delivered to the Saudis, yet the President notified Congress of his plans only a few legislative days before adjournment, knowing full well that this timetable gives insufficient opportunity to review all the issues raised by this massive transaction.

Selling billions of dollars of highly advanced warplanes to one of the most volatile and unstable regions of the world is not in the interests of American workers or American policy. If we continue to fuel the arms spiral, one day we will surely have to bear the costs. I hope we will come to our senses before we must face our folly.

Rep. Howard L. Berman (D-Panorama City) is a senior member of the House Foreign Affairs Committee and chairs its subcommittee on international operations.

Clinton Fires Back at Bush on Trust Issue

■ Campaign: The Democrat senses that victory is near. He cites the President's broken tax pledge and questions about prewar aid to Iraq.

By DAVID LAUTER
TIMES STAFF WRITER

MILWAUKEE—Sensing victory within his grasp, Democratic presidential nominee Bill Clinton launched the final drive of his campaign Tuesday with a sharp attack aimed at turning around President Bush's best remaining weapon—the issue of trust.

Speaking to a crowd of about 20,000 cheering supporters packed into the Mecca Arena here, Clinton ridiculed Bush's claim to be the candidate Americans should trust with four more years in the White House.

"This is the guy who said, 'Read my lips,'" Clinton said, "and he wants you to trust him on taxes?"

Bush used officials of the Treasury Department's Office of Tax Policy to brief reporters on campaign advertisements and "pollute the politics of our country," he continued, "and he wants you to trust him?"

Clinton was referring to an incident about two weeks ago, when Bush unveiled an ad contending that Clinton's tax increase plan would affect ordinary people, not just those earning more than \$200,000.

From Little Rock, Clinton's campaign issued a statement joining Ross Perot's demand in Monday night's debate that Bush declassify and release to the public the instructions the State Department provided to April Glaspie, the U.S. ambassador to Iraq, in the months before the invasion of Kuwait two years ago.

(On Tuesday, the Administration denied there were any such instructions but did release a cable sent to all U.S. ambassadors in the Mideast the day before Glaspie met with Hussein. Story, A1)

In his speech, Clinton cited the Iraq issue as well, for the first time using the word *Irrogate* to refer to the questions about whether the Administration tried to cover up aspects of its aid to that country in the years before the invasion of Kuwait in 1990.

"He's got the CIA and the Justice Department admitting that the government lied to a federal judge" about aid to Saddam Hussein before the Gulf War, "and he wants you to trust him with four more years?" Clinton said.

Officials of the two agencies have conceded that they withheld from Judge Marvin H. Shoob CIA documents relevant



Agence France-Press

Gov. Bill Clinton greets crowd at a rally at the University of Michigan at Ann Arbor following Monday night's debate.

to a case concerning a massive loan scheme involving Iraq and the Atlanta branch of Italy's Banca Nazionale del Lavoro. The two agencies are at odds about which is to blame for the omission.

Bush, Clinton said, has spent the fall pouring money into government programs in the hopes of attracting support in key states, "paying top dollar for their votes," and has made false statements about Clinton's Arkansas record.

"Mr. Bush reminds me of Lucy in Peanuts," Clinton said, quoting a remark by the comic strip character. "If you can't be right, be wrong as loud as you can."

Clinton surrogates were even harsher on Bush, raising controversial issues that Clinton often prefers to avoid. "Mr. Bush is right, this election is about trust," Sen. Herbert Kohl (D-Wis.) said as he led the crowd in booing Bush's appointment of Clarence Thomas to the Supreme Court. Bush's opposition to abortion rights and Bush's refusal to support the Brady bill, which would require a waiting period before a person could buy a handgun.

Republican strategists believe that voters' doubts about Clinton's trustworthiness constitute their last hope for turning around the Democrat's formidable lead in state and national polls.

"People want a reason not to vote for Bill Clinton and the reason is going to be trust," Bush campaign spokeswoman Alize Glen said Monday night after the presidential debate. "We're going to keep hammering at

it day after day."

But Clinton aides see the race differently, arguing that voters are turned off by Bush's negative attacks and harbor doubts about the President's own credibility—doubts the Democrats intend to exploit in the campaign's final stretch. To hammer home that theme, the Clinton camp issued a new ad Tuesday attacking Bush for breaking his word on taxes and for pledging to Americans that they would be better off in four years.

At the same time, Clinton aides admit to worries that the campaign could slacken in the final two weeks, given Clinton's large lead and the candidate's propensity to ease up when he is ahead. The renewed focus on Bush's record is designed in part to prevent that.

But the mood of cocky optimism that pervades the Clinton campaign was on display when a pro-Bush heckler sought to interrupt Clinton's speech. As the crowd started to shout the heckler down, Clinton silenced them.

"Don't mind him," Clinton said. "We'll only have to put up with him a few more days if we do our jobs. Blow it off."

If Bush does make any progress in wearing down Clinton's lead, Wisconsin might well be the first place to show signs. Although the state voted for Michael S. Dukakis over Bush in 1988, it has a popular Republican governor, a relatively stable economy and a large culturally conservative ethnic Roman Catholic community, all of which combine to make Wisconsin the only large Midwestern state in which polls show the race close to even.

But by at least one often-accurate sign—the behavior of politicians—Clinton seems to be in good shape here. Recently, the state's Republican Sen. Bob Kasten, running for reelection, told voters his positions were closer to Clinton's than were those of his Democratic opponent, Russell Feingold.

Clinton and Feingold ridiculed the assertion as Democratic politicians up and down the ballot crowded onto the stage to be seen with the Democratic nominee—a greeting that the party's candidates seldom received in other recent elections.

"I'm beginning to wonder if he's even going to vote for George Bush," Feingold said of Kasten. "I know who I'm going to vote for."

Clinton received a similar welcome from his fellow politicians in downtown Chicago, where he opened his day with a luncheon speech to a crowd of tens of thousands.

There, he urged supporters to "fight on for two more weeks" to redeem America's "obligations to our future."

Clinton told the cheering crowd he seeks not only a victory, but a "mandate" to change the nation's policies.

Trying to tap into some of the anger with Washington that has fueled Perot's campaign, Clinton portrayed himself as an outsider and Bush as a "politician" who resists change. The Republicans "can't run on their record," Clinton told the Chicago crowd. "So everything has become politics." Bush's attacks on his character, Clinton said, are "all politics, and we're not buying it."

Flagging Down National Unity

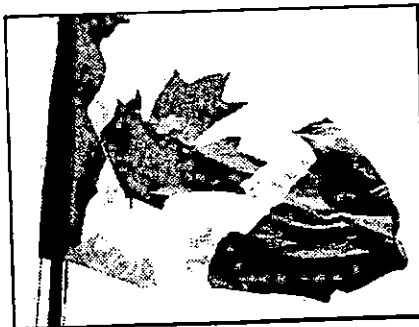
Bush was right to apologize; Canadians would be right to vote "yes" on referendum

O Canada—we are sorry.

President Bush expressed it so well Tuesday in his apology, sensitively explaining on TV that the Marine honor guard in Atlanta simply blew it Sunday when it paraded with the Canadian flag held upside down. And he admitted that if such a mistake had been made with the U.S. flag at a Canadian ballpark, Americans too would have gone nuts.

His apology notwithstanding, frenzied fans in Toronto's SkyDome waved little U.S. flags Tuesday night—upside down, naturally. Touché, we suppose, but thoughtful Canadians might use the Atlanta incident to reflect not so much on a regrettable error by a few red-faced Americans as on Canada's own troubled national situation.

After all, the maple-leaf flag is a symbol of that nation's would-be unity. But next week Canadians will



Canada's flag, right side up.

have an opportunity to give that unity less respect than that color guard: In an extraordinary national referendum, Canadians will get to vote, up or down, on a new constitutional arrangement negotiated by Prime Minister Brian Mulroney and the 10 premiers of Canada's feisty and sometimes-centrifugal provinces.

That accord, reached Aug. 28 in

Charlottetown on Prince Edward Island, sought to smooth out long-simmering regional, cultural and linguistic differences that have threatened to break up the nation.

To be sure, arguing about constitutional arrangements sometimes seems an even more popular pastime in Canada than baseball, despite the Toronto Blue Jays' towering popularity right now. But Prime Minister Mulroney, who supports the accord and urges a "yes" vote, is unpopular, and former Prime Minister Pierre Trudeau, enjoying a bit of a comeback, advocates a big fat "no."

If the voters do that, that will be a more enduring black mark than anything a fumbling color guard could do. We applaud the presence of the Blue Jays in the World Series—and hope all their fans will vote for unity. Otherwise Canada could find itself far more upside down than that flag.

Bush leads off in 'last inning'

Whistle-stops out of Atlanta

By Paul Bedard
THE WASHINGTON TIMES

President Bush boarded the "Spirit of America" campaign train in Georgia yesterday with a final election-drive appeal to blacks, a plea that voters focus on the character issue and a prediction of an upset victory over Democrat Bill Clinton in less than two weeks.

Reinvigorated by his strong debate performance Monday night in Michigan, Mr. Bush traveled by luxury train from Atlanta to Spartanburg, S.C., to spark enthusiasm among his supporters in two states he won easily last time.

His Democratic challenger, with a comfortable lead in the opinion polls, told a mass rally in Chicago that Mr. Bush has failed the American people and is trying in desperation to use the federal government's power to win the election.

"After four years in which most people are working harder for less and unemployment is up," Mr. Clinton said, "they can't run on their record, they have no vision of the future, so everything has become politics."

As he prepared to start his two-day whistle-stop tour in Atlanta, Mr. Bush struck a baseball theme: "It's like the last inning. . . . Remember the last inning of the Braves game when everybody went to the exits and the Braves knocked it out of the park. Now they're in the World Series. Great pride. That's exactly what's going to happen in this election, so stay tuned."

In his second Harry Truman-styled whistle-stop trip this year, Mr. Bush repeatedly predicted victory.

"Give 'em hell, George," many of the thousands of spectators along yesterday's 181-mile route wrote on huge posters.

The imagery the Democrats pre-

see BUSH, page A8



Air experts, banks blast Perot's shots at industries

By David Field
and David R. Sands
THE WASHINGTON TIMES

Ross Perot's businessman's approach to government is on slippery footing with two major American industries after some startling comments in Monday's presidential debate.

NEWS ANALYSIS Airline and banking officials and analysts referred to his remarks as "off base" and "out of touch."

The Texas billionaire's critics say his remarks on the ailing airline industry and the probability of a looming \$100 billion taxpayer bailout of the country's commercial banks rest on shaky assumptions accepted by few people other than Mr. Perot.

Mr. Perot criticized plans for British Airways to buy just more than a fifth of Arlington-based USAir Inc. and for KLM Royal Dutch Airlines and Northwest Airlines of St. Paul, Minn., to enhance their partnership.

see PEROT, page A6

WEDNESDAY, OCTOBER 21, 1992



Southern exposure: President Bush works the crowd from his campaign train as it pauses in Gainesville, Ga., on its journey northward yesterday.

GOP pins House hopes on Bush rally

By Donald Lambro
WASHINGTON TIMES

President Bush, fighting the odds against his re-election, must concentrate on closing the race enough to keep Republican candidates from being washed overboard with him on Election Day, GOP analysts said yesterday.

With 13 days to go before the election and Mr. Bush running 12 points behind Bill Clinton, it is almost impossible to find GOP political consultants outside the

NEWS ANALYSIS

Bush campaign who believe the president has any hope of winning. And angry party officials and campaign strategists have begun pointing the finger of blame.

"This is one of the most incompetent campaigns that has ever been run," said a veteran GOP campaign consultant who did not want to be identified. And the blame rests with [Bush campaign chairman] Bob Tee-

ter and his team. They have been a disaster."

"Why did ~~George Bush~~ fail to begin his campaign until after the Republican convention," another frustrated GOP strategist said. "The polls showed some really serious problems long before then, but he was getting some very bad advice."

But in addition to their fear of losing the White House, Republican strategists are fearful that a landslide Clinton victory will hurt many GOP congressional incumbents and

challengers who are in close contests — threatening to shrink the party's numbers in Congress.

Now, GOP strategists say it is critical that Mr. Bush plot his strategy in the campaign's closing days to make the race much closer in key states where many potentially winnable House seats are at stake.

"We can be hurt down the ballot if Bush's vote is so weak that it erodes our strength in the congressional see *GOP, page A8*



Former President Gerald Ford

The Gallup Poll had Mr. Ford leading Mr. Carter by 1 point the day before the election and declared that the race was too close to call. Mr. Carter won the election by less than 2 percent of the vote.

Many Republicans are now asking why the Bush campaign has not brought Ronald Reagan into the campaign in a much more aggressive way to motivate the party faithful and to help win back Reagan Democrats.

"I would have gotten Ronald Reagan involved much earlier and used him throughout the South and in the Rocky Mountain states and the West," a GOP strategist said.

"In the 1960 presidential campaign, [President Dwight] Eisenhower wasn't being very helpful to Richard Nixon, but once he began campaigning actively for him and got going, the race narrowed and he almost got it for Nixon," the strategist said. "When this is over, the question everyone will be asking is why didn't Bush use Reagan?"

GOP

From page A1

racers," an official at the National Republican Congressional Committee said. "A lot of our candidates have a chance to capture [Democratic] seats, but that's going to be tougher to do if Bush loses by a wide margin."

"I would work very hard to go after electoral votes where he's competitive in the South, in places like Georgia and the Carolinas, where Bush is campaigning today," GOP congressional analyst John Morgan said. "That's where I'd be...."

"You've got four or five Democratic seats in Georgia, for example, that are vulnerable. At the very least we could have a pickup of one seat, but a stronger-than-expected Bush showing could run it up to three or four seats."

Mr. Morgan said Republicans "have the potential to pick up a number of Democratic seats elsewhere as well," from Texas to Massachusetts, underscoring the importance of how the party does at the top of the ticket. "It's crucial."

Republicans are running in 413 House races, more than ever before, including 134 incumbents, 197 challengers and 82 candidates for open seats.

GOP strategists believe they can make gains in the House as a result of the anti-incumbency mood that is sweeping the country and because there are many more Democrats than Republicans in the House who are vulnerable in this climate.

But most Republican congressional candidates are running on their own, avoiding any connection with the Bush campaign because of the president's unpopularity, GOP officials say.

"I don't think there's any question about that," said Tom Cole, executive director of the NRCC. "This group is not running on an agenda but against Congress. But I don't see Democrats running with their Democratic leadership either or with Bill Clinton."

In this environment, GOP strategists hope that Mr. Bush can do in the final days of his campaign what President Gerald Ford did in the last weeks of his unsuccessful race against Jimmy Carter in 1976.

Mr. Ford was more than 30 points behind Mr. Carter in the summer of that year, but by Election Day he had evened the race, making most of his gains in the final two weeks of his campaign.

Razorbacks in pain

The state was in shock. Could he actually have said it? But there it was again yesterday in the morning newspapers. President Bush, in Monday's debate, described Arkansas as "the lowest of the low."

For the edification of friends of Arkansas still in denial, herewith a fuller version of the president's view: Gov. Bill Clinton "will do for the United States what he's done to Arkansas, and we don't want to be the lowest of the low."

In fact, Arkansans already were in the dumps because of slurs hurled from the Republican National Convention when Marilyn Quayle, not a woman for indication, asked rhetorically whether America should look like Arkansas.

"All I can say is that Bush is wrong about Arkansas," Jay Dickey of Pine Bluff, a Republican running (uphill, apparently) in an Arkansas congressional district, told Associate Press, which was immediately on the job.

"I've taken this as a personal affront," said Democratic legislator Charlotte Schexnayder of Dumas. "I almost want to go door-to-door to campaign for Bill Clinton."

Joe Rice, director of the state tourism department, said, "We've spent several million dollars improving the image of this state and then he tries to tear it down."

What's it all mean? Hard to say. But our own survey of the most underpaid, undereducated analysts in the business indicates that Mr. Bush is going to have to work very hard in the next two weeks if he expects to carry the state.

Quotable

On ABC's "Nightline," William F. Buckley was asked to consider the possibility that Mr. Clinton is a new kind of Democrat.

INSIDE THE BELTWAY



"In your dreams," we think Bill Buckley was trying to say — maybe.

"As a Christian, I am required, for dogmatic reasons, to have hope because the opposite is a mortal sin, I cannot despair," Mr. Buckley responded quickly.

"I see no reason, however, to suppose that Mr. Clinton is going to transcend those incumbencies on which he has relied so heavily to get where he has gotten."

O, Canada

While Mr. Bush was breaking hearts in Arkansas, he was out there kissing up to Canada.

He apologized to our northern neighbor yesterday for what he called the "mistake" of flying the Canadian flag upside down at a

World Series baseball game.

A Marine Corps color guard held Canada's maple leaf flag upside down in ceremonies before Sunday's World Series game in Atlanta between the Braves and the Toronto Blue Jays.

As a result, Canadian Prime Minister Brian Mulroney has said he was "dismayed and upset" by the incident. "If that had happened in Canada ... every American would have been very, very upset."

Given the current campaign, war would be a welcome distraction.

Organized

The five debate coaches, who used the finest traditions of college encounters to award the first two meetings to Mr. Clinton, had a new winner yesterday: Mr. Bush.

It was a narrow win but a win just the same. The college judges gave Mr. Bush 126 points; Mr. Clinton, 125; and Ross Perot, 122. The president edged the governor by 1 point on "organization."

Dan in '96

Speaking of Mrs. Quayle, she said on ABC-TV yesterday that she hopes her husband will run for president in four years, although "from my personal standpoint I'm not sure it's something that I would want."

She added she had no idea if the vice president would be a candidate in 1996 but thought his problem-solving abilities would still be needed by the nation.

He better not expect to carry Arkansas though. See above.

Factoids

Phil Donahue said he "passed" on hosting Gennifer Flowers on his show because of "the proximity to the election and the fact that she took \$150 G's for her first interview."

If you thought the three presidential debaters looked cool, they were. The temperature was kept at 62 degrees by negotiated agreement. To avoid unsightly Nixon-style perspiration on the forehead.

Penthouse, with Miss Flowers' version of what happened while the governor's driver waited in the car, is now on the newsstands. The Little Rock Circe says she may vote for the Democratic nominee anyway.

Swindle

Orson Swindle, Mr. Perot's man Friday, observed the other day that he didn't know how the Texas billionaire feels, but he personally prefers Mr. Bush to Mr. Clinton.

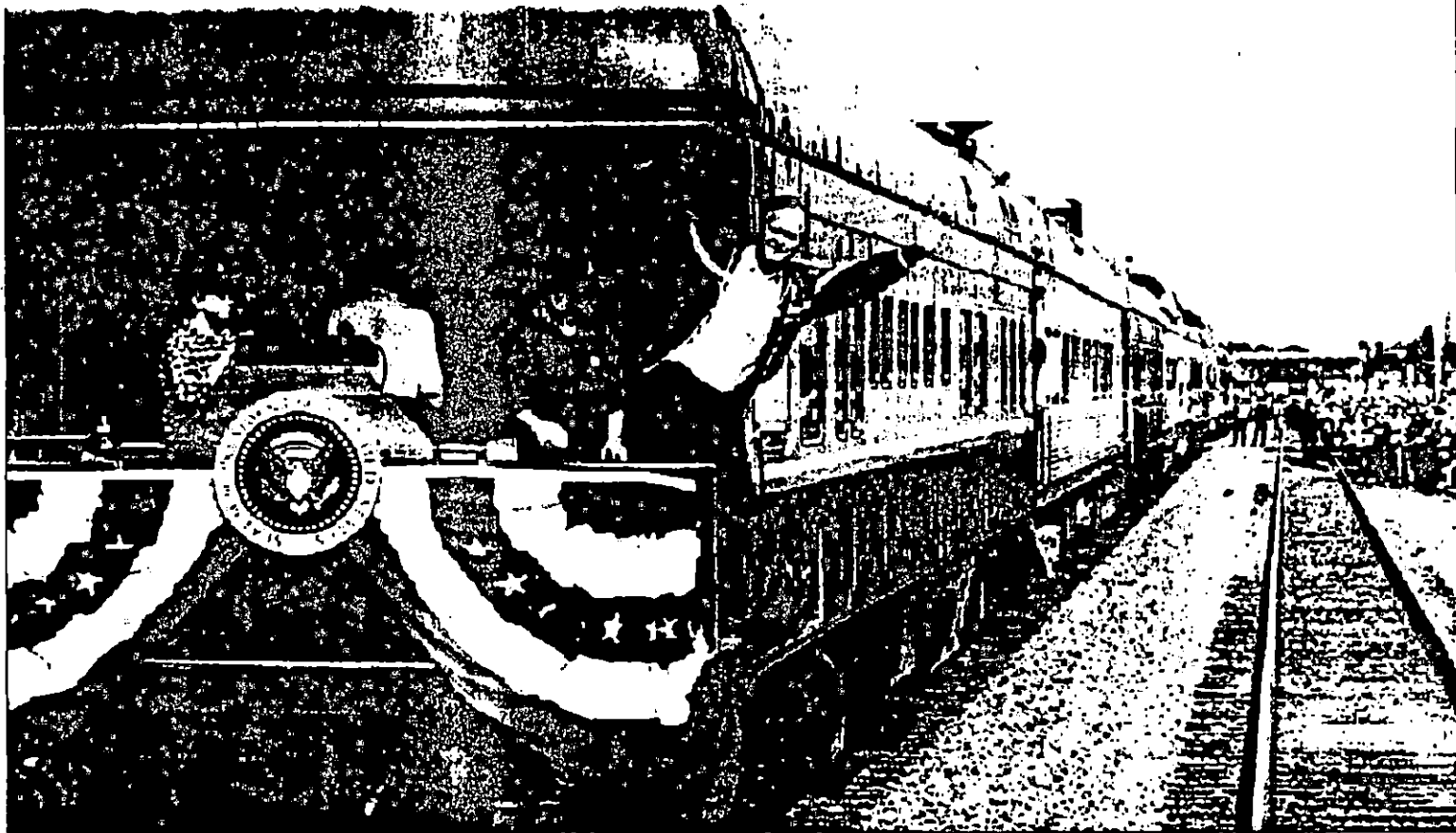
The Bush folks got pretty excited. Mr. Bush said Monday, "We agree, as Ross Perot's national coordinator Orson Swindle said this weekend, that a vote for Bill Clinton is a vote for disaster."

Two hours before the debate, Perot press secretary Sharon Holman distributed a release charging the Bush campaign with "continuing to show their desperation by deliberately distorting Orson Swindle's comments."

Yesterday Mr. Swindle got a further idea of how Mr. Perot feels. Ross Perot Jr., speaking about the Swindle statement, said: "He's a great spokesman, and he'll continue to be as active as he's always been."

— Alan McConagha

WEDNESDAY, OCTOBER 21, 1992



President Bush risks a tumble from his campaign train yesterday as he leans far out to wave to supporters on pulling into Gainesville, Ga., in the whistle-stop trip from Atlanta to Spartanburg, S.C.

BUSH

From page A1

sented yesterday was at times brutal — between the speeches of Mr. Clinton and vice presidential nominee Al Gore came the driving beat of a song by the rock group Queen.

"You've got blood on your face, big disgrace. . . . We will, we will rock you," the lyrics said as Mr. Clinton took the podium before a crowd of tens of thousands in downtown Chicago. His words were less harsh, but his meaning fit the refrain.

Mr. Clinton listed examples of what he said was misuse of presidential power for political gain: the State Department's investigation of his anti-Vietnam War activities and the Office of Tax Policy's critical analysis of his economic plan.

"Now he's got the FBI investigating the Justice Department, the Justice Department investigating the FBI, the CIA and the Justice Department calling each other liars to a federal judge — and he wants us to

trust him with more years," Mr. Clinton said. "It's all politics."

In Atlanta, appearing on a televised "Ask George Bush" town hall event before boarding his 18-car campaign train, the president extended a hand to blacks by charging that the Democratic Party takes them for granted.

Asked why blacks should view Mr. Bush as their leader, the president made promises to clean up urban America and improve welfare and then added: "I'd say to black America, don't be taken for granted all the time. Don't vote that straight (Democratic) lever and go right down the way your predecessors did and then wake up in despair. Try something different."

To crowds in Georgia and South Carolina, Mr. Bush reiterated his charge that Mr. Clinton's flip flops on issues will turn the White House into the "waffle house." The president even suggested that the Arkansas governor can't pick a team in the World Series, the sporting event that

has pushed politics to the back burner this week in Georgia.

"You cannot be all things to all people. You can't say one day, 'Well, I'm for the Blue Jays, but maybe I'll be for the Atlanta Braves. I'm for the Braves and that's the way it is,' he said.

Wearing a Braves windbreaker given to him in Norcross, Ga., Mr. Bush even waved his arm to perform the now-famous Braves "chop" to tom-tom music. At a stop in Gainesville, he chopped while telling voters: "Go to the polls. I need you."

As Mr. Bush talked confidently of a Nov. 3 victory despite polls showing him 10 to 15 percentage points behind Mr. Clinton, his aides researched history to find other examples of upsets.

Campaign Manager Fred Malek, referring to Prime Minister John Major's recent upset victory, said, "We've seen it happen." He added that a large chunk of the electorate is undecided and said, "They will listen to the president because he has

something to say."

The campaign strategy calls for Mr. Bush to focus on the critical issues of taxes and character in the last two weeks, according to campaign officials.

Voters turned out in unusually high numbers at several stops along the eight-hour whistle stop tour that passed through Norcross, Buford, Gainesville and Tobacco, Ga., and Clemson, Greenville and Spartanburg, S.C.

Mr. Bush waved to people from his presidential car — the Baltimore — at the end of the train, which was pulled by two engines, including one called "Operation Lifesaver." He saw crowds as large as 15,000 and only a few Clinton supporters.

Referring to the Monday debate, he told crowds, "You know, there was one scary moment in that debate . . . and that's when Governor Clinton said that he would do for America what he's done for Arkansas. You talk about a real threat!"

The crowd booed lustily.

Mr. Bush will travel today to North Carolina and plans stops over the next week in other once-solid Republican states such as Florida, Maine and Connecticut. Deputy campaign manager Mary Matalin explained that Mr. Bush is concentrating on strong Republican territories because "you go hunting where the ducks are."

The campaign is so sure the train tours are going over well that it has planned another in the Midwest for next week.

White House spokesman Marlin Fitzwater conceded, "We're in trouble in every state," but added, "When you're behind, you go all out."

Clinton campaign officials, meanwhile, disputed any suggestion they are sitting on their lead and are just trying to avoid missteps.

"We are playing to win," said Clinton strategist Paul Begala. Echoing the Bush baseball metaphor, he said: "Bill Clinton is the kind of guy who will swing through the pitches of the ninth inning."

Done in by a deal

Two years ago this October, George Bush officially renounced his "no new taxes" pledge and signed into law the 1990 budget pact. Widely acclaimed as "the deal of the century," that single act has caused the most rapid deterioration in the nation's fiscal health in this century. It may also very well cost Mr. Bush the presidency in November.

At the Republican National Convention in Houston, Mr. Bush finally conceded that the budget deal was a mistake. Yet the conventional wisdom inside Washington is still that the budget deal was a fiscal triumph. Many of the original architects of the deal — Office of Management and Budget Director Richard Darman, House Budget Committee Chairman Leon Panetta, Senate Majority Leader George Mitchell and Sen. Pete Domenici, the ranking Republican on the Budget Committee — insist that it has placed airtight lids on federal spending. They also claim that the current deficit would be at least \$50 billion a year higher without the pact.

The press, too, still describes the budget deal in near-reverential terms. A recent Washington Post series by Bob Woodward maintains the budget deal has been the central accomplishment of Mr. Bush's presidency. Mr. Darman is quoted as "deeply disappointed" with the White House's repudiation of his handiwork. The message of the series is this: Mr. Bush's mistake was making the "read my lips" pledge in 1988, not breaking it in 1990.

The reality is that after two years of the budget deal, the federal fiscal situation has worsened in every measurable way. Not a single benefit promised by the 1990 budget deal has been delivered.

• The 1991 budget deficit, according to the summer 1990 forecast, was supposed to have been \$231 billion. Instead, it was \$271 billion. The 1992 deficit was supposed to have been \$205 billion. Instead, it was \$290 billion. In 1990, the year before the budget agreement took effect, the deficit was \$220 billion (see chart).

• The budget deal was supposed to save \$500 billion over five years. When the budget deal was negotiated, the 1991-95 deficit was pro-

Widely acclaimed as "the deal of the century," the 1990 budget pact has caused the most rapid deterioration in the nation's fiscal health in this century. It may also very well cost Mr. Bush the presidency.

jected at \$730 billion. The latest Congressional Budget Office estimates place the five-year deficit at \$1,426 trillion. The budget deal added at least \$500 billion to the national debt; it did not reduce the debt by that amount.

• The budget deficit from 1991 through 1995 will be \$1.3 trillion higher than it would have been if Congress had summoned the will to

target and had never held a budget summit.

Government expenditures have not been cut as promised. They have accelerated at a faster pace than at any time in 30 years. Since the budget deal, the domestic budget has grown by \$118 billion, or almost 20 percent above inflation. This year alone, real domestic expenditures will climb by 11 percent.

The 1990 budget deal was supposed to be a boon to the economy. Since October 1990, when the economy was hit with the new \$165 billion tax hike, the largest tax increase in American history, the United States has lost more than 100,000 jobs and the unemployment rate has climbed from 5.5 to 7.4 percent.

real disposable personal income has actually fallen slightly. Stagnation has been the market response to the 1990 Budget Act.

Aside from the damaging economic and fiscal impact of the 1990 budget deal, the political consequences for Mr. Bush and the Republican Party have been ruinous. From 1980 to 1989, the Republicans' opposition to new taxes was an impenetrable fortress. It cemented the Reagan coalition that won three landslide presidential races. It stymied the Democrats on fiscal policy. Now the Reagan coalition is in shambles, and the Democrats have never been more emboldened and unified.

Mr. Bush has tried desperately in this campaign to glue the Reagan coalition back together. He half-



FIGURING OUT THE DEAL

The federal budget deficit (billions of dollars):

	1991	1992	1993	1994	1995
Gramm-Rudman baseline	\$ 64	\$ 28	\$ 0	\$ 0	\$ 0
Pre-budget deal ¹	251	205	135	80	77
Budget deal actual ²	269	290	331	268	244

¹Office of Management and Budget, July 1990.

²Congressional Budget Office, August 1992.

The Washington Times

heartedly pledges "never, ever" to raise taxes again. The public has rightly responded with snickers. As economist Art Laffer has rightly pointed out, "You can't regain your virginity."

It is said that those who ignore the mistakes of history are doomed to repeat them. Budget summits are now known to be dangerous to America's economic health (and to Republicans' political health). The 1990 budget deal is the third major bipartisan budget agreement since 1982 to end in higher taxes, higher spending and deeper debt.

Still, many business leaders and politicians are urging yet another bipartisan budget agreement in 1993 or 1994. Bill Clinton's and Mr. Bush's advisers have hinted that they would be eager to participate in negotiations to produce an even more grandiose package than the 1990 pact. That would, of course, mean even higher taxes.

The unmistakable lesson of the 1990 budget agreement is that progress on the deficit can only be achieved through serious restraint of the growth rate of federal expenditures, and by denying politicians even a dime more revenue. The United States cannot afford any more deals of the century.

Stephen Moore is director of fiscal

WEDNESDAY, OCTOBER 21, 1992

BRUCE FEIN

Sign of U.S. spiritual decay

The debates among the three insipid aspirants for the presidency confirm that the United States is afflicted with an acute case of spiritual and intellectual decay.

Responses by the trio uniformly either accept or champion a government obligation to eliminate virtually all of life's misfortunes, discomforts and unpleasantness. Thus, each candidate pledges a paramount government role in curing drug abuse, providing health care, AIDS research, housing, educational achievement, social security, jobs and investment in sunrise industries. One seemed to suggest that all human defects or evil could be avoided if the government offered a nanny to hug and kiss every child during its initial 18 months of life.

In stark contrast, but three decades ago, President John Kennedy exhorted his fellow Americans, "Ask

not what your country can do for you. Ask what you can do for your country."

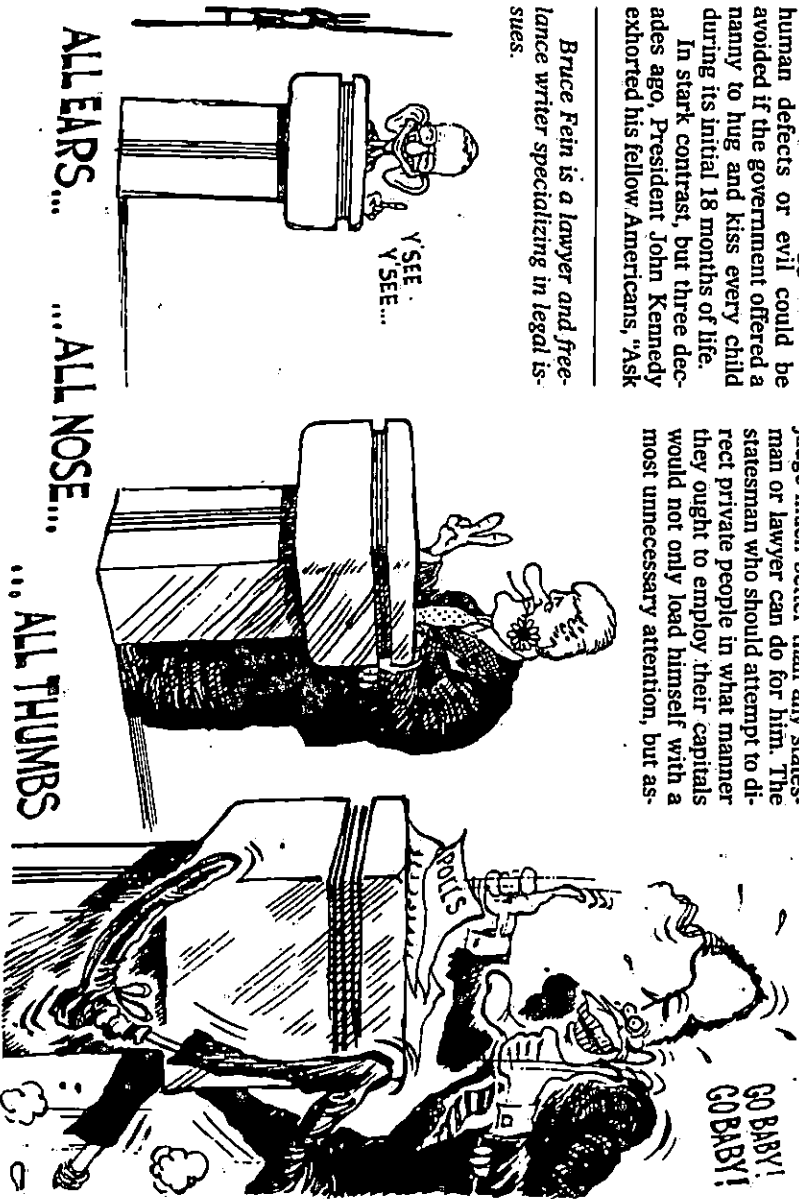
The candidate responses are both depressing and misguided on several counts. If the candidates were selling securities, their claims to economic prescience would be condemned by the Securities and Exchange Commission for fraud and deception. As Adam Smith taught in "The Wealth of Nations": "What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawyer can do for him. The statesman who should attempt to direct private people in what manner they ought to employ their capitals would not only load himself with a most unnecessary attention, but as-

sume an authority which could safely be trusted, not only to single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it."

Even more dismaying is the candidates' collective ignorance of human nature and experience. They fail to understand that a great nation is made by a great people, not by a grandiose government; that a great people is made only by great individ-

see FEIN, page G4

Bruce Fein is a lawyer and freelance writer specializing in legal issues.



ual striving and resolution to overcome the slings and arrows of outrageous fortune that flesh is heir to; that without great striving and common sacrifice for the common good, a nation is fated to degenerate, like the Roman Empire when it opted for barbarian mercenaries to defend its frontiers; and that when government removes the incentive for individual toils and development by providing cradle-to-grave security, pride and spirit are killed, and national flaccidity displaces vitality. Thus, for example, cosseted Kuwaitis generally fled the 1990 Iraqi aggression and shunned emulation of the World War II French maquis.

The United States grew to greatness by disdaining, not demanding, a government obligation to seek amelioration of hardships. Soldiers at Valley Forge fought without demanding future food stamps or heating assistance; George Washington scolded Continental Army soldiers for contemplating threats against the civilian government because of pay arrearages; California 49ers who failed to strike gold did not demand government welfare or unemployment benefits; and the nation prospered for more than a century without a single federal regulatory agency or federal monetary authority. To be sure, the government provided land to the industrious under the Homestead Act, but it did not promise farming profits or subsidies. The massive government social and marketplace interventions that earmark the 20th century have weakened economic growth and self-esteem.

A passive government — except in providing educational opportunity, law enforcement and national defense — would not signal an end to individual misfortune, tragedy or hardship. Unemployment, bankruptcy, investment losses, physical and mental ailments, accidents, disease and family conflicts are permanent fixtures of the human condition. It is the striving to surmount these difficulties and challenges that strengthens individual character

ter and furthers achievement. Necessity is the mother of invention, and, to borrow from Sam Johnson, "when a man knows he is to be hanged in a fortnight, it concentrates the mind wonderfully."

No person feels genuine self-respect or fulfillment from a showering of government beneficence. They come only through hard work, discipline and magnanimity.

In some circumstances, insisting on government passivity to safeguard individual striving and its concomitant contribution to national greatness may result in seeming unfairness. But that would not detract from a noble existence. As Socrates taught, the real difficulty in living an honorable life is not the avoidance of death or hardship, but the "escape from doing wrong, which is far more fleet of foot." It is far better to have striven mightily and failed, than to have declined the attempt because government has destroyed the will to accomplishment and greatness.

Unless the people and leaders of the United States come to shun government relief from the ordinary toils and vexations of life, the nation is doomed to the unhappy destiny of the Athenian city-state trenchantly recounted by Edward Gibbon: "In the end, more than freedom, [the Athenians] wanted security. They wanted a comfortable life and they lost it all — security, comfort and freedom. When the Athenians finally wanted not to give to society, but for society to give to them, when freedom they wished for most was freedom from responsibility, then Athens ceased to be free and never was free again."

IRAQGATE: THE UNRAVELING COVER-UP

U.S. News

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OCTOBER 26, 1992

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1993 CAREER GUIDE

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JOBS

FOR THE

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**HOW TO
GET AHEAD
IN THE '90s**





Spinning, out of control

Let truth and falsehood grapple, wrote English poet John Milton: "Who ever knew truth put to the worse, in a free and open encounter." Clearly Milton did not anticipate the advent of the "spin patrol" that now follows every major political event. The encounter is free and open, to be sure. But it's hard to say that truth is *not* put to the worse. The free marketplace of ideas has been rigged.

ONE WEEK

The spin patrols were at their absurd best after last week's debates. Aides to all the candidates, armed with attack lines concocted days or weeks earlier, paraded before armies of reporters to put their own self-serving "spin" on the engage-

ments. The White House unashamedly gave reporters a map of its command center that showed one room reserved for "spinners" and another for "senior spinners." The premium, as always, was to say something memorable and entertaining if not entirely true—perfect for the nightly news. After the first presidential debate, Bill Clinton's spin doctors claimed, with no discernible evidence, that George Bush seemed hesitant and weak. Bush's spinmeisters argued, with just as little credibility, that Clinton seemed scared and flustered.

The next morning, Bush campaign chairman Robert Tee-ter refused to look at his own overnight polls prior to a 6 a.m. news briefing so he could deliver his prepackaged, pro-



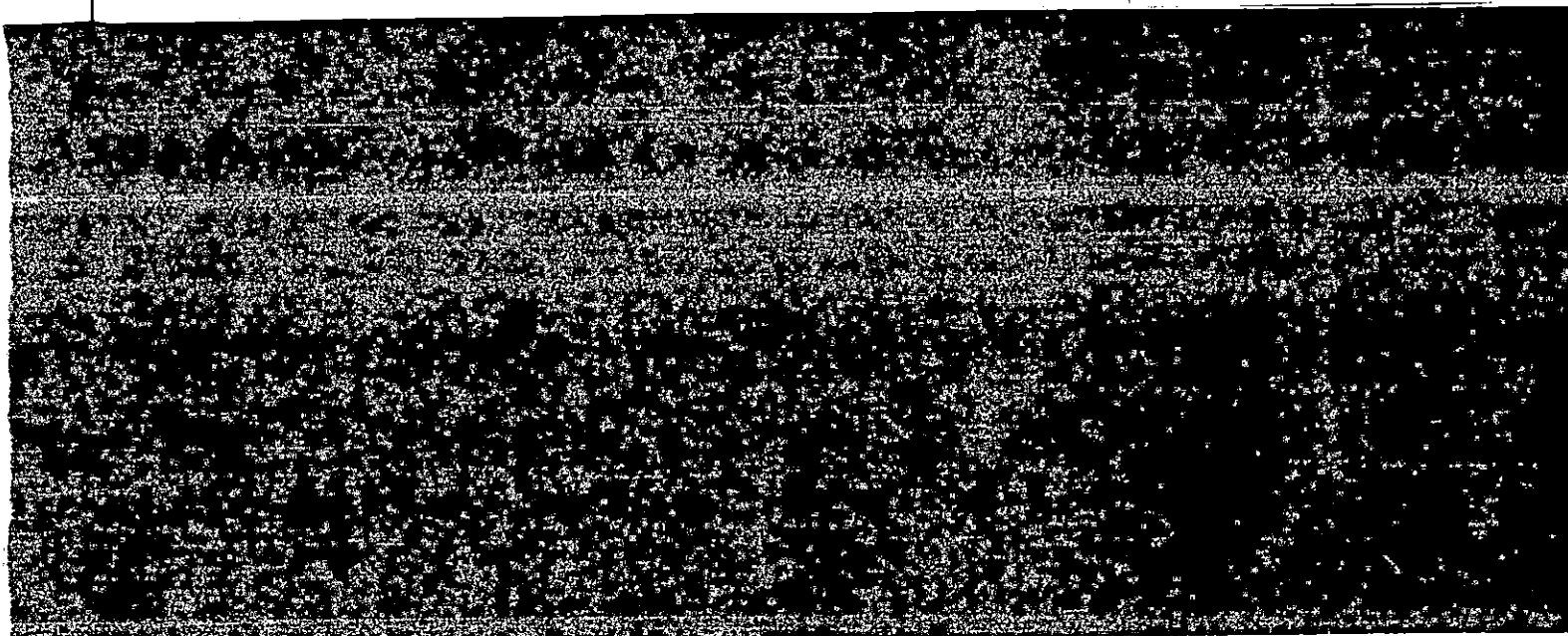
Bush lines without acknowledging that Bush had failed to cut the Democrats' lead. Clinton, equally intent on manipulating public impressions, designed his post-debate events as a fire wall against any sparks Bush might have generated from attacks on the Arkansas governor's character and lack of military service. One event was a somber endorsement of Clinton by retired Adm. William Crowe and other military figures, an occasion that might have been slightly more impressive had they not already endorsed Clinton several days earlier.

The Republicans invented the ritualized spin patrol after the 1984 presidential debate between Ronald Reagan and Walter Mondale in Louisville, Ky. GOP operatives were assigned to specific national reporters and told to provide spicy quotes about how well Reagan had done—even though his doddering performance was an embarrassment. Some reporters bought their excuses, and Reagan's staffers congrat-

Feeding time. *Former Arizona Gov. Bruce Babbitt delivers his sound bite after the vice presidential debate.*

ulated themselves for minimizing the damage. Since then, the spin game has become an institution. "It's like everything TV gets its hands on," says a prominent Republican strategist. "It becomes a big visual theater—like the Super Bowl, where the pre-game shows are longer than the actual game."

Blessedly, the foolishness may be running its course. National news organizations last week used little of the pre-packaged pabulum, and many reporters now openly disdain it. Certainly the voters long ago learned to discount the spin doctors. "I'm surprised the press doesn't just lock the doors after these big events and keep us out," says one of Bush's senior spinners. With some common sense and a bow to Milton, maybe the next time we will. □ BY KENNETH T. WALSH



ASSMENT, ONE YEAR LATER

ization for Women last week chose the anniversary of Clarence
preme Court confirmation to picket the Equal Employment
sion, charging that the justice's former agency is "trashing
women's rights" by tossing out most har-
assment complaints. The EEOC re-
ceived 3,329 charges last year but filed
only 66 lawsuits on behalf of alleged
victims. Evan Kemp, who succeeded
Thomas as EEOC chief, denounced the
protest as "election-year theater." He
insisted that his investigators take har-
assment complaints seriously but find
legal merit in only one fourth. The real
problem may be that the EEOC's budget
is being slashed just as its caseload is
spiraling. Meanwhile, Thomas's accuser,
law Prof. Anita Hill, who has become a
symbol of harassment victims, said last
week at Georgetown University that
"a major social upheaval" because of the hearings, sexual
ts by African-American women still are not taken seriously.
omen," Hill says, bear "a double burden of race and gender."



Protesters at EEOC

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EYE ON THE ISSUES

The facts—or reasonable facsimiles thereof—were flying during last week's debates. Here are a few amplifications on what the candidates said:

George Bush: "We are the envy of the world in terms of our economy, in spite of the difficulties we're having. . . . Our exports are dramatically up."

Exports are up 6 percent so far this year, but the rate of increase has been declining the last two years. And imports are up, too, pushing the overall trade deficit to \$9 billion in August.

Al Gore: "Bill Clinton has created high-wage manufacturing jobs at 10 times the national average."

Manufacturing jobs in Arkansas have increased 19.9 percent since Clinton reassumed the governorship in 1982, compared with a decrease of 1.7 percent nationwide. But the average weekly manufacturing wage in Arkansas is \$375.74, ranking 48th in the nation.



Ross Perot: "Some of our international competitors collect up to \$3.50 a gallon in taxes."

- Gasoline taxes per gallon are:
- Italy—\$3.56
 - United Kingdom—\$2.21
 - Germany—\$2.59
 - Japan—\$1.63
 - United States—\$0.34

Bill Clinton: "We are down 35,000 private-sector jobs."

From January 1989 to September 1992, private-sector jobs did shrink 35,000, according to the Bureau of Labor Statistics; government jobs increased 997,000, a net gain of 962,000.

Bush: "We passed two very forward-looking civil-rights bills."

The president backed the Americans with Disabilities Act but vetoed a Democratic-inspired civil-rights bill, supporting the final version only after criticism of his administration



from blacks
the handling
Clarence Th
nomination.

Clinton: "The age senior citizen is spending a percentage of income on health today than they were in 1965, Medicare."

In 1961, senior citizens spent 17 percent of their after-tax income on health care, compared with 17 percent in 1991. But the quality of care has also improved, extending life expectancy from 70 to 76 years.

Perot: "We spend more than any nation in the world . . . and ran the bottom of the industrialized world in terms of education achievement."

America ranks sixth in spending per pupil (Sweden, Switzerland, Canada spend more); a comparison by the Educational Testing Service placed U.S. 9-year-olds third in reading, 10th in science, 10th in math, and ninth in math; 13-year-olds 14th out of 15 in science, 13th in math.

Dan Quayle: "Senator Gore has asked to have the taxpayers of Arkansas spend \$100 billion a year on environmental projects in foreign countries. It's in your book. On Page 30."

Gore does argue on Page 30 that an effort comparable to the Marshall Plan—\$100 billion in today's dollars—is needed. But on Page 31, he writes, "the United States cannot conceivably be the principal creditor. . . . The financial resources now come from Japan and Europe and wealthy, oil-producing states."

Bush: "These frivolous trial lawyer lawsuits . . . are running the cost of medical care up \$25 to \$50 billion."

The American Medical Association estimates that malpractice payments add \$5.6 billion; "defensive" medical tests add \$20.1 billion. Other estimates offer much lower figures, that not all lawsuits are frivolous and that many defensive tests would not be performed anyway.

WASHINGTON WHISPERS

.....
CLINTON'S coattails may not save key House Democrat leaders

.....
GINGRICH tops list of potential GOP losers on Capitol Hill

.....
MILOSEVIC could be a goner as Serbian economy worsens

■ **Clinton's tears.** The Democratic presidential candidate's discomfort with his actions during the Vietnam era recently took an emotional turn. Clinton's mother, Virginia Kelley, found a cache of old letters Bill had received as a youth. One was from a high-school friend who was killed in Vietnam, written just days before the young man's death. An aide tried reading the letter to Clinton, but the Arkansas governor broke down and made her stop. Says the aide: "Bill Clinton will go to his grave feeling guilty that he didn't die in Vietnam."

■ **Endangered.** Democratic congressional leaders are privately worried that even if Bill Clinton wins the White House, his coattails may not be long enough to save several big-name incumbents. One focus of concern: Wisconsin's Les Aspin, chairman of the House Armed Services Committee and a potential defense secretary in a Clinton administration. The sources fear that Aspin, who has become a Democratic spokesman on defense since he was made chairman of the Armed Services Committee in 1984, has not paid sufficient attention to the folks back in Kenosha and Racine. Another big shot in trouble: Michigan's William Ford, chairman of the House Education and Labor Committee and one of the party's authorities on education. In California, the party has two major concerns: Vic Fazio, No. 4 in the House leadership and often mentioned as a future speaker, has trouble in a redesigned district. Similarly, Anthony Beilenson, the highly regarded former chairman of the Intelligence Committee who used to represent Beverly Hills, has been pushed into a new and conservative district in the San Fernando Valley. Redistricting is also forcing Illinois's Dan Rostenkowski, chairman of the powerful House Ways and Means



Chairman Dan Rostenkowski
 Weighed down by incumbency

Committee, into a district that extends into the Republican suburbs west of Chicago. His opponent: an amateur who sought to capitalize on the national mood by changing his name to Elias R. "Non-incumbent" Zenkitch.

■ **Neophyte nettles Newt.** The Republicans' major concern is the fate of House Minority Whip Newt Gingrich of Georgia, who was weakened by a hotly contested primary fight last spring in which he won a narrow victory of fewer than 1,000 votes in a completely new district. Now the seven-term conservative leader is ahead of his opponent, Tony Center—a political neophyte—by only 5 points in a district that voted 73 percent for George Bush in the last election.

■ **Cash-poor, missile-rich.** U.S. officials are concerned about intelligence reports that Russia is negotiating to

sell some of its surplus ballistic missiles as well as strategic Backfire bombers to China. The Bush administration believes that such sales would violate both the spirit and the letter of the recent agreement limiting strategic arms, and U.S. officials are seeking assurances from Moscow that the reports are false. If not, they may publicly demand that the Russians, hard pressed for ready cash, cancel the deal. "A key item of our dialogue with Russian leaders these days is their arms sales to third countries," says one U.S. diplomat. "We are making only a tiny bit of progress."

■ **Bashing the bar.** Look for Republicans to escalate attacks on excessive lawsuits—no matter who wins the presidency. GOP insiders say participants in focus groups after George Bush's acceptance speech in Houston rated attacks on lawyers his most compelling issue. If Bush is re-elected, despite the president's no-new-taxes pledge, the White House may float a plan to slap a fee or excise tax on punitive-damage awards, to be allocated to a victim-compensation fund. If Clinton prevails, a group already financed by business interests called Citizens for Civil Justice Reform will take up the cause by lobbying for curbs on lawsuits nationwide.

■ **Exit: Milosevic.** This winter may bring about the end of Serbian strongman Slobodan Milosevic's rule, say U.S. diplomats watching the civil war in the former Yugoslavia. They think that Milan Panic, the California businessman first scoffed at by U.S. officials, may emerge as the winner backed by the democratic opposition. State Department experts argue Milosevic will fall because of the collapse of the Serbian economy as imports are choked off. But they fear that a desperate Milosevic might "internationalize" the conflict by striking at the Albanian minority in Kosovo and the Hungarians in Vojvodina. As for pressures to lift the arms embargo to relieve besieged Bosnia, U.S. officials predict no change in policy. "But the United States may not look very closely at the arms the Bosnians are receiving from abroad," says one insider.

EDITED BY CHARLES FENYVESI

Can anyone stop Clinton?

A debate-a-thon helped Democrats, rehabilitated Perot and left Republicans with nightmares

George Bush was high aloft in Air Force One. Bound for St. Louis and the first debate, the president thought it was time to talk about his second term. He called White House Chief of Staff James Baker and campaign chairman Robert Teeter into his cabin, not for some last-minute one-liners but to discuss how to announce in the debate his plans for Baker to become a domestic-policy czar. Bush thought it was enough simply to mention the highly touted Baker's new job. Well, said the aides, it was more important to emphasize details about a second term. And to drive home the promise of change, they suggested, Bush should announce plans to demand the resignations of all his senior advisers.

Bush's response: Wouldn't be prudent. The public might think he was desperate. Despite years seeking the office, months of searching for a way out of his doldrums and hour upon hour of debate preparation aimed at producing a desperately needed breakthrough, Bush was still pondering the most basic question: What should I do next?

Indeed, through the thickets of spin, punditry and hoopla that went with an unprecedented period of televised national debates, the essence of all three presidential debaters shone through. Bush was the steady but unimaginative crisis manager. Democrat Bill Clinton was the talented striver—out to please everyone. Independent Ross Perot was the plain-spoken salesman, long on slogans but short on specifics. Yet, while the twilight moment of Campaign '92 provided a certain clarity, it shed little new light on the ultimate questions about how the contenders would govern.

One other thing, though, had become clear: Voters were trying as hard as they

could to keep the campaign focused on the nation's economic woes and on the candidates' specific approaches to fixing them. A deceptively simple question from a woman in the Richmond debate captured the fear and frustration that has driven this remarkable political year: How had the economy affected these candidates personally? For a moment at least, in the middle of a week mostly about style, something approaching substance prevailed. Character—and its relationship to the nation's future—was a legitimate issue. But not when it was defined in a way that obscured the public's desire to get on with setting the country on course.

The verdict, too, was becoming clearer: Neither Bush nor Perot has yet found a way to stop Clinton. Speaking to a Republican congressional leader, a high-level Bush operative described himself as "suicidal." The shape of a GOP electoral nightmare was taking form: a continued substantial Democratic House of Representatives majority and a filibusterproof (60-seat) majority in the Senate. In GOP circles, sources say, key officials were faulting the president himself, with former Chiefs of Staff Samuel Skinner and John Sununu and budget chief Richard Darman leading the charge.

And the Republicans' hubris was also being exposed. "Part of our problem was that we just couldn't picture Bill Clinton actually sitting in the Oval Office," says a senior Bush adviser. The tested tricks had failed to work against Clinton—traditional tax-and-spend attacks, character assaults and sneers at his gubernatorial record. So the debates became the GOP's last chance. Here's

Peak form. The consensus was Round 1 was Perot's; Round 2 went to Clinton.



U.S. NEWS

how the story of the most important week of this campaign played out:

THE PREPARATION

The candidates knew how high the stakes were. Still, minutiae were on everyone's mind in the final hours before the first debate. Clinton carefully tried on neckties at the podium to select just the right one. Bush's campaign press secretary, Torie Clark, shamed him into wearing a different tie *and* suit, exclaiming: "Oh, ugly tie!" Clinton's aides had received advice from a Kennedy administration eminence that Clinton should wear glasses even if he didn't need them, to make him look older. And Clinton dutifully followed doctor's orders, answering practice questions backstage to limber up his allergy-strained throat—like a pitcher throwing warm-up tosses. (The voice gods were crazy in the Clinton camp. Rep. Mike Synar, the Perot character in Clinton's mock debates, dropped out of the play-acting when he lost his voice.)

But for Clinton's aides, there were two huge preoccupations behind the little concerns: keeping the long-winded governor from sounding like he was taking an oral exam and anticipating any

bombs Bush's top handler, Jim Baker, might toss. The biggest fear was over Clinton's antiwar record, and his campaign aides assembled massive research. There was a 1988 article in which Bush's son Jeb had defended Dan Quayle's noncombat record as a matter of generational difference. There was a 1984 piece in which Barbara Bush said Jeb had seriously considered seeking conscientious-objector status during Vietnam—and her husband had pledged to

back his son's decision. And there was a 1969 article in which Bush said of protesters: "I fully subscribe to the right of legitimate dissent."

There were deeper worries, too. Everyone knew that *Penthouse* magazine was about to publish an article on Jennifer Flowers, whose accusations that she and Clinton had carried on a long-term affair nearly swamped his campaign last winter. Clinton's aides had a copy of the story, in which Flowers



In the spotlight. The candidates broke precedent when they fielded questions from real people.

TREATY WATCH

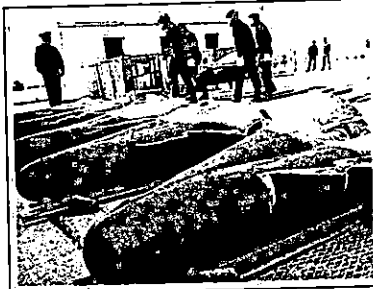
An arms deal coming undone

"I worked out a deal with Boris Yeltsin to eliminate, get rid of entirely, the most destabilizing weapons of all, the SS-18, the big intercontinental ballistic missile," George Bush boasted in the first debate. "That's been done." Two nights later, Democratic vice presidential candidate Al Gore charged in his debate that "the deal unraveled." Gore was right.

The Russians have been backing away from key parts of an agreement reached in June and commonly called START II. U.S. officials now concede that the Russians

have told them they no longer are interested in completing a successor to the original strategic arms reduction treaty until the original agreement is ratified and implementation has begun. The U.S. Senate has approved the treaty but Russia, Ukraine and Belarus have yet to do so. Previously, the Russians had not put any such conditions on the START II agreement.

Second thoughts. The Russians, in particular, are having second thoughts about how to



Russian qualms. Holding up the deal

carry out their pledge to eliminate their biggest ICBM, the 10-warhead SS-18. Russian Foreign Minister Andrei Kozyrev has proposed to the United States that Russia be

allowed to retain the silos that house the SS-18 so that they can be modified for missiles that are permitted under the agreement. In addition, Gen-nady Khromov, a member of the Russian negotiating team, told *U.S. News* that Russia may seek permission to modify SS-18 launchers rather than destroy them.

The Russian concerns are a step backward from the pledge Bush apparently elicited from Yeltsin in Washington in June. At that time, both sides agreed to eliminate all land-based multiple-warhead ballistic missiles by the year 2003. Now the done deal may be coming undone.

BY BRUCE B. AUSTER AND DOUGLAS STANGLIN

■ U.S. NEWS

takes her charges considerably further. Clinton aides say her story is "an outright lie." And a press release from the magazine concedes that its writer often could not verify Flowers's lurid claims.

Clinton's lawyers had spent considerable time in recent weeks quashing efforts by Flowers and her agents to set up a 900 phone number that would allow call-

there were internecine quarrels. The most damaging preoccupation centered on Richard Darman, Bush's budget director, longtime key aide to Baker and *bête noire* of conservatives for his role in orchestrating Bush's support for a 1990 tax increase. Baker insisted that Darman take over preparation of the debate briefing books. Darman promptly discarded campaign aide James Cicconi's research and ordered his budget staff to

THE FIRST ENCOUNTER

The Bush operation's setup in St. Louis spoke volumes about the hierarchical nature of the Republican Party and the insular nature of a Baker-run operation. There were separate areas for "spinners" and "senior spinners." Baker had a private room apart from Bush's command center; he sat in it with Darman, giving orders on research that they wanted

ed pulled from computer files to refine post-debate spin lines. In the corridor outside, staffers left a buffet table almost untouched.

With good reason. The advisers anxiously realized they had misread both their own boss and Clinton. They had expected Clinton to challenge constantly, prompting Bush to swing back: He usually loves to counterpunch. For example, the Bush forces anticipated that Clinton would talk at length about health care. They prepared three one-paragraph summaries of inconsistent health-care plans Clinton had discussed in the past, in hopes of portraying the Democrat as a flip-flop artist. But health care wasn't a big issue that night.

Just as badly, Bush seemed to falter almost from the start. He didn't come back at Clinton after the Democrat invoked the name of Bush's father, Prescott—an avowed opponent of Joseph McCarthy—to diminish



Morning after. Bush, campaigning in Pennsylvania, seemed long on tactics but short on strategy.

ers to hear snippets of her taped conversations with Clinton. An investigator was even hired to check out whether Flowers had made ads to promote the tapes. She had. But in the week of the debates, when Clinton anticipated the ads would begin running, he stopped short of taking the advice of some staffers for a "pre-emptive strike" denouncing the validity of the tapes. He decreed that the campaign should not mention Flowers, particularly during the debate period.

If the Clintonites had only known how much turmoil the Bush side was suffering, they might have relaxed. Riven by tactical disputes, the Bush team had broken into two factions. One consisted of slash-and-burn advocates like Republican Party Chairman Rich Bond and GOP strategist Charles Black, who wanted a massive assault on Clinton's character. The other, which included Baker, wanted Bush above the fray while Dan Quayle, other surrogates and advertisements were deployed to rough Clinton up.

And as always in the Bush operation,

start from scratch researching Clinton's plans. But a new complication entered the picture when many Bush friends suspected that Darman had recently leaked information to the *Washington Post* portraying Bush's economic policy as hopelessly flawed—and placing much of the blame on the president. Bush's sons George and Jeb, among others, called the president to complain about Darman. Bush was described as "very upset" and cool to Darman but unwilling to fire him because it would have been too disruptive to the campaign.

Still, the rift diminished the value of Bush's debate prep, in which Darman played Clinton and Sununu played Perot—complete with a mock pair of oversized ears. Bush, say aides, was flat in the final mock session in part because he hated repeating the "message" that was being drummed into him: *I am more trustworthy than Clinton*. It is a crucial flaw. As one friend fretted: "How can you expect a man who plays 18 holes of golf in 88 minutes to sustain a message?"

Bush's attacks on Clinton's Vietnam-era trip to Moscow. And Bush never used a prepared list of zingers designed to deflate Clinton. Given the lines, Bush may well have been right. To rebut a wonkish Clinton recitation of policy options, Bush had been told to respond: "The president is the commander in chief, not calculator in chief," or "Governor, I think you're still cramming for that final exam you never took at Oxford" or "This is the pursuit of the presidency, not Trivial Pursuit." If Clinton tried to sound like a new kind of unliberal Democrat, Bush was urged to say: "We've just seen your impersonation of a moderate, but you should stick to impersonating Elvis," or "You look at the taxpayers' wallets like another cheeseburger to be gobbled down, one after the other."

After the debate, the Clinton camp was more worried about self-inflicted wounds. His response to a question to define the family, an aide chided, was his "most PC sort of answer." And aides cringed when Clinton rejected their im-

passioned advice against a schmaltzy announcement that debate day was his 17th wedding anniversary. The in-house verdict: "Too staged." Staffers were shocked when Clinton referred to his brother Roger, a recovering alcoholic and drug addict. He had cut a reference to his brother from his Democratic convention acceptance speech to avoid exploiting him. And the Clinton camp, says a close family friend, "is concerned about Roger's vulnerability to being set up, trapped, enticed" into a relapse. Roger, worries one Clinton aide, "could be Billy Carter times 10."

Clinton had been especially careful about dealing with Perot in the debate. Before the first face-off, the Clinton campaign figured the Democrat would be able to "push off" Perot, using the independent's jabs at Bush as segues into Clinton's own assaults. When Perot also provided thinly veiled defenses of Clinton against Bush's attacks, Clinton's advisers were pleased.

They could not have been too pleased, however, because the general assessment was that Perot, not Clinton, had won the first debate. His folksy directness only reinforced the sense that Clinton and Bush were sidestepping difficult issues and that politics as usual would not do. In the polls, Perot's stock doubled to somewhere under 20 percent, and much of the bad feeling he engendered when he quit the race in July evaporated. Few observers thought he had a chance of winning. But his surge reminded voters of how different—really different—the campaign almost certainly would have been if Perot had not dropped out of the race so early.

Then came the cleanup efforts. As if the tension weren't high enough for the Bush staff, many of them needed a cigarette badly after the debate but had to smoke stealthily in a small corridor because Barbara Bush had forbidden smoking in the command center. When Washington lawyer and Democratic stalwart Robert Barnett, who played Bush in Clinton's mock debates, reached Clinton's side, the governor whispered: "The practice was much harder." Still, the overall emotion among Clinton people was relief, not triumph. "We have two more," said one aide. "I wish this was it."

An essential dynamic of the campaign was illustrated in the hours immediately following the debate. Bush's

forces were forced to explain away several shortcomings of their man's performance, while the Clinton troops focused on blunting an array of Republican charges. The Clintonites were intent on using surrogates to defend him. Adm. William Crowe, the former chairman of the Joint Chiefs of Staff who had endorsed Clinton, was particularly active battling accusations about Clinton's draft record and the Democrats'

Bush had not said anything new about his next term. "You mean Jim Baker doesn't do it for you?" one high-level staffer asked sarcastically about Bush's announcement that Baker would run domestic policy. "I hear the White House switchboard is just lighting up."

The next day didn't start well, either. At 7:10 a.m. Monday, their eyes puffy, the Bushes trudged down a staircase toward the lobby of their St. Louis hotel. Turning

CHARLIE ARCHAMBAULT — USNEWS



Night spins. After the first debate, Clinton seemed pumped up—but urged aides to be cautious.

capacities on defense issues. And former Perot budgetmeister John White, another Clinton supporter, was granted the equivalent of "beaters," young aides who went through the spin market pointing out White for reporters who didn't recognize him and making the case that Clinton's economic plan wasn't too far from Perot's.

Playing hearts at the front of his airplane, Clinton was pumped up as he and his entourage flew to Philadelphia Sunday night. But he remained cautious. When aide Begala remarked that Baker should start working on his résumé, Clinton shot back: "Too cocky." Indeed, in Little Rock, Clinton staffers were giving their man grades ranging from only B plus to C plus.

For their part, Republicans showed early signs of concern. There had been no breakthrough. "I could punch him," GOP consultant Haley Barbour said of Bush, whom he chided for not taking every opportunity to "whack" Clinton's veracity. And there were fears that

a corner, they were taken aback as a group of high-school cheerleaders rang cowbells and cheered, "It's countdown. He's No. 1. Five, four, three, two, one." Some wake-up call.

Later in the day, the Baker-as-savior idea fell apart when White House spokesman Marlin Fitzwater tried to explain why Bush had reversed a statement he had made the week before—that Baker would return to the State Department after the campaign. For a while, the word was that Baker was going to give a speech spelling out the plans.

Instead, Baker distributed a memo asking for the resignations of all cabinet officers and senior officials, trying to show, as Bush had failed to do the night before, that the president was serious about second-term change. Still, no one was sure how extensive any changes would be. And even though Darman seemed the main target of such a purge, neither Bush nor any other senior official would say on the record that Darman, a famous survivor, would be axed. Another



On attack. Quayle continually hammered at Clinton's character. **Taking the flak.** The rap was that Gore didn't defend his man.

possible target, Treasury Secretary Nicholas Brady, was stumping for Bush in Colorado when he got the word, which tended to drown out his message of economic renewal. Once again, the Bush team seemed steeped in political tactics and short on a governing strategy.

No clearer measure of Bush's woes—and Clinton's surprising strength—could be taken than in Monday's traditional campaigning. In Grand Rapids, Mich., Bush attended two private Republican Party fund-raisers at which donors spent \$10,000 to \$20,000 per couple to shake the president's hand. It was a reflection of the party's financial troubles that Bush had to spend half a day to fly to and from these private events instead of campaigning publicly. And Bush was still campaigning to win his core constituency in heavily Republican areas he should have locked up long ago. The Clinton campaign, however, found to its delight that the several events planned to counter potential post-debate problems—one on military issues and one on crime policy—were hardly necessary, since Bush had done so little damage to Clinton.

THE SECOND STRING

The Bush campaign had decided to argue that he would seem too un-presidential if he attacked Clinton harshly. Seeming too "un-vice presidential" was no problem for Dan Quayle. What was Quayle planning to throw at Al Gore and Clinton? "It's not going to be the kitchen sink," said a Bush aide, "it's going to be every

kitchen sink." The week's greatest irony was that Quayle delivered a better performance than his boss.

Quayle, of course, had every reason to want to vindicate himself, given his 1988 debate performance and his low public approval ratings. He, too, had gone through all the typical preparation and coaching. And the campaign had made sure that going into the vice presidential debate, Quayle had appeared before friendly, upbeat audiences to discuss subjects he felt comfortable with.

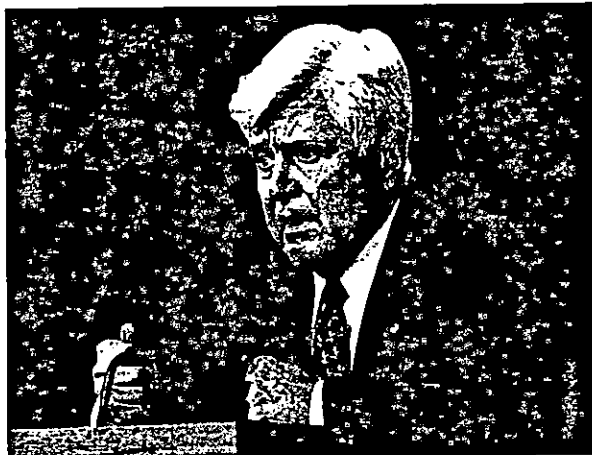
For Al Gore, the main goal was the same as Clinton's had been: reassuring the public that two fortysomething politicians were ready to run the country. But Gore had another hurdle; he had to shake an image as a wooden, overly rehearsed speaker. In his debate preparation in a barn near his Tennessee home, Gore overcompensated, answering questions as if he were at a rally. His

aggressive gestures were too hot for the debate format, and Rep. Dennis Eckart, playing the stand-in role of Quayle, managed to cheat Gore out of some of his chances to respond. Gore, say people who were there, was a bit rattled.

In the debate, as Quayle hammered at Gore and, especially, at Clinton's character, Gore staffers jokingly accused Eckart of feeding lines to the vice president. Gore's aides fretted that they hadn't specifically prepared a response to Quayle's central charge: that Clinton has trouble telling the truth.

The wild card in the vice presidential debate had been James Stockdale, the former prisoner of war who is Perot's running mate. He had prepared for his moment on stage. "It was like cramming for an exam at the end of a semester," says one of his friends. "This is a man who likes to discuss the Greeks and concepts of justice, not policy details." Sources who know Perot say he knew Stockdale probably wasn't going to shine, which they see as an indication of Perot's real intentions in the campaign. "Stockdale has always been Perot's insurance policy that he wouldn't get elected," says a former aide still close to Perot. "If he were in it to win, he would have chosen another running mate."

Gore was back in his element again on Wednesday. And he had a new attack line. The State Department had been accused of violating its own regulations in expediting Freedom of Information Act requests from reporters about Clinton's overseas travels



Wild card. War hero Stockdale was the odd man out.

U.S. NEWS

while he was a student in England. Gore and others took up the call that the Bush administration was practicing "police state" tactics in hopes of dredging up something from Clinton's past that would swamp him. The charges intensified accusations that the executive branch had become a subsidiary of the Bush campaign.

THE PEOPLE'S SHOW

All the anger and hope in a year of talk-show politics seemed to come home to roost in a Richmond auditorium. Clinton had begun to allow himself the thought that he might be pulling away from his rivals. Even though he had proposed the audience forum as the Thursday-night format, he wondered aloud: "Should a front-runner be doing this?"

Given the reviews of his performance in the second debate, especially compared with Bush's, the answer for Clin-



Plotting. Clinton strategists James Carville, lying back, and Paul Begala

ton was clearly "Yes." The Clinton camp was even bolstered by Perot's performance, which it thought had blunted the advance he had made in the first debate. During that debate, Clinton aides laughed when Perot denounced well-heeled lobbyists, since he himself had made a fortune on government contracts. Watching Perot's performance, James Squires, the former press spokes-

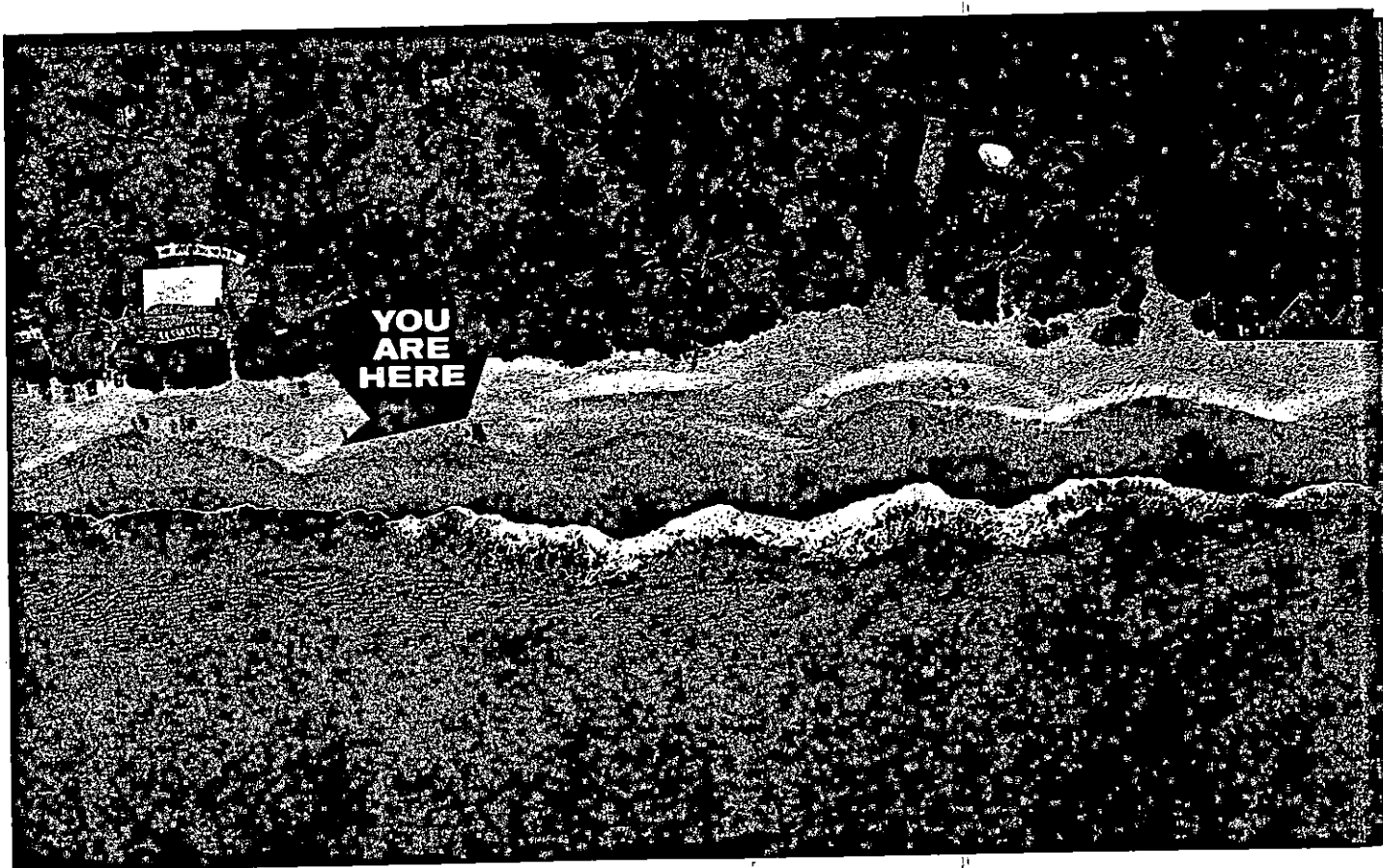
man for Perot's campaign, shook his head in disappointment; Perot was describing the problems while offering few specific solutions. "He sounded like he had worked on his computer business all day and then just showed up for the debate," said Squires.

In the backwash of the week's news, the president's stalwarts were openly discussing what had been heresy until recently: that they were on their way out. "There is so little enthusiasm at the grass roots, it's depressing,"

says one GOP House leader. In their home districts, Republican congressmen are "worried [Bush] will bury us," adds the House leader. And what of Bush himself, who seemed almost listless at times, unwilling to attack Clinton or to defend himself very effectively?

EPILOGUE

After the Richmond forum, Clinton



Introducing a Travelers Cheque for couples who

rushed into the audience of citizens, seeking out the people who had asked him the toughest questions. It was as if his debate performance had given him new confidence that he could sway *everyone* to his point of view. His top aides have begun to speak about an ironic model: Ronald Reagan. They recall that Reagan, sensing the tide turning his way in 1980, spent his final campaign weeks driving home the basis for his mandate to change the federal government. Clinton may finally be arriving at the moment some of his supporters have long wished for—when he could establish the basis for his own mandate to govern.

Hoping to shore up his support in Congress, his schedule will now include visits to states where Senate races are close and his own margin is assured. And some of his aides are discussing a stepped-up economic stimulus package

that would enable a Clinton administration to appear to get the country moving faster than his previous plans have sought (story, Page 50).

Is all the talk about mandates and landslides premature in a year when Perot's impact and the concerns about Clinton have changed the status quo more than once? Before last week's second debate, Democratic pollster Pe-

ter Hart conducted a focus group in Mount Laurel, N.J. Nine of the 12 participants said they would vote for Clinton, but only four expressed trust in him. And when the question turned to how America in 1996 would be different under a Clinton presidency, the group fell into an uncertain silence. Without the protection divided government provides in the blame game, the Democrats would have to do something they have not been called upon to do in a dozen years: produce. As one Democrat put it: "If *read my lips* was George Bush's cross to bear, then breaking the gridlock will be Bill Clinton's." And no one can be sure quite what to expect.

BY DONALD BAER WITH KENNETH T. WALSH, STEVEN V. ROBERTS, MATTHEW COOPER, GLORIA BORGER, JERRY BUCKLEY AND MICHAEL BARONE

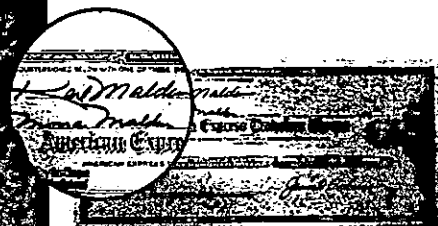


Running out of time. Bush strategist Mary Matalin defends the president.

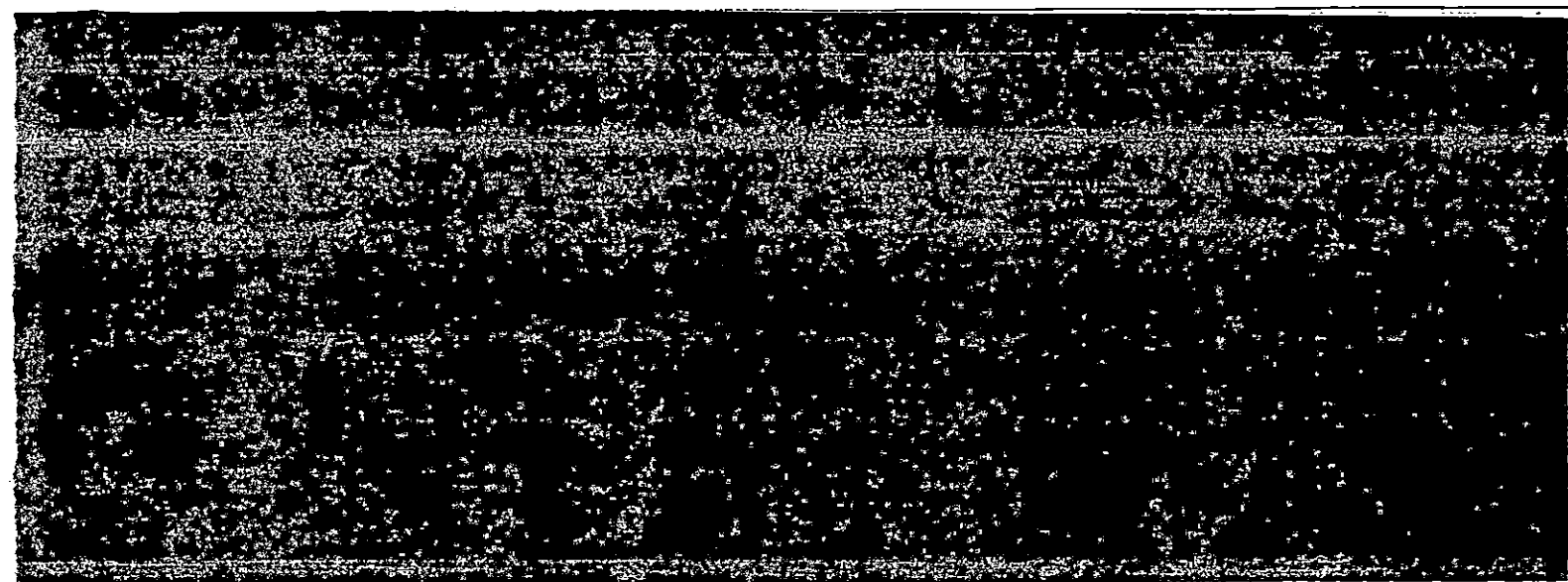
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ho have tied the knot, just not around each other.



The awful dilemma awaiting Clinton

After more than a year of a grueling campaign, crammed with late nights and early mornings, people around Bill Clinton are beginning to realize that their toughest days could still lie ahead. Confidence is rising among Democrats that Clinton's performance in the first two debates has nearly clinched the election, but that's no longer what worries serious advisers.

"We are inheriting a terrible economic mess, worse than anyone understands," says a Clinton confidant. Far from entering a long-expected recovery, he points out, the economy is stuck in the mud and may be mired there deep into the first term of a Clinton presidency. With the exception of modest increases in housing, there are no expansionary forces at work and there are none in sight. The vague hope that a surge in exports could spark a recovery is fast dying, as a crisis of confidence spreads across Europe and Japan struggles with problems of its own. Last week's economic figures, showing another drop in industrial production and the biggest plunge in exports in five years, only reinforced the gloom.

The political challenge facing Clinton is reminiscent of the one Richard Nixon smacked up against after winning election in 1968. Vietnam had been "Johnson's war" and drove the Democrats from the White House. Within months of the election, however, it became "Nixon's war"—and almost destroyed him. Today's economy is the same kind of tar baby. It will probably drive George Bush from the White House this November, but is there any doubt that within a year it will become "Clinton's economy"?

Seven months after winning, Nixon saved himself by coming up with his Vietnamization plan, a strategy for extricating the United States from the war that also bought time with the public back home. Clinton won't have the luxury of waiting so long; his advisers know that he must present a long-term economic plan as soon as he comes to Washington—and it should go far beyond anything he has proposed in the campaign. There's the rub.

Short-term boost. In recent weeks, Clinton has toyed with the idea of using the debates to present a stronger package of short-term stimulants. The betting now is that Clinton will wait on any new proposal until after the election, but that he will then embrace a bigger public works

program and bigger investment tax credits than he is currently espousing. As the first Democrat in the White House in a dozen years, he would face political ruin if he sat idly while layoffs continued to ripple across the land.

Yet equal peril arises if Clinton stops there. He showed he understood the danger when he called former Federal Reserve Board Chairman Paul Volcker recently to ask how the financial markets would react to a short-term stimulus plan. Volcker believes the markets might welcome a little juicing up next year, but he and nearly everyone else on

Wall Street know that Clinton could easily spook the markets if his administration acts as if it doesn't really care about deficits as well. Wall Street has deep-seated skepticism about the financial discipline of Democratic presidents. Any hint of "irresponsibility" in Clinton's policies would send interest rates up and bond prices down—and could wreck the dollar.

The answer, say some of Clinton's most serious advisers, is to accompany a short-term-stimulus package with a bold, long-term deficit-reduction package that would begin as the economy finally expands. But they know that the deficit reductions Clinton has proposed so far depend heavily on the chimera of a booming economy. In hushed voices, the Clintonites are wondering how they can reduce the deficit, given the promises of the campaign. Some of them privately favor increases in gasoline taxes or perhaps a value-added tax, but they haven't talked their boss into anything yet. Clinton tells them he is adamantly opposed to raising taxes on members of the middle class as long as their

incomes are going down, and he is very protective of entitlement programs such as Social Security. He is also not convinced that he has to propose deep deficit reductions right away.

If he wins, Clinton's dilemma will be painful. If he moves quickly with major deficit reductions, he will be forced to call for sacrifices that are both unpopular and exceed anything he has talked about in his campaign. If he waits too long, he may lose power to make anything happen. And if he ducks altogether, the economy could drag along so badly that four years from now he will face the same fate as George Bush. This campaign could be Clinton's last days of fun.



'If he wins, he will be forced to call for sacrifices that exceed anything he has talked about.'

COVER-UP

The Iraqgate scandal was a global fraud and a foreign-policy fiasco. So why did U.S. agents wait so long to pursue it?

In July 27, 1989, a very nervous loan officer named Jean Ivey met secretly with government investigators to talk about some problems in the bank where she worked. One week later, on August 4, a Friday, FBI agents and government prosecutors descended on the bank just before closing time and seized ledger accounts, telexes and other loan documents. The problems were far bigger than Ivey and a co-worker had feared. The bank, the modest Atlanta branch of Italy's Banca Nazionale del Lavoro, known as BNL, had made some \$5 billion in fraudulent loans to the government of Iraq. As astonishing as that fact was,

there was some good news: The machinery of U.S. law enforcement had worked properly. A tip had been received and pursued aggressively. The necessary follow-up steps were taken.

Not long after that, everything went to hell, and Jean Ivey's bank found itself caught up in the worst controversy of George Bush's presidency, one that now dogs his bid for re-election and casts a deep pall over his brightest achievement, Operation Desert Storm. The details of the Iraqgate scandal are complicated, but the essence of the story is really quite simple. After a well-reasoned policy of quietly assisting Iraq during its eight-year war with Iran,



■ WORLD REPORT

George Bush continued to provide billions of dollars in loans to Saddam Hussein after the war with Iran ended in 1988. Despite evidence that Iraqi agents were stealing some of the American loan money and using it to buy and build biological, chemical and nuclear weapons, the Bush administration *increased* the amount of the loans. Even after the discovery of the \$5 billion in fraudulent BNL loans—some \$2 billion of which was guaranteed by American taxpayers—Bush and Secretary of State James Baker continued to push the loan program right up until the day Iraq invaded Kuwait. Today, the president says his administration never “knowingly” assisted Saddam Hussein’s weapons programs, but Attorney General William Barr finally yielded late last week to a firestorm of criticism and appointed a special investigator to look into the matter. The investigator, retired U.S. District Judge Frederick Lacey, will report to Barr and will not have the independence of special prosecutors in other scandals.

Lacey will have his work cut out for him. There is growing evidence now that senior Bush administration officials tried desperately to limit the investigation into the fraudulent BNL loans. A *U.S. News* examination of the administration's actions has found that:

■ The FBI agent assigned to the BNL



Barr. *The attorney general rejects calls for a special prosecutor.*

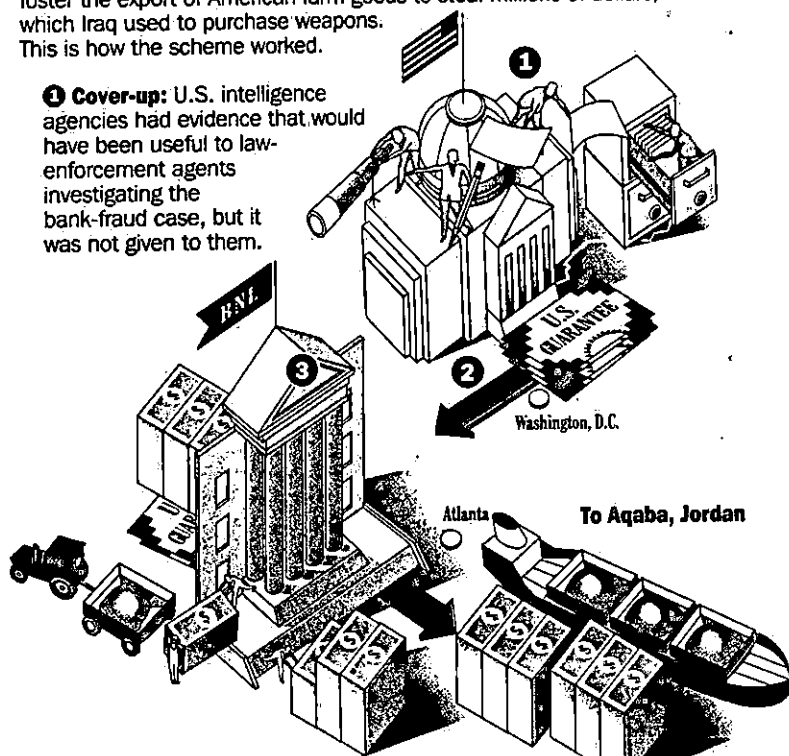
investigation in the U.S. Embassy in Rome in late 1989 was never given copies of at least three CIA reports on the fraudulent loans. Special Agent Robert Peter, the assistant legal attaché in the FBI office in the embassy, was the only American law-enforcement official who could have pursued the Rome connection directly because Attorney General Dick Thornburgh and other senior Justice Department officials refused to allow U.S.-based agents to travel to Eu-

rope to investigate the matter. Thornburgh has said he does not recall such a decision. Peter, contacted at the FBI's Mobile, Ala., office, refused to discuss the issue, but other bureau officials with knowledge of the Rome end of the BNL investigation confirmed that he was not provided the CIA reports. Additionally, a Central Bank of Italy report found that officials "in Rome and around the world were knowledgeable of and participated in the [fraudulent Atlanta] transactions."

Guns and Money: The Iraqi diversion

From at least 1987, middlemen working for Saddam Hussein used a corrupt Atlanta bank and a U.S. government program designed to foster the export of American farm goods to steal millions of dollars, which Iraq used to purchase weapons. This is how the scheme worked.

1 Cover-up: U.S. intelligence agencies had evidence that would have been useful to law-enforcement agents investigating the bank-fraud case, but it was not given to them.



Washington: The U.S. Agriculture Department's Commodity Credit Corporation approves millions of dollars in loans for Iraqi purchase of American farm goods ②, primarily grain and rice. U.S. taxpayers are liable for any loan on which Iraq defaults.

Atlanta: The branch office of Italy's state-owned Banca Nazionale del Lavoro  makes loans authorized by the Commodity Credit Corp., but at values in excess of the price of the goods to be purchased. Iraqi agents use some of the money to purchase farm products from American wholesalers. The goods are shipped to ports in the Middle East, presumably for delivery to Iraq.

Aqaba, Jordan: The principal port used by Iraq ③, it handled most of the farm goods purchased with loans guaranteed by the United States. Middlemen, some of whom worked with BNL and Iraqi agents, may have diverted some grain shipments to other ports in exchange for weapons, money or both.

Istanbul: Home of a large Turkish bank-holding company also engaged in the U.S.-Iraq grain trade **5**, it facilitated delivery of some U.S. shipments through the ports of Mersin and Iskenderun, where the food shipments may have been sold or bartered for weapons.

Rome: The headquarters of BNL provided capital to its Atlanta branch for millions of dollars of Iraqi loans ⑥, much of which it lost. The bank was ultimately indemnified by the Italian government while U.S. taxpayers are forced to repay nearly \$2 billion in loans on which Iraq defaulted.

Geneva: The primary nexus between BNL and the corrupt Bank of Credit and Commerce International (BCCI) loaned BNL's branch in Atlanta millions short term to cover shortfalls in collateral caused by the illegal loans to Iraq. Swiss officials are investigating some of the bankers involved.



Boren. *The senator wants the truth.*

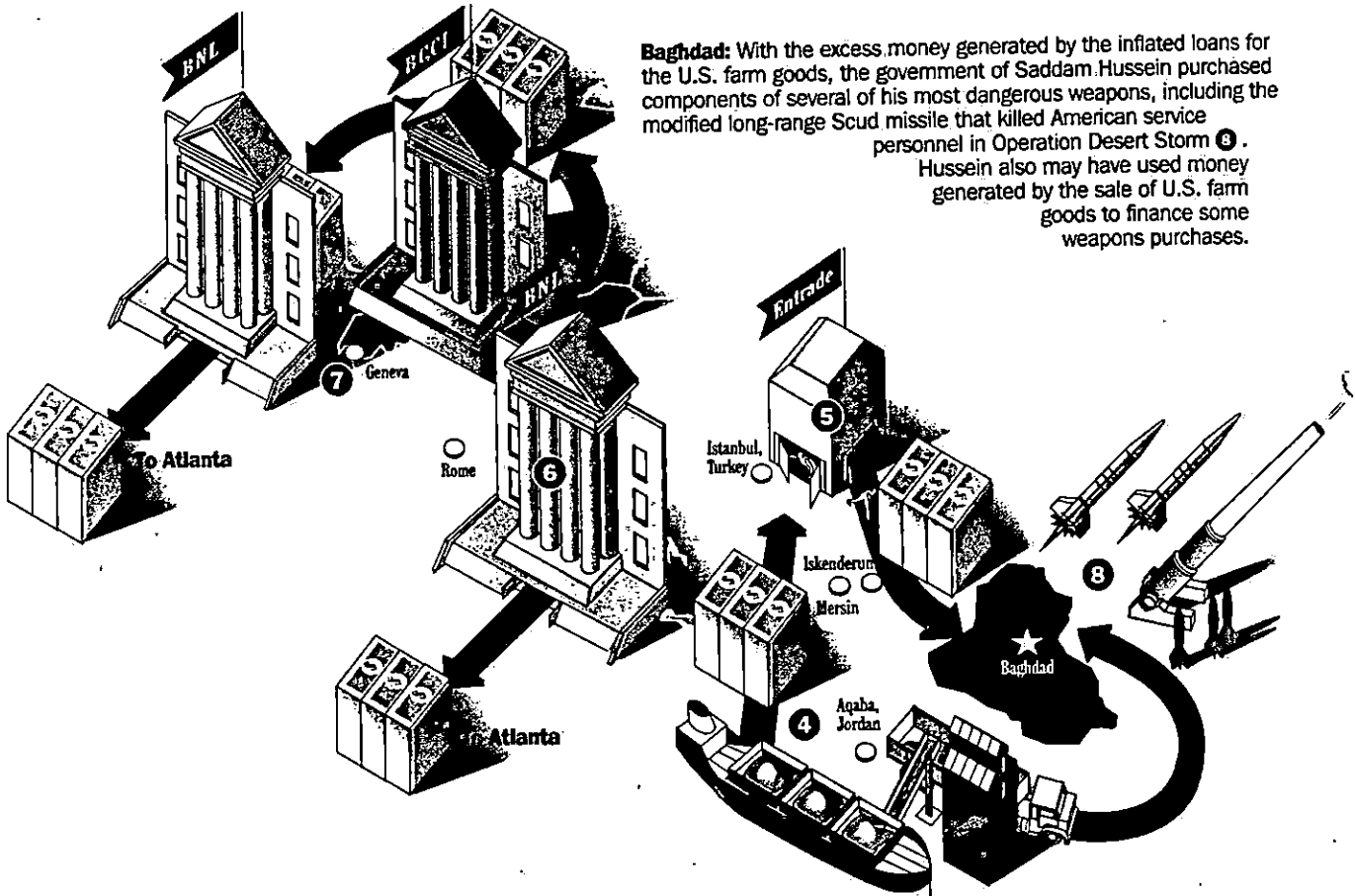
according to an August 31, 1989, Federal Reserve memorandum. The memo was not provided to the FBI.

■ The CIA's information on the bank scandal in 1989 was in what the agency calls "field-intelligence reports," or FIRs. From September 1989 through the end of that year, at least three FIRs were prepared on the BNL situation by a CIA case officer in Rome, knowledgeable sources say. The FIRs were forwarded through the Rome station chief, Jack De-

vine, to CIA headquarters. FIRs are routinely given dissemination numbers at headquarters and then distributed to a limited number of people in the embassy. A CIA spokesman would not say whether the FIRs in question were assigned dissemination numbers and distributed. The FIRs may have been problematic, according to a CIA memorandum, because of the sources who said that BNL officials in Rome knew of the Iraqi loans made in Atlanta. The memo says one source was "unreliable," another "generally reliable." Despite the sourcing problem, some law-enforcement officials say, the CIA's information could have been helpful. The CIA turned over the September 1989 FIR to congressional investigators only this month, stating that the agency had not been able to locate the report earlier. But Devine, the Rome station chief in 1989, had returned to CIA headquarters by the time congressional panels began asking about the conduct of the BNL investigation. Agency officials say he and others knew of the reports' existence. "First, these things are all logged on the computer, so they could have come up with the [material] easily," explains a CIA officer who says he is mystified by the agency's account. "Second, quite a few people knew about the stuff on BNL. I wasn't working in that area,

but I knew about it." ■ There was other intelligence information on the volume of BNL loans going to Iraq that was also not disclosed to U.S. law-enforcement authorities and banking regulators. According to several intelligence officials, the National Security Agency was monitoring telex communications and electronic funds transfers from BNL's home office in Rome, as well as from other big banks in the Mediterranean, to determine whether the Abu Nidal Organization or other terrorist groups were using the banks without the knowledge of bank officers. A U.S. official with direct knowledge of this operation says there was voluminous information on the BNL loans to Iraq, including information on the rates of interest the Iraqi government was paying on loans. The official says the interest BNL collected on the loans was well above prevailing market rates. ■ The decision by senior Justice Department officials to deny travel authorization for lawyers and agents working on the BNL investigation was extraordinary. A ranking FBI official who protests that there was no cover-up of the BNL investigation nevertheless calls the denial of travel authorization "strange." He says he can recall only one instance in more than 20 years at the bureau when agents were or-

DAVID S. MERRILL - USA TODAY



Baghdad: With the excess money generated by the inflated loans for the U.S. farm goods, the government of Saddam Hussein purchased components of several of his most dangerous weapons, including the modified long-range Scud missile that killed American service personnel in Operation Desert Storm. Hussein also may have used money generated by the sale of U.S. farm goods to finance some weapons purchases.

WORLD REPORT

dered not to pursue an investigatory lead. That was in October 1986, when a plane illegally supplying the Contra rebels in Nicaragua with U.S. arms was shot down. Then Attorney General Edwin Meese ordered the FBI to delay its investigation of the carrier for "national-security reasons." The man who authorized the illegal flight, it turned out, was retired Air Force Maj. Gen. Richard Secord, and he was busy at the time ferrying U.S. missiles to Iran. FBI agents waited two weeks before Meese finally allowed them to proceed with their investigation of the Nicaraguan-supply mission and what would come to be known as the Iran-Contra affair.

■ Several of the FBI agents on the Atlanta end of the BNL investigation have told investigators for New York District Attorney Robert Morgenthau, who is prosecuting officials in the collapse of the multi-million-dollar Bank of Credit and Commerce International, that the focus of the Justice Department investigation of BNL was unnecessarily limited by the decision not to pursue leads overseas.

The relationship between BNL and BCCI was much stronger than had been suspected (box, Page 58). Joseph Hardy, the lead FBI agent in the BNL case in Atlanta, retired from the bureau expressing frustration over the way it was handled, friends say. Hardy declined to discuss the matter in a telephone interview.

■ The FBI, which has more expertise unraveling complicated financial fraud than any other U.S. law-enforcement agency, was removed as the lead investigative agency just months after the August 1989 raid on BNL. While FBI agents continue in a supporting role in the case, the Department of Agriculture's inspector general now has primary investigative responsibility. Arthur Wade, the lead Agriculture Department investigator, is regarded as serious and able, but in testimony last month in Atlanta, he conceded he has no experience investigating financial fraud. "That is one of the things that troubles me about this," says the ranking FBI official who denies that there has been a cover-up. "The bureau



Advocates. Bush and Baker pushed hard for the Iraqi loans.

should have kept the lead in this thing."

■ Though there is no concrete evidence that senior administration officials decided to limit the Justice Department inquiry into the fraudulent BNL loans, Federal Reserve Chairman Alan Greenspan met on Sept. 28, 1989—less than two months after the BNL raid—with a senior Iraqi diplomat and, according to several knowledgeable officials, assured the envoy that the Justice Department was focusing only on the bank branch in Atlanta and that Iraq "had nothing to worry about." In addition, according to an internal memorandum, Gerald Corrigan, the president of the New York Federal Reserve, warned Italian authorities of the FBI raid on BNL's Atlanta branch on Aug. 3, 1989—one day before it occurred. Bob Moore, a spokesman for the Federal Reserve in Washington, said that Fed

officials are prohibited from commenting on the BNL matter because of the pending prosecution.

■ The same month Greenspan met with the Iraqi envoy in Washington, Gale McKenzie, the assistant U.S. attorney in charge of the BNL prosecution in Atlanta, told Thomas Baxter, then deputy general counsel of the New York Federal Reserve, that his people were interfering with her investigation and to "call them off." Two days after the FBI raid on BNL, on Sunday, August 6, a staff attorney for the New York Federal Reserve and an officer from the Fed's Banking Supervision and Regulation Division were poring over BNL's books, and several law-enforcement sources say Fed officials were eager to pursue leads to Iraq, Rome and elsewhere. Baxter would not comment. Peter Bakstansky, a vice president of the New York Fed, says there was "no indication [from McKenzie] of anything improper, from our perspective."

The tangled tale of Iraqgate is puzzling to many law-enforcement and intelligence officials. The recent finger-pointing between the Department of Justice and the Central Intelligence Agency is virtually unprecedented. Thomas Twetten, the head of the CIA's Directorate of Operations, says that the field-intelligence reports from the Rome station were genuinely misplaced. Agency lawyers concede that they provided misleading information to the federal judge presiding over the BNL case in Atlanta. In



Thornburgh. A "strange" ban on travel

secret testimony before the Senate Select Committee on Intelligence, the CIA lawyers said the misleading reports were provided at the urging of the Justice Department. Publicly, the CIA has since sought to play down differences with Justice. Frederick Hitz, the CIA's highly regarded inspector general, has begun an investigation of the matter.

At the Justice Department, senior officials deny that they were responsible for providing the misleading reports to U.S. District Judge Marvin Shoob. In a highly unusual order released earlier this month, Shoob criticized the entire handling of the BNL prosecution. "Decisions were made at the top levels of the United States government and within the intelligence community," Shoob wrote, "to shape this case."

A well-timed leak. At the urging of Justice Department lawyers, Shoob has recused himself from the BNL case. The principal defendant, Christopher Drogoul, the manager of Atlanta's BNL branch whom the government accuses of masterminding the Iraqi loan scheme by himself, will stand trial early next year.

Despite the public dispute with the CIA over the Atlanta bank case and the many other unusual circumstances surrounding it, Attorney General William Barr has refused all calls for a special prosecutor to examine the matter, promising that the FBI would conduct its own independent review.

Sen. David Boren, the Oklahoma Democrat who chairs the Senate Intelligence Committee, has been a staunch defender of the CIA, but he vows now to get to the bottom of the dispute between the agency and the Justice Department and, no matter what the cost, to determine how it may have affected the BNL prosecution. Until recently, Boren was reluctant to push the issue, preferring to wait until the FBI had completed its review.

Boren is waiting no longer. Last week, it was leaked that William Sessions, the FBI director, is under investigation by the Justice Department's Office of Professional Responsibility for possible financial improprieties. Criminal penalties could be brought. Boren has deplored "the timing of the leak" and says it "raises serious questions about the pressure that may be brought to bear against an independent FBI investigation of the Department of Justice and the Central Intelligence Agency."

FBI officials say there is no doubt

UNDONE DEAL

The gunrunner from Macy's



Job one. Kattke, taking care of business in Bay Shore, N.Y.

On a Sunday morning just before Christmas in 1983, Kevin Kattke and his good friends Sal Imburgio and George Hebert sat down for a nice brunch in New York City's Grand Hyatt hotel with a businessman named Tony Nigel and two Iraqi men who were going to make Kattke and his buddies rich. It would have been a nice move up for Kattke, who was making his living at the time un-stopping clogged toilets and tinkering with the air conditioning when it went on the fritz. His title was maintenance engineer at the Macy's department store in Bay Shore, N.Y., but what the job came down to was basically the broken toilets, the AC and things like that.

Over the eggs benedict and the bacon, the Iraqis made their pitch. Dr. Imad Hage did the talking, but the other man was the big fish. He was Fadhil al-Marsoumi, and he was interested in buying guns. The Macy's where Kevin Kattke worked didn't actually sell any guns, but it wasn't because of his Macy's connection that Marsoumi and Hage were talking to Kattke. They knew, in the way such things sometimes become known, that Kattke and his friends had done some work for the Central Intelligence Agency and the White House in connection with the American invasion of Grenada. Kattke's connection was an ex-CIA man on the White House staff named Constantine Menges, a hard-line conser-

vative whose critics sometimes called him "Constant Menace." Kattke picks up the story: "They wanted to know whether we could ask the White House if the weapons seized in Grenada were available for sale to Iraq. We were promised a substantial profit if the deal went down."

Taking a cut. Alas, it was not to be. It fell to Oliver North to tell Kattke that the Grenada weapons had already been disposed of, and the Macy's man's dashed dreams of riches would be just one more strange tale—were it not for what happened next. The Marsoumi family represented the Iraqi government, and they had another mission for Kattke. If he and his pals could persuade the Agriculture Department's Commodity Credit Corp. to guarantee more loans for Iraq, they would get a cut. "Our job," Kattke says, "was to go to Washington and get the authorities to increase the CCC money by \$200 million."

That deal fell apart, too. For investigators now trying to understand how Iraq used American farm guarantees to buy weapons, Kevin Kattke's story, which he has told under oath to a congressional subcommittee, is an intriguing indication that Saddam Hussein's agents may have begun trying to use the U.S. farm-loan program to replenish its arsenals much earlier than anyone has previously thought.

BY BRIAN DUFFY

THE ARROGANCE OF POWER

The nasty smell of "Iraqgate" is in the air—and sadly, given the policy failure and possible criminal action, it probably won't clear until after the presidential election.

The policy failure was the unstinting support for Saddam Hussein, right up to his invasion of Kuwait. George Bush's most glittering achievement, the gulf war, may now be seen in another light: "A foreign-policy disaster rescued by a brilliant military performance," as a former head of the National Security Agency put it. The Bush administration would have been wiser to level with the American people rather than make efforts to conceal what happened. Occasional error is forgivable. Persistent deceit is not.

The current spectacle is a row between the CIA and the Justice Department, with the FBI in the middle, over the funneling of U.S. funding for Iraq through an Italian branch bank in Atlanta. One of them—they blame each other—suppressed documents central to the prosecution of the Atlanta bank manager, who was not the rogue officer the government alleged but instead was acting on the authority of senior officers in Rome. The presiding federal judge delivered a sharp rebuke to the administration: "Prosecutors," he said, "may have been blocked by agencies with political agendas from developing a full picture of this affair." That picture includes:

- An attempt to appease Iraq by extending credits and liberal export licenses that gave Saddam money to buy the weapons technologies later used against American forces. Many of the government-backed credits were given in violation of legal requirements certifying the creditworthiness of the borrower.
- Pressure from Secretary of State James Baker to get the U.S. Department of Agriculture to make loans to Iraq, thus circumventing Congress.
- U.S. permission for Iraqi scientists to attend meetings in America where nuclear secrets were discussed. Worse, the Bush administration informed Iraq that it would not launch a military strike to destroy Iraq's chemical and nuclear weapons and that it would condemn any Israeli effort to do so.
- The delaying by the White House of indictments of

Iraqi agents who were using the Atlanta bank funding to convert U.S. taxpayer money into military hardware.

- The blocking by the Justice Department of an investigation into what the Feds called "the biggest bank fraud in U.S. history." Federal investigators were blocked by Bush's attorney general, Dick Thornburgh, from traveling to Rome and Istanbul to track down those who had knowledge of the fraudulent loans to Iraq. This is the same attorney general whose Justice Department blocked the indictment of the Iraqi central bank.
- The fraudulent falsification of documents to obscure the diplomatic and military tilt to Iraq.

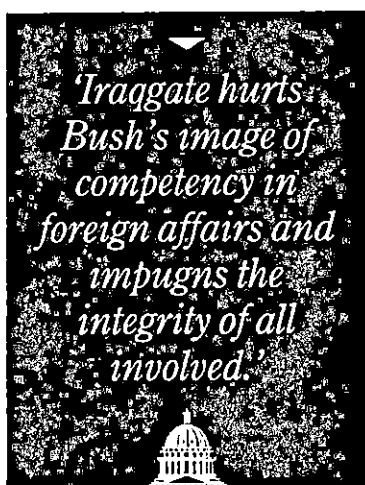
Hindsight? Not so. The danger was transparent before the gulf war: Two months before Hussein's invasion of Kuwait, *U.S. News* put the Iraqi leader on the cover as "The Most Dangerous Man in the World" in a report describing his arms buildup, the lack of constraints on his "worst impulses" and the threat of a "potential attack on neighboring Kuwait or Saudi Arabia." But U.S. signals to Baghdad were all green lights, including a reassuring cable from George Bush himself.

Part of the problem is arrogance. As in the Iran-Contra affair, a small group of people at the top believed they had all the answers. Experts were ignored.

There were no moderates in Iraq—remember the search for Iranian moderates?—and U.S. help only fueled Hussein's ambitions. One maxim held true for both places: "A moderate is a radical who has run out of ammunition." We helped Hussein get more ammunition.

Still, even now, it's puzzling why we continued to appease Iraq when the need to contain Iranian fundamentalism had dissolved two years earlier with the end of the Iran-Iraq War. Could it be that Bush and Baker were overreacting to Saudi Arabian concern about Iraq? Were they favoring Iraq because it was supplying oil on the cheap when U.S. purchases rose from 80,000 barrels to 1.1 million a day between 1987 and 1990?

As the cover-up unravels, the price for the Bush administration will be expensive. It ought to be. The misjudgment undermines the image of competency in foreign affairs; the cover-up impugns the integrity of all those involved. ■



THE WALL STREET JOURNAL

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WEDNESDAY, OCTOBER 21, 1992

Wall Street Is Upset by Clinton's Support On Ending Tax Break for 'Excessive' Pay

By MICHAEL SICONOLFI

Staff Reporter of THE WALL STREET JOURNAL
NEW YORK — There's panic on Wall Street.

No, the stock market hasn't crashed. In fact, times have never been better for brokerage firms. By some estimates, several thousand investment bankers, traders and Wall Street executives will take home paychecks of \$1 million or more this year.

That's the problem. These well-heeled Wall Streeters are upset because Democratic presidential candidate Bill Clinton publicly has backed a plan to eliminate the corporate tax deductions for "excessive" pay—that's executive compensation above \$1 million.

Executives say such a proposal, being bandied about by lawmakers, may cost big brokerage firms such as Merrill Lynch & Co. and Morgan Stanley Group Inc. as much as \$100 million a year apiece in lost tax deductions. Says a senior brokerage official: "It's a gigantic body blow to Wall Street."

Adding fuel to the fire is the fact that one major brokerage firm is likely not to be affected by such an excessive-pay bill: Goldman, Sachs & Co., Wall Street's biggest remaining private partnership. Wall Street rivals grouse that Goldman may get a big break. They are all the more furious because Robert Rubin, Goldman's co-chairman, also is a key economic adviser to Gov. Clinton.

But Washington insiders say Mr. Rubin isn't behind Mr. Clinton's embrace of the excessive-pay plan. For his part, Mr. Rubin—who perhaps is Wall Street's most prominent Democratic fund-raiser and is mentioned as a possible Treasury secretary in a Clinton administration—says he doesn't even know much about the plan.

"I am pretty involved in the economic policy of this campaign, but I wasn't involved in this particular proposal," Mr.

Public Vs. Private

BROKERAGE FIRMS	WENT PUBLIC	1991 EARNINGS ¹ (Billions)
Merrill Lynch	July 1971	\$1.020
Morgan Stanley	Mar. 1986	0.772
Salomon Brothers	Oct. 1981	0.919
Bear Stearns	Oct. 1985	0.507
Goldman Sachs	Private	1.150 ²
Lazard Freres	Private	N.A.

¹ Before taxes
² Before partners' share
Source: Wall Street Journal research

Rubin says in an interview. "I haven't thought about it."

Assessing the Wall Street impact of such a plan is premature, Mr. Rubin argues. "Nobody can possibly know at this point how forcefully [Clinton] will push that," Mr. Rubin says. "You can't go for everything at the same time, and I have no idea where this would fall" in Gov. Clinton's priorities if he is elected.

A similar excessive-pay measure passed by Congress as part of a broader tax bill earlier this year was vetoed by President Bush because he didn't like the bill's tax-raising provision. (Congress tried to override the veto, but fell far short.) Under that plan, corporations would have no longer been allowed to take a tax deduction for compensation—including salary and bonuses—over \$1 million for any officers. Such compensation currently is deductible as a business expense.

The language of the excessive-pay bill specifically excluded from any additional tax burden private partnerships, which include law firms, accounting firms and a handful of investment banks like Goldman.

Partnerships were excluded from the bill because partners "are not employees," according to the staff report accompanying the bill. The argument for excluding partnerships has been that partners take the monetary and legal risks—along with the rewards—of the fortunes of their firms. Partnerships don't pay corporate income taxes, though the partners themselves pay personal income taxes on their share of the partnership's profits.

It would be complicated to take away the exemption for private partnerships in any such pay-penalty plan because these firms don't pay a corporate income tax. Any such penalty on partnerships might have to be assessed on the taxes of individual partners. Gov. Clinton has never said whether he supports an exemption for partnerships; his staffers couldn't say whether he would do so.

While Wall Street executives won't go on the record in criticizing Mr. Clinton or Mr. Rubin, they attack an excessive-pay penalty plan as an unfair burden on Wall Street.

"If Michael Jackson were working for Warner Brothers, would that limit [Warner's] deductible pay?" grouses Alan "Ace" Greenberg, chairman and chief executive officer of Bear Stearns Cos., the big investment bank. "Ballplayers work for corporations; will their deductions be limited?" asks Mr. Greenberg, an early Wall Street supporter of candidate Ross Perot.

Some analysts say the proposal could be bad news for brokerage stocks. In a recent report, First Boston Corp.'s A. Rama Krishna says: "The weakness in financial markets that we expect [in the wake of a Clinton victory] and the proposal to limit corporate deductions for executives at \$1 million are negatives for the investment-banking industry." Mr.

Please Turn to Page C25, Column 5

Wall Street Is Upset By Clinton's Position On 'Excessive' Pay

Continued From Page C1

Krishna expects Merrill, Salomon Brothers Inc. and Morgan Stanley to be affected most.

The furor is even leading some publicly traded Wall Street firms to think about going private again. During the 1970s and 1980s, nearly all of Wall Street's big firms—including Merrill Lynch, Morgan Stanley and Bear Stearns—raised capital by selling shares to the public, transforming themselves from private partnerships into publicly traded firms. (Salomon became public through a merger.)

Now, several firms, including Merrill, Morgan and Bear Stearns, are discussing the possibility of returning to private partnerships if the pay-penalty plan becomes law, Wall Street executives say. However, any efforts to return to a partnership structure would be complicated and expensive, so few analysts expect any changes right away. Indeed, the betting in some Wall Street quarters is that the plan backed by Mr. Clinton, like Mr. Bush's "read my lips" anti-tax pledge four years ago, is just election-year rhetoric.

Before Mr. Bush vetoed the pay-penalty bill last March, Wall Street firms asked the Securities Industry Association, their trade group, to make opposing the bill a top priority.

But the trade group bucked its members. "We suggested it would not be smart P.R.," given all the other issues facing the nation, says Jeffrey Schaefer, the trade group's research chief. "In these days of tight times, you don't have a very sympathetic public ear" to Wall Street firms trying to save tax deductions for million-dollar paychecks, Mr. Schaefer says. "It just doesn't strike a responsive chord."

—Kevin G. Sauten in Washington contributed to this article.

Bonds Fall On Outlook For Clinton

STREET JOURNAL

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EDNESDAY, OCTOBER 21, 1992

Investors See Victory By Democrat, Rise In Federal Outlays

CREDIT MARKETS

By THOMAS T. VOGEL JR.

Staff Reporter of THE WALL STREET JOURNAL

NEW YORK — The bond market sell-off accelerated yesterday after the final presidential debate as more investors bet that Arkansas Gov. Bill Clinton will win the presidential election and step up spending to jumpstart the economy.

"It was a tough day today," said James Mullin, head of capital markets at Kidder, Peabody & Co. "People are now fully discounting a Clinton win."

With Election Day less than two weeks off, many bond investors began to run for cover yesterday by unloading Treasury securities and moving to the sidelines. Bond traders and money managers said that investors were reacting to fears that a Democrat in the White House will mean increased spending, a larger budget deficit and increased inflation, which would be bad news for fixed-income investments.

Said Hugh Lamle, executive vice president at M.D. Sass Investors Services Inc.: "It looks like a Democratic Congress and president with a proclivity toward fiscal and monetary stimulus will have their feet on the gas pedal."

The benchmark 30-year bond slumped $\frac{1}{8}$ point, or \$8.75 for a bond with \$1,000 face value, to 95 6/32. Its yield rose to 7.65%, its highest level since late July, from 7.57% on Monday. Since the beginning of the month, a growing belief that the next president, whoever that turns out to be, would have to stimulate the flagging economy has driven the price of the 30-year bond down nearly 4 points, or nearly \$40 for a bond with \$1,000 face value.

Prices for shorter-term Treasury notes maturing in five to 10 years fell even more sharply. The most recently issued 10-year note, for example, dropped more than $\frac{1}{4}$ points, or more than \$12.50 for a bond with \$1,000 face value, as its yield jumped to 6.87% from 6.68% on Monday. Meanwhile the coupon equivalent yield for the three-month Treasury bill rose above 3% for the first time since early September to end yesterday's trading at 3.09%, up from 2.98% on Monday.

"The market is in an ugly mood," said Donald Fine, chief market analyst at Chase Securities Inc. According to Mr. Fine, bond investors have begun to realize that the economy is so weak that whichever candidate wins, there will be some form of fiscal stimulus put into force. "It doesn't matter who gets elected," he said. "There is uncertainty about the kind of fiscal stimulus package we're going to see."

The real question, added Mr. Fine, "is why it took the market so long to realize that fiscal stimulus was on the way."

But he predicted that the sell-off will be temporary. With the economy so weak, there is no immutable law of economics at says that fiscal stimulus has to be inflationary," he said.

Similarly, Lawrence C. Waldorf, a portfolio manager at First Investors Management Co., predicted, "The market is definitely going to recover. The reason the market is backing up is the perception of it a Clinton presidency is going to do to short-term growth," Mr. Waldorf said. "Once he gets into office and his plans are clearer... people will realize that the

economy isn't going to improve dramatically enough to reignite inflation."

Another factor pushing bond prices down yesterday was heavy selling of Treasury notes and bonds by Wall Street dealers preparing to underwrite a deluge of new corporate bond issues. With interest rates on the rise, corporate treasurers are rushing to lock in lower yields. Wall Street investment banks that underwrite corporate bond issues typically sell Treasuries as a hedge against future interest rate increases.

Mr. Waldorf added that some of the other big sellers of Treasury securities yesterday were investors temporarily moving into mortgage-backed securities. He said that mortgage-backed securities have become extremely undervalued after the fall in interest rates of the past summer and increased mortgage refinancings. Now that interest rates are rising, Mr. Waldorf said, certain high-yielding mortgage-backed securities are an attractive investment for those fleeing the Treasury market.

Money managers said that arbitrage traders and hedge portfolio managers helped to push prices down even further for Treasuries maturing in five to 10 years. Over the past four months many of these traders have been executing trades of Treasury securities that are profitable as long as the interest rate gap between 10-year notes and 30-year bonds continues to widen.

One such trade, also called a yield curve steepening trade, involves the buying of securities maturing in five to 10 years. These securities have outperformed most other Treasury securities in the past few months, said traders, especially the 30-year bond.

But over the past week, and especially during yesterday's trading session, many of these traders started to move into so-called curve-flattening trades. In such a move, the trader is betting that the interest rate gap between different Treasury securities, especially between the 10-year and the 30-year bond, is going to narrow. One popular example of such a trade would involve the sale of seven-year or 10-year notes and the purchase of two-year notes and 30-year bonds. By executing such a trade a portfolio manager can pick up some extra yield while maintaining the same average maturity in his portfolio.

"I think it's speculators that are running the market today," said Barbara Kenworthy, a portfolio manager at Dreyfus Corp. "The yield-curve steepening trade is now over," said Ms. Kenworthy, "and some of the market craziness [yesterday] was from people" reversing these trades and moving into curve-flattening trades. Indeed, over the last few trading sessions, the interest rate gap between 10-year notes and 30-year bonds has narrowed nearly 0.30 percentage point, said Ms. Kenworthy.

Selling by banks of Treasury securities with intermediate maturities also helped to push prices for those securities down yesterday, said Ms. Kenworthy. Many banks have sold their holdings of intermediate securities and moved their money into securities with shorter maturities such as the three-month Treasury bill, said

Ms. Kenworthy. The coupon-equivalent yield for the three-month Treasury rose to 3.09% yesterday from 2.98% on Monday.

Corporate & Junk Bonds

Rising interest rates in the Treasury market also circumscribed primary market activity and pushed down prices in the secondary market. Corporate bonds plunged with Treasuries. Seasoned investment-grade bonds dropped $\frac{1}{8}$ to as much as $\frac{1}{4}$ points, while junk bonds lost $\frac{1}{8}$ point.

New corporate issuance totaled a mere \$475 million, a clear sign that borrowers are on the sidelines until interest rates stabilize. With issuance confined to one Yankee bond offering by Noranda Forest Inc. and a junk bond deal by Dr Pepper/Seven-Up Cos., dealers spent the session trying to sell or swap bonds left on inventory shelves. A Yankee bond is a dollar-denominated security sold by a foreign entity.

High yield traders said a fear of more mutual fund redemptions and rising interest rates prompted the selling.

The only investment-grade company willing to brave the primary market yesterday was Noranda Forest, a Toronto wood product company. Noranda raised \$100 million through the sale of seven-year notes, priced as 8.875% issues at 99.661 to yield 8.94%. The noncallable notes were priced at a spread of 2.50 percentage points above the Treasury seven-year note.

Rated Baa-3 by Moody's Investors Service Inc. and triple-B-minus by Standard & Poor's Corp., the issue will be sold through underwriters led by First Boston Corp.

Noranda Forest, a unit of Noranda Inc., owns or controls large timberland areas in North America. It manufactures lumber, panel products, printing and writing paper and paperboard.

The recent free fall in junk bond prices has sent most prospective high-yield borrowers scurrying for cover. But Dr Pepper took the plunge yesterday and offered a \$656.5 million issue of senior subordinated discount notes, maturing in 2002, through underwriters led by BT Securities Corp.

The notes were offered at a discount price of \$1,024 to yield 11.5% at maturity. Proceeds from the sale totaled \$375 million.

Discount notes are sold at a price well below their face value. The securities either pay no interest or defer interest payments until a set date. In this case, the notes, which are noncallable for five years, begin making interest payments on Nov. 1, 1997.

The issue is rated Caa by Moody's and triple-C-plus by S&P.

Dr Pepper plans to use proceeds from the offering, combined with bank financing and cash on hand, to refinance virtually all of its outstanding debt.

Municipal Bonds

Prior to municipal bonds finished $\frac{1}{4}$ to $\frac{1}{2}$ point lower, and some of the market's weakest performers were down a point or more.

Despite those sharp price declines across the municipal arena, New York City's massive 1993 Series B general obligation bond issue was brought to the market. The issue, which will total approximately \$1 billion at the completion of the pricing next week, includes current-interest bonds, zero-coupon bonds, adjustable-rate bonds, and derivative securities.

Among actively traded issues, the Washington Public Power Supply System's 6.50% Nuclear Project No. 1 revenue refunding bonds of 2015 closed $\frac{1}{8}$ lower at 97 $\frac{1}{4}$, to bid 6.72%.

With the New York City general obligation bonds, a Lehman Brothers group brought the fixed-rate, tax-exempt, current-interest bonds to the market. Those bonds make up the bulk of the offering.

Following the repricing yesterday afternoon, there are approximately \$669 million of current-interest bonds, which are priced to yield from 3.90% in 1994 to 7.15% in 2011-18.

At the initial pricing in the morning, the current-interest bonds totaled \$759 million and yields ranged from 3.90% in 1994 to 7.10% in 2011-18.

Mortgage & Asset-Backed Securities

Prices of mortgage securities fell sharply as mortgage bankers unloaded large inventories while institutional investors remained on the sidelines.

The 7% mortgage securities for November delivery issued by all three agencies fell from 1 3/32 to 1 5/32. Government National Mortgage Association issues tumbled 1 3/32 to 95 10/32, Federal Home Loan Mortgage Corp. Golds slumped 1 5/32 to 95 18/32 and Federal National Mortgage Association issues dove 1 5/32 to 95 12/32.

The selling that began early in the day continued in waves, traders say, as declines in price levels failed to lure bargain-hunters.

In the market for real estate mortgage investment conduits, Freddie Mac announced two new deals totaling \$510 million and increased the size of two outstanding deals by a total of around \$300 million.

STREET JOURNAL

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WEDNESDAY, OCTOBER 21, 1992

Candidates Head Down Campaign Trail Packing Debate Themes of Taxes, Trust

By JOHN HARWOOD
And TIMOTHY NOAH

Staff Reporters of THE WALL STREET JOURNAL

President Bush and Arkansas Gov. Bill Clinton hammered each other on the issues of taxes and character in attacks designed to raise questions about who will raise the former and who has more of the latter.

Beginning their final sprints toward Election Day, the candidates stuck to the themes that dominated their final televised debate Monday night.

Mr. Bush seemed energized by his performance as he set out on a two-day train tour to shore up his once-solid Southern base. He said the session disclosed "a vast difference [on] experience, a vast difference on philosophy, and a vast difference on character and confidence in the United States. . . . And I challenge my opponent on all four."

Democrats in Midwest

Gov. Clinton, meanwhile, worked to lock up his support in the industrial Midwest. Accompanied by his running mate, Sen. Al Gore of Tennessee, he visited Illinois and Wisconsin, repeating his promise to scale back his spending plans if necessary rather than raise taxes on a middle class he portrays as having been pummeled by Republican policies.

While the other two candidates were out on the hustings, the third man in the race, billionaire independent Ross Perot, returned to his Dallas base to launch another media offensive. Mr. Perot has purchased half-hours of network television time, at 8:30 p.m. EDT Thursday on ABC, 8 p.m. Friday on NBC and 8 p.m. Saturday on CBS, for the latest in his series of lengthy commercials.

On the campaign trail, it was a day for baseball metaphors, and the best line was Mr. Bush's. "It ain't over until Cabrera swings," he declared, referring to the Atlanta Braves player whose ninth-inning heroics put the Braves into the World Series.

Mr. Gore countered with a line of his own: "Three strikes and you're out," a reference to Mr. Bush's failure in the three debates to break out against Mr. Clinton.

In Norcross, Ga., the president revealed in his swift riposte Monday night when Mr. Clinton pledged to be personally responsible for the U.S. economy. He called the Democrat's tax-raising proposals "a dose of lousy medicine," blasted his record in Arkansas, and swiped at Mr. Gore as "Mr. Ozone," a reference to the Tennessean's environmental stance. Senior aides had considered having Mr. Bush's own running mate, Vice President Dan Quayle, join him to kick off the train trip, but rejected the idea late last week out of wariness at Mr. Quayle's impact on the ticket.

Senior campaign official Mary Matalin asserted that the campaign's overnight polling showed that Mr. Bush had cut Mr. Clinton's lead below 10 points. But televi-

sion network polls taken after the debate showed far wider Clinton margins, and Ms. Matalin wasn't able to cite any battleground state in which the president is now leading, offering only that the GOP ticket has pulled even in Ohio, is "on their heels" in Wisconsin and Michigan, and is behind in Illinois.

Asked to comment on Ms. Matalin's remarks about a tightening in the polls, Clinton campaign adviser Paul Begala said, "Desperate people say desperate things." Though Mr. Begala declined to say what Mr. Clinton's polls are showing, he said most national polls show the race "considerably wider than that." But he added, "There's going to be some natural tightening" between now and Election Day.

The Bush camp is clearly worried about rising defeatism within its ranks. South Carolina Gov. Carroll Campbell, traveling with the president, criticized unnamed other Republicans for putting their own ambitions ahead of the need to re-elect Mr. Bush. "We've got too many Republicans out there running for president right now that think that their best shot is if George Bush didn't make it," he said.

Hammering away at the issue of Mr. Clinton's character, Mr. Bush reiterated his charge that the Arkansas governor has flip-flopped in explaining his "sorry draft record" and other issues. "It is his pattern of trying to be all things to all people," the president said. "You simply cannot have a pattern of deception. And you cannot separate the character of the presidency from the character of the president. . . . You can't lead by misleading."

Meanwhile, Mr. Clinton and Mr. Gore were hearing chants of "landslide" as they made their way through Chicago and Milwaukee. But Mr. Clinton seemed most concerned with reassuring middle-class voters about his tax plans.

Further Explanation

In the debate, Mr. Bush charged that Mr. Clinton couldn't raise enough money to pay for his ambitious spending plans without increasing taxes on average Americans. But in Detroit, where he began his campaign day, Mr. Clinton insisted that if he couldn't meet his revenue targets, he would either cut spending elsewhere or phase in his spending programs more slowly than planned.

"It's irresponsible for any president to say 'read my lips,'" he said, referring to Mr. Bush's famous, now-broken 1988 campaign pledge. "No president can see all the emergencies that might develop, any problems that might happen in the economy. . . . What I can say is we're going to pay for the programs with the program I've outlined: A tax increase on two [earner] families with incomes above \$200,000 [and] asking foreign corporations to pay the same income tax American corporations do."

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WEDNESDAY, OCTOBER 21, 1992

Homestretch in Presidential Stakes Has Clinton In Position Held by Bush Over Dukakis in 1988

By DAVID SHRIBMAN

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Bill Clinton is just where George Bush was four years ago—holding a commanding lead over a candidate who hasn't yet secured his political base.

With less than two weeks remaining until Election Day, the Democratic presidential nominee dominates the race, maintaining an advantage in all regions of the country and providing President Bush with few opportunities to turn around the dynamics of the election.

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And though the president had his best performance of the debates Monday evening, he may find himself in the position of a football team that just marched down the field for a fourth-quarter score but still is two touchdowns behind.

"He finally gave something to people who were looking for a reason to be for Bush," says Donald Devine, a Republican political strategist. "But it's late, very late. The Republicans' only hope is that people are holding back in deciding and will end up being too nervous about Clinton."

Chances Are Few

The president is in a position where his chances are few and his margin for error is non-existent. He has to carry every toss-up state and make inroads in states where the Arkansas governor has big, even double-digit, leads — places such as New Jersey, Ohio and Michigan. Even then he could fall short.

Besides, Mr. Bush's position isn't even safe in states that have come to be regarded as dependable Republican redoubts. He's struggling in such places as Alabama and Mississippi, which haven't gone Democratic since Jimmy Carter swept the South in 1976.

"The closeness of the race in Alabama indicates the weakness of the Bush campaign nationally," says Patrick Cotter, a University of Alabama political scientist. "The Democrats have taken a local strategy they used in the South and taken it national — finding an attractive candidate with a moderate message — and when they do that they almost always win."

Mr. Bush could still win. But it probably would take an international incident and some damaging disclosure about Mr. Clinton, combined with voter uneasiness about the governor. The president isn't going to triumph with an expression of support for him and for his policies.

But for all the difficulties Mr. Clinton has faced in the past year — "character questions" that Mr. Bush is still trying to use to his advantage — the governor has an important edge in several Southern states, where he has won a "seal of approval" from leading politicians who can reassure voters about a political newcomer. This

The Homestretch

Here is The Wall Street Journal's current analysis of the likely Electoral College results, based on reporting by The Journal and the calculations of independent analyst Charles Cook. Needed to win: 270.

CLINTON STATES				TOTAL: 32			
California	54	Massachusetts	12	Minnesota	10	West Virginia	5
New York	33	Missouri	11	Colorado	8	Hawaii	4
Pennsylvania	23	Tennessee	11	Connecticut	8	Maine	4
Illinois	22	Washington	11	Iowa	7	Rhode Island	4
Ohio	21	Wisconsin	11	Oregon	7	Dist. of Columbia	3
Michigan	18	Maryland	10	Arkansas	6	Vermont	3
New Jersey	15						

BUSH STATES				TOTAL: 61	
Virginia	13	Mississippi	7	Nebraska	5
Indiana	12	Utah	5	Idaho	4
South Carolina	8			Wyoming	3

TOSS-UP STATES				TOTAL : 156			
Texas	32	Louisiana	9	Kansas	6	Delaware	3
Florida	25	Arizona	8	New Mexico	5	Montana	3
North Carolina	14	Kentucky	8	New Hampshire	4	North Dakota	3
Georgia	13	Oklahoma	8	Alaska	3	South Dakota	3
Alabama	9						

role of "verifier" is most evident in Georgia, where Mr. Clinton has the endorsement of former President Jimmy Carter and Senate Armed Services Chairman Sam Nunn, both enormously respected. That, along with the active role Georgia's Gov. Zell Miller has played in the Clinton campaign, has alleviated many of that state's voters' fears about Mr. Clinton.

Doubts About Bush

Moreover, the doubts about Mr. Clinton are dwarfed by those about Mr. Bush. "People may not really want to vote for Clinton, but on the other hand they definitely don't want to vote for Bush," says Frank Luntz, a pollster who served as director of research for Ross Perot's campaign through July. "There are too many people out there who definitely don't want to vote for Bush."

For that reason, Mr. Bush faces the possibility of defeat in such places as New Hampshire, which has voted for a Democratic presidential candidate only once since 1944 — in the Lyndon Johnson landslide of 1964. "For the president, it is an uphill fight," says former GOP Attorney General Thomas Rath. "All the conditions that made this a very dangerous state for Bush in February are still here, and worse. There has not been any change in the mood. This is still a very angry, frustrated state."

Mr. Bush's poor performance in the Granite State, which provided him with his

great comeback in the 1988 GOP primaries, is endangering Republicans up and down the state ticket. If the Clinton tide is strong, two-term Gov. Judd Gregg, heir to

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a Republican family dynasty in New Hampshire, could lose a Senate race to businessman John Rauh, and former GOP Attorney General Steven Merrill could lose the gubernatorial race to state Rep. Deborah Arnesen.

One of the victims of Mr. Clinton's success could be the mystique of the New Hampshire primary. If Mr. Clinton prevails, it would no longer be true that no modern president has ever won the White House without first winning the New Hampshire primary; this winter's Democratic winner was former Sen. Paul Tsongas of Massachusetts.

Perot Factor Cited

Nationally, most analysts believe independent candidate Ross Perot probably will peak at about 20% in the polls and then slide back. But a minority believe that if Mr. Bush and Mr. Perot get close, the bottom could fall out for Mr. Bush and he could place third.

The Republican collapse in the polls is all the more dramatic in the context of this unpredictable political year. As recently as four months ago, lawyers for the Republican National Committee were eagerly burrowing themselves in the fine print of the federal election laws, seeking to determine whether the Democrats would be ineligible for federal matching funds — and thus, in effect, cease to be a major political party — if Mr. Clinton's ticket finished in third place with less than 25% of the vote.

Now, of course, the Republicans are staring at losing the White House for only the second time since 1968, bringing an end to an era of GOP rule that saw the party, in its more optimistic moments, speak openly of becoming the national majority before this century ends.

The travel schedules of the two candidates are indications of how the situation has changed. Mr. Bush concludes his train trip today in North Carolina, ordinarily a safely Republican state that has gone Democratic only once since 1964.

Meanwhile, Mr. Clinton will touch down today in Wyoming — which, with the exception of the Johnson landslide, hasn't voted for a Democratic presidential candidate since 1944. It is a maneuver reminiscent of Ronald Reagan, who en route to his 49-state 1984 landslide, scheduled an eleventh-hour visit to former Vice President Walter Mondale's home state of Minnesota.

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Focused

After three presidential debates, the American electorate is left to wonder for two weeks which man should lead them for the next four years. For many voters it's obviously a tough call.

There is little feeling in the land that the electorate is struggling with a profusion of grand options. We heard one thoughtful caller to C-SPAN yesterday attempt to build an acceptable candidate from the better parts of the three. Alas, the presidency is no Barbie doll; under our system, you have to choose one of the above or stay home (or limit your day to throwing the congressional burns out).

Amid the disaffection of the current election, though, we find a phenomenon that bodes well for the future. The public is *very* interested in this election. Unusually so. We suspect, moreover, that this intensity of interest extends beyond a single presidential election, that in fact the American people are doing some hard thinking about what has become of their country and where they want it to go.

We wouldn't have guessed that any such intensity of interest existed back during the primaries. Turnout in many states, especially for the Democratic primaries, was low, suggesting that voters were turned off by the choices being offered. What became apparent over time was that most Americans were following this election intently. The poorer the choices, it seemed, the higher the interest.

This intensity of interest suggests several things.

Most immediately, the voters will likely make the right choice November 3. Whether the victory goes to President Bush or Governor Clinton, with the Perot vote possibly modulating the result, it seems evident that most votes will be the result of a thorough weighing of the risks and benefits posed by each candidate. The result will pain the losers, but we suspect that in this election more than most, the majority will be acting in the country's long-term interests.

Beyond this, perhaps the dominant message contained in the presence of such large TV audiences for these debates is that the American population

is very much up to the task of deciding what it wants for the future of its country. (Worried foreigners take note.) That is, what is going on now among Americans is likely to extend well beyond this one presidential election, and the country's borders.

Over the past 10 years, the U.S. electorate has had to process an unprecedented amount of political and cultural data. During the Reagan presidency, the economy boomed, with an astounding 18 million new jobs created. Entire industries grew up around technologies—the microprocessor, recombinant DNA, hedging formulas—that most people barely understood. The financial sector boomed, while the thrift industry crashed. The Berlin Wall fell, the Iron Curtain fell, the Kremlin fell. The threat of mutual assured destruction, MAD, evaporated.

These years also brought crack cocaine, many unwed mothers, pitched battles over abortion rights, the soft pornography of Madonna and MTV in prime time, the burning of south-central Los Angeles, a media that publicizes everything but understands nothing.

Any country that can absorb all this is hardly going to be thrown off its stride by three men named Bush, Clinton and Perot.

This is not to minimize the importance of a presidential election. It is to suggest, though, that we have entered a highly wired era in which an increasingly alert and intelligent public is acutely aware of what is right and what is wrong with America. It is no longer likely that people can be bamboozled for long by politicians or by media. Term limits, for example, is an underpublicized idea that is well understood, supported and on 14 state ballots, because people, as Ross Perot says, are "focused."

Monday's was most certainly not the final debate. The American public will settle that one November 3. The new President will be welcome to contribute his two cents worth after that, but on all the other matters now up for grabs in the United States, he will have to compete for input with a public that more than ever looks focused and ready to act.

Asides

Uh-Oh, Canada

President Bush correctly issued an apology yesterday for the Marine honor guard's mistake of displaying the Canadian flag upside-down at Sunday's World Series game in Atlanta. The latest blow to Canada's national pride couldn't have come at a worse moment. Our sometimes-fractious friends north of the border are facing one of their periodic identity crises. On Monday they go to the polls to vote in a referendum on "national unity," a concept strengthened by the nation's

first non-American team to play in the "World" Series. (The last time Canadians invaded the U.S. was in the War of 1812, when they burned down the White House.) Not that there aren't any Americans on the Canadian team. Dave Winfield is from Minnesota and Roberto Alomar is from Puerto Rico. The Dominican Republic is represented by a couple of players, including pitching ace Juan Guzman. If there's any good to come out of this unfortunate flap maybe it's to remind Canadians of the powerful diversity of their country.

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Before the Election, Cut a GATT Deal

By CLAUDE BARFIELD

If we are not careful, the U.S. presidential campaign may cost us a tremendous price: the unraveling of the multilateral trading system that has brought the world enormous benefits over four decades. After six years of intense negotiations, the Uruguay round of the General Agreement on Tariffs and Trade is stalemated. The problem is reducing agricultural subsidy, an area where the U.S. and the European Community seem unable to agree. This deadlock has obscured the extraordinary results produced in almost all other areas.

Agriculture aside, the benefits of a successful round would be enormous. If what is on the table now becomes law, the international trading system would include the following advances: A new set of rules for trade in services would be established (banks, construction companies, airlines); intellectual property rights would be protected; the grossly inefficient and inequitable system of textile quotas would be phased out; the costly practice of "emergency" protection for heavy industry would be circumscribed; and a new international trade body would enforce a much stronger dispute settlement system.

Put in simple numbers, a successful round would add over \$5 trillion to the world economy over the next ten years, and \$1 trillion to the American economy. This translates into additional cumulative income of about \$17,000 for the average American family.

Unless agreement can be reached within the next two weeks, however, the outlook for the trade talks is bleak. This stark reality presents formidable chal-

lenges to the much distracted Bush administration, to EC leaders, and even to Gov. Clinton.

There is a special poignance in the position of the Bush administration. Whatever else can be argued about the administration's economic stewardship, its leadership in the Uruguay Round has been bold and resourceful. Yet now, with a GATT triumph close, the president is far behind in the polls. The Democrats may reap the plaudits for the administration's dogged persistence.

Strong reasons for the president and U.S. Trade Representative Carla Hills to cut a deal still remain. First, even with disappointing results in agriculture, the other reforms represent an extraordinary victory. If Mr. Bush loses the election, a successful Uruguay Round will stand as one of his finest achievements. If he wins, he can build on this agreement by pressing for further multilateral advances in other areas.

Until recently developing countries such as Brazil, many of them major agricultural exporters, were leaders in the (wise) battle to slash agricultural subsidy. But these nations are now fully aware that postponing concessions might produce a collapse in the round. So the Bush administration is finding strong backing from these countries to cut a deal.

Another argument for a fast deal is the growing destabilization of Europe. Europe's current nationalist mood already provides a sharp contrast to the Europe of two years ago, when unity and union seemed a sure thing. If they are serious about their commitment to GATT, EC

leaders should compromise while time and circumstances allow. Specifically, they should give enough ground on agriculture to provide cover for the Bush administration to declare victory on the other important issues.

What about Gov. Clinton? His trade spokesmen have privately conceded that during the first year of a Clinton administration trade issues will have a back seat to the domestic economy. If the round is not completed, and a Clinton government takes over the "U.S. desk" in the Uruguay Round negotiations, that government might feel the need to present an entirely new package of policy positions. The result would be disastrous for the round. We might well end up "rethinking" multilateral trade — a step that means a fractured, regionalized world and does concrete economic damage to many developing countries.

Assuming, however, that Gov. Clinton wins and the Bush administration has initialed an agreement, Mr. Bush will hand his opponent an unexpected foreign policy coup. The challenge for Gov. Clinton now is not to attack a GATT agreement before Nov. 3—even if the president initials an agreement in the next two weeks and then trumpets his own success. In fact, a signed treaty would leave a Clinton administration free to achieve its stated goal: devoting its attention to domestic issues in the administration's first year. This, while we all bask in the glow of greater free trade.

Mr. Barfield is coordinator of trade policy studies at the American Enterprise Institute.

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Opportunities Lost

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The Economy Hurts, But Missteps Hobble Bush Campaign Too

Gulf War Afterglow Lasted Too Long, and Campaign Got a Slow, Shaky Start

Still a Scenario for Victory

By JOHN HARWOOD and GERALD F. SEIB
Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — The election won't be decided for two weeks, but already many people are asking one central question about President Bush's 1992 campaign: What has gone wrong?

If a single episode crystallizes the troubles of the campaign, it may be the frenzied scene in a Houston hotel room as aides slapped together Mr. Bush's make-or-break speech to the Republican convention this summer.

The Bush high command — turned upside down at that critical moment as James

Approaching the Wire

In the homestretch, Clinton finds himself where Bush was four years ago—leading a rival who hasn't secured his base. Meanwhile, both candidates continue to hammer each other on taxes and character. Articles on page A18.

Baker took over as White House chief of staff to help revitalize the campaign — rejected as "unusable" the draft prepared by veteran Republican speech-writer Ray Price, Mr. Bush's personal choice for the job. A new team, led by Baker deputy Robert Zoellick and Budget Director Richard Darman, hurriedly took over, churning out 50 pages of text that ultimately were pared to 10. But their sleepless marathon didn't produce the complete economic message Mr. Bush needed — and perhaps more important, the speech itself was drowned out even before delivery by the strident rhetoric of conservative Patrick Buchanan.

Things haven't gotten better since. White House aides offer an uncomplicated explanation for Mr. Bush's low standing in the polls. "It's very simple: The economy ain't good, so we're in trouble," says one senior official. "If the economy were good, all those missed opportunities wouldn't matter."

Political analysts of all stripes agree that the economy is the most important factor in this election. In the latest Wall Street Journal/NBC News poll, 47% said dealing with the economy is the president's most important priority, easily making that the most frequently cited issue. Mr. Bush himself said as much while campaigning yesterday in Atlanta. "I think the major problem has been the economy," he said as he took questions from voters at a televised event. He later added that he wouldn't be in his current situation "if the economy were growing at 3½% or 4%. And it's not."

Not Over Yet

It is still possible, of course, that Mr. Bush will overcome all these troubles and stage the comeback he insists will bring him a second term. But as important as the economy is, the president's troubles run much deeper than he and his aides wish to admit. The erosion of his once-formidable standing — and with it the Republican coalition that has rolled to five presidential victories in six elections — is the product of many forces over the past two years, including Mr. Bush's own failings as a political leader, missteps by his advisers and an uncommonly skillful Democratic campaign. Mr. Baker, the man all Republicans counted on to turn things around, arrived on the scene belatedly and has been unable to work anything approaching the miracles expected of him.

Ironically, the thing Mr. Baker has done best of all, sharpening the message that Mr. Bush stands for less government interference in the economy and in the lives of Americans than does Mr. Clinton, may be out of sync with the nation's mood. There is evidence suggesting that Americans in 1992 want a more active government role in revving up and revamping the economy. "We are coming to a different point of public judgment about the role of government," says William McInturff, a Republican pollster.

The doubts are turning up in odd places. Just a few days ago, the State Department, Mr. Baker's former haunt, invited foreign diplomats to Blair House, the government guest house across from the White House, for a briefing on the election. All three political analysts who participated, including a Republican, predicted that President Bush would lose. "It occurred to me that if anybody in the Bush campaign knew, they would be outraged," one startled diplomat said afterward. "This is a real democracy. Where else would you see an administration call in ambassadors to tell them that it's about to go out of power?"

The Bush camp thinks that the president's strong performance in the final presidential debate could set the stage for a last-minute surge to victory. Bush officials say their internal polls show rising voter doubts about Mr. Clinton in the past

Please Turn to Page A11, Column 1



George Bush

10 days and argue that much of his support is soft. But the seemingly relentless flow of bad news has taken its toll on the president. "There's a part of him that is saying, 'You're going to be a very lucky man when you put down the burden of this office,'" says Thomas "Lud" Ashley, a close friend since he and Mr. Bush were classmates at Yale long ago. "That voice is speaking to him in very measured tones."

As it turns out, the success for which Mr. Bush and Mr. Baker most like to claim credit, the end of the Cold War, seems to have rendered his foreign-policy accomplishments passe in the minds of some voters. Even the Gulf War, which once sharply raised his standing and appeared to have cemented his image, seems in hindsight to have harmed him by making him slow to grasp the depth of his domestic vulnerability.

"We were all slow to realize" the desire for change unleashed by those international triumphs, says James Pinkerton, counselor to the Bush-Quayle campaign and a former White House aide. "In the aftermath of that, the one thing you're guaranteed of is huge, seismic, tectonic change. And it's very hard for the victorious party to negotiate that change."

If the fall of communism crumbled one pillar of the GOP presidential coalition — the anti-Soviet, pro-defense interests — Mr. Bush kicked out another with his handling of the tax issue and abandonment of his "read my lips" no-tax pledge. The remaining leg of the GOP triad was the set of conservative cultural themes that included opposition to abortion and appeals to traditional values. But Mr. Bush's weakness elsewhere led his team to push those themes too hard at the convention, creating a backlash.

Any campaign would have had trouble overcoming Mr. Bush's image, entrenched by the beginning of 1992, as a passive, out-of-touch patrician who didn't understand Americans' economic problems. Long convinced that government shouldn't much interfere with the workings of the marketplace, Mr. Bush heeded the counsel of aides who insisted through most of 1991 that recovery from recession was at hand.

When economic adviser Michael Boskin grew concerned about persistent weakness in the economy, then-chief of staff John Sununu disputed him and made it hard for Mr. Boskin to see the president, officials say. Treasury Secretary Nicholas Brady, who never lost access to his old friend the president, continued to advise him to strike an upbeat tone in hopes of lifting consumer confidence. Once this year Mr. Brady even argued that a victory by the U.S. Olympic basketball team might help.

Meanwhile, the White House sent clear signals that its domestic agenda was a very limited one. Mr. Sununu went so far as to declare publicly after the 1990 midterm election that "there's not another single piece of legislation that needs to be passed for this president." Of congressional Democrats, he added: "We don't need them." The president himself underscored the point when, addressing Congress at the peak of his popularity after the Gulf War, he demanded only that lawmakers pass his crime and transportation bills.

A study by a prominent Republican had advised Mr. Bush to pick leaders for a re-election effort and include them in White House deliberations starting in Feb-

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ruary or March 1991, a Bush adviser says. But in those months, Mr. Bush was first winning and then basking in the glow of the war with Iraq. He dismissed the recommendation.

The president didn't shift gears until last November, when his former Attorney General, Richard Thornburgh, was upset in a special Pennsylvania election for a Senate seat. Mr. Bush ordered up a health-care plan that Mr. Sununu had previously blocked. Health and Human Services Secretary Louis Sullivan from moving. He also postponed a planned trip to Asia, replaced Mr. Sununu with Transportation Secretary Samuel Skinner and assembled a campaign organization.

But neither the White House nor the campaign ever hit stride. Republicans soon began complaining that the campaign lacked a manager with the stature to speak bluntly to the president about strategy and tactics. Others complained that its chairman, veteran pollster Robert Teeter, didn't assert a firm grip over the organization.

Mr. Teeter, meanwhile, sensed that Mr. Bush was doing a poor job of communicating and suggested that Mr. Skinner hire a young speech-writer named Steve Provoost, a suggestion that a White House seemingly unable to move took several crucial months to implement.

These were the problems Mr. Baker was supposed to solve when he arrived. But his takeover was peculiar from the moment a pained-looking Mr. Bush announced it Aug. 13. Instead of beginning at once, Mr. Baker went on vacation after delivering a combination farewell and campaign speech at the State Department. By the time he arrived in Houston six days later, the Republican convention — including the harsh remarks by Patrick Buchanan that the campaign now regrets — was half over.

Mr. Baker returned to Washington, where he and a handful of his closest aides were sworn in late on a Sunday afternoon, then plunged into work until 3 the next morning. They were dismayed at the trouble the White House staff had making decisions. They moved on their own to resolve a series of policy logjams and allow Mr. Bush to dole out federal pork to woo key constituencies and states. But coming so late, such steps didn't look presidential so much as political.

Even the weather seemed to conspire against Mr. Bush and his new team. On its first full day on the job, the Baker squad found it couldn't worry about the campaign's myriad problems but instead had to focus on Hurricane Andrew.

Meanwhile, Mr. Bush had begun an initial campaign swing in which Georgia Rep. Newt Gingrich said Democrats had a "Woody Allen plank on families" in their platform and Mr. Bush criticized them for leaving God off the platform. The White House later dropped those themes for fear of offending moderates.

Mr. Bush first took to the stump as a Congress-bashing reincarnation of Harry Truman, then abandoned the pose after it was widely panned. He finally laid out a comprehensive economic agenda in De-

troit in mid-September, but never seemed eager to recount its specifics in subsequent appearances.

Perhaps most surprising of all, Mr. Bush and Mr. Baker decided to pick up on attacks by conservative California Rep. Robert Dornan and like-minded House members concerning Mr. Clinton's anti-war activities and a trip he took to Moscow while on a Rhodes scholarship. But that didn't go as planned either.

Mr. Baker never was comfortable with focusing on the Moscow trip, which sounded innocent to many, and he and the president wanted to bore in instead on Mr. Clinton's role organizing demonstrations against the Vietnam War. But when Mr. Bush appeared on CNN's "Larry King Live," he was asked about the Moscow trip, so he talked about that first before getting to the demonstrations. When Democrats and some commentators accused him of McCarthyism, he quickly said he accepted Mr. Clinton's explanation of the Moscow trip. He has pressed ahead with the complaints about organizing anti-U.S. demonstrations abroad, and Bush aides say they have driven up negative feelings about Mr. Clinton.

On one crucial matter, Mr. Baker displayed the deft touch for which he has long been cited. With Mr. Bush on the defensive for dodging debates, Mr. Baker hatched a surprise plan to challenge Mr. Clinton to four debates, the last one two days before the Nov. 3 election. The bold proposal initially caught the Democrat's campaign off guard and plainly energized Mr. Bush.

Yet the outcome of the ensuing negotiations doesn't seem to have been particularly advantageous to the president. Not only did the Bush camp fail to obtain the election-eve debate, but it agreed that the second encounter would be an audience-participation event ideally suited to Mr. Clinton's skills.

In the first debate, Mr. Bush sprang the announcement that Mr. Baker would remain at the White House in a second term to direct his economic team, but the follow-up has been faulty. First there was confusion over whether Mr. Bush's entire economic team would be dismissed in a second term, which the White House resolved by saying everyone would submit a pro forma letter of resignation, some of which might not be accepted. Then there was confusion over an announcement that Mr. Baker himself would make a speech spelling out details. As Democrats began to ridicule Mr. Bush's dependence on Mr. Baker, the White House concluded that a Baker speech would only invite more caricatures of the chief of staff pulling the president's strings. The speech was canceled.

As the episode illustrates, Mr. Baker has kept his profile low, publicly surfacing this fall just long enough to accept the role as domestic czar in a second Bush term — and to remind interviewers he has been in charge of the White House, not the campaign. "Now, the job to which he has appointed me, of course, is chief of staff of the White House, not chairman of his campaign, even though that is a highly political job," he told NBC News.

That remark rankled some in the Bush campaign, who think Mr. Baker was simply trying to distance himself from a potential failure. Mr. Baker's aides hotly dispute this. One complains that the problem is that if Mr. Baker raises his head, reporters immediately write stories talking of "a deputy president," which are demeaning to Mr. Bush.

In any event, there now is less than two weeks for Mr. Bush and his team to make a miracle turnaround. If that doesn't happen, one senior White House official predicts that "the long knives" will soon come out all around as various Republicans and administration officials attempt to salvage their own reputations by blaming others, including Mr. Baker, for electoral misfortune. But whatever happens, this official insists, the Baker team has been "doing the Lord's work" at the State Department on such issues as Mideast peace negotiations and the decline of nuclear weapons for the last 3½ years, and "nobody's going to take that away."



James Baker

THE WALL STREET JOURNAL

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WEDNESDAY, OCTOBER 21, 1992

The Worst Lying About the Economy in the Past 50 Years

By ALAN REYNOLDS

Bill Clinton has been chided for his slippery lack of truthfulness when it comes to the draft. But a much more pervasive and dangerous disregard for the truth is on display almost every time he opens his mouth to talk about the economy.

Let's take the debates. In the first debate, Mr. Clinton said we are suffering "the first decline in industrial production, ever." What? The country has never before had a recession? There is nothing wrong with making a mistake in the heat of debate. But we might have expected some impolite person, somewhere, to ask the governor what on earth he meant to say. Instead, the anchor on one network noted that Mr. Clinton had displayed his "mastery of facts."

Industrial production has risen by 2.1% since May 1991, and manufacturing alone (excluding mining and utilities) by 2.8%. Meanwhile, industrial production over the past year has *fallen* by 2.5% in Germany and by 7.6% in Japan.

Over the past year, the U.S. economy has grown faster than the economies of Japan, Germany, Canada or Britain (the first two of those last four, presumably, being Mr. Clinton's models). U.S. exports have *doubled* in real terms in only six years, and now exceed \$620 billion a year. What does Mr. Clinton have to say about this? He worries that we can't compete, and proposes emulating foreign basket cases — "an American version of what works in other countries." We don't really need an American version of Europe's 10% unemployment, or Japan's stock market collapse.

Were it not for defense cuts, the U.S. would have reported an economic growth rate of 2.3% over the past five quarters, rather than 1.6%. Yet Mr. Clinton proposes

to cut defense deeper and faster. How will that help?

Then there is this matter of wages. In the first debate, Mr. Clinton said U.S. wages have slipped to 13th in the world. Really? Who are those dozen richer countries anyway? All these figures show is that high German interest rates pushed European exchange rates up. That did indeed make European wages look high when converted to dollars, but it also makes European *prices* look even higher. The real purchasing power of foreign wages is a great deal lower than implied by converting them into dollars.

Mr. Clinton said on Monday night that "most people are working harder for less money than they were earning 10 years ago, and they're paying higher taxes." Is that true? A good way to find out is to add capital gains, government transfers and health benefits to the median income of full-time workers, then subtract federal income and Social Security taxes. Nineteen eighty-two was a recession trough, so let's start with President Carter's last year, 1980. Then adjust for inflation using the current consumer price index, improved in 1983. The result? Real, after-tax median income for full-time workers rose from \$27,593 in 1989 from \$24,950 in 1980, before slipping back to \$26,679 in 1991. Half of all full-time workers in 1991 were still 7% ahead of where they were in 1980, after taxes, and many in the bottom half also had gains. Income and wealth rose further in 1992.

Much of the relative income weakness in the past few years was in capital gains — particularly among the middle class, where the capital gains tax rate rose most sharply. For those in the middle three-fifths of the income distribution,

average capital gains had been around \$3,500 a year from 1983 to 1986, but immediately sank to \$1,200 from 1987 to 1991, after the higher rates went into effect. Federal and state governments lost, too — they saw lower revenues. Mr. Bush wants to fix that inhumane and destructive 1986 policy mistake; Mr. Clinton opposes change.

In the debates, Mr. Clinton and Al Gore alternate between asserting that the economy is in the worst shape "in 50 years" and saying it's in the worst shape "since the Great Depression." Those are not the same thing. While these candidates may be too young to remember that Herbert Hoover was not the president in 1942, they are not too young to remember the stagflationary mess of 1973-75, or 1980-82. In the first of those contractions, real GDP fell by 4.3% and unemployment reached 9%. In the second, real GDP fell by 2.8% and unemployment hit 10.8%. Inflation and interest rates were well above 10% both times.

In the 1990-91 recession, real output fell by 2.2%, unemployment peaked at 7.8%, and inflation and interest rates have been quite low.

When it came to the vice presidential debate, the TV truth squads jumped on Dan Quayle, claiming it a lie that Mr. Clinton proposes \$150 billion in new taxes, since he supposedly intends to return \$106 billion to favored corporations and the "middle class." The argument here is that if the Internal Revenue Service can squeeze a few thousand more from Dr. Smith each year, but also share some of the loot with those who vote correctly, then Dr. Smith really has nothing to complain about. Mr. Clinton even promised that the wealthy will get some back in the form of investment tax credits to corporations that buy machines to replace workers.

Some campaign contributors will get rich off that, to be sure, but not those industrious two-earner families whose marginal tax rate is to jump by 16%.

Actually, the vice president's claim that Mr. Clinton plans to raise taxes by \$150 billion really does deserve to be criticized, since there's no way Mr. Clinton can raise even a third of that sum from rich folks and foreign companies. But that means he has no idea how to finance all his pork-barrel "infrastructure" schemes; nor can he afford those undefined "middle class tax cuts." Mr. Clinton has already switched from vague promises of tax relief to the middle class to promising he won't raise their taxes: "Read my plan." Instead, he can simply redefine "middle class" downward, in ways that catch more fish.

In the rush to "change," everything seems to be a "crisis." To define a health-care crisis, Mr. Gore claimed that "40 million" Americans "who work full-time" do not have health insurance. The latest Monthly Labor Review shows that 83% of all full-time workers have employer-financed medical care coverage. The remaining 17% don't even add up to 15 million. But the 17% figure is also misleading. Millions of full-time workers are self-employed individuals (often affluent), so it makes no sense even to ask if they have an "employer-financed" medical plan.

The Clinton-Gore team has been running TV ads ridiculing the president for saying he's not sure we're in a recession. Yet the U.S. economy is now in the sixth consecutive quarter of positive growth. This is quite definitely *not* a recession by anybody's definition — much less the worst one since 1942 or the only time industrial production ever fell. That little fact, like so many, doesn't seem to stop Mr. Clinton.

Mr. Reynolds is director of economic research at the Hudson Institute in Indianapolis.

Today's debate is on **HELPING KIDS LEARN**
and how much Washington should be involved in schools.

President must provide leadership in education

OUR VIEW We need a president who will jump-start education and keep his foot on the pedal.

Twice in this century, presidents have made big impacts on U.S. schools. It's time for that to happen again.

In the '60s, Lyndon Johnson's Great Society brought us Head Start, a long-proven success for poverty-level preschoolers, and aid programs that opened colleges to the poor.

In 1983, Ronald Reagan issued "A Nation at Risk," a report from his Education secretary that awakened us to our schools' problems and spawned a decade of feverish state and local reforms.

Now we need something more. U.S. students, in international tests, fare badly. Newspapers in Ireland cheer our illiteracy rate because it means U.S. companies will export more jobs for which they can't find competent people here.

The national education goals set by George Bush, Bill Clinton and others in 1989 are nice ideas, but has anyone mentioned them during the campaign?

ELECTION '92

An occasional series

Bush has an empty four-year slate.

Clinton as governor and Ross Perot as chair of a mid-'80s Texas effort pushed through state school reforms. But they now emphasize other issues — aware that a president's role in school improvement is limited. Only \$56 of every \$1,000 spent on schools comes from Washington (down from \$90 in the '70s). True reform won't occur until people in 16,000 school districts demand it.

But a president can jump-start us and, this time, keep his foot on the pedal.

He can identify standards students should meet in math, science and comprehension of English. And he can push for tests that tell us, school-by-school, how close we are to those goals.

Local schools can decide for themselves how they'll get there. But we as a nation must decide where we want to go.

Bush and Clinton call for standards and tests, but neither spells out how to do it or what priority the effort has.

If our education gap is as wide as our space gap in the Sputnik era, we need a president to assume the JFK role and tell us where our education "moon" is, what it will take to get there and when we will set foot on it.

Beware federal 'leadership'

OPPOSING VIEW White House rhetoric points toward national control of education; keep the schools local.

While there are rare functions the federal government can perform in education, even *The Washington Post* editorialized there needn't be a Department of Education. That federal involvement tends regrettably toward nationalization of education is evidenced by major legislation in Congress this year calling for a national curriculum, the effect of which would be that disastrous innovations like the "new math" would harm all instead of just some students. And, bills called for national tests, which in areas like literature could contain questions not ideologically acceptable in some regions.

Bill Clinton says he'll be a "change agent," a favorite term of National Edu-

cation Association presidents like Catherine Barrett, who wanted it applied to philosophy or values. About that same time, *Training for Change Agents* (a result of a federal contract) came out, promoting those who'd "disrupt educational systems," "escalate problems or protests" and "create crises." The Education Department itself issued a white paper supporting state takeover of schools "unwilling to meet their responsibilities . . . replacing local school boards with state-appointed officials."

If President Bush is re-elected, a federal official's claim to be prepared to deny aid and student loans to schools that fail to give students job skills could be carried out. Also, his "America 2000" plan urges that hiring and college-admission decisions consider national test results, and federal regulations would apply even to private or religious schools that participate. And his request for a New American Schools Development Corp. has just resulted in winning school proposals that include programs "from birth," teaching "world citizenship" and requiring 220 hours of "service."

Keep control of education local.



By D.L. Cuddy, a former senior associate in the National Institute of Education.

Taxes needed to cut deficit? Bunk!

'Americans are paying for hundreds of wasteful programs,' says Scott A. Hodge.

One of the most cynical clichés to gain acceptance among liberal political pundits this election year is this: "The American people have the government they want; they just aren't willing to pay for it."

This idea allows its proponents to justify their claim that the only way to eliminate the \$300 billion-plus federal budget deficit is to force people to pay higher taxes. The only other way, they say, is to take benefits from the poor and elderly.

Bunk, bunk, and bunk. The people do not have the government they want; higher taxes are not the only way to wipe out the deficit; and it can be done without hurting the elderly and poor.

Most Americans don't know they're paying for hundreds of wasteful programs that serve no national interest, such as the National Helium Reserves, the National Fertilizer Development Center, the National Pig Research Facility or the honey, wool and mohair subsidy programs. Hard-working taxpayers have no idea that overhead expenses of civilian federal agencies (rent, utilities, travel, pens, paper, etc.) have reached \$210 billion and are still growing. Is this the government they want to pay for?

Most taxpayers would be stunned to learn that the federal government manages more than 75 different, overlapping anti-poverty programs. The annual cost of these programs to all levels of government totals \$250 billion — more than twice as much as it would take to lift every poor American above the poverty threshold if we gave it to them in cash today.

Those who want to eliminate the deficit through higher taxes bank on taxpayers' ignorance of what activities the government is actually engaged in and how fast its spending has grown in the past four years.

Adjusting for inflation, federal domestic spending has grown 70% more in the last four years than it did during the entire 12 years of Presidents Carter and Reagan — and this does not include the cost of the S&L bailout or interest on the federal debt.



This is the second in a four-part series on the federal budget deficit.

Tuesday: Why you should be concerned.

Thursday: Taxes are the solution.

Next week: The tough choices.

Domestic spending (again excluding the S&L and debt costs) has grown by \$435 billion above the inflation rate since Reagan left office; that's eight times more than Reagan spent above the inflation rate over two terms. This new spending amounts to nearly \$6,600 for every U.S. family, though it's doubtful this has resulted in Americans feeling eight times better off today than they did four years ago.

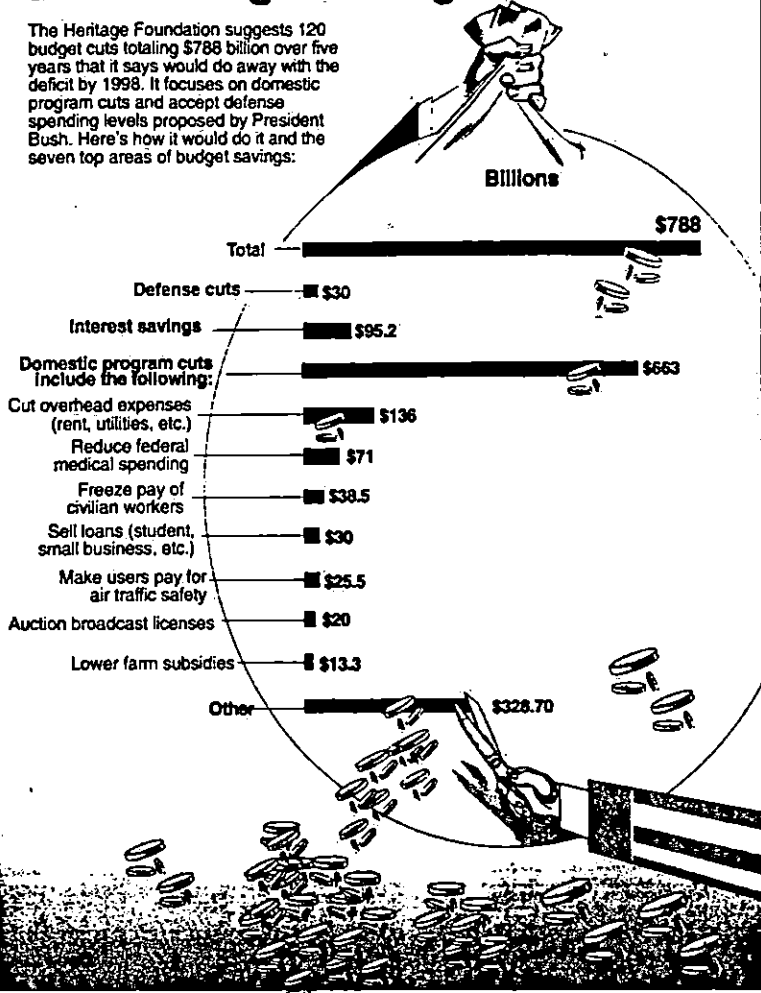
The tax-hikers also would have Americans forget the lesson of the 1990 budget agreement: Raising taxes never generates the expected revenues.

That political deal was supposed to produce \$175 billion in additional revenue between 1991 and 1995, but it so damaged an already weak economy that the government will now lose more than \$3 for every \$1 it hoped to gain. Every businessman knows that raising prices is more likely to chase away customers than boost profits. Washington has yet to learn this simple lesson.

Not only will higher taxes hurt the economy, but it is

How Heritage would get rid of deficit

The Heritage Foundation suggests 120 budget cuts totaling \$788 billion over five years that it says would do away with the deficit by 1998. It focuses on domestic program cuts and accept defense spending levels proposed by President Bush. Here's how it would do it and the seven top areas of budget savings:



By Suzy Parker, USA TODAY

doubtful that the money they raise will go toward deficit reduction. During the past 30 years, Washington has raised taxes 54 times in an effort to achieve deficit reduction, yet it has balanced the budget only once, 1969. The reason: According to analysts at Congress' Joint Economic Committee, for every new dollar lawmakers raise in taxes, they raise federal spending by \$1.59.

It's no wonder recent polls find that most Americans believe nearly 50 cents of every

tax dollar they send to Washington is wasted. If they are correct, this would amount to \$250 billion per year in waste.

Recently, Heritage Foundation scholars catalogued more than 120 ways to cut wasteful federal spending without harming sensitive safety-net programs or enacting additional defense cuts. Over five years these recommendations would save taxpayers \$790 billion — nearly \$12,000 per family.

The fairest deficit-reduction plan should be one that saves

families money, not one that takes more of it. Even without a boost in tax rates, hard-working taxpayers are expected to generate \$440 billion in new tax revenues during the next five years. To raise taxes above and beyond what the economy may naturally generate will simply punish hard work and cynically reward Washington for wasteful, rampant spending that usually serves no other purpose than political aggrandizement and to pad the pockets of special interests.



FIRST DEBATE
ST. LOUIS, MISSOURI
OCTOBER 11, 1992

THE HOMESTRETCH
Clinton in Control



BARNYARD ORATOR: Al Gore claims that he is the plainest vice-presidential candidate; after all, he practiced debating in a barn

VOX POP

Do you care whether Fidel Castro remains in power in Cuba?

YES	NO
37%	57%

From a telephone poll of 1,400 American adults taken for TIME/CNN on Sept. 22-24 by Yankelovich Clancy Shulman. Sampling error is $\pm 2.5\%$.



NEW WORLD ORDER: The Magnetic Globe Puzzle, invented by a Croat, has removable countries: when things change, the company provides new pieces

GRAPEVINE

By JANICE CASTRO

Lowlier Than Thou

The less viewers expect, the more impressed they are likely to be. That was the theory, anyway, as **DAN QUAYLE** and **AL GORE** prepared for their debates, each vying for the label of most humble candidate. After Quayle pointed out that Gore went to fancy schools, Gore one-upped him: "While he is preparing for the debates in the center of the Federal Government, inside the Beltway, I'm going to do my preps in a barn." Gore's aides tend to run around in polo shirts and jeans. On Air Force Two, Quayle's aides are often seen in stocking feet.

Pays to Know Your Sources

ABC has captured the most seats (four) on the debate panels, and some people in Washington wonder if it's a coincidence that the network also seems to enjoy the coziest relations with the Administration. White House correspondent Ann Compton, who has arranged blind dates for White House counsel C. Boyden Gray, was chosen for the Oct. 11 session. ABC political director Hal Bruno and correspondent Carole Simpson will be on later panels. NBC, the *Washington Post* and the *Wall Street Journal* have declined to participate, objecting to the protocol giving the candidates a say in choosing panel reporters.

How's That Again?

As Congress wrapped up its business last week, effusive farewells were given for Senators and Congressmen who will not be returning to Capitol Hill. Some kudos fell a little flat. Congressman Bill Dannemeyer, improbably lauded as "the conscience of the House," will long be remembered for inserting into the 1989 *Congressional Record* a description of homosexual lovemaking so mean-spirited that it was later excised from the permanent text. Senator Steve Symms, praised for bravely defending the rights of gun owners, is notable for little else. Senator Alan Dixon was lionized as "one of the most fiercely independent Democrats" in Congress. Funny. He is noted for being so chummy with lobbyists that he is known around the Hill as "Al the Pal."

The Limbaugh State

Michigan Democrats want to know why their state has spent \$55,000 in taxpayer funds to publish 1.3 million tourism brochures featuring not fall foliage but attack-radio host **RUSH LIMBAUGH**. His photo is on the front and back, and a guide inside tells visitors where to find him on the dial in almost any part of the Wolverine State. Limbaugh, a Missouri native who spends much of his time on the air praising Bush and attacking Clinton, says he hasn't any idea.

Charity Does Not Begin at Church

The Roman Catholic archdiocese in Turin, Italy, has stirred up a fuss by printing signs for all its churches in an effort to drive away beggars. Printed in Italian as well as Arabic—the language of many of the city's poor—the signs read, in part: **WE DON'T WANT TO BUY USELESS, SUPERFLUOUS GOODS, OR SEE YOU BEGGING**. Explains Father Gianni Sangalli: "Every Sunday large crowds of immigrants gather at the doorstep of many churches in Turin asking for charity or peddling useless objects." ■



PUBLIC SCHOoled: No way, says Quayle, maintaining that he suffers an educational disadvantage



IT'S LIKE THIS: With Ross back in the race, novelty shops can't keep the Perot getup in stock for Halloween shoppers



AL THE PAL: Now that he lost the primary, he is being celebrated as "fiercely independent"

SHORT TAKES

THEATER

Crazy Like a Fop

WHEN SIMON GRAY'S *MELON* OPENED IN London in 1987, it dealt memorably if imperfectly with the random, amoral way that glittering success and crippling insanity are doled out, sometimes to the same person. In compulsive revisions, the most recent of which, *THE HOLY TERROR*, opened last week off Broadway, the normally astute Gray (*Butley*, *The Common Pursuit*) has flung out the baby and preserved the bath water. Two ideas worked in the tale of a foppish, philandering publisher: narrating his decline in flashback, from the vantage of a man afflicted and now somewhat healed, which earned instant sympathy; and letting his worldly fall lead to a moral rise. Both have been muted, and only stray witticisms linger.

MUSIC

Dizzy in Gear

"OLD CADILLACS NEVER DIE," OBSERVES the great trumpet player and immortal bopcat at the close of *Swing Low, Sweet Cadillac*. "The finance company just fade 'em away." *DIZZY GILLESPIE* must never have had a brush with the collection agency: there is no fading, only gleam on *Dizzy's Diamonds* (Verve), a 3-CD collection spanning 1950 to 1964. Grouped into three broad grooves—Big Band, small group and Afro-Cuban—these 40 wondrous cuts show Dizzy setting the pace for some fast company, including Stan Getz, Charlie Parker and Bud Powell. The Big Band material blasts, the small-group sides jump, and the Afro-Cuban tunes sound drivingly modern. Dizzy is an Eldorado that never runs on empty.

BOOKS

Half a Holden

READING EVE HOROWITZ'S *PLAIN JANE* (Random House; \$20) is like listening to a World Series no-hitter called by a taciturn announcer: the listener knows something terrific is happening out there, but he just can't hear it. The narrator is teenager Jane Singer, second daughter of a gently Jewish family from Cleveland and worshipper of Holden Caulfield. Jane



THEATER: Daniel Gerroll and Anthony Fusco, awash in bath water



MUSIC: Three broad grooves in fast company, and all gleaming



BOOKS: Good family-comedy cast but needs a little verve



TELEVISION: Elegant name dropping with Irons, Cusack and Guinness



CINEMA: Sinise, standing, and Malkovich, among the homeless horde

tells about, among others, her mother, who divorces Jane's father and takes up the violin, and her formerly promiscuous sister, who marries an Orthodox doctor and gives birth to a boy Jane jokingly calls "the Little Messiah." Except for eloquent moments, the reader longs for a little verve. Jane is a nice girl who should go to college, marry a nice boy and leave narrating no-hitters to another heroine.

TELEVISION

Name Dropping On Sunset

THE BEST THING ABOUT *TALES FROM HOLLYWOOD* is its subject. Christopher Hampton's 1982 play focuses on leading German literary émigrés who settled in the film capital in the '30s and '40s, namely Bertolt Brecht and Thomas Mann and his brother Heinrich (along with Austro-Hungarian dramatist Odon von Horvath, who never really made it to America but serves as fictionalized narrator). Yet an impressive cast—Jeremy Irons, Alec Guinness, Sinead Cusack—cannot lift this PBS *American Playhouse* adaptation much above elegant name dropping. Despite snatches of *Ragtime*-esque fantasy and an ending that pays homage to *Sunset Boulevard*, the drama is hobbled by an old plot: crass Hollywood grinds down true artists, told once more with less feeling.

CINEMA

Crushed by Fate

ONE TEST OF A NOVEL'S VALUE IS WHETHER it has relevance beyond its time. John Steinbeck's *OF MICE AND MEN* (1937) meets that challenge. Its loser-heroes could be two of today's homeless horde searching for work, for value, for someone—anyone—who might find value in them. In Horton Foote's scrupulous new adaptation, John Malkovich is lumbering Lennie, whose frustrated tenderness crushes the things he would cherish; Gary Sinise is George, Lennie's protective pal; Sherilyn Fenn is the lonely wife held hostage by capricious fate. The credibility of their playing breaks through the familiar sanctity of a "classic" revival. Sinise also directs, in a muted style sensitive both to the palette of a waning California autumn and to the texture of an enduring American parable. ■

PEOPLE

By GINIA BELLAFANTE



Nurturing Your Inner Calico

ONLY A JOHNNY ROTTEN rendition of *White Christmas* would rank higher on the incongruity scale. In his latest book, *The Cat Inside* (Viking), Beat novelist and drug-culture chronicler **WILLIAM S. BURROUGHS** ventures galaxies away from his typically twisted literary turf. Today the man who gave us the nightmarish heroin fest *Naked Lunch* is serving up a 96-page collection of heartwarming anecdotes about his menagerie of fuzzy felines. There's loving talk about cuddly "psychic companions" Ed, Ruski and Fletch and lots of philosophizing about human-pet kinship. At last, a book that will bridge the gap between brooding bohemians and the Garfield greeting-card crowd.



My Brilliant Career Boost

MERYL STREEP COULD PORTRAY ANYONE FROM MAdonna to Mother Teresa—probably even in Hindi. Lately the gifted screen chameleon has landed in too many flicks that quickly turn to flops. That is likely to change, though, with Streep's casting in the film version of Isabel Allende's mystical novel *The House of the Spirits*. Beating out Geena Davis and most of Tinseltown's A-list, Streep takes on the unique challenge of playing a woman who ages from 18 to 60.



Comeback Time

THERE IS A WHOLE GENERATION of MTV-made musicians busy saving raccoons and rocking for rain forests. So what's **JOAN BAEZ** up to? The shrillest socially conscious songbird has cut back on good deeds to revive her career. "I could remain a legend of the '60s or kick in the time to do something more," says Baez. "I chose the second." For the first time in 30 years, Baez will tour the sort of smoky little folk clubs that made her famous. Expect nostalgic pit stops in New York City and Paris.

Bravo, Benigni

THEY'VE GIVEN US RENAISSANCE painting; we've thanked them with Kraft American Singles. Now the Italian-American cultural exchange will be offset again. Italy's latest export: the brilliantly funny actor-director **ROBERTO BENIGNI**, 39. His smash hit Mafia comedy, *Johnny Stecchino*, is currently opening State-side. Next year he will star in an American farce, *Son of Pink Panther*. That project, says Benigni with boyish delight, "is the most wonderful thing I've done."

Woeful Woody, Take 29

IT WAS ANOTHER RELENTLESSLY ROUGH WEEK FOR **WOODY ALLEN**—nothing an extra decade or two on the couch couldn't cure. First there was the bruising *Vanity Fair* exposé of his seamy rift with lover turned litigant **MIA FARROW**. In the lengthy opus, writer Maureen Orth paints Woody as the sort of sadistic self-esteem-sapping mate Oprah Winfrey has made a living warning women against. Also detailed: Allen's alleged crazed obsession with seven-year-old daughter Dylan. The article prompted Allen's attorneys to threaten a libel suit against both magazine and author. Later came more mudslinging, but this time from Attorney General William Barr, who in a speech to a religious group branded Woody's turmoil an example of our collective moral decline.



TIME, OCTOBER 19, 1992

\$2.00 A COPY; \$69 A YEAR

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OCTOBER 12, 1992

NBC cancels 2 shows

LOS ANGELES—NBC on Friday canceled its new Friday series "Final Appeal" and "What Happened?" They will end their runs on Oct. 23. NBC is expected to name replacements for the 8 p.m.-to-9 p.m. (ET) block shortly, but the new series aren't expected to join the schedule until after the November sweeps. "Final Appeal" averaged a 6.6/13 this season, ranking it No. 89 of 107 network shows, while "What Happened" averaged a 7.2/13 to rank it No. 84.

Gillett out of bankruptcy

DENVER—Gillett Holdings, which owns three TV stations in California and Florida, emerged from bankruptcy on Thursday, with control of the company in the hands of (Continued on Page 39)



INSIDE:

- After a fierce lobbying fight, Congress overrides President Bush's cable bill veto. Page 4
- TBS sues; others consider it. Page 12
- Syndicators weigh retransmission consent. Page 16
- Telcos vow to continue efforts to get into cable.

• Editorial

• Ron Alridge

Page 4

Page 12

Page 16

TV factions arming for cable law battles

By KATE MADDOX
Staff reporter

As cable and broadcast interests formed battle lines over retransmission consent last week, the television industry in general was waiting to gauge the impact of the new cable law.

Broadcasters, station owners, cable operators and cable programmers said much of the impact won't be known until the Federal Communications Commission sets the rules for re-regulation and

legal issues such as those raised by a Turner Broadcasting System lawsuit are addressed.

One of the first broadcasters to try to place a value on its programming was FBC, which sent a memo to its affiliates urging them not to settle for must-carry and offering information on how to price their signals, using cable channel rates as a guide.

"It is not surprising to hear some broadcasters, including Fox affiliates, thinking in terms of opting for must-carry rather than

for the opportunity to be paid a market price for retransmission of our product," said Preston Padden, senior vice president of affiliates for FBC, in the memo.

"All of us need to refocus our thinking to reflect the new economic realities of television and our own true worth."

Jim Mooney, president and chief executive officer of the National Cable Television Association, told ELECTRONIC MEDIA that the bill has the potential to "set up a series of (Continued on Page 39)

CBS revises plan to cut comp fees

By JON LAFAYETTE
Staff reporter

In the face of a near-rebellion by its affiliates, CBS last week changed its initial plan to cut affiliate compensation by \$20 million.

The new plan, which stations say underscores the value of their affiliate system, cuts payments by \$10 million and gives the stations about \$10 million worth of additional commercial time to sell.

"There's a new respect for the distribution system and the role each of us plays," said CBS Affiliate Board Chairman Mick Schafbuch, general manager of KOIN-TV, Portland, Ore.

"The network responded to every single one of our concerns—compensation, clearance and inventory," Mr. Schafbuch said.

"As painful as the process was, it taught a lot of lessons to the affiliates as well as the network, and the outcome is good," said Phil Jones, president of Meredith Broadcasting. "It's in the best interest of network-affiliate television."

Under the new plan endorsed by CBS and its affiliates last week, the cuts were reduced by 33 percent across the board.

In addition, a \$4 million compensation pool was set up to allow the network to reduce by as much as 50 percent the compensation cuts for stations that carry CBS's two-hour late-night block, made up of "Crime Time After Prime Time" and two relationship shows.

Not only was the network plan to take back \$5 million to \$6 million in daytime commercial (Continued on Page 38)

INSIDE:

6 NBC picks up Spielberg hour
NBC has committed to 22 episodes of "Sea Quest" at \$1 million apiece.

14 A look at season's new shows
CBS's new fall series got off to a good start.

26 Blood and guts television
New production techniques have raised the profile of surgeries on TV.

Future of fin-syn lies in court

By DIANE MERMIGAS
Financial editor

CHICAGO—The long-debated financial interest and syndication rules could be headed for a new review and eventual repeal, triggered by a pending federal appeals court ruling.

The 7th Circuit Court of Appeals here, which could rule on challenges to the Federal Com-

munications Commission's 1990 modification of the fin-syn rules before year's end, is expected to at least throw the rules back to the commission for another review.

In a more extreme, but unlikely, move the court could order that the rules be lifted.

Following Oct. 2 arguments on the matter, the court last week requested the FCC's seven-year

record of its deliberation of the rules, which restrict TV networks' financial participation in the afterlife of the programs they license for broadcast.

"We're at a critical crossroads on this issue," FCC Commissioner Andrew Barrett told ELECTRONIC MEDIA last week. "I'd say it's up for grabs."

While principals last week (Continued on Page 39)

NEWS SUMMARY

CBS last week changed its initial plan to cut affiliate compensation by \$20 million. (Page 1)

The future of the financial interest and syndication rules is in the hands of a federal appeals court. (Page 1)

As cable and broadcast interests drew sides on retransmission consent, the industry was waiting to gauge the impact of the new cable law. (Page 1)

The FCC last week proposed to earmark spectrum for a new generation of digital satellite radio services. (Page 2)

CBS News and NBC News last week said they won't allow their journalists to participate in the presidential debates. (Page 3)

Los Angeles' KCBS-TV is swapping "Ed McMahon's Star Search," its 7 p.m. show, with "You Bet Your Life," its 7:30 p.m. show. (Page 3)

Viewers in two Manhattan apartment buildings will be able to select programs on demand in a year-long "video dial-tone" test. (Page 3)

The Atlantic Cable Show this week could take on a special role as the first public cable gathering since re-regulation. (Page 3)

Congress dealt the cable industry a major blow last week, voting overwhelmingly to override the president's veto of re-regulation. (Page 4)

Lawsuits challenging elements of the cable legislation could tie up enactment of the law, say industry players. (Page 4)

Telephone industry executives vowed last week to continue their fight to get into cable TV, even though many observers believe their battle may now be tougher than ever. (Page 4)

Syndicators aren't sure whether they'll get a piece of anticipated new retransmission fees, but they seem certain that the new revenues will make their station clients stronger. (Page 4)

Jay Leno said that he bears ultimate responsibility for Helen Kushnick's firing. (Page 6)

NBC last week agreed to a 22-episode commitment and a \$1 million per-episode license fee to carry Steven Spielberg's "Sea Quest." (Page 6)

CBS had four of the five top-rated new series two weeks into the new season, helping solidify its new Monday and Friday lineups. (Page 14)

Emergency Broadcast System modernization will be a key topic at this week's Society of Broadcast Engineers Convention and Broadcast Engineering Conference. (Page 26)

A group called First Cities has been formed to study interactive multimedia services for homes and schools. (Page 26)

The EM Stock Index ended the third quarter down 4.4 percent, at 5213.92. (Page 28)

The Arbitron Co. has dropped the in-home scanner wands used with its local people meter service in four markets. (Page 30)

Multimedia Entertainment aims to launch "I File," a syndicated prime-time news magazine about investigative reporters and the stories they break. (Page 30)

FCC earmarks spectrum for digital satellite radio

By DOUG HALONEN
Washington bureau chief

WASHINGTON—Despite broadcaster opposition, the FCC last week proposed to set aside spectrum for a new generation of digital satellite radio services.

Under the Federal Communications Commission proposal, frequencies between 2310 MHz and 2360 MHz would be allocated for satellite digital audio broadcasting, an improved radio technology that proponents say could threaten the viability of traditional AM and FM radio.

Broadcasters are also exploring options to convert their existing AM and FM radio frequencies to digital audio broadcasting.

Broadcasters have argued strenuously against satellite DAB, on grounds that a new generation of satellite service could undermine their investment in the existing system of locally based stations.

"The FCC seems to be rushing to judgment," said Jeff Baumann, executive vice president and general counsel for the National Association of Broadcasters, in the wake of the agency's action last week.

Yet in proposing the satellite spectrum, the FCC signaled its unwillingness to derail new technology.

"The FCC doesn't want to stand in the way of new service," said Dave Siddall, chief of the agency's frequency allocation branch.

Despite the FCC's action, broadcasters last week were predicting that satellite DAB is at least five years away.

And broadcast industry sources say they plan to be ready to offer DAB on their existing frequency assignments first, before satellite operators are able to come on line.

If that's the case, satellite operators could be hard pressed to find a sufficient audience base to make the financially viable, particularly if consumers must buy new generation of satellite radio tuners. #

Publisher Sol Paul dies at 78

By WAYNE WALLEY
New York bureau chief

Sol Paul, the publisher of Television/Radio Age and CableAge, died Oct. 5 at Princeton Hospital in Princeton, N.J., of complications after a stroke. He was 78.

Mr. Paul was also the publisher of Investment Business Forecast, a weekly financial newsletter.

His more than 50 years in the publishing business started at the Washington Post, where he became a reporter after graduating from the Georgetown School of Foreign Service in 1939.

He was also a Washington correspondent for the Gannett newspapers until 1941, when he joined Broadcasting magazine as a feature writer in New York. A year later he was named Midwest manager in Chicago.

He returned to New York in 1946 as advertising manager, and in 1953 he started his first magazine, Television Age. The publication eventually became Television/Radio Age.

He also had two television credits as co-author of the comedy "McGarry and his Mouse" and the CBS drama "This Is the Underground."

In addition, Mr. Paul was the former owner and publisher of the international directory World Radio and TV Handbook, which was published in Copenhagen, Denmark.

His TV industry activities were many during his career.

He was a charter member and past president of the Broadcast Pioneers Association, a member of the board of directors of the International Radio and Television Foundation, a member of the advisory board of Alpha Epsilon Rho and a member of the communication advisory board of St. John's College.

In addition, Mr. Paul was made an honorary lifetime member of the BPA in 1973. #

CBS's baseball trailing in ratings

By THOMAS TYRER
Staff reporter

LOS ANGELES—CBS's first baseball playoff games last week trailed their competition, earning lower ratings than last year's opening games.

The first game of the American League Championship Series, (Oakland Athletics vs. Toronto Blue Jays), finished second for the night of Oct. 7, averaging an 11 Nielsen Media Research rating (percentage of TV homes) and a 19 share (percentage of sets in use).

Last year's ALCS opener, pitting the Blue Jays against the eventual World Series champion, the Minnesota Twins, had an 11.6/20 in prime time.

Last week's first ALCS game trailed both NBC's regular series, which had a 13.1/22, and ABC's series, which had an 11.7/19.

FBC competed with roughly half the game, averaging a 7.7/12.

NBC won the night on Oct. 7 with a 13.4/22; ABC had an 11.6/19; CBS had a 10.3/17; and FBC had an 8.2/13.

National ratings for the second game of that series, played Thursday night, weren't available at press time, but it had a third-place 11.9/20 in Nielsen's overnight markets.

Last year, the second game of the ALCS, played in the after-

noon, averaged a 6.4/20 in national figures.

NBC's and ABC's regular series lineups held off baseball on Thursday, averaging 13.1/21 and 12.4/20 in the overnight markets, respectively. FBC had a 9/14.

Meanwhile, the first game of the National League Championship Series (Atlanta Braves vs. Pittsburgh Pirates), earned a second-place 12/21 in prime time on Tuesday, Oct. 6.

That trailed ABC's regular Tuesday series, which had a 16.6/26, but beat NBC's regular series, which finished with an 11.3/19.

Last year's NLCS opener, between the same two teams, had a 14/24 in prime time.

Ratings for the second NL game won't be available until Oct. 15 since that game was played in the afternoon on Oct. 7.

At press time, Atlanta had won the first two NLCS games in the best-of-seven playoff.

The third and fourth games of the NLCS were set for Friday and Saturday nights.

If Pittsburgh won either of those games, a fifth game was slated for Sunday afternoon.

The ALCS, meanwhile, was set to continue with a third match-up Saturday, followed by a fourth game last night.

At press time, Oakland and Toronto were tied at one game each ensuring a fifth game today. #

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CORRECTIONS

In the new series performance chart on Page 14 of this issue, the percent change column for NBC should include negative signs in front of each number and percent signs after each number.

A headline on an item in the Oct. 5 "Briefly Noted" column (Page 30)

should have said that CBS Television Spot Sales rejoined the Television Bureau of Advertising, not CBS stations.

Cordelia Bowe was a producer with "The Maury Povich Show," an associate producer as identified in a Sept. 28 article (Page 8). #

JOHN UPDIKE: THE GREAT MAGRITTE

NEW REPUBLIC PRESIDENT BAKER

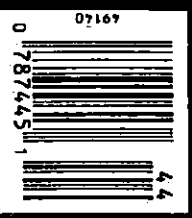
{FOUR MORE YEARS}

(by Stanley Blumreich)



David Denby:
Among The Cultural Elite

Jacob Weisberg:
Clinton As Sitcom





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NOVEMBER 2, 1992



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page 17. TRB from Washington
will return next week.

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WASHINGTON, D.C.
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THE NEW REPUBLIC, Vol. 207, Number 6, Issue 4,059, November 2, 1992. (Printed in the U.S. on October 14, 1992.) Published weekly (except for combined issues dated Jan. 6 & 13, July 13 & 20, Aug. 17 & 24, and Sept. 7 & 14, 1992) at 1220 19th Street, NW, Washington, DC 20036. Telephone (202) 331-7494. The New Republic/National Review joint advertising (212) 702-4882. Yearly subscriptions, \$69.97; foreign, \$99.97; Canada, \$84.97. Back issues, \$3.50 (includes postage & handling). © 1992 by The New Republic, Inc. (ISSN 0028-6583). Second-class postage paid at Washington, DC, and additional mailing offices. Indexed in Readers' Guide, Media Review Digest. Microform, CD-ROM, issue and article copies are available through University Microfilms Int'l., 300 N. Zeeb Road, Ann Arbor, MI 48106. Telephone 1-800-521-0600. Member, Audit Bureau of Circulations. Unsolicited manuscripts can be returned only if accompanied by a stamped, self-addressed envelope. Subscribers: Please send all remittances, changes of address, and subscription inquiries to Subscription Service Dept., The New Republic, P.O. Box 56515, Boulder, CO 80322. For subscription problems call 800-274-6686.

I, BAKER

By Sidney Blumenthal

As the first presidential debate finished, James Baker materialized on television. Ever since leaving the State Department to become chief of staff, he had cloistered himself in the West Wing. "I haven't laid eyes on the guy. I know people at the White House who say they never see him," said a high Bush-Quayle campaign official. But now the spectral Baker appeared chatting with anchorman after anchorman. For the president had just announced the linchpin of his campaign program: "What I'm going to do is say to Jim Baker when this campaign is over, 'All right, let's sit down now. You do in domestic affairs what you've done in foreign affairs.'" Within the week, Baker proclaimed, he would deliver a speech about his intentions as the economic "czar" of Bush's second term.

But even then Baker was finding a way to protect himself. If Bush lost, he might be held culpable—"maybe a lot," Baker conceded, getting out in front of the press spin. "The White House chief of staff," he pointed out, "is not the campaign chairman." Thus the relationship that has framed the last four years continued its tortuous path. The conventional view of these last weeks as testimony to the faithful friendship between Bush and Baker is a fantasy. Their friendship has become another shape that power has assumed for them. In their final gambit for power—the shadow presidency of Baker—they remain true to the ruthlessness and mutual suspicion that has curdled their relationship nearly from the start, and that is finally poisoning them.

"Every morning," said a Republican political consultant who has worked with Baker on four presidential campaigns, "Jim Baker looks in the mirror and says, 'You're better looking than George Bush. You're smarter. Why aren't you president?' I am convinced that happens. But he has no illusions." Before Lee Atwater died of a brain tumor, according to a source who was close to him, Baker confided "that all the speculation about being named vice president won't work." Instead, it was inevitable that Bush would force him back into a role he despises: the handler. Bush's desperate need for him as the rescuer fills Baker with rage. In 1988, upset at becoming Bush's campaign manager, Baker complained to Martin Nolan of the *Boston Globe*. "Do you think I enjoyed leaving the office of secretary of treasury, being fifth in line to the presidency, to come over here to be called a handler?"

Shortly afterward, when he saw his picture on the cover of *Time*, under the headline "The Year of the Handlers," he told his aides he felt like retching.

George Bush, for his part, considers the political help as belonging to a glorified servant class. They sweat so that he can perform his higher calling. Only Baker is exempt from his condescension because he is his social peer. "Nobody got the deference from Bush that Baker got—nobody," said Edward Rogers, who was Atwater's and John Sununu's deputy. For all this, they are often spiteful about each other. Baker prefers not to travel with the president, because, as he once told *The New York Times*, he is then compelled to play "the goddamn butler." And Bush wonders in private why Jimmy's press notices are so glowing, while he has such difficulty winning praise. He could not have been wholeheartedly grateful in 1988 when he had to use Jimmy to negotiate with *Newsweek* to stop calling him "a wimp." More than anyone else, Baker is intimate with Bush's flaws. That is why he is the one best able to cover them up.

"Work hard, study, and keep out of politics." This was the admonition of Baker's grandfather to the young lawyers in his Houston firm, Baker & Botts, the second oldest west of the Mississippi. James Baker is the latest in a long line of James Bakers—down to his great-grandfather, the founder of the firm. The Bakers, who have cultivated starchy patrician values, are the aristocracy in Houston. After the Civil War, Baker & Botts handled the railroads, banks, and trusts in Texas for the likes of Jay Gould and E. H. Harriman. The Baker boys themselves were sent East to matriculate before returning to assume their duties. Discipline, above all, was the family virtue. If Jimmy didn't get out of bed promptly, his stern father, whom he called "The Warden," doused him with cold water. Baker strove to meet his exacting demands through acts of stoicism. At Princeton, even though he was married and had a child, Baker pledged his father's fraternity and wore a stinking fish on a string for a week to prove himself to the old man.

James Baker and George Bush first became partners on the tennis courts of the Bayou Club, winning the club doubles championship. Baker, a nominal Tory Democrat, was drawn gradually into politics by the Connecticut transplant, who had deep ties to the GOP in the East. When Bush ran for the Senate in 1970, Baker was

recruited to organize Houston; and in 1972 Bush turned Baker into a local fund-raiser for Richard Nixon. Baker was restless. His young wife had died of cancer, and he was bored with legal practice. Through Bush's intervention, he got appointed undersecretary of commerce by President Ford.

Once in Washington, Baker rose swiftly. Bush wanted to run as Ford's vice presidential nominee, a post he had sought ever since Thomas Dewey, his father's friend, had proposed him for it to Nixon in 1968. But he had promised the Senate during his confirmation hearings as CIA director that he would stay out of politics. Ford, meanwhile, was stumbling down the polls. It appeared the sitting president might be overrun by Ronald Reagan, and Baker was tapped by a faltering campaign to be Ford's delegate hunter. Baker hired a team of professionals, who began tracking every one, getting the president to make phone calls and disburse federal largess. Many observers attribute Ford's nomination to Baker's precision. Afterward Baker called the work "demeaning."

Baker's boss at Commerce, Rogers Morton, was also the campaign chairman. But his health was failing, he drank too much, and he was making gaffes, even saying his job consisted of "rearranging the deck chairs on the Titanic." The political directorate—pollster Robert Teeter, chief of staff Dick Cheney, and the California consultant Stu Spencer—chose the assiduous delegate hunter for the job. Almost all the casting of Ford's political character in the campaign had been done. Baker coordinated the control of the candidate. When Ford came from behind only to lose narrowly, Baker received much of the credit. He set his sights immediately on the job of chairman of the Republican National Committee, which Bush had held. Baker managed to convince both right-wing and moderate factions that he would somehow represent them; but when it was revealed that he had run up a surplus in the Ford campaign treasury, he was shunted aside.

Bush was already planning his presidential campaign for 1980, but Baker would not sign on. He "didn't take Bush seriously," said a Republican politico. More, Baker had been at the center of a presidential campaign and, according to a number of sources, had designs of his own on the White House. So he returned to Texas to run for office. He decided to run for attorney general rather than governor, because he thought he would have an easier race against the likely liberal Democrat, who, unfortunately for Baker, was defeated in the primary. Baker never really had a chance. But he had one regret in that campaign. An aide dug up a criminal case of a vile murderer named Kleason, whom his opponent, Mark White, as secretary of state, had declined to extradite. "Baker was scared of it because it was so bad," said the aide. "It seemed like we were making it up. It became a joke later. Baker would say, 'It's time to go with Kleason.'" Baker would not make the same mistake again. Negative campaigning was partly a way to overcompensate for his patrician background and instincts, as it was for Bush. In the future Baker would go with Willie Horton.

Immediately after Baker's loss, Bush called with the offer to manage his campaign. Baker and Bush mistakenly believed the main opponent would be John Connally. Connally, Lyndon Johnson's alter ego and Nixon's favored successor, was a Texas giant. Even though Bush had been the RNC chairman and Baker Ford's chairman, they were too parochial to grasp that Connally had no following among the Republican rank and file. Despite Reagan's near-upset of Ford, Reagan was dismissed as a has-been. "They never considered Reagan to be a threat. There was only one threat to them—Connally," said a political consultant whom they called on for advice.

After Bush stunned Reagan in the Iowa caucuses, Baker tried to air the issue-oriented television commercials he had prepared for just this moment. But Bush vetoed the strategy, intoxicated with his little victory. He would run, he said, on the "Big Mo'." In Nashua, New Hampshire, he accepted the invitation of the local newspaper to debate Reagan alone, excluding the other candidates, who announced they would show up anyway. Before the event, Baker counseled Bush to appear on stage and then graciously bring up the others. But Bush, according to a source who was present, didn't want to listen. Reagan protested the exclusion, the moderator attempted to silence him, and he uttered the immortal line of Spencer Tracy from *State of the Union*: "I paid for this microphone..." The debate went on, and Bush lost that too. Quietly, Baker separated himself from Bush's disaster. "I don't know what happened to George," he explained. Bush soldiered on, running a bitterly anti-Reagan campaign against Baker's advice, threatening to become the spoiler.

What was worse, in Baker's eyes, was Bush's peculiar relationship with Jennifer Fitzgerald. Fitzgerald ran Bush's office with a haughty air, bossing around everyone, but especially Bush, who seemed to delight in being rebuked in front of his associates. Baker was revolted. "Baker got the picture right away," said a former Bush aide. "She's an impossible woman, who exerted an odd influence over him, like a nanny." Baker, according to an old associate, delivered an ultimatum: "It's either me or Jennifer." "I'll take the weekend to think about it," Bush replied. Baker told others in the campaign he felt he had at last "faced Bush down," said the source. In a compromise, Fitzgerald was banished to the New York office. But when the campaign staff went off salary as Bush's chances petered out, Baker discovered Bush was paying Fitzgerald out of his personal account. Bush's secretary, the young heiress to an Alabama hotel fortune, Margaret Tutwiler, was livid. Upon learning the story, she rushed into Bush's office and "called him eight kinds of asshole," said a source who was present. Baker, in a gesture that could not be lost on Bush, hired her as his own secretary. From then on, Tutwiler was the most loyal of Baker loyalists.

While Bush fecklessly dashed around the country, talking privately about how he would make a last stand at the convention against Reagan, Baker wondered how to put an end to his campaign. He sent a young aide, Rich Bond (now the RNC chairman), to California to mislead Bush—

and the press—into believing he had an active campaign there. Then, when Bush was distracted, Baker announced he was terminating the candidate's effort in California, bringing Bond home. Bush learned that his campaign was effectively over from the traveling press. In a fury, he—and Barbara—railed against Baker. Eventually, after an exhausting meeting in Houston, Bush agreed to accept the inevitable. "I think everything is all right," Baker said in a phone call to an associate at 2:00 a.m. "I think he'll withdraw." Bush, however, believed he had been "misserved," said a former aide. In fact, Baker had saved Bush's career. If he had gone on attacking Reagan, he would not have been named his running mate. And, with that, the anger of the Bushes at Baker dissipated.

But Baker was shaken. "I'll never go through that again," he told a friend. "That was the worst experience in my life." The friend elaborates: "He wasn't talking about the campaign, but the relationship. A certain familiarity does breed a certain degree of contempt. . . . It's especially true if you think you know the guy and then you get into this proximity. You find a side you didn't see. It causes you to re-evaluate this person."

With Bush on the ticket, Baker's first request was to work for Reagan. He turned to his friend, Stu Spencer, who was trusted by Nancy Reagan, even though Spencer had helped Ford in 1976. Spencer shrewdly advised Baker that the crucial job would be debate preparation, and arranged for him to get it. Baker was vastly relieved that he would not be working with Bush. "Many were petrified in the Reagan campaign about the debate," said a political operative who worked for Reagan. "They were fearful Reagan was not up to it. Baker was handling a very hot commodity. If he saves it, he emerges as a big success. He also gets proximity to Reagan and other key players. He understands he's being watched. And he plays his usual role, extremely well organized, making decisions quickly and making them stick."

"This will be the guy," Michael Deaver recalls Spencer telling him. They understood that the central job in a

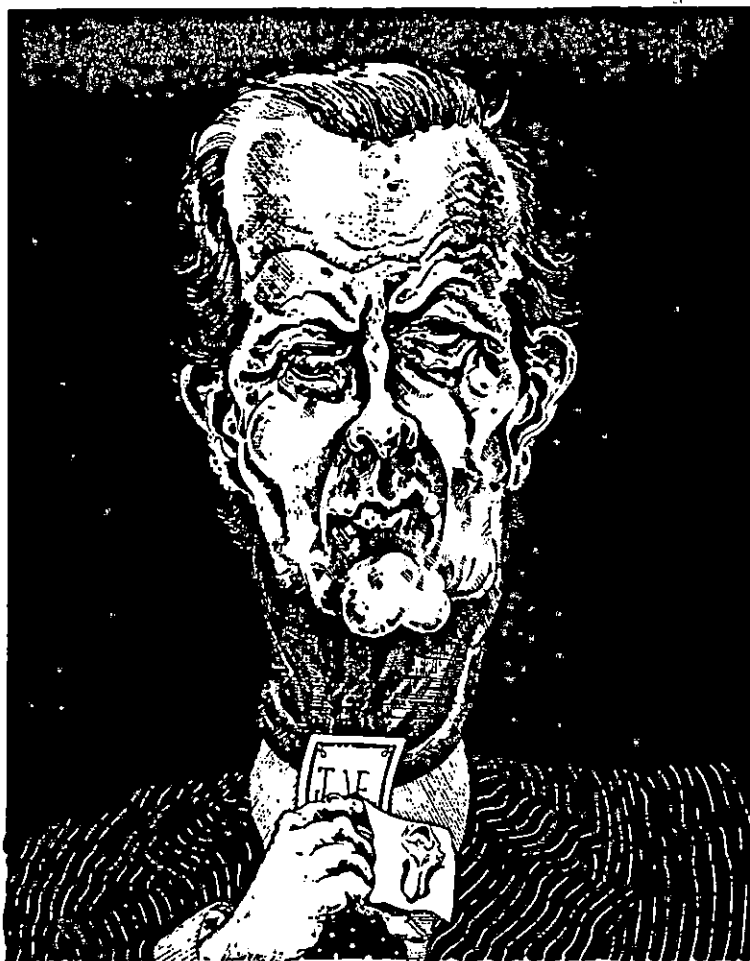
Reagan White House would be chief of staff, and feared that Edwin Meese, legendary for his incompetence, would get it. His briefcase was called "the black hole of Calcutta." After Reagan won the debate, Spencer and Deaver planted the notion with Nancy Reagan that Baker might be persuaded to take the chief of staff job. She liked him because he made Ronnie look good, not only because of his proven capacity for organization, but because, as Deaver explained to her, he was experienced in Washington and was also "a gentleman." "Do you think he'd take it?" she asked Deaver.

From the beginning, Baker carried the taint of George

Bush. The White House was a seething pit of intrigue, with Baker, who controlled the paper flow, and Deaver, who controlled Reagan's image, arrayed against the ideologues: Meese, Bill Casey (CIA director), and a succession of national security advisers, from Dick Allen to Bill Clark. The national press was relieved that Baker was in place in an alien administration. And Baker and his loyal aides (Tutwiler and David Gergen) took full advantage, regularly leaking damaging information about their internal rivals. The battle between Casey and Baker was particularly brutal, since each blamed the other for filching a Carter debate briefing book. At one heated point, Baker declared he was "not about to

face a perjury rap" for Casey. In the meantime, Bush laid low. His office was next to Baker's, but, following Baker's advice, he hired no political staff. Baker did not want Bush to arouse hostility from the Reaganites for creating his government-in-waiting. This made Bush dependent upon Baker for nearly all of his political information. He spent a good deal of time being passed by Tutwiler into Baker's corner office. Back in Bush's own office, Jennifer Fitzgerald still ruled.

Bush had campaigned against Reagan's economics as "voodoo." But it was now Baker's task to get the program enacted. The assassination attempt on Reagan's life and his graceful response helped remove obstacles in the House of Representatives. But no sooner had Reagan



DRAWING BY VINT LAWRENCE FOR THE NEW REPUBLIC

signed the bill than the worst recession since the Great Depression struck. Baker believed the administration could be saved by raising taxes. After long negotiations with Congress in 1982, he hammered out the largest tax increase in U.S. history.

In private, Baker had no use for Reagan's ideology, but he confided to associates and reporters that he had enormous respect for his negotiating skills. Baker marveled at Reagan's sense of when to give in and when to hold back, which almost always proved uncannily right. On cutting deals, Baker had the highest admiration. On everything else, Reagan needed careful handling.

But Baker was exhausted from the factional infighting. In 1983, after driving Bill Clark out of the National Security Council, he and Deaver attempted a palace coup that would have put an end to the battles. Richard Darman, Baker's deputy, prepared a press release that would have announced Deaver as chief of staff and Baker as national security adviser. But at a White House meeting unattended by Baker, Casey learned about the move and blocked it.

Though Reagan was coasting to a forty-nine-state landslide re-election in 1984, Baker felt spent. He even considered becoming the commissioner of baseball. Then he developed another plan: he and Don Regan, eager to be at the center of power but politically inexperienced, plotted to switch jobs. The deft maneuver was presented as a *fait accompli* to Reagan, who, ever considerate, asked only if that's what the two men really wanted.

Bush's campaign in 1984 had been near-catastrophic. After his wildly erratic performance in his debate with Geraldine Ferraro ("Whine on harvest moon!"), he was virtually sequestered—with the approval of campaign chairman Baker. Bush felt so despondent that he even thought of not running for the presidency. But he quickly overcame his moodiness. Baker, however, had set himself at arm's length away.

At the Treasury Department Baker sought avenues of success. He took up the banner of tax reform, which had been carried by Senator Bill Bradley and Regan, staging another festival of negotiation with Congress that produced a tax bill that lowered the top rate and closed a number of loopholes (but not for the oil industry, which Baker of Houston protected). In 1985 he forged the Plaza Accords with leading finance ministers, choosing the soft option of devaluing the dollar to spur exports. While Baker moved on the world stage, he was informed that the savings and loan industry was in deep crisis. He did nothing; the problem seemed sticky, likely to lead to a highly publicized failure. On a weekend in 1987, he threatened a rise in U.S. interest rates to counter high German rates; upon opening that Monday, the stock market crashed. Baker's remarks may or may not have contributed to the plummet, but he felt compelled to persuade that he had meant no ill effect.

Bush, by now, was in "deep doodoo," as he put it. He offered no rationale for his candidacy, and his negative rating had topped a toxic 40 percent. He begged Baker to leave his post to run his campaign. Baker refused, telling Bush that Reagan needed him at Treasury; further, he

said he could help Bush more by making the global economy hum than by becoming his handler. A dejected Bush went to Reagan to ask him to release his best friend. Reagan held steady to Baker's line. Then Bush went to Baker's true political mentor—Stu Spencer. Baker refused again, but finally, having humbled Bush, Baker felt he could demur no longer. If he did, there might not be time to save Bush from himself—and Baker would never become secretary of state.

Bush, however, had a way of administering spite. The first decision he made after Baker came on as campaign chairman was to pick his running mate. He kept Baker guessing until an hour before unveiling on the *Cajun Queen* riverboat his notion of a protégé, Dan Quayle. "Not my choice," Baker told reporters tersely. He and his aides were furious not only at the selection, but at the fact that they would have to clean up the mess Bush had made. Baker put the tough Spencer in charge of Quayle. Quayle received rough treatment from them partly because he was an acceptable surrogate for them to vent their feelings about the wobbly Bush. Marilyn Quayle blamed it all on Baker.

Bush could not decide what he wished to campaign about, so Baker decided for him. He would not run a positive, programmatic campaign, but a harshly negative one. "Voters saw a side of Bush they hadn't seen—tough, decisive, manipulating conservative symbols," said a GOP operative who worked in the campaign. "That wasn't Bush, it was Baker. He decided that that would be the strategy; he decided to implement the script." One Republican consultant recalls being in Baker's office while he spoke on the telephone to Bush, who was evidently complaining that he was being forced to be too negative. According to the source: "Baker said, 'If you want me to run your campaign, you have to do it.'"

When it was over, with Michael Dukakis pulverized, Baker was rewarded with the plum he felt he would have had without ever having to sully himself with the campaign: secretary of state. But he wanted even more power. His political allies reflected the thinking in his circle by talking openly of Baker as "deputy president." The key would be the job of White House chief of staff. Baker's choice was Craig Fuller, who had been Bush's own chief of staff. But instead of Fuller, Bush inserted the abrasive John Sununu. "Bush hauled Sununu in there to keep Baker from having influence on that position, and left Fuller in the lurch as a result," remarked an influential Republican operative on the war among the princes.

As secretary of state, Baker finally attempted to wrest free of Bush. He wanted all his successes to be his own. So he declined to call upon former Secretary of State George Shultz for any advice, although Shultz had developed a warm relationship with his Soviet counterpart, Eduard Shevardnadze. That relationship, which proved to be the central one for Baker, had to be reinvented from scratch.

Baker lucked out. In long, unusually frank talks, the Soviet foreign minister explained his deep feelings about

the need for fundamental reform in the Soviet Union. Baker seized the opening and began to push a reluctant Bush through it. Shevardnadze's dismantling of Soviet power made Baker's diplomacy seem successful. But in his desperation, Shevardnadze was also able to manipulate Baker for his own purposes. He relied in dealing with Baker on a psychiatric profile provided him by a Russian analyst. The analyst told me: "In his mind he has a desirable image of himself, an image of future self, formulated by the demands of his father." But "whenever he reaches the next stage he's not happy. He transforms his activity into a game to reach new positions." The analyst had a recommendation Shevardnadze followed. "Shevardnadze always stopped a half step behind Baker; Baker tried to be half step in front. It was a game. He gave an opportunity to Baker to perceive himself in the first position." The analyst also noticed Baker's relationship with Bush. "Baker may perceive Bush not as his friend, but as a very beneficial partner—a partner who helps him reach something.... Maybe he perceives him as a necessary element of his life, like meat or water."

When Shevardnadze resigned at the onset of the Gulf war, citing the threat of dictatorship in the Soviet Union, Baker was shaken. He had lost his compass. With Shevardnadze removed and Gorbachev in swift decline, Baker had power, but no policy.

Baker attempted to recoup his personal failure on the eve of the Gulf War by cutting a deal with Shevardnadze's replacement, Alexander Bessmertnykh. Without informing Bush, Baker issued a joint U.S.-Soviet communiqué pledging a bombing halt of Iraq in exchange for withdrawal from Kuwait—Bush's nightmare scenario. For both Bush and Baker it was a moment of embarrassed exposure. "He's never mad at me," Baker said the next day, after his deal had been summarily rejected. With the Gulf war, Baker was on the periphery of the action, though he was essential in acting as Bush's agent in rounding up the coalition, dispensing foreign aid and other patronage—Ford's delegate hunter on a grand scale.

In the wake of the war, Bush's re-election seemed assured. Baker had advised him to go along with the tax hike with the congressional negotiators. It seemed reminiscent of Reagan's tax hike; a recovery was sure to appear before Election Day 1992, and Bush could claim credit. But the recession deepened and the tax hike failed to make a dent in the deficit, which was exacerbated by the very S&L crisis Baker had ignored. And in the glow of triumphalism, Bush had no major domestic program to propose. After the Russian coup, the crisis of confidence that was emerging before the Gulf war exploded. In the primaries Bush was wounded by a challenge within his party from the right. Seemingly hapless, and after months of steep decline in the polls, once again he put out the pleading call for Baker.

Baker, undoubtedly, did not want to leave his cherry-paneled corner office in the State Department for yet another campaign as a handler. Baker even suggested

publicly that Secretary of Defense Dick Cheney should become chief of staff to help Bush. But the president insisted he needed Baker. An hour before Baker's installation as chief of staff, Sam Skinner learned that he would be defenestrated. He was carted off to the RNC, which was being used as a mausoleum. Baker had waited to take his place in the campaign until after the GOP convention, which was disastrous and charged to the old handlers—essentially the 1988 team minus Atwater. Baker once again imposed his famous order. But the tried and true methods of the past were just not working. Baker barked commands, pulled chains, and pressed buttons—and nothing happened. He had Bush travel the country handing out federal largess, as Ford had. He heightened the negative attacks on Bill Clinton. And he met twice in his home on Foxhall Road with Ross Perot to size him up. When Perot re-entered the race, there were no more Bush broadsides. But none of these stratagems managed to lift Bush in the polls.

On October 5 Baker and Bush grasped at a straw. Representative Robert Dornan, a right-winger who had been flailing at Clinton on the deserted House floor as a "KGB agent," and his comrade, Representative Duke Cunningham, were invited to brief the president. According to an account in the *Los Angeles Times*, Cunningham told Bush: "Tokyo Rose had nothing over Clinton." Baker was reported to have laughed. "We cannot pick up the phone and use the power of this office to find the kind of information you're getting. You have to do it for us," he told Dornan. The next night, on "Larry King Live," Bush assailed Clinton for traveling to Russia as a student in 1969.

The danger now was that the shabbiness of Bush's campaign would seal Baker's reputation. Dornan had become, in effect, Baker's political operative. Worse, the mask had dropped. Baker was playing Roy Cohn to Bush's Joe McCarthy. So, on his rare television appearance, Baker went out of his way to distance himself from Dornan, whose farouche ideas he claimed he hadn't agreed to at all. Soon, one of Baker's friends predicted, "You'll read about things Baker's been against that Bush has done."

The final days have descended. Nothing seems to have inaugurated them more than Bush's announcement that Baker will be deputy president, the very notion Bush spiked when his power was fresh. Bush has always personalized politics and policy, with his phone calls, little notes, and wars against villains. Now he has personalized the succession, which would occur directly after his re-election. After searching for a larger rationale for years, he has found it. It is as if James Baker himself were the ultimate program George Bush is promising. In his panic Bush is revealing not simply his dependence on Baker, but his wish for his presidency to assume Baker's identity. This embrace, occurring more than a decade after Baker's initial disenchantment with Bush, is really a death-clasp, in which Baker may be the only one to escape to tell the tale. But unless he can win election as president on his own, this last gambit will be seen as the final extinguishing of his long reign of power. •

Conservatives for Clinton

Joshua Muravchik

Much to my surprise, I'm supporting Bill Clinton for president. I've always been a registered Democrat, but I haven't been a Democrat in my heart for quite some time. When postwar liberal internationalism cracked under the strains of Vietnam, I made a simple rule for myself: I would vote for no dove for a federal office. I believed that to appease Communists was to invite peril. Although the cold war is over, I remain a foreign policy voter because peace and freedom remain the paramount questions. To some, the importance of foreign policy stands as the strongest argument for George Bush. To me, it settles the case for Clinton.

Bush prides himself on having overseen the dismantling of the Soviet bloc. "Reflect on what we've done," he said at the GOP convention. "The Soviet Union can only be found in history books. . . . I saw the chance to rid our children's dreams of the nuclear nightmare, and I did." Thus this leader who holds himself blameless for the woes of Detroit and Boston awards himself credit for the happiness of Lvov and Vilnius.

Bush, of course, is taking bows for a performance he did not give. The American who hastened the collapse of communism was Ronald Reagan, not George Bush. There were many internal reasons for the collapse: economic downturn, "new thinking" on the part of Gorbachev, heroic resistance by Solidarity and other dissident movements. But until Reagan reversed the momentum of the cold war, Moscow entertained no new thinking, dissidents were kept isolated, and economic woes were ameliorated by concessions from the West.

Doesn't Bush, who was vice president, share the credit for this? I doubt it. The Reagan administration was divided. Arrayed against the anti-Communist "ideologues" was a group of "pragmatists" who cared more for the budget balance than the military balance, more for nurturing commerce than husbanding lethal technologies, more for arms treaties than strategic defense, more for amity with Congress than arms for the contras. Everything we know about Bush suggests that he was among the pragmatists. But the definitive evidence against conceding Vice President Bush credit for the fall of communism is the record of President Bush.

When Chinese students demonstrated for democracy in 1989, Bush was inert. Throughout the confrontation between the students and the Chinese leadership, the watchword of U.S. policy was restraint. And after the students had been massa-

cred, Bush dispatched emissaries to toast the butchers with bromides about Sino-American friendship. Bush has battled Congress with unwonted zeal against any infringements on Beijing's most favored nation status.

Bush's record on the European front is not much better. Where Communist regimes fell, Bush did not rush to shore up new democracies, but was stinting in his support, always with a finger in the air. I do not agree with those who criticize his loyalty to Gorbachev as the Soviet Union unraveled: Gorbachev was the principal engineer of communism's demise. But loyalty to Gorbachev did not require snubbing Yeltsin or warning freedom-hungry republics against "suicidal nationalism." Likewise the Bush administration declared itself in favor of Yugoslav unity, thus encouraging Serbia's bloody aggressions.

In his moment of glory, Operation Desert Storm, Bush spoke visionary words about a "new world order." The hope for any such order rests on the continued advance of democracy, because democracies behave more responsibly and peacefully. But Bush kept democracy off Desert Storm's agenda. Bush's Gulf war triumph is diminished further by the evidence now appearing of how assiduously his administration curried Saddam's favor until the moment he invaded Kuwait. Bush's courtship of Iraq was justified in part by the need to counterbalance Iran; but we have learned that we also courted Iran—through secret missile sales that then Vice President Bush countenanced—in part to counterbalance Iraq. Bush calls this foreign policy "realism." But since both of these regimes remain bloodily repressive, internationally mischievous, and implacably hostile to America, just what is realistic about it?

The twin pillars of foreign policy are strength and ideals. Bush has successfully maintained strength. But his deafness to ideals has rendered his policy incoherent, hollowing out the victory in the Persian Gulf and making us appeasers of the world's last Communist regimes instead of their grave diggers.

Will Clinton be better? In his stand on Bosnia, his advocacy of aid to states in transition from communism, and the emphasis he has given in his speeches to democracy and human rights, he has demonstrated a much better feel for the idealism that must inform U.S. policy.

As for strength, Clinton comes out of the Democratic Leadership Council, which resisted the currents of isolationism and appeasement within the party. On the Persian Gulf, of course, he fudged. But he seems to have learned from that experi-

ence, as evidenced by his readiness to use force in Bosnia. In his speeches he calls for an America "strong in arms" and a president "ready to defy and defeat those who threaten us." He also, alas, calls for spending \$60 billion less on defense over five years than Bush proposes. At the same time the congressional Democrats with whom he associates himself—McCurdy, Nunn, Aspin—have been responsible on defense issues. The picture, in short, is mixed.

If Clinton takes to heart his own observation that "a strong America . . . remains the world's best hope," he could fashion a foreign policy equal to the opportunities and dangers of the post-cold war era. This year I—like, I believe, a majority of Americans—plan to vote my hopes rather than my fears.

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John Frohnmayer

As a Republican who has been thoroughly disfranchised by the Republican platform and ticket, I am voting for Bill Clinton. My reasons are two: the first is leadership, the second the revitalization of the Republican Party.

George Bush may have the ability to get elected—to attack and divide, to turn neighbor against neighbor and race against race, to appeal to fear and self-interest—but it is those very tactics that, once in office, assure he will be unable to govern.

The president should motivate us to make tough choices and rededicate ourselves to our country. Clinton at least has that potential. George Bush has already shown us that he does not. Even when he had a 90 percent popularity rating at the end of the Gulf war, Bush failed to implement the programs that would heal America: in the economy, the deficit, housing, education, and communities. He frittered away that popularity, and with it any claim to leadership.

The Bush administration confuses self-interest with selfish interest. The selfish-interest politics that Bush practices—protection of those with wealth and power—can only separate us as races, economic groups, and sections of the country. The leadership analogy that makes sense to me is not Bush's football coach, exhorting his team to "kick ass." It is the image of the symphony orchestra conductor, coaxing the sweetest sounds from each instrument.

Now to the revitalization of the Republican Party. To wrest the party from the ideological headlock that the right wing has placed on it will take a thorough repudiation of the policies contained in this year

Republican platform. The platform's goal of integrating religion and politics (prayer in schools, laws reflecting faith in God, laws against blasphemy) is a piece of historical idiocy that not only jettisons the First Amendment, but also ignores the countries around the world that have tried such a unity with tragic and bloody results. The Republican platform's elevation of personal property rights over the good of the commonweal (for example, wetlands can't be preserved "at the price of disparaging landowners' property rights") reflects the sense, so prevalent in the '80s, that economic rape and pillage is the birthright of those able to accomplish it. The moral absolutism of the Republican platform makes no apology whatsoever to our differences, our cultural diversity, or our need for tolerance. It is cultural exclusionism. It is the electric fence school of social responsibility.

But most distressing about the conservative Republican pharisees is their desire to control our bedrooms, our minds, our art, and our beliefs. Classical conservatism teaches that each of those belongs exclusively to the individual. Not only has the Republican Party crumbled before these cultural terrorists, but in so doing it has lost its historical bearings and simply yielded to the voices that are the loudest, the nastiest, the most insistent.

President Bush is right when he says that Congress and the White House should be in the same party. Unfortunately he has proved that that party should be, for the short term, the Democrats. The greatest problems President Bush has faced in working with Congress have been from his own party. Jesse Helms, Newt Gingrich, Robert Dornan, and dozens of other Republicans have fought him on issue after issue, usually because the White House had no clear program. Repeatedly, the president has been unwilling or unable to exercise discipline over the Republican Party.

Finally, the Republican platform and the Bush administration leave me with no clear sense that they appreciate our obligation to future generations. The Republican platform's discussion of education is about school choice, prayer, and "teaching right from wrong," not about love of learning, self-realization, and risk-taking. Its discussion of the environment is virtually nonexistent. And in its hostility toward public broadcasting and the arts I sense no confidence in the intelligence of the American people. The Republican Party has lost the confidence that our leaders and our government can present us with the tough choices, can raise the expectations that we have of ourselves individually and collectively, and can cultivate a climate for collective success.

By my single vote for Bill Clinton I am expressing my hope for a new leader,

young in spirit, who will challenge us to use our courage and ingenuity to attack America's problems. I don't want someone who promises no new taxes, I want someone who will lead us to solutions and persuade us to do what we must. And I am voting for a new Republican Party that will recognize that we all succeed or fail together.

JOHN FROHNMAYER is the former chairman of the National Endowment for the Arts.

Arthur B. Laffer

Why vote for Clinton? We've had enough of Bush. On a personal level it's hard for me to go for the kill on Bush. He's truly a nice, well-mannered gentleman and a fine human being. Unfortunately, he has proved himself not to be a fine president.

Without reciting reams of statistics, Bush just hasn't come up to standard at home or abroad. The economy is reeling under his budget accord with Congress in 1990. And Bush is responsible for that budget accord. Although I may stand alone in believing that the tax increase of 1990 was the sine qua non of the current recession, I do and it was.

Bush should have known better. He was witness to Reagan's seven fat years where tax cuts brought America 18 million additional jobs, a quadrupling of the market value of America's productive businesses, and an astounding drop in both inflation and interest rates. Bush obviously just didn't get it.

In 1986, when he was vice president, Bush promised me personally that he would not countenance any reversal of Reaganomics. Two years later he took the same oath to the people. Again and again he reiterated publicly his promise not to raise taxes. I now believe he knowingly tried to convince me of something he himself did not believe. I believed him

and campaigned for him at his request. This alone is sufficient to deny Bush reelection, and, to my screwed-up sense of values, comes close to warranting his removal from office on other grounds. Democracy ultimately can't survive widespread prevarication. And George Bush is a certified prevaricator.

On the international scene Bush is the recipient of a great deal of bipartisan praise. But even here I just don't see it that way. Saddam Hussein today thrives as Iraq's leader. And it was Bush's decision not to press the military campaign in order to depose Saddam.

Bush has also positioned the United States as tough on Israel. I guess it doesn't matter to him or to Secretary Baker that during all those years when American was sick with a bad case of national guilt and

excessive state intervention, only one country never wavered in its support for us—Israel.

This surely doesn't make any sense to me, especially when you consider the alternatives to Israel: Rafsanjani's Iran, Assad's Syria, Hussein's Iraq, King Hussein's Jordan, Arafat's PLO, Qaddafi's Libya. The truth is that Bush looked good on the international front primarily because Reagan's policies came to fruition during Bush's watch, just as Bush was a beneficiary of Reaganomics.

On the other side of the coin is Bill Clinton. Although I do not endorse him for the presidency, he surely isn't, as one Bushie described him, the "candidate from Hell."

Clinton's record as governor of Arkansas is slightly above the average of other states and well above the average of Arkansas's immediate neighbors. He surely isn't a Mike Dukakis or a Jim Florio. Based solely on his performance as governor, Clinton would make a heck of a lot better president than George Bush has been. Bush has effectively destroyed the prosperity of the U.S. economy, while Clinton's Arkansas has muddled through modestly well during this period of recession.

I'm a little miffed at the attack on Clinton's lack of military service. What Clinton did back then was standard operating procedure for millions of young men at the time (although after four years of unfair Democratic attacks on Dan Quayle's service in the National Guard there is some ironic justice here).

In fact, the only tangible evidence that would haringer a disastrous Clinton presidency is his *Putting People First* pamphlet. If Clinton were to succeed in getting these proposals enacted, they would, in short order, lead to major economic dislocations, losses in output, production, productivity, and a return of inflation.

On the bright side, however, they would guarantee the election of Kemp, Symington, Weld, or Engler in 1996. And this is perhaps the most important point of all. I cannot predict what a Clinton presidency will be like. But I can say that a great Republican presidency will follow in 1996 if Clinton strays too far from the straight and narrow. If Bush is re-elected, on the other hand, even 1996 looks bad.

So far, the tone of the Clinton campaign has really been quite reasonable, save for his irrational fear of Reaganomics. He speaks fondly of growth as if he means it. His ads correctly chide Bush for the 1990 tax increase, and so on and so forth.

All Democrats aren't bad and all Republicans aren't good. Bush is bad and Clinton just might be good. I'm voting for Clinton.

ARTHUR B. LAFFER was a member of President Reagan's economic policy advisory

Wayle Hume Breakfast
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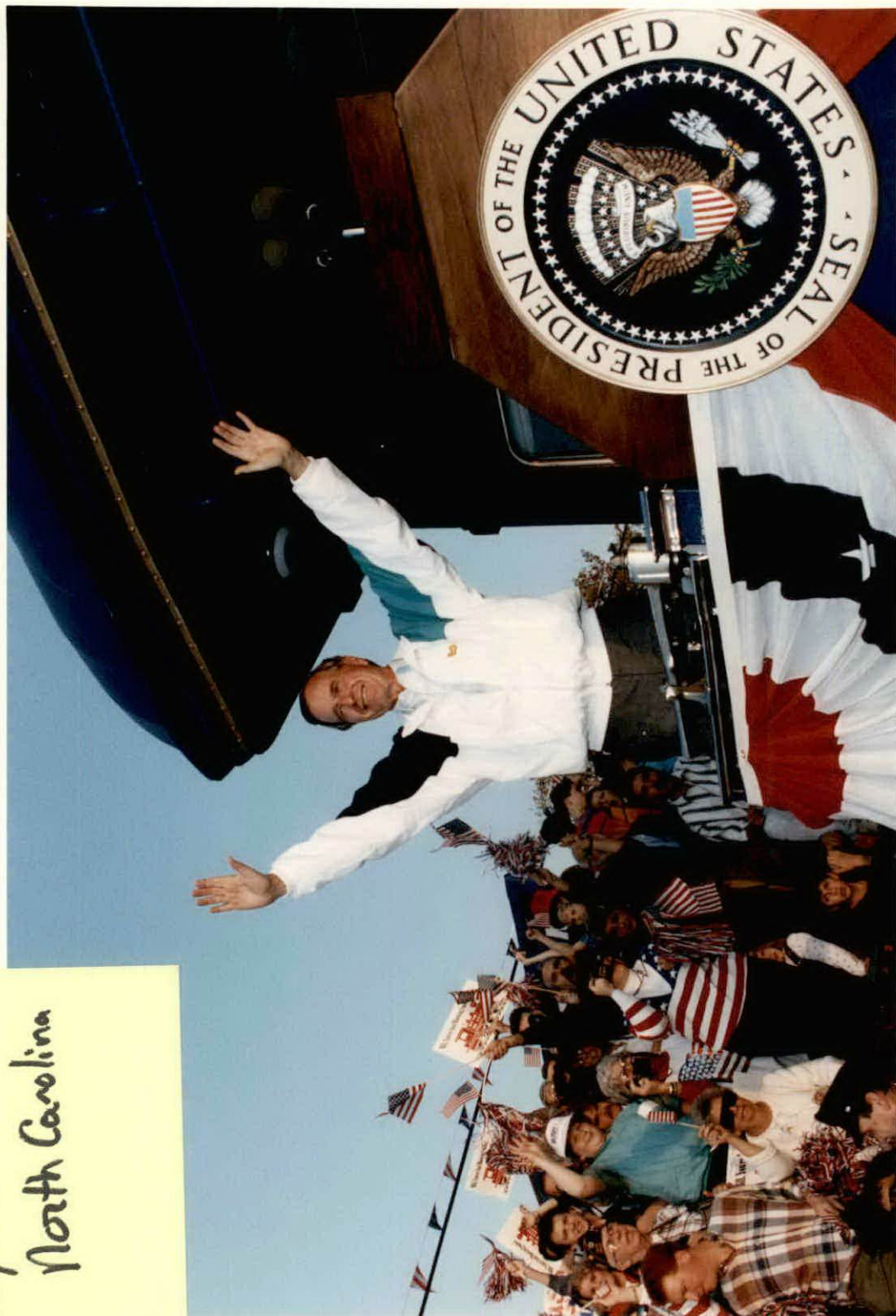
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