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TEXT:
ABC'S "THIS WEEK"
AUGUST 27, 2000

SPEAKERS: SAM DONALDSON, HOST, ABC THIS WEEK
GEORGE WILL, WASHINGTON POST
BRUCE BABBITT, U.S. INTERIOR SECRETARY
GOVERNOR MARC RACICOT (R-MT)
ZBIGNIEW BRZEZINSKI, FORMER NATIONAL SECURITY ADVISOR
RICHARD CHENEY, REPUBLICAN VICE PRESIDENTIAL CANDIDATE
DONALDSON: Welcome to our program. Cokie Roberts is off today

but she'll be back next week.

Well, millions of Americans are taking a vacation this month, but not the political candidates. They are out campaigning. And one of the issues that's emerging is that of U.S. military preparedness. The Republicans say the U.S. military is in decline. The Democrats say that's not true. A few minutes ago, we talked to Dick Cheney, Governor Bush's running mate, who is himself a former secretary of defense, about this matter and some other questions too.

Cheney joined us from Jackson Hole, Wyoming.

(BEGIN VIDEO CLIP)

DONALDSON: Secretary Cheney, thanks for coming in this morning.

CHENEY: Good morning, Sam.

DONALDSON: It's early out in Wyoming.

CHENEY: It is, about 6 a.m.

DONALDSON: Well, about a month ago, you were chosen to run with Governor Bush. Are you having a good time or would you rather go back and say, hey, let's pick someone else?

CHENEY: No. We've been having a great time. There are a lot of headaches, obviously, connected with getting back into the political arena, but the opportunity to travel across the country, meet with thousands of people and, sort of, get re-engaged, if you will, on the question of selecting national leaders has been a lot of fun.

DONALDSON: All right. You were secretary of defense in the Bush administration. And let's talk about military preparedness.

Governor Bush went before the VFW this week--or this past week--and said that the next president will inherit a military in decline. Where's your evidence?

CHENEY: Well, there's a lot of evidence to support that, Sam. There have been a number of studies, a lot of anecdotal evidence available. But just to give you a couple of quick facts, if you look at air combat units in the U.S. Air Force, at the beginning of this administration, 85 percent of them were combat-ready. Today, it's about 65 percent.

If you look at the report by the Army on its helicopters this past spring, it showed 40 percent of their helicopter fleet simply isn't up to performing the mission.

If you look at recruiting, they're having trouble recruiting.

The Army and the Navy are not meeting their quotas with respect to commissioning new officers. They're having trouble on retention. A lot more people are leaving the service now rather than staying.

There was recently a survey by the General Accounting Office that over 1,000 officers and enlisted men, over half of them are getting ready to leave the service at the end of their current term rather than stay and pursue a career in it. So there are serious problems out there with respect to the overall quality of the force.

Now there's no question we've got a great military today, but it's headed in the wrong direction. And it's been headed in the wrong direction for some time now.

DONALDSON: Well, the debate began at the Republican convention when the governor gave his acceptance speech. You'll remember the famous saying about two divisions. And immediately the next day, the chairman of the joint chiefs, General Shelton, rebutted that. Let's listen to what the two men had to say:

(BEGIN VIDEO CLIP)

GEORGE W. BUSH: If called on by the commander in chief today, two entire divisions of the Army would have to report, "Not ready for duty, sir."

GENERAL SHELTON: As of today, our Army divisions are ready, and ready to carry out the missions that are demanded by our war plans. Last year, as you recall, the joint chiefs testified before the Congress that we did in fact have some readiness shortfalls.

(END VIDEOTAPE)

DONALDSON: So the chairman of the joint chiefs says last year there was a problem, but not today. And yet Governor Bush said today. How do you square this?

CHENEY: Well, I think there's no question but what the report, the Army's own readiness report at the end of last year did show, that two of their divisions were not ready, was in fact true. They may have been able to deal with those short-term problems over the last few months. I don't question General Shelton on that, but that is not the sole basis on which to make this judgment. The fact of the matter is that anybody who has dealt with the military, who has family members in the military, knows there are problems out there.

Morale problems. I talked with a Marine lieutenant colonel in California just last week, during the course of my campaign, who's having trouble manning his aviation squadron. I talked with a recently retired senior army officer who'll tell you that there are serious problems at Ft. Erwin in California today. This is where we train our armored formations, our tank crews and our Bradley infantry fighting vehicles. There are problems in terms of spare parts, lack of maintenance, inability to complete exercises because the equipment breaks down. There are problems in the U.S. military today, and anybody who takes an objective look at it knows that.

DONALDSON: Well, all right, you say you don't question General Shelton in his statement that we just heard. Do you question ...

CHENEY: Well, again, you're dealing with a very fine point here. And on the question of those two divisions, I don't know what the latest report shows. I do know their own report, that they put out late last year, did, in fact, show that two divisions weren't ready.

DONALDSON: Well, that's why we--that's why ...

CHENEY: And that's what the governor based his statement on.

DONALDSON: And that's why we made certain to show General Shelton saying what he said, in addition to rebutting what the governor said. But let's move on.

Do you question Secretary of Defense Cohen, a Republican, as you know? And let me just tell you what he said. He said, I think you will see a military on the ascendancy. And he ticked off the following points: \$112 billion increase over five years approved; the biggest pay increases for service personnel in 20 years; and the cuts began in the Bush administration after a bipartisan demand for a peace dividend.

Do you question any of that?

CHENEY: I do. I think he's measuring inputs, not results. You can talk about increasing the budget, and it's important to increase the budget, but I'd add that it's the Republican Congress that has increased the budget. They've added \$50 billion to defense requests over the last few years.

With respect to this question, when the cuts started, we obviously began reductions as the Cold War ended in 1990-91, in the aftermath of Desert Storm, but we started with a reduction of 25 percent in force structure, and they've gone far beyond that.

The number of divisions in the U.S. Army's gone from 18 to 10. The number of wings in the Air Force has gone from 24 to 13. The number of ships in the Navy has gone from almost 600 now headed to less than 300. So they've cut far deeper, Sam, than anything anticipated during my watch in the Pentagon.

DONALDSON: Well, during your watch, you have--did point out that there was a peace dividend that people were demanding, and you said on the 3rd of November, 1992, and let's take a look at some of the points you ticked off. That you had closed over 800 bases, installations worldwide. That you would have eliminated 1 million positions in the Department of Defense by 1995. That you had canceled 120 different weapon systems and that you had cut \$300 million out of our long-range defense budget.

The Democrats say it started, if there is a problem, in the Bush administration and they're right, aren't they?

CHENEY: Well, but Sam, remember what happened here. The Cold War required us to maintain a force that could have 10 divisions in Europe within 10 days of a decision to mobilize. We had to plan on fighting 100 Soviet-led divisions who would invade Western Europe from the inner German border.

We had to be prepared for all-out global nuclear war. That's what we found in 1989 when I became secretary, then we won the Cold War. The Soviet Union collapsed, the Wall came down, the Soviet threat diminished enormously, and we were, in fact, able to significantly cut back on the overall size and cost of the military. Everybody agreed to that; certainly I did, and you've accurately quoted me there.

The point is they've gone far beyond that. When we went for a 25-percent reduction on force structure, they've gone 40-50 percent in many categories, and they are not investing in the future.

The biggest problem is not just readiness--that is a problem--but what a lot of people don't understand, and I don't think the Clinton-Gore administration understands as well either is, that the key to quality forces is that it takes a long time to build them.

It takes about nine years from the time you authorize an

aircraft carrier till it's ready to go to sea and go to war, 25 years to train an officer able to command a modern armored division in combat, so the decisions we make now will have a big impact on what the force looks like 10, 15, 20 years down the road, and it's like a huge ship: It takes a long time to turn it and move it in the other direction.

The problem we've had is it's been going down too far, too fast. It's time to stop it and turn it around and rebuild the U.S. military, and that's what Governor Bush and I propose to do.

DONALDSON: Final question on this subject, based on something the vice president said when he went before the VFW. Let's listen now.

(BEGIN VIDEO CLIP)

VICE PRESIDENT GORE: That's not only wrong, in fact it's the wrong message to send our allies and adversaries across the world.

(END VIDEO CLIP)

DONALDSON: He's saying, obviously, that what you have said, and what Governor Bush has said, is sending a message that does us harm as a nation. How do you respond?

CHENEY: Well, I think that's hogwash, Sam. The fact of the matter is we know there's a problem; it's important to address that problem; it's a very major issue in this year's campaign. This is exactly the kind of forum where that ought to be discussed.

The conclusion I've come to is one of two possibilities. Either Al Gore doesn't know what's going on in the U.S. military, or he's chosen not to tell the truth about it. Either one of those outcomes I don't think is acceptable.

DONALDSON: All right, Secretary Cheney, let's move on. Your leaving Halliburton has created quite a ruckus, at least your critics who want to make a ruckus out of it, so let's start with a couple of points. The stock options that you have, something like 1.160, that's 1,160,000. What are you going to do with it?

CHENEY: Well, I will cash in those that are exercisable and all of my assets, not just the Halliburton stock options, but everything that I own will go into a blind trust, assuming we win the election, so that I can avoid any conflict of interest once I become vice president.

DONALDSON: Well now, of course, many of those options won't be vested except for a three-year period, over a period of three years, about \$400,000, what are you going to do about those?

CHENEY: They'll be about \$233,000, I believe, that fall into the category that don't vest until 2001 or 2002.

DONALDSON: What would you do with them if you win the election?

CHENEY: I'll do whatever I have to do, Sam, to avoid a conflict of interest. I've got smart people now looking at it, trying to sort that out. This is not an unusual problem, the sense that they've had variations of it before. Bob Rubin, who owned a major position at Goldman Sachs, was able to serve as Treasury Secretary; they found a way to deal with that.

Don (OFF-MIKE), who was my deputy in the Pentagon during the Bush administration, had to take out an insurance policy against the failure of General Motors to cover his pension.

These kinds of problems come up from time to time. I've got some smart people looking at it trying to find out how to resolve it. And I can assure you that I will not be sworn in on January 20 still having a conflict. I will eliminate the conflict and do whatever we have to do to comply with the requirements of the office of government ethics.

DONALDSON: I accept that you're (OFF-MIKE) Mr. Secretary; I'm

just trying to figure out how stock options that haven't vested are something that can be hidden from you. It's not like putting something in a blind trust; you know you have the stock options.

CHENEY: Sure, but...

DONALDSON: You see the price.

CHENEY: ... so what you need to do, Sam, is you need to find a way to insulate the decision maker or the policy position, in this case, me, from having any interest in the price of Halliburton stock.

DONALDSON: How could you do that as vice president? You're in all the national security considerations.

CHENEY: You obviously have to do something with the options in advance. Things that have been suggested that people are looking at are such things as, take any appreciation in the value that would occur after I went into office and give it to charity.

Another possibility is the combination of puts and calls, that in effect would lock in the price of the option before I was sworn in so that I wouldn't have any stake in whether the price of Halliburton stock rises or falls while I'm in office.

So there are various possibilities being looked at by people a lot smarter than I am about these kinds of instruments. We'll see what they come up with, but I can assure you, I've said repeatedly, I will not tolerate or be party to a conflict of interest while I'm vice president. I'll do whatever I have to do to resolve that conflict.

I might point out, Sam, that Al Gore all the time he's been vice president, has been the potential beneficiary of a trust that contains upwards of \$1 million worth of Occidental Petroleum stock.

Now, you know, somebody ought to go spend some time on that if you want. I am not going to become vice president and allow a conflict of interest in any way, shape or form. We'll do whatever we have to do to take care of it.

DONALDSON: Mr. Secretary, when you were on our program three weeks ago, we talked about Halliburton's dealings, or non-dealings, with Iraq. And you said some things to us which the Democrats, frankly, say are not true, that you didn't tell the truth. Let me play the requisite section and then have you respond. Here's what you told us.

(BEGIN VIDEO CLIP)

DONALDSON: I'm told, and correct me if I'm wrong, that Halliburton through subsidiary companies was actually trying to do business with Iraq.

CHENEY: No. No, I had a firm policy that we wouldn't do anything in Iraq, even arrangements that were supposedly legal. What we do with respect to Iran and Libya is done through foreign subsidiaries totally in compliance with U.S. law.

DONALDSON: Make a way around U.S. law?

CHENEY: No, no, it's provided for us specifically with respect to Iran and Libya. Iraq's different, but we've not done any business in Iraq since the sanctions were imposed, and I had a standing policy that I wouldn't do that.

(END VIDEO CLIP)

DONALDSON: Mr. Secretary, Halliburton spokesman Guy Marcus apparently has confirmed that two companies that were former joint ventures while you were CEO, Dresserand (ph) and Ingersoll Dresser Pump did business with Iraq. How do you square the statement that you made?

CHENEY: Well, the fact of the matter is, Sam, that when I

acquired Dresser Industries, we acquired our interest in those two joint ventures with Ingersoll Rand, and we've sold both of those joint ventures to Ingersoll Rand, so we had no involvement, don't have any involvement to this day. Shortly after we took control of Dresser, we divested ourselves of those two companies.

DONALDSON: But you had the companies, and you knew you had the companies when you made that statement to us three weeks ago?

CHENEY: No, I made the statement, Sam--I made the statement and I meant the statement. I was from time to time, while I was at Halliburton, importuned to go do business in Iraq, in some cases, in perfectly legal and proper fashion, in the oil-for-food program, and I said we would not do that.

DONALDSON: All right, so you continue to say that you had not dealt with Iraq while you were CEO of Halliburton, is that correct?

CHENEY: That's correct. When we took over Dresser, we inherited two joint ventures with Ingersoll Rand that were selling some parts into Iraq ...

DONALDSON: Did you know that?

CHENEY: No, I did not at the time; they were selling legally, but we divested ourselves of those interests.

DONALDSON: All right, let's talk in the short time remaining about another issue: prescription drugs.

The Democrats are going to make a big case this week, they've told us already, that Governor Bush has no prescription drug program, although you're running ads which say, and I quote, "We will make prescription drugs available and affordable for every senior who needs them," end quote. All right, what's the specifics that you're talking about?

CHENEY: Well, the specifics are being worked on right now. The policy's been laid out and we'll have an announcement in the not-too-distant future of exactly what our proposal is with respect to prescription drugs.

DONALDSON: So you don't have any specifics. How can you promise in an ad that all the seniors who need them will get them?

CHENEY: You can make the statement, for example, Sam, that we want to fix the Social Security system and lay out some principles in connection with that, for example, partial privatization of it.

There's still a lot of detail to be flushed out yet, but that's a very solid proposal, it's a sound proposal; same thing with prescription drug. That's a high priority for us, and we will shortly have the details of a proposal to lay out on the campaign.

DONALDSON: Do you say shortly; are we talking about this month, the month of August, when?

CHENEY: Well, I'm not writing policy, I'm busy out campaigning, but I would expect it'll be in the near future.

DONALDSON: Final question has to do with the fires in the West. Now you're from Wyoming, that's where you are today. Over 1 million acres are burning at this moment. Should the Clinton administration have done something more earlier to prevent this, or is the natural fire that has been there, I guess, for hundreds of thousands of years, the way the forest renews itself?

CHENEY: Well, there--without a question, we have fires from time to time; it's that this year appears to be an especially bad one. Resources are overstretched. There's some evidence to indicate that the

administration cut the budget for firefighting, the BLM budget, for example, this year. I think part of the difficulty is they've been more focused on trying to build Bill Clinton a legacy, for example, by establishing national monuments, issuing executive orders, than they have been by managing what they've already got.

DONALDSON: Secretary Cheney, thanks very much for being with us today.

CHENEY: Sam, it's a pleasure as always.

DONALDSON: Well, come back.

CHENEY: I'll do it.

DONALDSON: And when we come back, local authorities are up in arms at the government's response to the wildfires burning in the West. We'll talk to both sides right after this.

(COMMERCIAL BREAK)

DONALDSON: Now, let's talk about the fires in the West.

DONALDSON: And we are looking at one right now. This is near Hamilton, Montana, just one of the fires burning in the West. Over 1,300,000 acres are currently burning at the moment, Montana a very hard hit state. The governor of Montana has declared a real emergency there, and he joins us this morning from Helena: Governor Marc Racicot.

Governor, welcome.

RACICOT: Good morning to you too, Sam. Thank you very much.

DONALDSON: Well, is what's happening a natural phenomenon? I mean, fires occur. Or is something happening that shouldn't be happening, that the government could've done something about?

RACICOT: Well, the fire process is a part of the natural process in the forests of the West. But, clearly, in this particular instance, in the view of many, I think it's unanimous. Quite frankly, from those of us who live in the West, this is an unnatural process that we could've done something about. And the fact is, that we haven't.

Congress warned in 1995, or began hearings in 1995 on this very topic. The administration--both Secretaries Glickman and Babbitt, testified about the urgent need for us to address these issues in 1997. GAO reported that our forests were subject to catastrophic harm in 1998. The Forest Service agreed--alleged that they would put forward a program to address these issues; in fact, did, but the report was never issued.

And now we have these circumstances presently attending us, where because of the fuel build-ups in our forest we now have conditions that are unnatural. So the fires we have today are not a natural part of the process, in terms of maintaining forest health in the West.

DONALDSON: Fuel build-ups, underbrush, fallen timber, all of that. Are you telling us that the federal government and state government should have gone into all the forests in the West and cleared out all the underbrush? Even Ronald Reagan on his ranch could not have done that, Governor.

RACICOT: Well, there's no question, but that--this is not a responsibility that lies just exclusively at the feet of this particular administration.

But the fact is, when we've gone through a process of suppressing fires so aggressively over a long period of time, where we have drought conditions and weather conditions that we have this year, where we know that the fuels buildup over the course of many, many years has presented a circumstance where this administration, on their watch,

should have addressed these issues, that, in fact, them not doing that has left us more vulnerable than we otherwise would've been.

DONALDSON: Let's talk about fighting the fires at the moment. Interior Secretary Babbitt, who will join us in a moment, has said just recently that additional bodies at this point, he thinks, would not help. There aren't trained supervisors to handle them. Do you agree, at this point, it's just wait for the winter snows and pray?

RACICOT: No, it's not waiting for the winter snows and praying. I mean, the fact is, Secretary Babbitt does have a correct understanding in terms of the incendiary, explosive force of these fires sometimes being uncontrollable. But we have people and structures that we have to protect, and we've had very good partnerships with the federal government in this regard, in terms of addressing those particular issues.

But suppressing these fires presently, which is our priority, should not steal away from what we ought to learn in terms of lessons in addressing the issues of forest health. If we would focus upon forest health, Sam, in this country, maintaining that forest health, then everything else would fit into its place.

All of the issues that we're talking about, whether or not it's roadless issues, the maintenance of watershed protections, wildlife habitat, thinning and harvesting where appropriate--if we would focus upon all of those, we would have healthy forests.

What's happened is, with this administration, on their watch, is that they've only focused on a couple of those issues, namely the roadless issues primarily. And, as a consequence, all of the other things that are a natural part of maintaining healthy forests have gone by the way.

DONALDSON: Let's talk about roadless issues. For non-Westerners, what you're talking about is the Clinton administration's proposal to stop building roads in the national forests. You oppose that. Why?

RACICOT: Well, I don't oppose that issue being a part of maintaining forest health. It's a legitimate issue, but it is not the only issue. And what I'm saying is, you cannot take all of the resources that are allocated to the management agencies and dedicate them toward one issue.

There are other issues. Invasive species in our forest, maintenance of wildlife habitat, all of the things I just mentioned, including thinning and harvesting are a part of maintaining healthy forests. Those who want to equate this particular debate about whether or not we should have logging or no logging are missing the point. We're not alleging that out here.

As a matter of fact, Secretary Babbitt acknowledged last week in the "New York Times" that the process that we're describing that we think is appropriate is, in fact, working in Arizona, in his home state. That's what we want to happen forest-wide, throughout 40 million acres in the interior West that are subject to catastrophic fires. That's what the GAO said; that's what the Forest Service agrees with.

DONALDSON: All right. Governor Racicot, thanks very much for joining us from Helena, Montana. Good luck.

RACICOT: Yes, sir. Thank you kindly.

DONALDSON: And, now, joining us here in Washington is Bruce Babbitt, who is the Secretary of Interior. How plead you? Guilty?

BABBITT: Well, the governor seems to be trying to blame the

weather on me.

DONALDSON: No, he just said that the Clinton administration hadn't done enough.

BABBITT: It's the worst drought in this century. The reason those fires are burning out there--there's two reasons. One, the drought, an act of God, obviously. The second is fire suppression policies for the last 100 years have caused a tremendous fuel buildup in these forests.

Now, the difference between me and Governor Racicot is he wants to let the timber companies in to start cutting down the big trees, which are not even the problem. What our administration is saying is, in the long run, we can reinstate the natural fire cycle by doing two things.

One is selectively thinning the gasoline rags, as we call them in the fire trade--the thin trees, the small trees that cause the problem, and by getting the natural fire cycle back.

DONALDSON: What about the road-building? You don't want to build roads, and critics say if you don't build roads, you can't get in there to thin out the underbrush.

BABBITT: Sam, I've been out on the fire lines year-in, year-out since I was 18 years old, as a firefighter. And I can tell you one thing. The way we get to fires today is by helicopter. This is rough, tough country. What does building roads have to do with suppressing fires? I'm put on a helicopter when I go to a fire.

DONALDSON: Are you quoted correctly, and I hope I didn't misquote you, by saying "additional bodies, at this point, won't help"? And--you mean we just have to let the fires burn until the snows come?

BABBITT: Well, look, President Clinton yesterday ordered a whole bunch of federal people from the Agriculture Department, the Interior Department, out from behind their desks into these supervisory roles. And we can make some marginal differences.

We've got some more firefighters coming from Australia and New Zealand. The point that I'm making is that we have to have professional people out there, and there are limits. And, in fact, there's a point at which if you just start, you know, taking volunteers off street corners, you can make matters more dangerous, because of the human safety problem.

DONALDSON: All right. You requested money, of course, in the Interior Department budget for fire preparedness, and the White House budgeteers cut it, cut the request from 322 million to 305 million, right?

BABBITT: Well, look, the bottom line is...

DONALDSON: Is that right, sir?

BABBITT: Since 1996, we have had a 40-percent increase in the preparedness line items in the budget. The budgets have been going up. Now we can argue about whether or not in light of this experience they're going to need to go up more, and that's fair enough.

DONALDSON: Do you think they should?

BABBITT: Well, first of all, we have an unlimited draw on the Treasury right now in fire season. Will our budget request next year increase the advance appropriations for preparedness? I think there's a case for that. They've gone up 40 percent in the last six years...

DONALDSON: Well, you've said that, Mr. Secretary, and you clearly must have the grasp of the facts, but I will quote you what the GAO, the Government Accounting Office, says. It says that from 1997 to 1999, the budget contained only 85 percent of the money needed for wildfire preparations.

BABBITT: Well, there's room for differences of opinion there. I

think that's something that needs to be revisited. Secretary Glickman and I are going to prepare a report to the president. We'll have it out in a couple weeks, and I think that, obviously, there are lessons to be learned even from the worst drought since the 1930s, and we're certainly going to do that.

DONALDSON: What about the underlying question, and that's the question of whether these natural fires, whether lightning strikes, whether there's drought or not drought, are the way the forest renews itself, and that if you tried to put every one of them out, it would be a fool's errand, number one. It would be wrong, number two.

BABBITT: Look, you're absolutely correct. You're absolutely correct.

DONALDSON: Well, very few people have ever said that to me. Would you elaborate?

BABBITT: I'm kind of shocked at myself actually. Well, the reason we're having this catastrophe out there is two reasons. One, obviously, is the weather. It's the worst since the 1930s, as I've said.

DONALDSON: You've said it four times, Mr. Secretary.

BABBITT: Yes, yes, yes. Look, these forests evolved with fire, and the fire actually contributes to forest health by periodically moving through and reducing the fuel load and thinning out the small trees.

DONALDSON: But, of course, if it burns down Los Alamos, or your home out there, and more and more people are building near the forest...

BABBITT: Yes.

DONALDSON: ... you don't look at it that way, do you?

BABBITT: Well, that's a problem. See, by suppressing the fires, ironically and paradoxically, we've increased the danger. We've made the forests more dangerous.

Now, the governor of Montana is saying, go out and cut the forests down. I suppose, in theory, you could prevent all fires by eliminating the forests. That doesn't make any sense.

What we've got to do is get that fire cycle, the safe fire cycle, reinstated. It's going to take 10 or 20 years of getting in there and selectively thinning the forests out to get the fuel load down.

DONALDSON: Mr. Secretary, thanks for being with us.

By the way, I think the record will show the governor of Montana did not say, "cut the forests down." But I suppose a little hyperbole is all right on this program.

BABBITT: Well, he's running for a cabinet post in the next--well, in the unlikely event that the administration changes.

DONALDSON: Oh, you caught yourself there, didn't you?

Is Governor Racicot still with us?

RACICOT: Yes, I am.

DONALDSON: Well, Governor Racicot, get in on this. I mean, do you want to cut the forests down?

RACICOT: Well, that's absolutely preposterous. What I'm proposing to do is precisely what Secretary Babbitt has recommended for the state of Arizona and has sung the praises about occurring in Arizona. And anybody that wants to equate this to a political scenario, in my view, is being scandalous in their assessment of what's going on.

DONALDSON: Well, just a moment, Governor, are you telling me that if Governor Bush wins the election and says to you, I want you to be our secretary of interior, you would say absolutely not?

RACICOT: I haven't even spoken with Governor Bush about this particular issue.

DONALDSON: That wasn't my question, sir.

RACICOT: The fact of the matter is, I'm not trying to posture myself for a position. What I want are healthy forests in the United States of America. And Secretary Babbitt has made some allegations here concerning the motivations for addressing this topic that I think are patent nonsense. And we've got to get by that if we want to focus on the right issues.

He and I can work together, along with Secretary Glickman and the other Western governors to make certain that these issues are addressed properly, but not by making those kinds of allegations, which I don't make, in return.

DONALDSON: Thank you, Governor Racicot.

Secretary Babbitt, I--you deserve the last word. This was your segment. So please take it and then we'll go to our round table.

BABBITT: OK. The important thing is to get through this fire season, to do everything we can, get these fires out. And then we can go back to the Congress and, rather than pointing fingers, talk about how it is we work this out over the next 10 or 20 years.

DONALDSON: So you could work with Governor Racicot?

BABBITT: Well, the problem is, he wants to let the timber companies in to cut down the big trees and to go back to this cycle of logging, which actually, in some measure, created the problem in the first place.

DONALDSON: I was simply hoping to get another Sadat-Begin rapprochement going here.

Thank you, Bruce Babbitt, the secretary of the interior, for being with us.

When we come back, another bad week for Vladimir Putin. Will he tighten his grip on Russia or lose it all together? George Will speaks with former national security advisor Zbigniew Brzezinski, right after this. Stay with us.

(COMMERCIAL BREAK)

DONALDSON: Joining us now from Northeast Harbor, Maine, is President Carter's national security adviser, Zbigniew Brzezinski. And here in the studio to talk to Zbigniew Brzezinski is George Will.

WILL: Mr. Brzezinski, the Russian government responded to the sinking of the submarine Kursk the way the old Soviet used to, first with mendacity, and then with brutality, some of which was captured on film, I believe we're going to show it here, where a woman protesting--she was a survivor of one of the victims--was injected against her will, obviously, with a hypodermic and sedated.

The question is what was changed in the way that Russia is governed?

BRZEZINSKI: Well, George, I think you have made an excellent point when you stress mendacity and brutality, very much characteristic of the response. And that's official Russia. The official Russia hasn't changed very much. Putin is a product of the KGB. Every member of his government could have been in the Soviet government if it existed today. Not a single one was a dissident.

But there is another Russia also, the people's Russia. And that Russia is speaking up and that's a major change; the fact that naval

officers, even on television, protested; that families denounced Putin openly; that the press was outraged and published all of their accounts from the West of bureaucratic inefficiency and mendacity. That's also a change.

So we have two faces of Russia showing up after Kursk: the official Russia, which is very much like the Soviet Russia, and the new Russia, that's percolating below and I think over the years, will become evident and dominant.

WILL: Is this percolation, perhaps, sufficient to destabilize the Putin government and his hold on the country?

BRZEZINSKI: In the short run, I don't think so. But I think we would be wiser not to confuse official Russia with the people's Russia. I think over the last several years, we have hailed Russia as a democracy. We have described Putin as the democratic leader. We have supported him. We propitiated him when he has been engaging in genocidal policies in Chechnya.

We didn't lift a finger to discourage Putin from those mass killings. So we shouldn't be concentrating so much on the government. In my view, we should be reaching out to the society, helping the nongovernmental organizations, encouraging the rule of law, et cetera. That's a difference.

WILL: Mr. Brzezinski, the other Russia that you're talking about is, strictly speaking, sick. It is being deindustrialized by the implosion of its economy. Infectious diseases conquered in sub-Saharan Africa are rampant in Russia. Twenty percent of all first-graders are diagnosed with some form of mental retardation, largely, I gather, as the result of environmental problems. Sixty percent of babies are not born fully healthy. I'm taking these numbers, by the way, from your forthcoming article in "The National Interest." Is this a society that can be saved by any government, or is it in a downward spiral?

BRZEZINSKI: Well, it certainly is in a downward spiral. If anybody is going to save it, it will be the Russian people themselves. That's why we ought to have a posture and attitude which is one of openness and closest cooperation with the Russian people to the extent that we can, and the society is now much more open than it used to be, but not support the government. And we have been supporting the government.

The Gorna-Chernomyrden (ph) commission, the hailing of Putin as a democrat, the kind of unmonitored loans we have been giving to the Russians--all of that helps the government; much of it is stolen, incidentally. We should be concentrating more on Russian society and much less on the Russian regime.

WILL: But need we consider Russia a candidate for a large claim on our attention as a great power any more? Their army was defeated by rebels in Chechnya. This was their best submarine that sank, one of their best class of submarine. They're undergoing actually a kind of nuclear disarmament through the decay of their arsenal. In what sense is this a nation with a great claim on our attention?

BRZEZINSKI: You make a very good point. But it does make a claim on our attention, because, after all, it still has nuclear weapons and still is a significant power. But fundamentally, you're right; Russia is not a major modern power.

And Russia, in the long run, in my view, has only one choice it can make. It has to opt for the West because to the East are much more dynamic, much more numerous Chinese who in the long run will put pressure

on the eastern provinces of Russia. To the South, you have close to 400 million Muslims whom the Russians are antagonizing through their genocidal policies in Chechnya.

They'll have to turn to the West. And we ought to be open to that, reaching out as much as we can to the Russian people, but not beefing up and supporting the Russian regime, the Putin regime.

WILL: Mr. Brzezinski, thank you, as always.

BRZEZINSKI: Good to be with you, George.

WILL: Sam?

DONALDSON: Thank you, George.

And when we come back, the round table. Our own George Stephanopoulos and political commentator Derek McGinty join us, right after this.

(COMMERCIAL BREAK)

(ROUND TABLE)

END

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TEXT:
CBS'S "FACE THE NATION"
AUGUST 27, 2000

SPEAKERS: BOB SCHIEFFER, HOST, CBS FACE THE NATION
GLORIA BORGER, U.S. NEWS AND WORLD REPORT
CORRESPONDENT
RICHARD CHENEY, REPUBLICAN VICE PRESIDENTIAL CANDIDATE
FORMER SECRETARY OF DEFENSE
RICHARD BERKE, NEW YORK TIMES
DAN BALZ, WASHINGTON POST

SCHIEFFER: Today on FACE THE NATION, Republican vice presidential nominee, Richard Cheney.

It's been more than a week now since the Democratic convention and Vice President Al Gore continues to lead in the polls. What will George Bush do now? And is Governor Bush winning the debate over tax cuts and military readiness? We'll ask his running mate, Dick Cheney.

Dan Balz of "The Washington Post" and Rick Berke of "The New York Times" join us with perspective on Campaign 2000.

Plus I'll have a final word on fessing up.

But first, Dick Cheney on FACE THE NATION.

And good morning again, joining us from Jackson Hole, Wyoming, Republican vice presidential nominee, Richard Cheney.

Mr. Cheney, thank you for joining us this morning.

CHENEY: Morning, Bob.

SCHIEFFER: The man at the top of your ticket, George Bush, caused quite a stir at the Republican convention when he told them that the U.S. military is in decline. He said the U.S. military is a place of low parts, low pay, low morale. He said that two divisions, if called up at this particular time, would have to report not ready for duty.

Yet we've now had two secretaries of Defense, a former and a current, and two chairman of the Joint Chiefs of Staff, a former and a current, who say, frankly, that's just not so. What's the answer here?

CHENEY: Well, the reference the governor made in his speech was to the report the Army had produced late last year which showed that, in fact, two of the divisions were not up to snuff in terms of the readiness criteria. They may fixed them since then and addressed those problems, but that's not the issue here, Bob.

The issue is the overall state of the military. And there is an enormous amount of evidence available that, in fact, we've got serious problems in terms of decline. We've got recruiting problems. We've got retention problems. We're not able to keep pilots, for example.

We're having problems with combat readiness. If you look at combat units in the United States Air Force, at the beginning of this administration, 85 percent were combat-ready; today, that's fallen to 25 percent. The Army recently released a study that showed 40 percent of their helicopters are not combat-ready. And that the average commander of an aviation battalion today only has 1,000 hours of flying time, as

contrasted with 2,000 hours of flying time 10 years ago, and go on and on and on.

The fact is there's a lot of evidence out there that we are, indeed, encountering difficulties maintaining our quality military force.

SCHIEFFER: Before we go on and on, you say that was the state--he was basing his statements on something that was in a report last year. Last year was eight months ago. Why would someone running for president use figures that are eight months old?

CHENEY: Well, Bob, with all due respect, the point is that they did report at the end of last year that two of the divisions were not ready. That was one example the governor used. All of his others are valid as well: spare parts shortages, serious morale problems.

There recently was a survey done by the General Accounting Office of over 1,000 young officers and enlisted men. It showed that a majority of them were thinking about leaving the service after the first term, rather than staying, because of their dissatisfaction of the current state of affairs.

Both the Army and the Navy, for five years in a row now, failed to commission as many officers as they need. We've got a serious problem in the military. The governor pointed at that very directly and very correctly in his speech in Philadelphia.

SCHIEFFER: Well, just to pick up on that one point. Are you certain of that? Because it's my understanding that all branches of the service say they expect to meet their enlistment goals this year.

CHENEY: Well, they may expect to, but they haven't been doing it.

CHENEY: The Navy started out some nearly 10,000 enlisted sailors short at the beginning of the year with respect to what they require for their at-sea deployments.

SCHIEFFER: Let me just ask you this going back--I don't want to belabor this about using figures that are eight months old, but isn't that a little bit of a cheap shot? I mean, it's not as if that somebody in the Bush administration couldn't have checked with the Pentagon and said, "Is this still the case?"

CHENEY: No, Bob, no, the problem here is, is first of all, it takes a very long time to built quality military forces. You can't just turn it around on a dime. You might be able to change the readiness status of one division in a few months, but the overall trends, the overall problem is there and you can't change it on short notice.

It takes about nine years from the time Congress authorizes an aircraft carrier until you got a full-up round, ready to go to war, 25 years to train an officer capable of commanding an modern armored division in combat.

It's like a great big huge ship, and once you start down that slippery slope of declining readiness, declining morale, shortage of spare parts, inadequate training, it feeds on itself, and what you get is good people leaving; they will not sign up. And one of the problems that I've come across, and I still talk with a lot of people in the military, is what they call the birthday problem. Say, well, what's the birthday problem? The birthday problem is when somebody's away from home three or four years in a row on their kid's birthday.

Part of the difficulty here, as they've shrunk the force, they've added a lot of commitments and so we've got a lot of people who

are away from home more now than they ever were in the past.

That affects morale; that in turn affects reenlistment rates when you lose those top-quality people, you end up having to fill them with folks who don't have as much experience, and that hurts the overall quality of the force, and it is happening. It's out there. Anybody who's talked to folks in the military or has family serving in the military knows what I'm saying's absolutely dead-on.

SCHIEFFER: But with the military--all of the branches saying now they expect to meet their enlistment goals this year, does that not suggest that perhaps they're solving these problems?

CHENEY: Well, we'll see. The follow-on question is how are they going to meet them? Do they meet them? Will there be any reduction in standards, for example, in terms of reducing the standards that the incoming crop of recruit meets?

We'll see. We do know, for five consecutive years now, the Army and the Navy have failed to meet their requirements to commission new officers, especially coming out of our ROTC and OCS, so there are problems there, Bob, and you can't--it's not just a question of those divisions, that's just one example (OFF-MIKE)

SCHIEFFER: Let me ask you about one other statement that Governor Bush made when he said that the Clinton administration was hollowing out the military, when, in fact, the cuts in the military began at the end of the Cold War, when his father was president and when you were secretary of defense. Now, this administration is now increasing the defense budget.

CHENEY: Well, first of all, we did reduce at the end of the Cold War because we couldn't sustain and had no justification for a Cold War-style force. Instead of being ready to fight 100 Soviet-led divisions invading Western Europe from the inner German border, we had a situation in which the Soviet Union went away; it collapsed, it imploded.

We shifted our strategy from a global conflict to dealing with the regional conflicts, like Desert Storm and the Persian Gulf, but we called for a 25-percent reduction in force structure. That was a plan that I and General Powell developed on behalf of the administration.

But they've gone far beyond that. They've taken the Army from 28--from 18 divisions down to 10. They've taken wings in the Air Force from 24 wings to 13 wings. They've taken the Navy from nearly 600 ships down, headed now to less than 300 ships. They've gone far beyond what was originally envisioned in terms of our build-down that we came forth with.

With respect to who's turned things around, well, frankly, it's been the Republican Congress. The Republican Congress has added about \$50 billion in additional spending to administration requests over the last few years since they came in, in '95, so this track record is there, I think, for anybody who wants to really take a look at it. The fact of the matter is, the military has not been supported the way it should be supported during the Clinton-Gore administration.

SCHIEFFER: You've talked a little bit about Desert Storm; that was generally seen as a success at the time, but Saddam Hussein is still there. Do you think on reflection, Mr. Secretary, it would have been best to take him out and be done with it?

CHENEY: Well, if he'd happened to have been in one of those command bunkers we hit, we wouldn't been sad about it, Bob, but the fact of the matter is that was never our objective. Our objective was to liberate Kuwait and to roll back Iraqi aggression. That was the mission I

was given, the secretary of defense; that's what the Congress signed up to. That's what our allies in the international coalition signed up to, what the UN Security Council approved.

Once we'd achieved our mission, then we stopped our operations. Now, Saddam Hussein's still there today. I don't think that says much of anything.

CHENEY: I think it would have been a mistake for us to go on to Baghdad. I think it would have sundered the coalition. None of our Arab allies was prepared to do that.

We would have been all alone in Baghdad, and we would have switched from being the international organizer of this coalition that defeated aggression to a situation in which we were sort of a colonialist power, an imperialist power coming in, taking down governments and replacing them.

That would have been a very, I think, big mistake for us, to blow, if you will, the great good will we led by leading the international effort, rather than being in a situation where we unilaterally proceeded to change a government.

SCHIEFFER: I want to ask you about a couple of other things--this retirement package you got when you retired as the head of Halliburton. You got this ...

CHENEY: Let's be precise. It's not a retirement package. These are things I earned while I was CEO of Halliburton. When I left, I didn't get any special treatment. I got exactly the same treatment any other executive retiring from Halliburton would get.

SCHIEFFER: OK, I understand that. That's fine. And I take your point on that.

But, the fact is, you are now in possession of stock options on millions of shares of Halliburton stock. Some of those shares can not be cashed in for a couple of years, and that, if you're elected and Governor Bush is elected, that would be well into your term, which would seem to present a conflict of interest. What are you going to do about that?

CHENEY: Well, first of all, there is no conflict until I'm sworn in on January 20. Second, I will do what I need to do to take all of my holdings and assets and put them in a blind trust, to comply with the requirements for a senior federal official.

And I will take whatever steps I have to take to avoid any conflict of interest. That is to say, by the time I'm sworn in on January 20, I will have eliminated any possibility that I have a continuing financial interest in Halliburton stock or share price. It's a complicated question.

You have to get approval from the office of government ethics. There are various legal questions involved, and I have a team of very competent people looking at all of those issues. And I will guarantee, Bob, that there won't be any conflict.

Bob Rubin, for example, managed to serve as Treasury Secretary without giving up his considerable interest in Goldman Sachs while he was part of the Clinton administration. I mean, this is a manageable problem.

SCHIEFFER: Well, I mean, would one of the options be to just give up those stock options, or are you going to try to find a way to keep them?

CHENEY: Well, I'd like not to have to give away all my assets in order to serve in public. I don't think that's required and shouldn't

be. But as I say, we'll do whatever is necessary. We're looking at various possibilities.

One possibility is that you would give to charity any appreciation in the value of that stock prior to the time you exercise the options.

The other is so-called synthetic shorts which involved a combination of puts and calls that would fix the price at which the options would be exercised before I went into government, so that would I have no continuing interest in whether the share price for Halliburton went up or went down.

Years ago, Dave Packard served as deputy secretary of defense, retained his ownership of Hewlett-Packard stock, a defense contractor, then gave away all the appreciation after he left office to charitable causes.

We'll find a way to work it out. I've got very bright people looking at it. I don't have to take any action until after November 7. Nothing is required to be done finally until January 20. And I will do whatever I have to do to guarantee that there's no conflict.

SCHIEFFER: Let me ask you a little bit with about a new poll out by "Newsweek" that shows that when it comes to things like the tax cut, so far, people seem to like Al Gore's idea of a tax cut better than they like George Bush's. There does not seem to be much enthusiasm for the Bush tax plan. Why do you think that is, Mr. Cheney?

CHENEY: Well, it's a matter of education, and that's partly what the campaign is all about--is for us to get our ideas out there. If you're going to provide leadership for the country, you need to sit down and make some decisions and move off and tell people what you think.

The other way to operate is the way that, frankly, I think the Gore-Clinton folks have operated, that is to say, to go look at the polls and then peddle what they think the country already believes. We don't believe that's leadership.

CHENEY: And I think, from a tax standpoint, if you look at the package, fact of the matter is the Gore package doesn't do what he says it will do. We had the example this week of the Beshack (ph) family from Louisiana, somebody making \$40,000 a year as a high school coach, two small children, a wife who stays home, who gets zero benefit under the Gore tax package, a working family, obviously, that's not going to benefit at all from it. Under the Bush proposal, gets \$1600 in relief.

It would have a significant impact because we increase the child credit and cut rates. The tax package that Governor Bush has put forward is a significant reform of the system. It's not just a reduction. It cuts rates for everybody. It goes from five brackets to four brackets, does a lot of things that need to be done.

SCHIEFFER: Let me just ask you one question. Do you think that one reason that there doesn't seem to be all that much enthusiasm about it is that people are a little afraid of it? They see the chairman of the Federal Reserve, Alan Greenspan, raising interest rates slightly for fear that the inflation--that the economy will heat up. Do you think there might be a fear that if you put in a big tax cut like this, it might just set off inflation, and then the interest rates would have to rise and people would get nothing, in the end, from it.

CHENEY: I don't think so. I think if you look at the overall package, the fact that it does get phased in over time, the fact that

we've got some very intelligent, knowledgeable economists who will support it, think it's the right thing to do, the fact that we're talking about reform, not just reductions, all of those things point in the direction of, I think, guaranteeing continued prosperity in the economy.

One of the keys here is we're taking down the marginal rate on that new dollar of income, going from roughly 40 percent of the top bracket to 33 percent, taking the lowest bracket from 15 percent down to 10 percent.

A lot of what that does is encourage people to go out and work and save and invest and to grow their businesses, to grow their enterprises, to make more and to save more. And that means a strong, healthy economy for a longer period of time.

It's the kind of thing that was also done at the beginning of the Reagan administration and, I think, gets a lot of the credit for why we have a prosperous economy today.

SCHIEFFER: All right. Dick Cheney, thank you very much. Hope to see you again.

CHENEY: Thank you, Bob. We will.

SCHIEFFER: Back in a moment with more on Campaign 2000.

(COMMERCIAL BREAK)

SCHIEFFER: Joining us now to lend some perspective on the week's campaign news, two of the best in the business, Dan Balz who covers politics for the "Washington Post," Rick Berke who covers the same for the "New York Times."

SCHEIFFER: Dan, what did you think of the interview just now?

BALZ: I was struck by the fact that Secretary Cheney seemed to be on the defensive over an issue that I think the Bush campaign always thought they would have the offensive on, and that is the state of the military and foreign policy, that they assumed that would be an issue they could drive hard against Gore and put Gore on the defensive.

And I think it speaks more broadly to the kind of problem they find themselves in, a week after the Democratic convention, which is that on a number of issues, whether it's the military or the Bush tax plan, they're having to defend things, rather than being able to push out the message they really want to push out.

SCHIEFFER: It is kind of interesting, isn't it, that the response, when they say that--and to counter the response that says, "Yes, those divisions are ready," they say, well, it's based on figures that came out last year. It seems to me on something this serious, you would at least go back and check and say, "Is this still the case?"

BERKE: One of his key assets is that he was Defense Secretary. Here he is, he should be using that to his advantage. Instead, they're using it against him. And, as Dan said, he was on the defensive today.

But I think this also speaks to the larger problem of Cheney as a running mate, because when he was selected, some people said, he is a good choice for governing. It shows that George Bush is not afraid to have someone with more experience next to him in the White House. It shows that he's not overly concerned with politics.

Other people said it was an unwise choice because it showed an overconfidence on Bush's part, picking someone who is not known for his political skills, his campaign skills. Now we find him on the defensive on the military, on Halliburton, even, you know, even the talk show hosts said, and the late night hosts are talking about his heart still, his

heart condition. So this is not necessarily a good place for the Bush campaign to be in, especially when you compare it to Joe Lieberman on the Democratic side who is being portrayed as this happy warrior.

SCHIEFFER: What do you all make of this bounce that Al Gore seems to have gotten out of the convention? I'm going to--I'm going to tell you, I did not think Al Gore made all that great a speech. I mean, it was a good, responsible, solid speech. He laid out his positions, but it didn't seem inspiring to me. And, yet, he seems to really have gotten a bounce out of it. Do you think that's for real, Dan?

BALZ: I don't know if it's for real. It seems a little more real than the Bush people had hoped it would be. It seems to be sticking somewhat longer, although I think everybody is waiting for the polls that come after Labor Day, rather than the ones that come before Labor Day.

I know the speech got a lot of criticism the night it was given, but it's hard to recall a convention speech by a nominee that hasn't gone down pretty well with the public. It tends to be like State of the Union addresses. People look at a candidate for the first time in a different way, and I think that's what Al Gore has benefited from.

And as we've seen in polls all year long, that if this becomes a fight over particular issues, the Democrats have tended to have the high ground, whether it's on Social Security, Medicare, prescription drugs, even some of the education proposals that are out there.

And what Gore was able to do with that was to refocus on the issues for the time being. And the Bush campaign is now struggling to try to push it back to a question of leadership and personality.

SCHIEFFER: Do you think the kiss had anything to do with it, Rick?

BERKE: It's funny. Now everyone is saying Gore was brilliant with the kiss. And people are saying, well maybe, you know, maybe Bush should have done that, you know. They're rethinking everything.

But what is interesting about this whole bounce issue is to hear the Gore people say, oh, we knew all along this would happen. This is our brilliant strategy that we've been talking about for months. We knew we would come back in the polls.

And now they're saying this is a transformation, and we're ahead or we're even. And the Bush people are saying this is just transitory. But it's interesting how they're all--how the Gore people are patting themselves on the back for this.

But I think, as Dan said, we have to watch the polls after Labor Day because that's the key moment. In every election since 1984, the candidate who was ahead after the conventions, after Labor Day, ended up winning the election. So both sides right now are scrambling to do all they can to get on the defensive.

It's no accident that Dick Cheney was put on your show and the other network shows this morning at the very last minute. They are trying to seize the attention and the momentum in this campaign.

SCHIEFFER: You're the New York guy. Let me ask you about that race up in New York. What do you hear?

BERKE: What race?

(LAUGHTER)

You know, it's, like, what happened? You don't hear about Hillary Clinton anymore; you don't hear about "Rick Who?" Lazio. It's just ever since Rudolph Giuliani got out of the race, it is just not on the radar screen anymore.

And I think Hillary Clinton helped herself a lot by getting all that free attention at the convention and that prime-time slot that really was her husband's prime-time slot. But--and this may be fine; I think in the next--after Labor Day, we'll start hearing more about this race.

SCHIEFFER: Back to the presidential race. Do you think it is as close as it appears right now?

BALZ: I do. And I think that both sides have anticipated that it would be a close race. I mean there's a tremendous amount of spin that goes on around conventions and the bounce and all of that. But I think both of these campaigns have been anticipating that by the time they got to Labor Day, this would be a race within the margin of error, and it would be a dogfight all through the fall.

SCHIEFFER: Pretty good race so far. Thanks to both of you.

I'll be back with a final word in just a minute.

(COMMERCIAL BREAK)

SCHIEFFER: Finally today, whether it is crisis management or politics, the experts will tell you when you make a mistake, the best strategy to win back public opinion is to admit it, apologize and move on.

SCHIEFFER: Like United Airlines, for example, which is buying television commercials to apologize for bad service. They're not giving customers discounts or refunds or anything that costs them, but the head man's apology does seem sincere, as did Attorney General Janet Reno when she took responsibility for the FBI raid that went wrong in Waco.

She didn't resign or penalize herself in any way, but when she said it was all her fault, she actually went up in the popularity polls.

So I am compelled to make a full confession of my own. The CBS super-hit "Survivor" has come and gone, and I never saw it. Now I'm not one of those snobs who claims never to watch television except for the occasional nature special on PBS.

I actually enjoy television, and I kept meaning to watch "Survivor," but somehow never did. Nor did it occur to me that many people would have wanted to watch a group of scheming, unattractive people rooting around in the dirt on some island. Even that guy who won, the one who kept trying to show us his business, didn't seem to be a person anyone would want to know, which just shows what I know. So I admit I was wrong--all my fault--but I'm on board now and ready to learn from my mistake.

Since this was a big hit, I'm going to put in for a raise for being candid. Maybe I won't get it, but I'm certain those "Survivor" people would tell me to go for it.

That's it from here. Now here's a report on what's coming up on "60 Minutes".

END

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CREATION DATE/TIME:28-AUG-2000 06:12:47.00

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TEXT:
NBC'S "MEET THE PRESS"
AUGUST 27, 2000

SPEAKERS: TIM RUSSERT, HOST, NBC MEET THE PRESS
RICHARD CHENEY, REPUBLICAN VICE PRESIDENTIAL CANDIDATE
FORMER SECRETARY OF DEFENSE
U.S. SENATOR JOHN KERRY (D-MA)
U.S. REPRESENTATIVE JOHN KASICH (R-OH)

RUSSERT: Our issues this Sunday: Bush and Gore battle over
military preparedness.

(BEGIN VIDEO CLIP)

GOVERNOR BUSH: The next president will inherit a military in
decline.

VICE PRESIDENT GORE: It's the wrong message to send our allies
and adversaries across the world.

(END VIDEO CLIP)

RUSSERT: With us, the Republican nominee for vice president,
former Secretary of Defense Dick Cheney.

And the candidates exchange fire over tax cuts.

(BEGIN VIDEO CLIP)

VICE PRESIDENT GORE: I will never support a tax cut for the
wealthy at the expense of everyone else, that wrecks our economy in the
process.

GOVERNOR BUSH: I believe the surplus is the people's money, and
we ought to send some of it back to the people who pay the bills.

(END VIDEO CLIP)

RUSSERT: With us, Gore supporter and vice presidential finalist
John Kerry of Massachusetts, Bush supporter and former presidential
candidate John Kasich of Ohio. Kerry and Kasich square off.

And the debate over debates. It's not new.

Our MEET THE PRESS minute from 16 years ago this very weekend--

(BEGIN VIDEO CLIP)

RONALD REAGAN CAMPAIGN MANAGER JAMES BAKER: We will be
listening to proposals from the other side, because the other side are the
ones who are making all the noise about debates.

(END VIDEO CLIP)

RUSSERT: But, first, joining us now from his home state of
Wyoming, the man who wants to be vice president, Dick Cheney.

Good morning. Welcome.

CHENEY: Good morning, Tim.

RUSSERT: Ever since Al Gore selected Joe Lieberman and the
Democrats had their convention in Los Angeles, every national poll now
shows Gore-Lieberman ahead of Bush-Cheney. Have you become the underdogs?

CHENEY: Well, I don't know, Tim. It looks to me like they got a
good post-convention bounce out of their show in California, but it also
would seem that it's starting to fade now, and I think by the time we get
to Labor Day this will be a close race. We always thought it would be and

I think it will be.

RUSSET: Do you think Al Gore's message of "the people, not the powerful" is resonating?

CHENEY: I really don't think so. I find--of course, I'm out there on the campaign trail, too, and what I find as I travel around, is that this notion of trying to, sort of, pit "we against them," or "we're fighting against the powerful"...

I mean, these guys have been running the country for the last seven and a half years, supposedly, a good president of the United States, vice president of the United States, and if they aren't powerful, I don't know who is.

It strikes me that it's a--it sounds harsh and strident. It's exactly the wrong kind of approach, if you want to try to change the tone in Washington, if you want to end the partisan bickering. If you want to try to build bipartisan coalitions and seriously get something done for the country, that's not the way to go about it.

RUSSET: The issue of military preparedness--let me show you what Joe Lieberman had to say in his acceptance speech in Los Angeles.

(BEGIN VIDEO CLIP)

SENATOR JOE LIEBERMAN: Two weeks ago, our opponent claimed that America has a hollow military. I must tell you that made me angry. Our fighting men and women are the best-trained, best-equipped, most powerful fighting force in the history of the world.

(END VIDEO CLIP)

RUSSET: Is Senator Lieberman correct?

CHENEY: Well, I think if you match our forces today up against any others around the world, we've got the best force. The problem is it's in decline, and this administration has done very little to reverse that decline. They have, in fact, significantly expanded our commitments, even as they cut the size of the force.

There is an enormous amount of evidence out there, Tim, that the question in terms of readiness and morale, the problems with recruiting, problems with the retention, that the military is in trouble today.

RUSSET: A lot of critics, Republicans and Democrats, have said that the candidate for president on the Republican side was guilty of exaggeration and hyperbole with this comment at the Republican convention in Philadelphia.

(BEGIN VIDEO CLIP)

GOVERNOR BUSH: Our military is low on parts, pay and morale. If called on by the commander in chief today, two entire divisions of the Army would have to report, "Not ready for duty, sir."

(END VIDEO CLIP)

RUSSET: That's not correct, is it, Mr. Secretary?

CHENEY: It was correct based on the data that the Army produced at the end of last year, which that statement was based on. There were, in fact, two divisions that weren't ready.

The point here--I mean, let me cite some specifics for you, Tim, if you want to get into specifics. The Army this spring released a report that showed that 40 percent of their helicopters are not combat-ready, showed that the average number of flying hours that a battalion commander, aviation battalion commander has now, 1,000 hours on average, is half of what it used to be 10 years ago.

It shows that if you look, for example, at readiness levels in

the Air Force, that compared between the beginning of this administration when 85 percent of their combat units were combat-ready, today it's only about 65 percent.

You can talk about a recent survey by the General Accounting Office of over 1,000 young officers that shows basically that over half of them are getting ready to get out at the end of the first term because of their dissatisfaction with the current state of affairs. It goes on and on and on, and the only conclusion I can draw from Al Gore's comments about all of this is that either he doesn't know what's going on in the U.S. military or he chooses not to tell the truth about it.

RUSSET: But to be commander in chief, you must be very precise in your language, and when Governor Bush said that if called on by the commander in chief today, two entire divisions of the Army would have to report not ready. That's not accurate. Let me show what ...

CHENEY: That was the data, that was the data that was available from the Army itself at the end of last year.

RUSSET: Well, let me show you an exchange between Senator Carl Levin of the Armed Service Committee and Richard Armitage (ph), a Bush foreign policy adviser.

Senator Levin: I want to go back to the two divisions not being ready for duty because Mr. Armitage (ph) has not answered that. Are those two divisions ready for duty or aren't they?

Richard Armitage (ph), Bush foreign policy adviser: I believe those two divisions, Senator, are ready for duty.

If a Democrat stepped forward and said two divisions were not ready for duty and in fact they were, can you imagine the response from the Republicans?

CHENEY: Well, but again, Tim, go back and look at the Army's own report, readiness report that they filed last year.

RUSSET: Last year.

CHENEY: That's, in fact, what it said. And since then, they may well have corrected the problems in those units, so that they now meet the C-1 classification and criteria. But the bigger point here, Tim, it's not just about two divisions, it's about the entire military.

It's about the fact, for example, that both the Army and Navy for five years in a row have fell short of meeting their commissioning requirements. It's the fact that they're not meeting their recruiting requirements. It's the fact that we've got more Marine captains, for example, now, leaving the service after their term instead of re-enlisting than any time in the last ten years.

The data is there for anybody who wants to go look at it and anybody who wants to spend time on it. I can give you anecdotal examples or we give you analysis, the fact of the matter is, the military is in decline. It's not as good as it used to be; and it's going to take significant effort to reverse that and turn it around.

The even bigger problem, Tim, isn't readiness. The bigger problem's investment in the future. The fact is it takes a very long time to create a quality military force. The numbers, when I was there, was from the time Congress authorized an aircraft carrier until you had a full-up round ready to go to war was almost nine years, 25 years to train an officer capable of commanding a modern armored division in combat. When we bring on new technology for an airplane, it's as much as 13 years.

So you need to be investing in the future, you need to be

invested in the new technology because the decisions you make today are about what the force looks like 15, 20 years down the road.

And we're short there as well, too. We've had the delay on ballistic missile defense. We were moving aggressively to deploy what we call global protection against limited strikes, when I was there. And what's happened, of course, is they've been dead in the water now for several years. And only within the last year or two as the election got close did they decide they wanted to do something about ballistic missile defense.

RUSSET: All right. Democrats will say, that is precisely the problem, that decisions made eight, nine years ago are what the problem you're seeing manifested today.

This is how the Associated Press dealt with it. They said, "The shrinking of America's military now decried by George W. Bush as one of the Clinton administration's biggest sins, was pushed by his running mate, Dick Cheney, as secretary of defense for Bush's father a decade ago. Cheney, in 1990, proposed a gradual 25-percent reduction in the military. He called for withdrawing tens of thousands of troops from Europe, canceling weapons programs, removing 442,000 men and women from the military over five years."

And one of your successors, Secretary of Defense William Perry, went further. This is what he told AP. Former Clinton Defense Secretary William Perry, speaking on behalf of the Gore campaign, said that blaming Clinton for cutting the military leaves out a big piece of the story. Quote, "In fact, two-thirds of the reductions in the military have been made by the previous administration. I think people might be suffering from a case of amnesia."

How is your memory, Mr. Secretary?

CHENEY: Well, it's, I think, better than theirs. Remember what transpired here, Tim. When we came in in '89, we still had a Cold War. We had to be ready to fight an all-out global nuclear war that would begin with a few hours' notice. We had to be prepared to have 10 divisions in Europe within 10 days of a decision to mobilize and to deal with 100 Soviet-led divisions invading Western Europe from the inner German border. We had big forces then.

Then we won the Cold War. We prevailed. The Soviet Union imploded and went away. They withdrew from Eastern Europe. And all of us agreed that it was time to downsize the force and to change the basic strategy, and we did that.

But if you go look at those quotes, we said 25-percent reduction in force structure. What's happened? Well, they've cut, not 25 percent, but a lot more than that. They've gone from 18 divisions in the Army to 10 divisions. They've gone from 24 wings in the Air Force to 13 wings in the Air Force. They've gone from almost 600 ships in the Navy, now headed towards less than 300.

The fact of the matter is they've continued to cut. They've cut too far. They've cut too deep. They've also added commitments. The big part of the difficulty out there today is that the force is spread so thin.

So, without question, we did, in fact, start the drawdown as the Cold War ended. I think that was fully justified. I think that Congress would not have supported maintaining the Cold War force without a Cold War. But we had a strategy for doing it. Colin Powell, for example, helped me put together that plan that we pursued. And it was a good plan

and it was a responsible plan.

CHENEY: What the Clinton-Gore administration has done is to short-change the military, continue to impose significant burdens on them, and not made the kinds of investments that need to be made.

It's like a huge ship, Tim. It takes a long time to turn it around, and when you get to this level, then you're going--it's going to take time to fix it. But it does need to be fixed. Again, as I say, there are two possibilities here. Either they don't know what's going on with the U.S. military, or they choose not to tell the truth about it.

RUSSET: But Bush-Cheney cut defense spending more in real dollars than Clinton-Gore.

CHENEY: We won the Cold War, Tim. And the fact of the matter is, the efforts that were laid in the early Reagan years when we rebuilt the military contributed directly to our success in the Cold War. But you're, you know, absolutely right. When the Cold War ended, we moved and developed a whole new strategy. It wasn't just cut.

We shifted from the situation of having to be prepared to fight an all-out global conflict and moving to a regionally-based strategy, being able to defend key regions of the world that were vital to us from being dominated by a hostile power, for example, in Desert Storm.

If you go look at the data, go spend time talking to the troops, dig into the military, talk to General Zinney, who just retired as the central commander in the Persian Gulf, and he's quoted as saying, when he retired just a few weeks ago, that the military has inadequate resources and too many commitments for the size of the force. That's what we've gotten out of the Clinton administration.

RUSSET: The Bush-Cheney campaign put out a statement, "Gore AWOL on veterans' issues." A-W-O-L. Al Gore is a Vietnam veteran. Is it appropriate to use a word like AWOL to describe his conduct?

CHENEY: I haven't seen this statement. And I think it refers specifically to veterans' issues, but I haven't seen the statement, Tim.

RUSSET: Senator John Kerry, who's coming on next, has written a letter to you and to Governor Bush, saying it really is inappropriate to use that kind of word because it has such a powerful connotation, and you should stop using it. Do you think it is prudent to use the word AWOL to describe Al Gore?

CHENEY: I haven't used it, Tim.

RUSSET: Well, your campaign did.

CHENEY: Well, I'm sorry. But, again, I have not used that word. And I don't think it's appropriate for you to attribute it to me, to suggest I have. I haven't.

RUSSET: It's on Bush-Cheney campaign stationery.

CHENEY: Well, I haven't seen it.

RUSSET: Would you recommend that your campaign not issue that word in the future?

CHENEY: Tim, I haven't seen it. When I see it, I'll be happy to form an opinion of it.

RUSSET: Saddam Hussein has not let inspectors into Iraq for nearly two years. The United Nations has now reconstituted its inspection force. If Saddam refuses to allow inspections of his nuclear, biological and chemical piles, what should the United States do?

CHENEY: I think we have to continue to monitor the situation very carefully. There's no question but what the previous inspection

regime and, before that, the military action we undertook in Desert Storm did very significant damage to Saddam's military capabilities, including in these areas.

But, over time, we have to watch carefully to see to it that he doesn't get involved in trying to recreate this capability. And, of course, the ultimate sanction always is the possibility of having to use military force--launch air strikes to hit specific targets that are related to that production, as has happened in the past.

In the meantime, I think we want to maintain our current posture vis-a-vis Iraq. We want to see to it that we keep the coalition in force, we maintain the sanctions that are currently on, and can keep the pressure on, and hopefully there will be a change in the government in Iraq before too long.

RUSSERT: Should we insist that Saddam allow inspections to go on or there will be a military strike?

CHENEY: I think we have to insist that he allow inspections to go on or there will be no lifting of the sanctions. Whether or not there ought to be a military strike, I think, would depend on circumstances, and at this point, I don't have enough information to say there should be. I don't know enough in terms of details about whether or not that would be appropriate today.

RUSSERT: Do you regret not taking Saddam out nine years ago?

CHENEY: I don't, Tim. It was--and it's been talked about since then. But the fact of the matter is the only way you could have done that would be to go to Baghdad and occupy Iraq. If we had done that, the U.S. would have been all alone. We would not have had the support of the coalition, especially of the Arab nations that fought alongside us in Kuwait. None of them ever set foot inside Iraq.

In conversations I had with leaders in the region afterwards, they all supported the decision that was made not to go to Baghdad. They were concerned that we not get into a position where we shifted instead of being the leader of an international coalition to roll back Iraqi aggression to one in which we were an imperialist power willy-nilly moving in to capitals in that part of the world, taking down governments.

So I think we got it right. So I suppose it's one of those things that will be debated for some time. But I thought the decision was sound at the time, and I do today.

RUSSERT: Let me turn to a couple other issues. Prescription drugs. The Republicans and Governor Bush is saying he'll have a specific plan shortly. What's wrong with Al Gore's plan on prescription drugs, specifically?

CHENEY: Well, part of it is we need to really reform the Medicare system, and, of course, that hasn't happened yet. This administration has been there for seven and a half years and hasn't dealt with it or addressed it.

We're working right now. Governor Bush has made it clear that he too wants to address this issue of prescription drugs for our seniors. And work is underway, and we'll shortly have a detailed proposal to put forth, and then people will be able to compare what we're suggesting versus what the Gore campaign has suggested.

RUSSERT: But do you have any real objections with Al Gore's plan?

CHENEY: Again, Tim, I want to wait, and we'll put forward our ideas. And that will be very soon, and people can then respond to that.

RUSSET: There's a lot of talk that President Clinton will insist this fall with Congress that his prescription drug plan be adopted, and if the Republicans don't, they'll be forced to, in fact, shut down the government.

CHENEY: Well, Tim, you know, we listen to Bill Clinton. They've been there for seven and a half years. They have squandered literally their opportunities. They haven't put forth a proposal on Social Security. They haven't dealt with Medicare reform. When they had a commission that came up with a proposal, they disavowed their own commission.

CHENEY: They haven't dealt with education. We had a report out just this week, the national assessment of education, which shows there's been absolutely zero improvement in reading levels among our students over the last six years, from '92 to '98.

They haven't dealt with the problems in the military, and now what we get is what we always get from Bill Clinton. There's a lot of political hoorah in the closing stages of the session, but he's not serious about dealing with real problems.

This administration hasn't been serious about dealing with the real problems; that's one of the reasons we think change is in order and one of the reasons, we believe, the American people will vote for us on November 7.

SCHIEFFER: One of the things Bill Clinton did was designate about 4 million acres in land out West as monuments, which would deny people the opportunity to graze or log or mine.

Let me show you some of those sites, the Canyons of the Ancients in Colorado; Cascades, Siskiyou in Oregon; Hanford Beach in Washington; Ironwood Forest in Arizona; Giant Sequoia in California; Grand Canyon in Arizona; Aqua Fria in Arizona; California Coastal in California; The Pinnacles in California; the Grand Staircase Escalante in Utah.

You said that he's approached this willy-nilly and that you would at perhaps rescinding some of those designations. Which of those monument designations would you rescind?

CHENEY: Well, I was asked specifically, Tim, whether or not the Bush administration would review those, and I said I thought we'd look at them on a case by case basis. The difficulty here, I don't think is so much any one particular problem area as it is this whole process that's been used or misused here.

When I was a Congressman from Wyoming, I got legislation passed that set aside nearly 1 million acres as wilderness in Wyoming that couldn't be developed, but we did it only after there had been extensive consultation by all the interests involved, the farmers and the environmental groups and the industrialists and tourism and so forth.

That kind of process has not taken place there. It's been a matter of Bill Clinton unilaterally using his executive authority to put areas off-limits without any consultation with the members of Congress affected, without any consultation with the governors or state legislators or county commissioners, and I think that process itself has been flawed, that what you end up with is a lot of people who are unhappy because they didn't have the opportunity to be heard before the decision was made. But that's the reaction, I think, that we're seeing in the West...

RUSSET: But you would not specifically rescind any of those monuments?

CHENEY: First of all, it's not my decision to make. Vice

presidents don't have much authority. But I do think it's appropriate for us to review the process; it would review the decisions that were made and see whether or not any of those need to be changed or modified. I think perfectly appropriate--these are executive orders, not legislation--to take a look at that. I am not here today, nor have I recommended that we change any one particular area, (inaudible) you have to look at it again on a case by case basis, decide whether or not some change or modification is appropriate.

RUSSET: Let me turn to the issue of character and refer to you and our audience back to your speech before the convention on August 2.

(BEGIN VIDEO CLIP)

CHENEY: On the first hour of the first day, he will restore decency and integrity to the Oval Office.

(END VIDEO CLIP)

RUSSET: You're, of course, speaking about George W. Bush. Do you believe that Al Gore and Joe Lieberman are incapable of restoring decency and integrity to the Oval Office?

CHENEY: I think we'd be better--I think the fact that the Democrats, in particular Al Gore and Bill Clinton, had their eight years there, that the nation really does want a change, and that's what I find as I travel the country, and we're prepared to offer it.

RUSSET: Let me show you what you also said about Al Gore in that same speech.

(BEGIN VIDEO CLIP)

CHENEY: Mr. Gore will try to separate himself his leader's shadow, but, somehow, we will never see one without thinking of the other.

(END VIDEO CLIP)

RUSSET: Now Al Gore stood up at his convention and said, "I am my own man." Has he successfully separated himself from Bill Clinton?

CHENEY: Not in my opinion, Tim. I don't know how one speech can wipe out seven and a half years.

(AUDIO GAP)

RUSSET: ... then pulled back at the last minute.

(BEGIN VIDEO CLIP)

INTERVIEWER: And President Clinton has not uttered a single untruth in the last two years?

GORE: Not that I have heard, absolutely not. And, again, Lisa, let me say that ...

INTERVIEWER: Not a single one?

GORE: Well, yes.

(END VIDEO CLIP)

RUSSET: And the slogan says, "Think Al Gore will say anything." Why was that advertisement pulled back, killed by the Bush campaign?

(AUDIO GAP)

CHENEY: ... campaign ad, but we were asked for our views on it, and Governor Bush made the decision because he felt the quotes from Al Gore were taken out of context, that is to say the timing of when the interview actually took place.

And he wanted to make sure we ran an appropriate campaign in keeping with the tone and tenor we wanted to set, so he recommended that the RNC not go forward with the ad, and they didn't. The only place it's been run, I believe, Tim, has been by news organizations like yours. But

the paid ad never did go on the air. It was withdrawn, and I think that was appropriate.

RUSSET: Can we expect, however, to have paid political commercials which attack Al Gore's credibility?

CHENEY: I think his credibility is an issue. I think over the years he's flip-flopped on a wide range of issues, and I don't see any reason why that's not an appropriate subject for us to discuss in connection with this campaign. But I do think it has to be done in a way that is appropriate and in keeping with the tone and tenor we want to set.

RUSSET: Let me raise the issue about your own retirement package from the Halliburton company--a lot of discussion about potential conflict of interest. If, in fact, you are elected, then some stock options that you were given would become exercisable.

"The New York Times" weighed in with this editorial. It said: "The unseemly fact (is) that Halliburton has been unduly generous to a man who stands a good chance of becoming vice president. Instead of lawyers and bankers, Mr. Cheney needs to summon all of his gravitas and do the right thing. That means he should just say no to any options that would vest after he is in office."

And what the "Times" points out, Mr. Cheney, is that your tenure at Halliburton was very successful, that you will have access through compensation, bonus, and salary of a minimum of \$40 million. Could you leave \$3.5 million in future stock options on the table and say, "No, I won't take those"?

CHENEY: Tim, what I've said, repeatedly, is that I will take whatever steps are necessary to ensure that there is no conflict of interest when I'm sworn in as vice president. I've got people smarter than I am in these matters looking at it now to see how those matters might be resolved.

This was not given to me as a special deal when I left Halliburton. The fact is, these options were awarded to me as part of my compensation package while I was CEO. The standard retirement package when you leave--an executive leaves--Halliburton is you continue to have the options vest in accordance with the regular schedule. I wanted that done because I did not want special treatment.

But these kind of problems have arisen before, maybe not in this exact form. Bob Rubin (ph), obviously, served successfully as secretary of the treasury without having to abandon his very substantial financial interest in Goldman Sachs.

CHENEY: We've got smart people looking at it, and we'll come up with a solution that meets the requirements of the office of government ethics so I have no interest, financial interest, after January 20th in the price of Halliburton stock. We'll resolve any conflict before I'm sworn in.

RUSSET: Could one of the options very well be, I'm just not going to take them because it's just not worth the aggravation and could create a perception of conflict?

CHENEY: Well, if you--if you do what I said I'm going to do, which is to get rid of any potential conflict by January 20th and--different ways to do it.

One possibility would be, for example, to say that any increase in the options, in terms of their value, would be donated to charity. Another way is a so-called synthetic short that involves a combination of

puts and calls that would fix the price before I went into office so I would have no interest in whether the Halliburton price goes up or down.

So there are ways to deal with the problem. We'll look at all of those options. I've got some very talented people doing that. And I can guarantee you, Tim, before I'm sworn in as vice president, there will be no conflict. I'll do whatever I have to do in order to comply with the office of government ethics.

RUSSET: The last time you were on, about a month ago, we had a discussion about your health, because of your three previous heart attacks and bypass surgery more than 12 years ago, before you were secretary of defense.

And I asked you if you'd be willing to release your cholesterol, blood pressure scores, your medications you're taking and a factor called the injection fraction, which is the portion of blood in the main chamber pumped to the heart--by the heart to the body. And you said you'd talk to your doctors and get back to us. Will you release that information?

CHENEY: We don't have any plans at this point to release any more information, Tim. I just did my physical in mid-July. My blood pressure, cholesterol levels and so forth are normal. I take medication to make sure they stay that way. I have had no health problems. The doctors have vouched for me. I think we put out a very complete medical report, and we don't have any plans now to release anything else.

RUSSET: Dick Cheney, we thank you very much for joining us. Come join us again, and stay safe on the campaign trail.

CHENEY: Thank you, Tim. It's always a pleasure.

RUSSET: Coming next, the debate over the Bush, Gore economic plans with Democratic Senator John Kerry, Republican Congressman John Kasich.

Then our MEET THE PRESS minute with former Reagan White House chief of staff James Baker on the debate over debates. History does repeat itself. This was back in 1984, 16 years ago to this very weekend.

All coming up on MEET THE PRESS.

(COMMERCIAL BREAK)

RUSSET: And we're back.

RUSSET: John Kerry, John Kasich, welcome both.

Senator Kerry, you're a Democrat. You just heard Dick Cheney, Republican candidate for vice president, say that America's armed forces are inadequate and in grave need of help. And you've also written, as I mentioned, a letter to Governor Bush and Dick Cheney saying, don't describe Al Gore as AWOL on veterans' issues.

KERRY: Well, I think the term AWOL, Tim, is simply inappropriate. I mean, Al is a veteran, honorably discharged, served, volunteered for Vietnam. And I think anybody who has served understands that the word AWOL has powerful connotations.

It's a court-martial offense. It's a more serious kind of thing. I just think it's inappropriate. It reduces the campaign to a level that all of us, I think, are trying to avoid.

But, more importantly, Dick Cheney was just flat wrong, and George Bush has been flat wrong, about the question of preparedness. The divisions that they referred to back in November for about a three-week period had a minor issue about deployment, about redeployment from Bosnia, Kosovo.

And so they were deemed, quote, ``not ready for a three-week period." By December, that was fully corrected, and at the time that George Bush spoke when he told the country, if these divisions were asked to report today, they would have to say, ``Not ready for duty, sir"--that was wrong.

It was misleading, incorrect, false. So--and it's insulting to a sense, you know, those divisions were on duty at the time. They're in Kosovo and in Bosnia, so I think it's inappropriate to suggest that.

Much more important, Tim, America ought to be thinking about where we ought to be going with the military in the future. We have the best-trained, most extraordinary military in the history of humankind. And what happened in Kosovo was witness to that, 78 days of bombing, loss of two airplanes, not the loss of one pilot.

I mean, as a veteran, I've got to tell you, I marveled at the capacity to fight a war the way we did without the loss of troops, and win. And it was a tribute to the training and the capacity of our military.

Now, are there tensions in terms of retention? Are there difficulties with pay? Sure, because the private sector is doing so well. It's competitive. But we're raising the pay.

We raised that pay two years ago--the largest increase in military expenditure since the Reagan--about 20 years, I guess, even. So I think we're on the right track, and I think it is a false debate at this point in time.

RUSSET: John Kasich, a false debate? Is America's military ready, or does it need even more money?

KASICH: Tim, we have soldiers that are on food stamps, to get to the bottom line about the circumstance of our military. Dick Cheney and George Bush did reduce the military because the Cold War ended.

RUSSET: For the record, there were 20,000 soldiers on food stamps under their administration. It's down to 6,000 now.

KASICH: Well, Tim, look, here's what has happened since they have reduced the military. Between 1982 and 1993, we had 42 deployments. We involved our forces around the world 42 times.

From '93 to 2000, that number has gone from 42 to 116 deployments. In other words, what a baby boomer named Bill Clinton has done is to do something that I never dreamt that a baby boomer would do, and that is to turn the United States military into the policemen of the world.

We have just sent troops now into Nigeria, which are going to be involved in training people in Sierra Leone. We look at Somalia, which turned out to be a disaster. It cost Les Aspin, the secretary of defense, his job. We have not had any--we have not come anywhere close to the date in accord in terms of Bosnia. We have a real mess in Kosovo.

The fact is that when you use the military forces 116 times--three times as much as Ronald Reagan did--you're going to spread your military, and you're going to break them. And so what we've done this year is to pour \$21 billion more into the military.

Frankly, what I'd like to see, I'd like to see us target the use of American forces to where it is in our national interest and where there is an achievable objective. And I don't think that Bill Clinton has been able to do it, and I think that's the biggest change that we need.

RUSSET: But isn't there an inconsistency in your argument? If the Republicans want more and more money for the military, but then don't

want to use it, why put more money into it?

KASICH: Well, Tim, right now, you've got these people spread out all over the world. And you've got to get them the help that they need in order to carry out their duties. I mean, I was in Bosnia. I talked to the soldiers there. They're very frustrated. They're stretched.

We are having trouble with recruitment. But I think what you're going to see under a Bush-Cheney administration is the narrowing of commitments, the withdrawing of forces in places where our policy is not working, and we'll make a better targeted use of the military.

KERRY: Tim.

RUSSET: Go ahead, Senator.

KERRY: The most significant commitments we have today, of those many that he has listed, are Bosnia and Kosovo. The Republicans opposed Bosnia and Kosovo. We saw a Republican Party suddenly politicize our involvement in foreign affairs in a dangerous and, I think, rather remarkable way.

They supported Panama with Ronald Reagan, supported Grenada. They put our troops--it was George Bush who put our troops originally in Somalia. They supported the Contras in Central America.

All of a sudden, you had a Democrat administration with major responsibilities globally, a genocide that was taking place. No person in the United States Congress would have been content to watch what CNN was going to show us was happening in Kosovo. We had to respond.

KASICH: But, but...

KERRY: But let me...

KASICH: George Bush put troops in the Persian Gulf to take on Saddam Hussein, and only a handful of Democrats supported him.

(CROSSTALK)

KERRY: But it was not the question of using force that people had a difference with, it was the timing. I remember very clearly that debate. And I said, I'm going to use force and I'm prepared to draw the line. I think we should kick him out. The question was whether or not there was a rush to do that before the country was prepared to support it. And in addition to that...

KASICH: There's one big difference. Come on, John, I mean, Saddam Hussein had invaded Kuwait; that was a clear line of action. What we are in the middle of is ethnic and civil wars in Bosnia, where we have failed to achieve any of the critical decision-making we wanted to achieve in Bosnia. We have nothing but a partition in Bosnia.

Kosovo, and our involvement in Kosovo, has set us back around the world in the eyes of so many countries, including the Chinese whose embassy we bombed. And now when you study what goes on in Kosovo, people say, "My God, I can't think of a situation has been more confused and has met with more failures."

KERRY: Let me...

KASICH: Civil wars--getting involved in civil and ethnic wars does not work.

RUSSET: Let me get to the overall economic plans, because defense is an important component in it.

John Kasich, how can your George W. Bush rebuild the nation's defenses, give prescription drug programs, and still offer a \$1.3 to \$1.6 trillion tax cut?

KASICH: It's deja vu all over again, Tim. I was here in '95 and

I told you that we could rebuild defense, that we, in fact, could cut taxes, and we could balance the budget. And we put together a plan and, guess what, we've got a \$4.6 trillion surplus.

Here's the plan in a nutshell. Social Security is running a \$2.3 trillion surplus. We will not touch that money. We will use that money to fix Social Security and to transform Social Security, including the use of private accounts. So \$2.3 trillion will be used to fix that program.

We have a \$2.3 trillion surplus in the general fund. We will use a big portion of it to cut taxes. And we'll use another part of it to pay down debt and also to have some targeted spending programs.

RUSSET: What if you don't have a surplus?

KASICH: Well, Tim, look, there's no point...

RUSSET: What happens if you don't have a surplus?

KASICH: And you cut taxes?

RUSSET: Yes.

KASICH: Well, first of all, one of the reasons why we...

RUSSET: Can you reinstate the taxes?

KASICH: No. One of the reasons why...

RUSSET: What do you do?

KASICH: One of the reasons why you want to cut taxes is to make sure this economy keeps growing so you can fix Social Security and Medicare.

But, wait a minute, Tim, the projections of these surpluses are so modest that there isn't any question we're going to continue to have economic growth. Al Gore's suggestion is that we spend this money.

Frankly, tax cuts are the best way to go. And if you cut taxes under George Bush's plan, you have an additional billion dollars in extra room, in case your plan doesn't work out.

RUSSET: Senator Kerry, contrast, in your mind, the Gore, Bush tax plans.

KERRY: Well, first of all, to differ with John very pronouncedly, strongly, Al Gore does not just spend. Al Gore pays down debt. And the American people want to pay down debt.

In addition to that, Al Gore does give a tax cut. He gives about a \$500 billion tax cut, which is targeted in a way that it reaches the people where you have the most need: families, dependent care tax credit, tax tuition for schools, tuition for long-term care for people who have difficulties caring for parents, the marriage penalty in a way that isn't unfair, estate tax in a way that isn't unfair.

The great distinction between our plan and the Republican plan is that ours is fiscally responsible. It has the component of debt paydown while simultaneously restoring money to the people who deserve to get the money.

Now, the Republican plan has--it's about \$1.9 billion in tax cut, if you look at the full 10-year span of 2001 to 2011.

RUSSET: Trillion.

KERRY: A trillion, excuse me. So you have \$1.9 trillion. Then you have \$954 billion that the Republicans in Congress have already passed in tax cuts. In addition to that, because you're giving so much tax cut under their plan, you lose about \$200 billion worth of paydown on the debt, interest payments you're going to have to pay because they don't pay the debt down.

So, when you finish adding up their plan, they have about \$3.7 trillion that totally chews up the surplus, draws down on Social Security surplus, and leaves you with the extraordinary difficulty of trying to implement his privatization of Social Security, which is a risky plan to begin with, without--and drawing down on the Social Security surplus to do it.

KASICH: Let me tell you, those numbers are absolutely false. Al Gore spends almost \$1 trillion in new programs. What George Bush does is to provide a \$1.3 trillion tax cut. If you want to turn the surplus over to politicians in Washington to spend the money, you vote for Gore.

If you want people to have--you want to eliminate the marriage penalty, if you want to reduce rates for all Americans, if you want to have a broad-based tax cut, Tim, not only do you have a \$1.3 trillion tax cut in the general fund, but you got another trillion dollars that's left. What Gore chooses to do is to spend, not to provide the tax cuts. Under Al Gore's tax-cut plan, you have to be a trained seal with an accountant to qualify for it.

RUSSET: On that point, the Bush plan is simple. It's across the board.

KASICH: No, it isn't. It's the marriage penalty. It does a variety of things.

RUSSET: The major form of tax reduction is across the board, and the strength is his advisers will say--everyone gets it. His critics will say half of the tax cut goes to the top 5 percent of the people in the country.

KERRY: Thirty-seven percent of it goes to the top 1 percent.

RUSSET: The Gore tax cut, on the other hand, Senator, if you analyze it, 50 million, about half of American taxpayers are left out of it.

KERRY: Well, actually about 40 million Americans are left out of the Bush plan, too. It depends how you target it. The question is who's left out, and the problem with the Bush tax plan is that the people who really need the help don't get the help. Eighty percent of the Bush tax cut goes to the top 20 percent income earners in America. Thirty-seven percent of it goes to the top 1 percent, 50 percent to the top 5 percent. I mean, there's ...

KASICH: Let me just respond to that. Let me show you the class warfare.

RUSSET: That analysis came from someone called Robert McEntire.

KERRY: Yes.

RUSSET: Let me show you what he also said about the Gore plan, in all fairness. In fact, Robert McEntire, Citizens for Tax Cuts, has said, Gore's package really isn't a tax cut, quote, "it's a whole bunch of government spending programs run out of the Internal Revenue Service."

KASICH: That is exactly my point. There are no real--they're very few tax cuts in the Gore plan.

But let me talk about what George Bush is doing. Let me tell you what George Bush is doing. Do you know, Tim, that there are 16 million Americans who pay no taxes, not only--and we tried to give them a tax cut. Well, they don't have any income tax liability. So you know what we do? We send them a check.

George Bush is going to take an additional six million Americans off the rolls. Wow. Now, the top 20 percent of Americans pay

about 80 percent of the income tax. Now, you know, I'll bet your dad told you like my dad told me, you don't punish people when they're successful. If 20 percent of the people are paying 80 percent of the bill, why shouldn't they get a tax cut? You want to provide incentives in America to be successful.

RUSSET: Should we use the IRS as a way to distribute money?

KERRY: The IRS has always been used as an implement to provide incentives. We do it every day: low-income housing, charitable incentives. It's the way it works. You attract capital by providing incentives for somebody to do it. That's the reduction in taxes.

So all we're doing, under the Gore plan, which is a tradition and it's worked for years and it's been effective in providing the economy we have today which is unprecedented, is provide people choice.

No one is forced, John, to make a choice. Any American can decide, I want to take the tax credit. I want to have a long-term care benefit for my parents. I want to have a benefit for the child care that I have at home. I want the marriage penalty--I mean, you have all of these available to you.

KERRY: No government decision is being made. Al Gore is providing a targeted incentive. And what's different between--there's no class warfare here. I voted for countless tax cuts in the last few years. The difference between our parties is we think about something called fairness.

Is it fair to give the largest proportion of the tax cut to the people who have, in fact, done the best in the last few years, or do we, as George W. says, want to leave no child behind? You cannot leave no child behind in America and implement the tax program that George Bush has said, because you can't take \$3.7 trillion--and that's what it adds up to.

KASICH: Again, that is just false. The fact is we have a \$1.3 trillion--\$1.3 trillion tax cut. We're paying down more debt, first of all. For Al Gore and Democrats to talk about reducing the national debt...

RUSSET: You can not dispute the fact that ...

KERRY: It's hard for you to accept, but we're doing it.

RUSSET: You do not dispute the fact that if you make \$300,000 or more, you will get an average tax cut of \$45,000 under George W. Bush and zero under Al Gore?

KASICH: Well, Tim, the question is, what was your tax liability? The fact is, is that if 20 percent of the people pay 80 percent of the taxes, what should we do? Give them nothing? We've already taken--we already have 16 million Americans who pay no taxes, and they get a big check from the government.

The question is this, if you reduce the marriage penalty, we want to reduce the marriage penalty. That's good for all Americans. We create a 10 percent bracket for the lowest-paying--lowest-earning people in America. Now I think the tax package is very balanced. It will also provide economic growth that will help us fix Social Security.

RUSSET: Real fast, Senator.

KERRY: Just take the marriage penalty as an example of how the Republicans do this. There are 65 different places in the tax code the marriage penalty affects. They take care of only three of them, Tim. We take care of all of them. Why is theirs more expensive? Because they give a bonus to even people who get a benefit by the marriage penalty.

KASICH: If you itemize under the Gore plan, you don't qualify

for the marriage penalty. If you own a home and are paying a mortgage on your home, you won't get the marriage penalty ...

RUSSET: One question, John Kasich. You are still the chairman of the Republican House Budget Committee. Bill Clinton is going to come to you in about three weeks and say, "I'm going to spend \$630 billion in outlays." You had originally said maybe \$570 billion would be alright.

He said, "I'm going to do \$630 billion, and we're going to pass a prescription drug program, and you're going to take it or leave it. And if you don't take it, go ahead and shut the government down."

KASICH: Well, we have a prescription drug program. We're working in the Senate to also pass one. Tim, there's no question, Bill Clinton along with Al Gore is going to demand more spending.

RUSSET: And they have all the cards.

KASICH: And, you know what, they will get more spending. That's why we need to elect George Bush, so that we can have the tax cuts and reduce the size of government.

RUSSET: There will be no government shutdown?

KASICH: There will be no government shutdown under any set of circumstances.

RUSSET: John Kasich, John Kerry, a good debate, to be continued.

And we'll be right back with our "Meet The Press Minute"--the debate over debates, from 16 years ago. Ronald Reagan and Walter Mondale. How did those great debates come to be? Coming up right after this.

(COMMERCIAL BREAK)

RUSSET: A debate over debates? That's nothing new for presidential politics.

RUSSET: Sixteen years ago this very weekend, Reagan White House chief of staff James Baker appeared on "Meet The Press" and confronted this issue.

(BEGIN VIDEO CLIP)

QUESTION: You are the president's chief negotiator as to debates for this coming campaign. And I believe the negotiations start shortly. What is going to be the opening Reagan side proposal as to the number of debates, the format, and the timing of them?

BAKER: Well, I'm not sure we will have an opening proposal. We will be listening to proposals from the other side, because the other side is--are the ones making all the noise about debates. The president has said this, he says he believes in the principle of debates. He has always debated his opponents, and he will debate this opponent, he has said, at a reasonable time and upon reasonable terms.

Let me explain to you what our position is on debates and why we categorically reject the idea of six debates out of hand. The American people are fortunate this year in that both candidates have extensive public records. We think actions speak a lot louder than words, and that it's better to judge a candidate for public office on the basis of what he does when he's in public office than what he might promise in a debate.

And we want to focus on those records, and that's one reason we're not interested in having six debates. Quite frankly, the polls bear us out on this. The American people don't want six debates.

(END VIDEO CLIP)

RUSSET: There were two prime-time debates between Mondale and Reagan in 1984, the first of which helped boost the candidacy of Walter

Mondale. Reagan rebounded after the second debate and put to rest concerns about his age with this one-liner.

(BEGIN VIDEO CLIP)

REAGAN: I will not make age an issue of this campaign. I am not going to exploit for political purposes my opponent's youth and inexperience.

(LAUGHTER)

(END VIDEO CLIP)

RUSSET: Reagan went on to win a landslide, carrying 49 states. Mondale won only the District of Columbia and his home state of Minnesota.

(COMMERCIAL BREAK)

RUSSET: And we welcome Emma and Reese Kasich to the world, two new twins. And the word from Arizona Senator John McCain, a full recovery. He will be back, enjoying the battle, in the fray none too soon. Welcome back, Senator McCain.

That's all for today. We'll be back next week. If it's Sunday, it's ``Meet The Press.''

END

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TEXT:
CBS 60 MINUTES
September 18, 2000

(BEGIN VIDEOTAPE)

MIKE WALLACE, CBS NEWS (voice-over): When Energy Secretary Bill Richardson fired nuclear scientist Dr. Wen Ho Lee from his job at Los Alamos National Laboratory, he made some very serious allegations against Dr. Lee. Among them:

BILL RICHARDSON: He had improper contact with members of the Chinese government without properly reporting them. He failed two polygraphs.

WALLACE (on camera): "Let's make this guy the scapegoat."

RICHARDSON: No. No, no. There was no effort to scapegoat this man.

WALLACE (voice-over): Were Secretary Richardson's statements fair? Were they accurate? Tonight some answers to that from the editor and publisher of "The Bulletin of Atomic Scientists."

UNIDENTIFIED STAFFER: Smith office. Barbara Walters on 2.

LIZ SMITH: Hello, darling. Are you still a big star?

WALLACE: Liz Smith is also a big star, big enough for "Time" magazine to have zeroed in on her in a cover story about gossip.

SMITH: The first thing they said to me was, "Have you had your face lifted?" "Are you gay?" I was just amazed. And then they said I was a very trivial person. I sort of thought "Time" had gotten pretty trivial.

WALLACE: Have you had your face lifted?

SMITH: (laughs) Yes! Of course I have!

WALLACE: Are you gay?

SMITH: I don't characterize myself sexually. I don't--I wouldn't like to do that.

STEVE KROFT, CBS NEWS (voice-over): Until a few months ago, this was the richest private educational institution in the United States, with more money than Harvard or Yale or Princeton. It's an elite private academy, kindergarten through 12th grade, for just 3,000 students in Honolulu. The money comes from a charitable trust called the Bishop Estate, which at one point was so rich, it owned 10 percent of the Wall Street investment house Goldman Sachs.

MARJORIE BRONSTER (ph): I mean, you name it. They were involved in everything.

KROFT: And much of what the Bishop Estate was involved in was intended to benefit the politicians who ran it.

WALLACE: I'm Mike Wallace.

MORLEY SAFER, CBS NEWS: I'm Morley Safer.

ED BRADLEY, CBS NEWS: I'm Ed Bradley.

KROFT: I'm Steve Kroft.

LESLEY STAHL, CBS NEWS: I'm Lesley Stahl. Those stories and Andy Rooney tonight on 60 MINUTES.

(END VIDEOTAPE)

(COMMERCIAL BREAK)

WALLACE: When federal judge James Parker released Dr. Wen Ho Lee from prison last Wednesday, the judge leveled some angry criticism at the U.S. government. He said from the bench the top decision makers in the executive branch, especially the Department of Justice and the Department of Energy, "have embarrassed our entire nation," embarrassed the nation by giving the country the impression that Dr. Lee

had transferred to China the crown jewels of America's nuclear secrets.

Dr. Lee had been kept in solitary confinement, sometimes in shackles, for nine months, had been denied bail before his trial, this before the prosecution's case collapsed, 58 of the 59 counts against him dropped. Dr. Lee pled guilty to just one count of mishandling classified material.

Well, after the judge ripped into the prosecution, President Clinton said he, too, was troubled by the way Dr. Lee was treated. But the man who fired Dr. Lee, Energy Secretary Bill Richardson, is not backing off. He told me he still stands by the allegations he made about Dr. Lee in an interview with us 14 months ago. So we've gone back to that conversation with Secretary Richardson to compare what he said about Dr. Lee then with facts that have come out since.

(BEGIN VIDEOTAPE)

(voice-over): We showed Mr. Richardson's original allegations to Stephen Schwartz (ph). He is executive editor of "The Bulletin of Atomic Scientists," the country's leading nuclear journal, and he has an encyclopedic knowledge of the matters at hand.

First, Schwartz watched what Secretary Richardson had told us about one key issue, whether Dr. Lee told the truth during lie-detector tests.

RICHARDSON: He tried to deceive the laboratory.

WALLACE (on-camera): How do you mean?

RICHARDSON: He was not up front. He failed two polygraphs.

WALLACE: Wait a minute. Two?

RICHARDSON: Yes. One from the Department of Energy and one from the FBI.

WALLACE: What about it, Mr. Schwartz? Did he fail two polygraphs?

STEPHEN SCHWARTZ: No, he did not. He received two polygraph exams. The first was on December 23rd, 1998. It was administered by an official with the Wackenhut (ph) Corporation, who was working for the Department of Energy. And he passed, by all accounts, with flying colors. He got about the highest score that you could get, and he showed no signs of deception.

WALLACE: Now, the other one, the FBI polygraph?

SCHWARTZ: Right. That occurred a couple months later. When they wired him up to the machine, they actually cut off, apparently, the circulation to his thumb, and his thumb went numb during the exam. This was also an unsecure room, and the examiner was asking him to provide very detailed classified information. And Dr. Lee said, "I can't do this. This is not a secure facility." Even with all of that, the results of that test were inconclusive.

WALLACE (voice-over): To explain why Dr. Lee was singled out in the first place, Secretary Richardson, in that conversation 14 months ago, brought up America's most sophisticated nuclear warhead, the W-88, and said he believed that the Chinese had gotten W-88 secrets from someone at Los Alamos, where Dr. Lee worked.

RICHARDSON: This incident at Los Alamos, where it has been clearly determined that the United States lost nuclear secrets--the W-88, which is a Trident 2 warhead--where we probably accelerated China's modernization of its nuclear weapons program.

WALLACE: And that Wen Ho Lee apparently is the

fellow who gave information on the W-88 to some Chinese scientist. That's the impression that everybody who has followed this story believes.

RICHARDSON: That is a legal case, and I'll let the Justice Department settle that.

WALLACE: Is there any evidence that Wen Ho Lee gave W-88 secrets to China?

SCHWARTZ: No, there's not any evidence. In fact, that was one of the first things to fall apart in this case. In fact, it never turned up in the indictment at all.

WALLACE: Secretary Richardson said it had been clearly determined that China got W-88 secrets from Los Alamos. Do the experts believe that today?

SCHWARTZ: No.

WALLACE (voice-over): Dr. Lee has acknowledged that over several years he copied huge amounts of classified material onto an unsecured computer and onto 10 tapes, 3 of which the government now has. The other 7, Dr. Lee says, he destroyed. He said he made the tapes to back up his work.

SCHWARTZ: Well, the other thing to keep in mind about this downloading is that it all occurred under the watchful eye of the computer officials at Los Alamos, who were monitoring transactions on the computer. They noted what Dr. Lee was doing. He didn't attempt to hide his tracks.

WALLACE (on-camera): Didn't Dr. Lee ask for help from his colleagues in destroying the tapes that he talked about?

SCHWARTZ: Well, he called tech support, and he said, "I can't get these files deleted." And they said, "Oh, you need to do this keystroke," and presumably, they could see what he was doing. And so he did that, and he deleted the files.

WALLACE: Is there any indication that he was, in fact, a spy?

SCHWARTZ: No. There's no evidence that Dr. Lee had any intent to do anything with this information other than use it as part of his job.

RICHARDSON: He violated America's security procedures.

WALLACE: There's no doubt, and I think he's acknowledged that he's done some things, but he is not alone, and you know that as well as I. Apparently, he's the only one who's been fired, or at least fired so publicly.

RICHARDSON: I felt that it was important because of these security violations, which are massive in themselves.

WALLACE: Is there any evidence that Dr. Lee gave any secret information to anybody?

SCHWARTZ: No, there's no evidence of that at all. And in fact, the government, of course, did not charge him with espionage. They charged him with intent to aid a foreign country, and it turned out that, of course, that's not--was not true.

RICHARDSON: All I know is that it is wrong and improper to download nuclear weapons information from the classified component of the computer to the unclassified. This was done. This is something that we are not going to tolerate.

WALLACE: John Deutch did the same kind of thing, the head of the CIA.

RICHARDSON: Well, I'm not going to get into that because that's, again, a law enforcement issue. And I believe that's been settled.

WALLACE: Has the John Deutch matter been settled?

SCHWARTZ: No. It's very much still pending.

WALLACE: What had he done when he was CIA director?

SCHWARTZ: He apparently not only took classified information from his office computers and transferred it to his home computers and a laptop computer that were connected to the Internet, but he also created classified documents at home, and he was aware, as he says now, that this was not something that he should have done.

WALLACE: Who was dealing with bigger secrets, John Deutch or Dr. Lee?

SCHWARTZ: Well, that's a very good question. Now it turns out that most, if not all of the information that Dr. Lee was working with, these files that he assembled, were somewhere between unclassified and confidential information, the lowest level of security classification at Los Alamos National Laboratory. The information that Dr. Deutch had on his computers was very secret. You had information about covert intelligence programs. All of that was certainly classified far beyond the level of the information that Dr. Lee was dealing with.

WALLACE: And yet the two men were treated in a totally different fashion.

SCHWARTZ: Right.

WALLACE (voice-over): Secretary Richardson also found fault with Dr. Lee's government-approved trips to China.

RICHARDSON: He had improper contact with members of the Chinese government without properly reporting them. He did not tell us he was talking to the Chinese and what he gave them information-wise.

WALLACE (on-camera): Wait, wait. He did not tell you that he was talking to the Chinese and what information he gave them?

RICHARDSON: That's right. He...

WALLACE: How do you know that he gave them information?

RICHARDSON: We know because he wouldn't tell us what he told them.

WALLACE: Dr. Wen Ho Lee had been to China twice with the OK of the DOE. He'd made speeches there twice with the knowledge and cooperation of the FBI. So somebody had dropped the ball someplace.

RICHARDSON: Oh, there's no question that our security people and many dropped the ball. That doesn't excuse the fact that this individual didn't tell us about all his Chinese contacts.

WALLACE (voice-over): Not so, according to Steven Schwartz, the widely respected publisher of "The Bulletin of Atomic Scientists."

(on camera): Did he hold back information that he should have made available?

SCHWARTZ: If he did, it was inconsequential. In fact, one of the reasons that this case turned around so dramatically--he did, in fact, file a report at Los Alamos when he returned from his China trips, explaining who he had met with and what he had discussed, which he was supposed to have done.

WALLACE: Did he, in fact, refuse to tell investigators what he had discussed with Chinese scientists?

SCHWARTZ: No. And certainly, when the FBI came to him, he was very cooperative, up until the point where the FBI started interrogating him and saying, "Remember the Rosenbergs, Wen Ho? They were electrocuted. You're going to be electrocuted, too. You could be electrocuted, too, unless you cooperate with us."

WALLACE: Wait. They really said this to him?

SCHWARTZ: Oh, it's incredible. In fact, one of the FBI agents who was in on this interrogation was so upset about it that she asked for a transfer afterwards because she felt it was just completely improper, the way that they handled it.

WALLACE: A quote from one Washington journalist: "Wen Ho Lee's biggest crime may simply have been to be the wrong ethnicity in the wrong place in the wrong election year."

RICHARDSON: I'm a Hispanic-American. I have gone out of my way to send a message to the Asian-American community that we will not tolerate discrimination. We're not racially profiling anybody.

WALLACE: Do you think that Wen Ho Lee was singled out because of his ethnicity?

SCHWARTZ: That appears to have played a major part in this case. It turns out there were a number of other people handling this information that weren't even looked at, let alone investigated. They weren't considered at all. And you've got to ask, why was that? And the only explanation I can come up with is that it had something to do with where Wen Ho Lee came from and what he looked like. And that's just--that's unfortunate.

WALLACE: And apparently, there's been a diminution, if you will, of Chinese scientists applying to work at places like Los Alamos as a result of this.

SCHWARTZ: Oh, absolutely. We're crippling the ability of these laboratories to hire the best and the brightest. And in this case, in this country, the best and the brightest often happen to be Asian-Americans.

WALLACE: "Let's make this guy the scapegoat."

RICHARDSON: No. No, no. There was no effort to scapegoat this man. We have tried to protect his legal status, his reputation, as much as we can.

WALLACE: Oh, Mr. Secretary, you've tried to protect his reputation? You've ruined the man's life.

RICHARDSON: He violated America's security procedure.

WALLACE: Why'd you fire him in such a public manner?

RICHARDSON: We--we made a press release, and because of the furor over this issue, it immediately snowballed. We expected that, and I am not apologizing for the way we did it. And this man, I understand his concern about, before the legal process takes place--of being part of a media circus that I don't believe anybody's responsible for.

WALLACE (voice-over): But now the White House says "The New York Times" is partly responsible for that media circus because way back in March of last year, the "Times" reported that a scientist at Los Alamos was suspected of being a Chinese spy. Two days later, Richardson fired Dr. Lee.

SCHWARTZ: I'm sure they saw that it was an incredibly sexy story that would make incredible headlines, as it obviously did. But I think they also should have stepped back and said,

"Wait a minute," you know, "we're about to really ruin somebody's life here."

WALLACE: In that interview 14 months ago, I reminded the secretary about Richard Jewell, who'd been accused in the press of setting a bomb during the Atlanta Olympics, but who was eventually exonerated. His name was brought up by Christopher Cox, chairman of the House committee that investigated the loss of nuclear secrets to China.

(on camera): Christopher Cox says this could be Richard Jewell all over again.

RICHARDSON: Well, I have my serious doubts about that, and we will find that out.

WALLACE: If it is Richard Jewell all over again, will you give him his job back?

RICHARDSON: Of course not. He violated our security procedures on a massive scale. He will never go back to Los Alamos. He will never, I am sure, get any kind of government job.

WALLACE (voice-over): Perhaps the last word should go to Dr. Lee and what he told us 14 months ago.

WEN HO LEE: I devote the best time of my life to this country, to make this country stronger, particularly in the nuclear weapon area.

WALLACE (on-camera): Did you at any time pass any information, any U.S. nuclear secrets, to the People's Republic of China?

LEE: No. I never have done that, and I have no intention of doing that at all, period.

(END VIDEOTAPE)

WALLACE: But in a phone call last Thursday, Secretary Richardson told me he not only stands by the answers he gave us 14 months ago but that Dr. Lee's ordeal is not over. He told me there are some very serious additional problems Dr. Lee has and that there will be more information coming out.

MIKE WALLACE, CBS ANCHOR: About half a century ago, I presided over a daily radio program on CBS featuring interviews with a diverse group from former first lady Eleanor Roosevelt to stripper Lilly St. Cyr (ph). A remarkably resourceful young Texan was responsible for finding these interviewees, and back then I had no notion that this transplant from Texas would go on to become a celebrity herself. For Liz Smith is now one of America's top gossip columnists. She currently earns in excess of a million dollars a year.

Now, obviously, Ms. Smith knows a lot of things about a lot of people, and she tells all--well, almost all--in her brand-new memoir "Natural Blonde." But here's what we found out about her.

(BEGIN VIDEOTAPE)

UNIDENTIFIED STAFFER: Smith office. Barbara Walters on 2.

LIZ SMITH: Hello, darling.

WALLACE (voice-over): Her column appears in 70 newspapers across the country.

SMITH: Are you still a big star, like you were the last time we talked?

WALLACE: And assisted by her staff of three, Liz assembles it in this cluttered office on the East Side of Manhattan.

SMITH: Well, hello, Mr. Mackey. How are you?

WALLACE: Mike Nichols called while we were there.

SMITH: I'm glad you're OK. And I love you, too, darling. Thank you for calling me. Bye-bye.

WALLACE (on-camera): What was the matter with him?

SMITH: He's sick. He's been sick.

WALLACE: Everybody--politicians, sports figures, actors, actresses--they all answer your calls.

SMITH: Well, I can't ever recall having anybody not answer a call, but I can't say that people are all friendly and loving to me. They're not. Mel Gibson doesn't like me. Sean Connery doesn't like me. And I just love both of them.

WALLACE: You go to such a number of parties and awards and ceremonies and--don't you ever get tired of it?

SMITH: Sure. I get really tired of it. If I had a more divine private life, maybe I would just eschew some of that, but I'm always--think I'm going to miss something if I don't go.

WALLACE (voice-over): And when she goes, as here at the "Vanity Fair" Academy Awards party, she's a star, of sorts, in her own right. Other reporters respect Liz. Here she is back in 1987 with the likes of ABC Newsman Peter Jennings and former "Washington Post" publisher Katherine Graham at a symposium on ethics and the press. The discussion: When should mainstream newspaper editors publish a story about a politician and his mistress?

SMITH: While these editors are--are waiting to be completely certain and fair, the "National Enquirer" has already paid \$25,000 for the picture.

These are really sticky wickets, you know? The whole idea of what I do for a living, the whole idea of what you do for a living, what "The Times" does, what the "National Enquirer"--we're all sort of in bed together. And yet some of us are grander than others and...

WALLACE: Hypocritical.

SMITH: That's right. But I have to--I've had to hunker down and say, "OK, basically, yes, I'm a gossip columnist." I'm just not a very good one, I don't think. I think I'm more an observer.

WALLACE: You know what I didn't like that you wrote?

SMITH: What?

WALLACE: About Harry Reasoner.

SMITH: What did I write about Harry...

WALLACE: You wrote about...

SMITH: Oh, I was outraged by him!

WALLACE: Yeah. Why?

SMITH: I thought he acted awful. I thought he was a terrible male chauvinist.

WALLACE (voice-over): The late Harry Reasoner, of course, was an original "60 Minutes" correspondent who defected to ABC in the 1970s to anchor their evening newscast with Barbara Walters.

(on camera): You felt that he treated her badly.

SMITH: Right. Well, I have my prejudices.

WALLACE: And this man was the heart of America.

SMITH: Well, I'll have to apologize to his shade.

Listen, I've made a lot of mistakes in judgment. I'm not always right, and I don't pretend to be even-handed, either.

WALLACE: Who's your worst enemy?

SMITH: My worst enemy? You know, I--I don't know. I mean...

WALLACE: Frank Sinatra used to be.

SMITH: ... some of them have died. I've survived a few people. Yes, Frank Sinatra was a pretty damn good enemy to have.

WALLACE (voice-over): As a teenager, she loved the crooner, saw him perform live, went to all his movies. But by the '70s, Smith says that she was offended by his behavior, his hubris, and she wrote about it in her column. In print, she called him a bully, and he let her have it.

(on camera): He really despised you.

SMITH: He did. He was very angry at me because I criticized him for attacking women all the time.

WALLACE: He called you, from the stage, I believe, of Carnegie Hall or someplace, a "fat, ugly broad."

SMITH: Right. But I was sort of hurt that he said I was fat--oh, this is what he--"fat, ugly and old."

WALLACE: And then you wound up falling in love with him again.

SMITH: Well, he finally decided he wanted to meet me. I think he--I think he sort of liked my guts. I mean, he couldn't believe I would just go on not trying to suck up to him.

WALLACE (voice-over): She's always been gutsy. She was born 77 years ago in Fort Worth, and growing up in Texas in the late 1920s and early '30s, Smith says, she was a tomboy.

SMITH: I never took my mother as a role model because she was always doing something I hated, like washing dishes or some--you know.

WALLACE (on-camera): Your father called you his "best boy."

SMITH: Yes. Well, that probably didn't do me any good, but he did when I was very young because I would ride horses and my brothers were--they didn't--I was more malleable. I wanted to please him so much.

WALLACE (voice-over): Her father was addicted to gambling.

SMITH: When he died, he had one suit, and didn't leave my mother anything. And I was always really disdainful of this. I disdained his gambling. I was very high and mighty about it.

WALLACE: Nonetheless, his winnings in a horse race sent her here to study journalism at the University of Texas in Austin.

(on camera): Do you ever say, "Hey, I went to journalism school here. I'm writing a gossip column?"

SMITH: (laughs) Well, I was writing a gossip column here while I was in journalism school.

WALLACE: Were you?

SMITH: So I had early--I was early led off the path of righteousness.

WALLACE (voice-over): Before she enrolled here, Smith was married briefly to an air corps pilot. At the university after her divorce, she fell in love again.

(on camera): You fell in love here.

SMITH: I did. Unfortunately. It was an unfortunate experience, the wrong sex person. It wasn't easy.

WALLACE: You fell in love with a woman.

SMITH: I did. And I couldn't have been more shocked and surprised. And of course, naturally, it all exploded, and her parents took her out of school. And this was a--it was a tragic, epic, romantic, silly, emotional moment for me.

WALLACE: But your dad and mother were...

SMITH: They were pretty unhappy with me.

WALLACE: ... horrified.

SMITH: And they had done so much for me. It was terrible to make them so unhappy.

WALLACE (voice-over): Her mother told her she'd committed a sin. Her father wouldn't speak to her for three months, but eventually made peace with her. And then in 1949, she departed for New York City and never looked back. First she worked at "Modern Screen" magazine and interviewed Rock Hudson.

SMITH: He would tell me the story of his--unhappy story of his marriage and things like that. And I'd go home and doodle on the pad by my bed, "Mrs. Rock Hudson." I had a real crush on him.

WALLACE: Liz worked at "Newsweek," CBS, NBC, "Sports Illustrated," and for 11 years "Cosmopolitan" magazine. In 1976, her own gossip column premiered in the "New York Daily News," and she made news with countless inside stories about Elizabeth Taylor's life, exclusives about Donald and Ivana Trump's divorce. That's when the late journalist William Henry attacked Liz Smith in "Time" magazine.

SMITH: What I took exception with Bill Henry was that "Time," using the Trump divorce and me as a bad example of what had happened to American journalism, the depths to which it had fallen. They interviewed me exhaustively for this story, whereupon they wrote their own version of the history of gossip, using everything I had told them and then making fun of me. This was funny.

They said--the first thing they said to me was, "Have you had your face lifted?" "Are you gay?" I was just amazed. And then they said I was a very trivial person. I sort of thought "Time" had gotten pretty trivial.

WALLACE (on-camera): Have you had your face lifted?

SMITH: (laughs) Yes! Of course I have!

WALLACE: Are you gay?

SMITH: I don't characterize myself sexually. I don't--I wouldn't like to do that.

WALLACE (voice-over): Along the way, Smith was married a second time to a South African travel agent. It lasted only five years. And then, in 1977, she met archeologist Iris Love (ph), and they remained companions for 15 years. They're still close.

SMITH: I think at my great age, I should get a pass on this because it isn't germane anymore.

WALLACE (on-camera): It isn't?

SMITH: No.

WALLACE: It certainly is nothing to be--to feel shame about.

SMITH: I'm not ashamed. I've had a wonderful time.

WALLACE: You know something? In the book, you make it apparent that along the way, you had a serious sense of inferiority.

SMITH: You know, I think almost everybody does who's worth anything and trying to get anywhere. I think...

WALLACE (voice-over): To overcome her insecurity, Smith sought the help of a therapist name of Mildred Newman, co-author of the book ``How to Be Your Own Best Friend."

SMITH: And she did me a lot of good.

WALLACE (on-camera): What kind of good?

SMITH: She literally said to me, ``Why do you feel you don't have the right to be a success?" I was a terrible subject for analysis. I had a hard time `fessing up about anything.

WALLACE: How long ago was this?

SMITH: About my real feelings. Oh, it was a long time ago, in the `70s. I just got out of my own way almost instantly. I quit having writer's block. I started just banging out stories, finishing them on time, meeting deadlines. So she was very helpful to me.

WALLACE (voice-over): And Smith discovered just how helpful and influential she could be. Example: If she couldn't be Mrs. Rock Hudson, at least she could be his protector.

SMITH: He told me that he was being--going to be blackmailed by a certain woman, who he knew that I knew. And she was going to sell the story that he was gay to the tabloids. And I said, ``Well, I happen to know a lot about this woman." I was just furious at that. I couldn't believe anybody would do such a thing. So then I did something that probably wasn't too upstanding and upright. I sent him all my information on this woman. He went to her and talked to her, and that was the end of her blackmail. I should have let him just tough it out, I guess.

WALLACE (on-camera): You don't feel that way, do you? You don't.

SMITH: No, not really! I really think this was a bad woman. I was glad we could vanquish her for the moment.

WALLACE: You are kind of a knee-jerk, do-good, bleeding-heart...

SMITH: Sounds pathetic, doesn't it. Oh, I guess I'm--I'm a real liberal revolutionary at heart.

WALLACE (voice-over): Case in point: Every year at Lincoln Center, she gathers her wealthy friends to raise money for literacy.

SMITH: So I want to introduce you to Louise Ellison (ph). She's one of our students. And now she has become a reader and a writer.

WALLACE: Smith has raised more than \$20 million, plus a lot of self-esteem among the people she helps.

LOUISE ELLISON: But look at me now! I am learning how to read! I thank you, and God bless all!

WALLACE: They're all here for Liz: the authors, the business types, the rich and the famous. The girl who once said that she was always on the outside looking in is now very much an insider. She'll even be in here. When Madam Toussaud's Wax Museum opens its doors in Times Square this fall, Liz Smith will stand alongside Tina Turner, the Dalai Lama, Madonna, Golda Meir and Ronald Reagan.

(on camera): What, if anything, haven't you done that you want to do?

SMITH: Well, I wanted to win the Pulitzer Prize. Didn't seem like it was in the cards. I wanted to marry for love. That didn't happen.

WALLACE: Well, you were married twice.

SMITH: I know. But I mean, it didn't work out. It wasn't their fault, it was my fault.

WALLACE: Children?

SMITH: I would have been awful parent. I was too self-involved, narcissistic, ambitious. I wanted to make it.

WALLACE (voice-over): And she did.

(END VIDEOTAPE)

STEVE KROFT, CBS ANCHOR: You may never have heard of the Bishop Estate, but it's the largest charitable trust in the United States. The source of its enormous wealth--about \$10 billion--goes back more than 100 years to the lush hillsides and beaches of Hawaii. It benefits just a small group of people, but as we first reported last April, its political power and influence reaches beyond Waikiki into Wall Street and into the nation's capital.

Until recently, its operations and investments were mostly secret, known only to the people who ran the Bishop Estate and those it did business with. But a series of scandals have changed all that. It's been the biggest story in Hawaii since Pearl Harbor and a window on power and politics in our 50th state.

(BEGIN VIDEOTAPE)

(voice-over): Once upon a time, before Hawaii became a state or even a U.S. territory, before there were hotels on Waikiki beach or surfers riding the waves, back when Hawaii was an independent kingdom, there was a beloved princess named Bernice Pauahi, who turned her back on the throne and took the hand and the name of an American adventurer named Charles Bishop.

(on camera): When the princess died in 1884, she left 400,000 acres, nearly 10 percent of all the land in the Hawaiian islands, as a gift to the country's children. Her will created a trust for the sole purpose of building a school to educate the island's young people.

(voice-over): Today that school commands 600 acres overlooking Honolulu. For years it was the richest educational institution in the United States, with more money than Harvard or Yale or Princeton, an elite private academy, kindergarten through 12th grade, for just 3,000 students of native Hawaiian descent. But as prosperous as the Kamaia Maia (ph) School seemed to be, the charitable trust the princess set up to run the school was doing even better.

MARJORIE BRONSTER: The Bishop Estate was and is probably the most powerful single entity within the state.

KROFT: Former Hawaii attorney general Marjorie Bronster says the Bishop Estate was unlike any charity she'd ever seen.

BRONSTER: Their tentacles were everywhere, in the business dealings, in the legislature and everywhere.

KROFT: The assets included hundreds of thousands of acres of prime Hawaiian real estate--beachfront hotels, office towers and shopping centers. It developed a country club outside Washington for the nation's business and political elite. And at one point, it owned 10 percent of the Wall Street investment house Goldman Sachs. And that's just scratching the surface.

BRONSTER: They owned a bank in China. They owned off-shore reinsurance companies. I mean, you name it. They were involved

in everything.

KROFT: And all for the benefit of a school with just a few thousand children in Hawaii. But what was supposed to be a tax-exempt charitable trust devoted to education was behaving very much like an international conglomerate. While it was raking in hundreds of millions of dollars every year, the Bishop Estate was spending less than half of that on the school and serving just 6 percent of the eligible children in Hawaii.

RANDY ROTH (ph): They acted as though the trust was there for them, and if there was some sort of trickle-down benefit to others, well, that's OK, but they acted as though it was all there for them.

KROFT: One of the first people to suspect that something was amiss was Randy Roth of the University of Hawaii, the only professor of trust law in the entire state. He says the five trustees who ran the Bishop Estate were violating their legal duties to carry out the princess's will.

(on camera): What were their duties as trustees?

ROTH: Well, first and foremost, undivided loyalty to the interests of the beneficiaries. No matter what, the interests of the beneficiaries have to come first.

KROFT: That's the children of Hawaii.

ROTH: The children of Hawaii. And these trustees just made a mockery of that.

KROFT (voice-over): Roth says people were afraid to do anything because the trustees included some of the most powerful people in Hawaii: a former speaker of the legislature, a former president of the state senate and a close confidant of a governor, who were all appointed by supreme court justices they had helped select.

(on camera): Good job, being a trustee?

BRONSTER: Well, if being paid \$800,000 a year helping to run a charitable organization is a good job, I guess so.

KROFT (voice-over): Who was it that decided that the trustees deserved that kind of money? Why, the trustees, of course.

BRONSTER: And when we started making noise about it, they increased their salary from \$800,000 a year to over a million dollars a year each.

KROFT: For Henry Peters (ph), being a trustee wasn't even a full-time job. For 10 of his 14 years as a trustee, he was also a member of Hawaii's house of representatives and served as its speaker.

(on camera): What about the million-dollar salaries?

HENRY PETERS: Oh, well...

KROFT: Don't you think that's a little greedy?

PETERS: I don't know as you would characterize it as--as greedy.

KROFT: Other people have.

PETERS: Yes, they have.

KROFT (voice-over): Although most charities pay their trustees nothing, Peters makes no apologies for his compensation and says he and the other board members were worth every penny. They paid themselves a percentage of the estate's income. The more the trust took in, the more they took home.

PETERS: It's a commission. It's not a salary.

KROFT (on camera): And a commission on what?

PETERS: On income and gains. I mean, if you made zero, then 2 percent of zero is zero. We received 2 percent.

KROFT (voice-over): Essentially, the trustees operated the Bishop Estate as a huge investment fund, with them calling the shots. In her will, which is now carved on the walls of the school chapel, the princess demanded full public disclosure and accountability from her trustees. But not even the Hawaiian court that oversees charitable trusts could get complete records or get the Bishop Estate to obey its court orders.

BRONSTER: In the mid-'80s, the court said, "We're really concerned that you've accumulated about \$50 million to \$60 million. Spend it."

KROFT (on-camera): Did they spend it?

BRONSTER: No. Not only did they not spend it, but they used it to continue to build their financial empire, and at the same time, they were cutting programs because they didn't have enough money.

ROTH: It's a \$10 billion trust. It's the most important private institution in this state. They're ignoring court orders. Everyone's just saying, "Well, you know, I'm sure it'll all work out."

KROFT (voice-over): For years, most Hawaiians were willing to overlook all of this. Traditionally, they tend to be non-confrontational and slow to anger. They respect their institutions and considered Princes Pauahi, the school and the Bishop Estate a sacred link in their history. But even they finally lost their tempers when trustee Lokilani Lindsay (ph), a former hula dancer, gym teacher and school administrator from Maui, decided she was personally going to run the Kamaia Maia School.

ROTH: She decreed that the kindergarten kids and the 1st-graders had to be able to recognize her and the other trustees, and she wanted that by Christmas of that year.

KROFT (on-camera): The kindergarten kids had to know the names of the trustees?

ROTH: You have to laugh. And yet that's just one little example of how she ran this as if she were the empress.

KROFT (voice-over): The Western Association of Schools and Colleges, which accredits educational institutions, agreed, citing an oppressive, intimidating and fearful professional climate during Lindsay's tenure.

LOKILANI LINDSAY: I can't change what they perceive me to be. And I can't change the allegations they've lodged against me!

KROFT: But her behavior didn't inspire many tears among members of the school community. In fact, it provoked a group of students, parents and alumni of the Kamaia Maia School to do a very un-Hawaiian thing: They staged a protest march, demanding to meet with the trustees.

SAM KING (ph): But if the trustees had sat down and conferred with them, none of this would have happened, and they could have kept going on their merry way, ripping off the trust without the beneficiaries worrying about it.

KROFT: For federal court judge Sam King, the march was the last straw. King joined Professor Roth and several other Hawaiian elders with unassailable reputations to co-author a manifesto cataloging the abuses of the Bishop Estate. But the "Honolulu Advertiser," the

state's most important newspaper, declined to publish it, so they took it to the much smaller "Honolulu Star Bulletin," which ran it the very next day under the headline "Broken trust."

(on camera): What happened when the article was published?

KING: The oatmeal hit the fan!

(LAUGHTER)

KROFT (voice-over): Within days, Governor Ben Kayatano (ph) ordered Attorney General Bronster to begin a full-scale investigation, and the results confirmed everyone's worst suspicions.

(on camera): Not only was the Bishop Estate the most powerful institution in Hawaii, over the years it became a multi-billion-dollar candy store for the state's political establishment. The trustees handed out jobs and contracts to friends and relatives, used the estate's funds for their own personal expenses, and at times pursued investment policies that looked like they were designed to line the trustees' pockets.

(voice-over): Take the million-dollar investment in KDB Technologies, an Internet company that was supposed to provide movie actors' resumes to casting directors and also offered an Internet dating service. Not only was it an unusual investment for a charity, but the deal seemed to carry with it a proviso that the brother-in-law of Bishop Estate trustee Dickie Wong (ph), a former Hollywood executive, get a six-figure consulting contract. Fellow trustee Lokilani Lindsay told us that the board members were just trying to protect their investment.

LINDSAY: Our trustees said, "Well, if we're going to do this, and it involves the movie industry, then what we need to do is get somebody who knows more about it than us."

KROFT (on-camera): Don't you think it's curious that they decided to hire a relative of Dickie Wong?

LINDSAY: No.

KROFT (voice-over): Nor did the trustees find anything curious about the estate's treatment of Milton Holt (ph), the state senator whom the trustees made their special projects officer. They even gave him his own credit card, which he used from Honolulu to Las Vegas.

BRONSTER: And it appeared that there was something untoward about some of these expenditures. I think some of them were at Saigon Passion III.

KROFT (on-camera): And that would be?

BRONSTER: It was probably best described as a nude bar.

KROFT (voice-over): When the estate tallied up more than \$20,000 of the princess's money spent in strip clubs, casinos and bars, it asked for repayment, then rewarded Holt with a salary bonus in the exact same amount of the improper expenses plus taxes. Henry Peters believes it was just a coincidence.

(on camera): So you're saying there was no connection between the bonus he received and the \$20,000 in expenses he had to pay back?

PETERS: None whatsoever. None whatsoever.

KROFT: Even though it was roughly the same amount?

PETERS: And it could be purely circumstances.

KROFT (voice-over): On top of it all, when the

public finally got a look at a court-ordered audit, it turned out the trustees weren't the financial geniuses they'd claimed to be. The Bishop Estate had been getting just 2 percent return on its investments.

(on camera): Right in the middle of a bull market.

ROTH: Right in the middle of a bull market.

KING: Yes.

KROFT: How do you explain that?

KING: Well, they didn't know what they were doing!

(LAUGHTER)

ROTH: They argued that they were worth a million dollars each year because they were functioning as CEOs. Well, if they applied for a job anywhere else as CEO of a large financial institution, they wouldn't get to the door. It would--it would be the joke of the office.

KROFT (voice-over): Last year, the Internal Revenue Service had had enough and threatened to end the Bishop Estate's tax-exempt status unless the trustees were removed. By year's end, they were gone, replaced by an interim board.

ROTH: They literally set a world record of breaches of trust. They could not have done it worse if they had tried to do a poor job.

KING: And they don't believe it themselves. But that--that to me is very upsetting.

KROFT: In fact, Henry Peters told us the only mistake the trustees made was not to buy the "Star Bulletin," the newspaper that dared publish the "Broken trust" manifesto that led to their downfall.

PETERS: I think we would have bought "Star Bulletin," our local newspaper. And at least we'd have had a chance to have our side of the story told because that certainly has not been the case to date.

KROFT (on-camera): That was the one thing you couldn't control.

PETERS: Absolutely.

(END VIDEOTAPE)

KROFT: The state of Hawaii demanded that the trustees repay the estate more than \$75 million, but it seems the trustees' luck is holding and they may not have to pay a cent personally. It turns out the Bishop Estate had an insurance policy that covers mismanagement by the board. Henry Peters still faces a \$6 million claim from the IRS, and the state is still considering criminal action against some of the former trustees.

(COMMERCIAL BREAK)

ED BRADLEY, CBS ANCHOR: Andy, once again, what is it that each of us faces every day of our lives?

(BEGIN VIDEOTAPE)

ANDY ROONEY, CBS NEWS: Each of us faces an important question every day of our lives. The question is this. Should we clean up when we finish or leave it till later? How people answer this question divides the nation into two groups: type A and type B.

We hang our pajamas in the closet and make the bed as soon as we get out of it.

We hook our pajamas on the doorknob and leave the bed unmade until we come home at night, if the bed is lucky. The other thing we do with beds is we never make them.

After our shower, we hang up our towel to dry.

We drop our wet towel on the floor.

We have breakfast with skim milk. We read the front page of the newspaper first.

We grab a cup of coffee, get something out of the refrigerator and turn to the sports page to see who won.

When we finish, we wash the dishes and put them back in the cupboard where they belong.

We pile the dishes in the sink.

After breakfast, we press what we're going to wear.

And when we finish, we coil up the cord and put the iron back in the box it came in.

We wear it wrinkled. If we do use the iron, we stuff it back in the closet with the cord hanging down. We don't keep the box anything comes in. If it breaks, we can't find the guarantee.

We get in our car that has a full tank of gas and drive to work. We have plenty of time, and we don't go through yellow lights.

We think we probably have enough gas, even though the gauge is on empty. We're late, and if we see a yellow light, we speed up.

When we get to work, we know where everything is because we put everything where it belongs before we left last night.

We left everything where it was when we quit last night and go right to work, although quite often we can't find what we were working on.

We get our papers out of the file.

We don't file things, we pile things.

There's never been a study done on whether type A or type B accomplishes the most in life, but a strange relationship exists between them. Type B people have contempt for type A people, but they wish their lives weren't in such a mess. Type A people, on the other hand, are annoyed by type B people, but they secretly suspect we have more fun.

(END VIDEOTAPE)

BRADLEY: I'm Ed Bradley. We'll be back next week with another edition of 60 Minutes.

END

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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TEXT:
Inside Politics

Gore Stumps in Tennessee; Bush Visits Florida; DNC,
Gore Campaign Attack Bush's Education Record

Aired October 25, 2000 - 5:00 p.m. ET

FINAL THIS IS A RUSH TRANSCRIPT. THIS COPY MAY NOT BE IN ITS
FORM AND MAY BE UPDATED.

(BEGIN VIDEO CLIP)

GOV. GEORGE W. BUSH (R-TX), PRESIDENTIAL CANDIDATE: I
know it's

Halloween time, and I know the man is trying to scare
you into the voting booth.

But not this time, Mr. Gore, and not this year.

(END VIDEO CLIP)

JUDY WOODRUFF, CNN ANCHOR: George W. Bush steps up his
appeal to
voters in Florida. Is he spooked about his chances
there?

(BEGIN VIDEO CLIP)

AL GORE, VICE PRESIDENT OF THE UNITED STATES: His plan
does not

test a single new teacher, does not reduce the size of a
single class, and does not
turn around a single failing school.

(END VIDEO CLIP)

BERNARD SHAW, CNN ANCHOR: Armed with a new study, Al
Gore opens
fire on Bush's education plan and his Texas record.

(BEGIN VIDEO CLIP)

RALPH NADER, GREEN PARTY PRESIDENTIAL CANDIDATE: It's
not my
problem to worry about Al Gore's vote. He's got to earn
his votes.

(END VIDEO CLIP)

WOODRUFF: Ralph Nader talks to us about charges that

he's robbing Gore of
needed support.

Plus...

(BEGIN VIDEO CLIP)

UNIDENTIFIED MALE: Well, I invented the Internet.

UNIDENTIFIED MALE: Uh-huh.

UNIDENTIFIED MALE: Lots of other stuff, too.

UNIDENTIFIED MALE: Once my mom thought I was my dad.

UNIDENTIFIED MALE: Space shuttle, that was mine.

UNIDENTIFIED MALE: On the phone, people think I'm my
dad.

(END VIDEO CLIP)

SHAW: Commercials that play politics for laughs.

ANNOUNCER: From Washington, this is INSIDE POLITICS,
with Judy
Woodruff and Bernard Shaw.

SHAW: Thank you for joining us.

If Al Gore and George W. Bush had their druthers, both
probably would be
campaigning someplace else this day. Gore was forced to
stump in his home
state, Tennessee, where polls show he's running
neck-and-neck with Bush. And
Bush felt the need to swing through Florida, where his
brother is governor, and
where a new poll shows he's leading Gore by five points.
Yesterday, another
survey in that state had them tied.

We begin our coverage with Bush, the battle for Florida,
and CNN's Candy
Crowley.

(BEGIN VIDEOTAPE)

CANDY CROWLEY, CNN CORRESPONDENT (voice-over): George
Bush and
company traveled the I-4 corridor Wednesday, a vital
political artery where
Florida's tight race may well be won or lost.

G. BUSH: I said, I'm telling you, this place is on fire.

(APPLAUSE)

CROWLEY: Drawing overflow, raucous crowds along the way,
Bush rolled
from Daytona Beach to Sanford in greater Orlando and to
Brandon in the Tampa
area. He did not roll alone.

GOV. JEB BUSH (R), FLORIDA: I told my brother that we
are going to carry
Florida. Is it going to happen?

(APPLAUSE)

CROWLEY: Florida Governor and brother Jeb Bush was
charged with firing up
the grassroots. Former rival John McCain made it a
threesome. His war-hero
credentials made him a natural in the courtship of the
state's growing and
politically active veteran population.

SEN. JOHN MCCAIN (R), ARIZONA: We just saw in the
tragedy that befell
those brave young Americans on board the USS Cole that
we still live in a very
dangerous world. We need a steady hand on the tiller. We
need the kind of
leadership that George W. Bush and Dick Cheney will
provide this country, so
we can not have those kinds of tragedies ever happen
again.

(APPLAUSE)

CROWLEY: It is hard to see how Bush could win the
presidency without
Florida, and impossible to see how he can win Florida
without seniors. Bush
took on that courtship, playing offense against Al
Gore's prescription drug plan.

G. BUSH: He calls it a pharmaceutical-benefit manager.
But it works like an
HMO. It acts like an HMO. It quacks like an HMO. He can
call it a PBM, but
that's Washington talk for HMO.

CROWLEY: But on Social Security, Bush is playing a bit
of defense, countering
Gore charges that Bush's plan -- allowing younger
workers to invest a part of
their Social Security taxes -- threatens existing

benefits.

G. BUSH: I know it's Halloween time. And I know the man is trying to scare you into the voting booth. But not this time, Mr. Gore, and not this year. We've got a plan that says to our seniors -- a plan says to our seniors: We're going to keep our promise. "

CROWLEY: At every stop, Bush tells voters the Clinton-Gore administration has been promising Social Security and Medicare reform, as well as prescription drug coverage, for eight years.

G. BUSH: I want to remind you all that the vice president is going around the country saying, "You ain't seen nothing yet." I agree, Mr. Vice President, we ain't seen nothing yet. But you're going to under a new president and vice president of the United States.

CROWLEY (on camera): Bush strategists hope that this is the trip that finally nails down Florida into the Bush column. But if it isn't, rest assured, they'll be back. Florida is that important.

Candy Crowley, CNN, Orlando.

(END VIDEOTAPE)

WOODRUFF: And now to Al Gore in Tennessee.

As our Jonathan Karl reports, the vice president took advantage of new ammunition to attack Bush on the education issue.

(BEGIN VIDEOTAPE)

JONATHAN KARL, CNN CORRESPONDENT (voice-over): Campaigning on his home turf, Vice President Gore made his sharpest and most detailed attack yet on George W. Bush's educational proposals.

GORE: A closer look reveals that his plan doesn't test a single new teacher, doesn't reduce the size of a single class, and doesn't turn around a single failing school.

KARL: In the latest in a series of speeches outlining what the campaign calls "the big choices" facing voters in this election, Gore offered a point-by-point critique of Bush's educational proposals. He started by questioning Bush's priorities.

GORE: He would give more in tax cuts to the wealthiest 90,000 multi-millionaires than he would give in the form of all the new investments he has proposed to make in all 90,000 public schools combined.

KARL: The Bush campaign called that charge ridiculous, accusing Gore of defending the educational status quo. Gore also accused Bush of playing -- quote -- "educational roulette" with his plan to give poor parents in failing schools private school vouchers.

GORE: Governor Bush says he doesn't want a national superintendent of schools, but his mandatory voucher plan would make Washington, D.C. a national private school headmaster.

KARL: At the center of the Bush plan is mandatory testing of students to hold schools accountable. But Gore cited a new study by the RAND Corporation that raises questions about Bush's claim of improving test scores in Texas. Gore said Bush's plan, like his record, is hollow.

GORE: We need to measure performance with tests that have integrity, and we need to put an end to what's called "teaching to the test" and any other shortcuts that produce illusory test scores.

KARL: A Bush spokesman pointed out that Gore has repeatedly said he agrees with Governor Bush on accountability. And the Bush campaign calls the latest RAND study flawed, pointing to an earlier study by the same think-tank that credited testing in Texas for educational improvements in the state.

GORE: How about the economy? Are things going pretty well for you?

UNIDENTIFIED MALE: We -- we all talk about the economy.

KARL: Earlier, Vice President Gore started his day by talking economics over breakfast with a group of Nashville firefighters.

UNIDENTIFIED MALE: Is there any way to -- I know you are talking about new schools and more teachers. Is there any way to do it without raising taxes?

GORE: Yes.

KARL: Gore finds himself fending off a tough challenge in Tennessee, where recent polls show the race statistically tied.

(END VIDEOTAPE)

KARL: The Gore campaign is quick to point out that, while the vice president is fighting for support in his backyard, Governor Bush is fighting for support in his brother's backyard -- the Gore campaign saying they have got a tough challenge.

They are acting very tough against Bush in Florida, which is a traditionally Republican state, with more than twice as many electoral vote as Tennessee --

Bernie. SHAW: Jonathan Karl, thank you.

Now, let's take a closer look at that RAND study Gore is using against Bush, and what it says about the Texas governor's record on education.

Here is CNN's Pat Neal.

(BEGIN VIDEOTAPE)

PAT NEAL, CNN CORRESPONDENT (voice-over): Throughout the campaign,

Governor George W. Bush has pointed to what's happening in Texas classrooms

as proof his education policies get results. But a new study by the nonpartisan

RAND Corporation questions whether high-stakes testing is an accurate measure of achievement in Texas.

BRIAN STECHER, AUTHOR, RAND CORPORATION STUDY: Scores of students in Texas have been rising dramatically on the Texas test. But at the same time, scores of students on a nationally renowned test that's given in Texas

have not been rising.

NEAL: Also, the report says, while state-testing reveals closing between white and minority students, national tests reveal the gap has widened. The Bush campaign dismissed the report as not thorough, biased, and says its release is politically motivated.

KAREN HUGHES, COMMUNICATIONS DIRECTOR, BUSH CAMPAIGN:
The timing of this opinion -- this 14-page opinion paper conducted by four researchers is highly suspect. And the conclusions are dead wrong, and at odds with every credible study of the facts that has been done throughout the last several years.

NEAL: The campaign cites another extensive RAND study from July that states education reforms in Texas resulted in some of the highest achievement gains in the country. RAND says the reports cannot be compared. The July study looks at states' performance nationally. This one focused just on state-testing. The report speculates the scores were -- quote -- "inflated or biased because teachers taught to the test."

STECHER: And they tend to narrow the curriculum to focus more on what's on the test.

NEAL: In our last visit to Texas schools, students and teachers said that is a common practice.

UNIDENTIFIED FEMALE: What also ends up happening is then a teacher will base their entire curriculum just around a certain test.

MARGARET LAMONTAGNE, BUSH EDUCATION ADVISER: Teachers are just so tired of teaching the TAAS, because we do teach to the TAAS, obviously.

NEAL: Vice President Gore was quick to seize on the study's results. GORE:
The study reported that, contrary to all that we've been told, the achievement gap for Texas students has not narrowed. It has widened.

NEAL: Also seizing the issue, overnight, the DNC produced an ad that will begin airing Thursday in key battleground states.

(BEGIN VIDEO CLIP, DNC AD)

NARRATOR: Texas students do not show the same gains on national tests. The percentage dropping out or failing a grade is increasing. The author concludes the Texas miracle is a myth.

(END VIDEO CLIP)

NEAL (on camera): RAND dismisses criticism about the timing of this report, saying it went through an additional review because of sensitivity to the presidential election. Plus, it points out, its last report in July, which was complimentary of Texas's education reforms, was released just before the Republican National Convention.

Pat Neal, CNN, Miami.

(END VIDEOTAPE)

WOODRUFF: Green Party presidential candidate Ralph Nader also is under some fire today from allies of Al Gore. At issue: growing concerns among Democrats that Nader is costing Gore votes in several key states -- votes that could be crucial in this close election. The National Abortion Rights Action League will begin running an anti- Nader ad in the next two days in Oregon, Minnesota and Wisconsin.

(BEGIN VIDEO CLIP)

NARRATOR: If you're thinking of voting for Ralph Nader, please consider: This year a five-to-four Supreme Court decision narrowly protected Roe versus Wade. A single vote saved a woman's right to choose.

As president, George Bush would reverse the court with anti- choice justices Scalia and Thomas in control. Bush's goal: ending legal abortion. Voting for Ralph Nader helps elect George W. Bush.

(END VIDEO CLIP)

WOODRUFF: The initial buy for that ad is a half million dollars.

Meantime, a millionaire Nader supporter has pulled the plug on most of the pro-Nader ads that he was paying for in California because Nader appears to be draining votes from Gore there. Gore's lead over George W. Bush in the golden state has narrowed to seven points in a new "Los Angeles Times" poll. The survey shows Nader with 5 percent support.

I spoke with Ralph Nader just a few hours ago and I asked him if his California supporters who are worried he may cost Gore the election are wrong.

(BEGIN VIDEOTAPE)

NADER: They're wrong; and they're not my supporters in the sense that that's some sort of independent expenditure we have nothing to do with. I think people should vote their conscience, their dreams and their interests.

Once they engage in tactical voting, then they legitimize what they don't like, which is the least-worst way of voting between the Democrats and the Republicans. That just makes it certain that, in four years and eight years, both parties will get worse.

WOODRUFF: But their ads, before they pulled them, were saying -- and they're saying this in other states, that are states where they say that you or -- I'm sorry, that Gore or Bush have a comfortable lead, that they're telling people: Vote for someone who can't get elected, and here's why.

Does anyone believe that Ralph Nader has a serious chance of being elected?
You don't even believe that, do you?

NADER: Well, you know, after being excluded from the debates and with the two parties having the money, the media, the statutory barriers to get on the

ballot, who has a chance?

What we have a chance is to build a major watchdog party, a third party after November telling the two parties that they better shape up or they're going to lose more votes. We have a chance to build, in the future, a progressive political movement.

That's why this effort is a long-range effort way past November 7.

WOODRUFF: But you're not saying that the outcome of this election doesn't matter because you know it's very close now between Gore and Bush; the experts are all saying your votes are votes that would be going, most of them, to Al Gore -- you could cost Al Gore the election.

NADER: Only Al Gore can beat Al Gore; and the important thing is to build a political reform movement in this country. And it can't be done in a day. So, if you're worried about Al Gore losing to George W. Bush, you should never run for election because running for election on the presidential ballot is to take votes away from every other candidate. That's what they try to do to us.

WOODRUFF: But National Abortion Rights Action League -- abortion rights group -- running ads, now, saying George W. Bush would change the Supreme Court, he would -- so that the court would do away with Roe versus Wade; that that, alone, is enough reason not to vote for Ralph Nader.

NADER: I don't think that's going to happen. The two Republican justices, O'Connor and Souter, three times in the last 10 years had a chance to add to a majority reversal of Roe versus Wade and they declined.

I just think this is subtle policy in this country and Democratic politicians are scaring the women's movement on that issue. I've heard from so many Republican operatives who say to me privately: If the Republican Party is ever responsible for reversing Roe versus Wade, it would

destroy the party. And I
believe it would.

WOODRUFF: So you're so confident of that, it doesn't
bother you that you're
running may give the election to George W. Bush?

NADER: Exactly; and there are far more very serious
issues as well where the
two parties are the same.

WOODRUFF: There is also an argument out there on the
environment, that Al
Gore would be much better on the environment than George
W. Bush.

NADER: He'd be a better speech-maker. He's had eight
years to demonstrate that
point, and we've put out a whole list of issues: motor
vehicle fuel efficiency,
biotechnology, pesticides, air, water pollution, the
Everglades, the incinerator in
east Ohio, WTO, NAFTA.

One after the other where he's broken his promises. He
talks one way, he does
another. That anesthetizes environmental groups, it
weakens them.

WOODRUFF: But the bottom line, here, Ralph Nader, is
that you are
comfortable waking up the morning after the election
with George W. Bush as
president.

NADER: It's indistinguishable in Washington on major
issues affecting whether
the corporations are going to run this country or the
people, through clean
elections, are going to run this country.

That's the bottom line. I can point out, as you can, a
difference here, a
difference there. But the similarities, kneeling down to
concentration of power
and wealth in this country, are far outweighing whatever
differences, in reality,
there would be between the two candidates.

WOODRUFF: Clearly, the people who are supporting Al Gore
disagree with
that...

NADER: They are settling for less.

WOODRUFF: ... sweating this election right now, it's very close -- and they're saying in those states like Minnesota, New Mexico, even California, Washington state and a few other states, voting for you could tip the election.

NADER: They should have sweated the emergence of the permanent corporate government here, with 22,000 corporate lobbyists; 9,000 Political Action Committees, which the Democrats didn't do anything about.

They've become very good at electing very bad Republicans like Newt Gingrich and Trent Lott. This is a decaying party. It can't be reformed internally, and the sooner the progressive Democrats understand that, the better it will be for their own party.

WOODRUFF: You sound like you're angry at the Democratic Party. Is that fair to say?

NADER: I am, because they have colluded with the Republican Party to sell our government, as John McCain has said more than once, to the highest corporate bidders. And they have shoved aside the civil society in Washington.

All these environmental, consumer, anti-poverty, other groups -- they can't get anything done anymore. And when you crowd out the civil society, you have undermined our democracy and it's time for a new political movement.

WOODRUFF: Even if it means a Republican victory?

NADER: Yes.

WOODRUFF: All right, Ralph Nader, thank you very much for joining us.

(END VIDEOTAPE)

SHAW: And still ahead on this edition of INSIDE POLITICS, two key Senate races. Senator John Ashcroft back on the trail and back on the air in Missouri.

Plus, the money, the polls and the endorsements in that New Jersey Senate race.

(COMMERCIAL BREAK)

SHAW: In the Missouri Senate race, Republican Senator John Ashcroft has now resumed his ad campaign. Ashcroft suspended his campaign ads following the plane crash that killed his opponent, Mel Carnahan, last week.

The senator's latest ad makes an indirect reference to the governor's death.

(BEGIN VIDEO CLIP, ASHCROFT CAMPAIGN AD)

SEN. JOHN ASHCROFT (R), MISSOURI: In times of tragedy we draw strength from our families and the values we share. Years of experience have taught me those values that keep families strong are worth fighting for every day.

(END VIDEO CLIP)

SHAW: Carnahan's name is still on the ballot and his widow, Jeanne, is considering the governor's offer to appoint her to the Senate if her late husband wins the race. Republicans are questioning the legality of the governor's offer.

WOODRUFF: In the New Jersey Senate race, Republican Congressman Bob Franks is getting a boost in print and in the polls. "The New York Times" today endorsed Franks over his opponent Jon Corzine, citing the Republican's record, his experience and what it called a more responsible campaign. "The Philadelphia Inquirer" has endorsed Franks as well.

As Frank Buckley reports, Corzine countered with an endorsement of his from a popular New Jersey figure.

(BEGIN VIDEOTAPE)

BILL BRADLEY, FORMER NEW JERSEY SENATOR: Your next senator, Jon Corzine.

FRANK BUCKLEY, CNN CORRESPONDENT (voice-over): Former

New

Jersey Senator Bill Bradley appeared with the Democrat who is now seeking the job, Jon Corzine, at a small gathering of mothers advocating gun control.

Bradley, a former professional basketball player saying Corzine, a rookie to politics who has never held public office, has his support.

BRADLEY: There's no question in my mind that Jon Corzine will be a voice for strong gun control in the United States Senate.

BUCKLEY: Bradley's support coming on a day when Corzine was hit with some bad news from a new poll. The Democrat, who'd been enjoying a double-digit lead, is now, says the Quinnipiac University poll, locked in a close race: Corzine at 46 percent; his Republican opponent, Bob Franks, at 41 percent.

(BEGIN VIDEO CLIP)

REP. ROBERT FRANKS (R), NEW JERSEY: Oh, you hard-core loyalists.

(END VIDEO CLIP)

BUCKLEY: Congressman Franks, a four-term member of the House of Representatives and former state Republican Party chairman, has made Corzine's campaign spending, a record \$45 million and counting, the primary issue in the race.

FRANKS: I've spent the last eight years in Congress working to earn your support. Mr. Corzine this fall is trying to buy it.

BUCKLEY: Most of the money Corzine is spending, at \$1 million a week, his own money earned as co-chairman of the investment banking firm Goldman Sachs and Company.

(BEGIN VIDEO CLIP, CORZINE CAMPAIGN AD)

NARRATOR: John Corzine: unbought, unbossed. Bob Franks: deep in debt to the special interests.

(END VIDEO CLIP)

BUCKLEY: The money is funding Corzine commercials, which air constantly in

New Jersey. (on camera): Corzine's spending put him on the political map,

introducing him to voters who had never heard of the former investment banker.

But that spending now appears to bother at least some voters: More than 50

percent of those polled by Quinnipiac University saying they are concerned about that level of spending.

(voice-over): Corzine continues to believe, however, it will not be an issue upon which voters will make their decision.

JON CORZINE (D), NEW JERSEY SENATE CANDIDATE: The issue is not money. The issue is what we are talking to voters about.

(BEGIN VIDEO CLIP)

FRANKS: How are you? I'm Bob Franks.

UNIDENTIFIED FEMALE: Second time I'm shaking your hand.

FRANKS: My goodness. When was the last time?

UNIDENTIFIED FEMALE: September 5th.

(END VIDEO CLIP)

BUCKLEY: Franks has relied heavily on retail politics, with only \$3.5 million

raised. Strategists say they have enough, however, to adequately fund the last two weeks of the campaign, including TV spots of their own.

(BEGIN VIDEO CLIP, FRANKS CAMPAIGN AD)

NARRATOR: Spend all you want, Jon, but New Jersey ain't buying it.

(END VIDEO CLIP)

BUCKLEY: Still, Frank's money a mere pittance compared to the record \$50

million plus expected to be spent by Corzine, who hopes his first run at elective office will land him in the U.S. Senate.

Frank Buckley, CNN, Morristown, New Jersey.

(END VIDEOTAPE)

SHAW: And there is much more ahead on this edition of
INSIDE POLITICS.

WOODRUFF: Still to come...

(BEGIN VIDEO CLIP)

UNIDENTIFIED FEMALE: One minute I'm Bush and then I'm
Gore and then
I'm Bush and then I'm Gore.

(END VIDEO CLIP)

WOODRUFF: Indecision in the suburbs of St. Louis: John
King on the struggle
to win over key voters. Plus...

(BEGIN VIDEO CLIP)

PATTY DAVIS, CNN CORRESPONDENT (voice-over): They're
hitting the
campaign trail with some of the biggest names in
politics.

(END VIDEO CLIP)

SHAW: Patty Davis on the battle for support on Chicago's
North Shore, as
Election Day closes in. And later...

WOODRUFF: From snack foods to the lights of Las Vegas:
the use of politics to
sway consumers.

(COMMERCIAL BREAK)

WOODRUFF: We'll have more of the day's political news
coming up. But now a
look at some other top stories.

Healthy people can wait for their flu shots. That
recommendation comes today
from Surgeon General David Satcher. He says that high-
risk patients should
move to the head of the flu shot line. That includes
pregnant women, the elderly,
health care workers, and the chronically ill. Delays in
flu vaccine shipments
caused a temporary shortage this season. The Centers for
Disease Control says

everybody else can get their shots in December.

SHAW: You're on a plane, and you have a heart attack.
What's the chance you'll survive?

As Jonathan Aiken reports, it might depend on the equipment on board.

(BEGIN VIDEOTAPE)

JONATHAN AIKEN, CNN CORRESPONDENT (voice-over): Mike Tighe never knew what hit him while on an American Airlines flight in November of 1998.

MIKE TIGHE: I just kind of passed out and I have no recollection of what happened then. That's when I went into cardiac arrest.

AIKEN: He was lucky. His American flight was equipped with an AED, an automatic external defibrillator.

TIGHE: Because it was used quickly, because of the use of CPR, there was no depravation of oxygen to my brain, so I really came out of this whole experience with no damage.

AIKEN (on camera): Mike Tighe's case was one of 200 were AEDs were used either in airports or on airliners between June of '97 and July of last year. A study in "The New England Journal of Medicine" found their use after cardiac arrest boosted long-term survival rates to up to 40 percent.

DR. RICHARD L. PAGE, UT SOUTHWESTERN MEDICAL CENTER:
Those passengers would likely not have survived since it takes at least 20 minutes to land an aircraft and have a land-based crew resuscitate the patient.

AIKEN (voice-over): AEDs are standard on American, Delta and United Airlines and in a handful of the nation's major airports. But those aren't the only places you'll find them. A parallel study in the journal looked at AED use by trained security personnel on nearly 150 patrons of casinos.

It found survival rates as high as 74 percent when AED's were used within three minutes of cardiac arrest. The success of AEDs has led to calls for them to be as commonplace as fire extinguishers in public places.

Jonathan Aiken for CNN, Washington.

(END VIDEOTAPE)

SHAW: Congress has learned that a Pentagon analyst resigned a day after the USS Cole was bombed in Yemen. Senators say the terrorism expert told them his superiors did not heed his warnings about potential attacks. The Defense Intelligence Agency denies that claim. A Senate Armed Services Committee hearing today also heard from the military commander in the region.

(BEGIN VIDEO CLIP)

GEN. TOMMY FRANKS, COMMANDER, CENTRAL COMMAND: We're determined to get to the bottom of this. We'll put the events that led up to Cole under a microscope, and in fact, we've begun that process. We will find the facts we need to find and we'll use the lessons that we learn from Cole to provide the best possible force protection for our troops in one of the most dangerous regions of the world.

(END VIDEO CLIP)

SHAW: Senator Pat Roberts of Kansas says the military should have had more concerns about stopping in the Yemeni port of Aden.

When INSIDE POLITICS returns, our daily tracking poll numbers and a slip of John McCain's tongue.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R), ARIZONA: Governor Bush's message to young Americans is there is nobility in serving a cause greater than your self-interest, and that's what a Gore-Cheney presidency means.

My friends, I am proud to be with you here today.

(END VIDEO CLIP)

WOODRUFF: A notable oops by Senator John McCain while he was campaigning for the Bush-Cheney ticket in Florida today. Thirteen days before voters choose the next president, George W. Bush now leads Al Gore by five points in our daily tracking poll. Gore was up by one point in yesterday's CNN/"USA Today"/Gallup survey. As always, it is too early to know if a one-day fluctuation is a sign of a trend. Our pollsters are warning that in this close race more ups and downs in the survey are very likely right up until election day.

SHAW: Suburban women, they are among the key voting groups that Bush and Gore are targeting. Our polling shows Gore with a slight edge over Bush among women who live in the suburbs. This summer, before the political conventions, Governor Bush had a nine-point lead over Gore among suburban women.

CNN's John King went back to the suburbs of St. Louis to see how the candidates are faring with female voters there.

(BEGIN VIDEOTAPE)

JOHN KING, CNN CORRESPONDENT (voice-over): Liz Reinus is the no-nonsense type, no qualms about a brisk bike ride on a raw rainy morning, no hesitation about her choice for president.

LIZ REINUS: I don't elect a warm and fuzzy president. I elect someone that I think has the wherewithal to lead the country, who has the political views that I espouse. I'm pro-choice. I'm pro-gun control.

KING: So count one vote for Al Gore in the struggle for the suburbs in one of campaign 2000's most critical battleground states.

(on camera): Missouri has backed the winner in every presidential election this century except one, back in 1956. And close statewide races are won or lost

here in the St. Louis suburbs, where women are the key swing voting block.

(voice-over): It is a comfortable place to live. Most parents praise the schools and the atmosphere for raising a family. Times here are pretty good. But that doesn't always work to the vice president's advantage.

KAREN GROSSMAN: I feel like the last eight years, you know, a time of huge prosperity, we've seen very little progress in our schools and things that I care about.

KING: Karen Grossman is a part-time teacher and mother of two, worried when her son surfs the Internet, conflicted when it comes to picking a president.

GROSSMAN: I really think if I was going to vote my conscience and take care of the children, the poor, I would vote Democrat. But I'm not sure Gore is going to get the job done.

KING: The name Monica Lewinsky doesn't come up nearly as much as it did during a similar discussion here six months ago, but morality and values remain a strong undercurrent as the campaign comes to a close.

UNIDENTIFIED FEMALE: And although I don't agree with what he did in his private life, it was his private life.

UNIDENTIFIED FEMALE: Well, then I don't think...

UNIDENTIFIED FEMALE: Then don't be president.

KING: Health care, education, the Supreme Court dominate when the talk here is about policy.

UNIDENTIFIED FEMALE: One thing, though, is who's going to be maybe more effective with Congress.

KING: But for some, like Elizabeth Mesker, the decision is more personal.

ELIZABETH MESKER: I, for whatever reason, believe more in Bush. He has more credibility with me.

KING: Lori Mersman sees it that way, too, says she's more in- line with Gore on the issues, but will vote Bush, because she found the vice president's performance in the final debate, in her words, "obnoxious."

LORI MERSMAN: Just the behavior. I just thought, ooh, do I want to look at this guy for the next four years? I don't think so.

KING: Susan McGraw leans Bush, too, because she doubts the vice president's sincerity.

SUSAN MCGRAW: I do associate Gore too closely because of the whole Clinton deal, and I also feel like Gore has been pretty much of a chameleon through all this.

KING: But like many here, she says it's a tough choice. Like Bush, she opposes abortion and she thinks the governor is the better leader, yet as a mother of two girls believes Gore has it right when it comes to school safety and gun control.

MCGRAW: Well, I know, it's terrible. One minute, I'm Bush, then I'm Gore, then I'm Bush, then I'm Gore.

KING: So she's happy there's still a little more time to talk it over, a little more time before her vote helps settle the struggle for the suburbs.

John King, CNN, Clayton, Missouri.

(END VIDEOTAPE)

WOODRUFF: And turning to some other battleground states, we have several now ARG polls just in. In Florida, this survey shows Gore leading Bush by four points in contrast to the poll we reported at the top of the show, which had Bush ahead by five points. In Oregon, Bush leads Gore by four points. Gore was up by one point in Oregon in an ARG survey released last week.

In Michigan, ARG now shows Gore leading Bush by three

points. The two were
neck-and-neck in another recent Michigan poll. And in
Pennsylvania, ARG has
Gore up by five points. A "Pittsburgh Post- Gazette"
poll out today shows Bush
and Gore dead-even in the Keystone State.

SHAW: Joining us now: Margaret Carlson, of "Time" and
Tucker Carlson of
"The Weekly Standard" -- Judy's reporting underscoring
the closeness of this
race.

Margaret, first to you. What is the Ralph Nader factor
in this campaign?

MARGARET CARLSON, "TIME": Well, the factor is that there
is two, three,
four points that Nader can take. And it seems to come
directly from Gore. And
Nader is in a little bit of danger himself, because he's
not a politician. And I
worked for Ralph Nader once, so I'm very fond of him. I
think he's done
incredible things for the country.

But his halo may be knocked a little bit, because he
says: I'm not going to
campaign in places to try to get my 5 percent, where the
two are neck-and-neck
and it will tilt the election to Bush. And then he goes
and does it. So, you know,
actually, if he's going to do it, Ralph Nader shouldn't
say he's not going to do it,
because that's not the way Ralph Nader is. And that's
not his reputation, but it
could be a factor.

SHAW: Tucker?

TUCKER CARLSON, "THE WEEKLY STANDARD": Sure. I mean,
there's -- I
mean, there's a need for Ralph Nader. There's a large
natural Ralph Nader
constituency. There's this consensus that's grown over
the last eight years
among both parties that it's, you know, a good thing in-
itself to make a ton of
money. But if you don't believe that, you've got nowhere
to go except Ralph
Nader. So old-fashioned liberals and lefties, you know,
they just form -- they're
Nader voters. And it's been this way for, I think, a
number of years. Nader kind

of fills a void.

And the question that I have is, where was the Gore campaign in this? Why didn't -- I mean, this was clear three months ago or longer. So why is it only now that the Gore campaign seems to be taking this really seriously and understanding it for what it is, which is a threat to Gore?

SHAW: Speaking of threats, Tucker, what's the impact on Governor Bush of the latest RAND corporation study that looks at Texas education scores?

T. CARLSON: Well, I mean, you know, it's a valid question: Are his claims about education in Texas true? On the other hand, I have a lot of doubts about whether that whole line of argument -- the idea that Texas is really not such a great place and that he's overstated its greatness and his greatness as a governor -- a lot of doubts about whether that works as an argument. I mean, I don't see any evidence that it has so far, and I think, you know, it's -- there are a lot of details in that argument. And I think a lot of voters look at it and say, well, gee, he was elected twice by increasing margins, he must have done something right.

I think it's the sort of argument that might work over time. You know, if this had come out six months ago and the Gore campaign had had a longer period of time to reinforce it with more and more evidence, perhaps it would have an effect. But you know, there are 13 days left and it's hard to see how a lot of voters are going to have their minds changed by this at this late date.

SHAW: What do you think, Margaret?

M. CARLSON: Well, voters are finally paying attention, and education is at the center of Bush's Texas miracle and this does cast doubt on that. And it casts doubt on, you know, what's come to be this testing phenomena, which is really bad for kids. I mean, we're told not to cram as students, and now there is an

institutional cramming that goes on as teachers just try to teach children to pass these tests. And these tests aren't a reflection of what you've learned or your intelligence. They're a reflection of test-taking.

And so if this has a longer-term impact, which is to take away from that idea, it will serve an even larger purpose than, you know, the narrower ones of the Gore campaign to cast doubt on Bush's education miracle.

SHAW: Margaret, is Al Gore being hurt by Governor Bush's big-government charge?

M. CARLSON: Well, he's counterpunching now, saying, you know, I'm going to shrink government. But you know, the problem with that is that what people say they want, they say, "I want government to do certain things." And what they're really saying is "I want big government to do these things," because actually you need more government if you're going to accomplish them.

People never like to say that. And there's a simplistic notion that if you cut the waste, fraud and abuse out, well, then you'll have small government. But that's pretty much been cut out. So to get these things, you need probably a larger government than we have. And so it's a myth, but he's counterpunching with this. It's one of the flimsier promises of the campaign.

SHAW: And Tucker, how do you see it?

T. CARLSON: Well, let me first just say it's so refreshing to hear Margaret say that testing is bad for children. I suspected that all through school, and it's so nice to hear it confirmed.

(LAUGHTER)

M. CARLSON: And my SAT scores, I'll you.

T. CARLSON: Well -- no, I mean, I think this is the sort of argument that could work for Gore. I mean, you saw in the debate where Gore accused Governor Bush of making Texas government bigger. This is a pretty -- this is a clever

argument, and I think that Gore, again, six months ago
could have gone and tried
to highlight his "Reinventing Government" initiative of
some years ago. I think it
could have worked. It's been much more resonant with
voters than I think
anyone suspected.

But again, I think it's too late. I think it's too late
to introduce a brand-new theme
like this.

M. CARLSON: Well, you know, he...

SHAW: Tucker Carlson, Margaret Carlson...

M. CARLSON: Oh, goodbye, Bernie.

T. CARLSON: See you.

SHAW: See you next time.

M. CARLSON: Bye.

SHAW: Bye-bye.

And just ahead, choosing between two candidates who
agree on the issues:
drawing the distinctions on Chicago's North Shore.

(COMMERCIAL BREAK)

SHAW: With less than two weeks to go, the two parties
are counting
congressional seats and closely watching the state
races. In Illinois' 10th district,
the candidates for an open seat are trying to woo
undecided voters by pointing
out their differences.

Patty Davis explains.

(BEGIN VIDEOTAPE)

UNIDENTIFIED MALE: ... is the speaker of the House of
Representatives,
Speaker Dennis Hastert. And thank you very much for
coming.

PATTY DAVIS, CNN CORRESPONDENT (voice-over): They're
hitting the
campaign trail with some of the biggest names in
politics.

LAUREN BETH GASH (D), ILLINOIS CONGRESSIONAL CANDIDATE:

It's
my pleasure to introduce you to my friend, Senator Bill
Bradley.

DAVIS: Democrat Lauren Beth Gash and Republican Mark
Kirk are both looking
for an edge in Illinois' 10th congressional district
race. Kirk, a former top aide to
the district's popular retiring congressman, John
Porter, has a slight lead, 44 to
39 percent in a "Chicago Tribune" poll.

GASH: We all knew that this would be a tight race. What
it does show is that
most of the voters don't yet know where my opponent or
I, where we stand on
the issues. DAVIS: Where they stand is on the same side
of many issues
important to voters in this swing district. Located on
Chicago's North Shore, the
10th congressional district is known for its posh towns
and expensive lake-front
homes. Its affluent and highly educated voters are
fiercely independent.
Moderate politics is what sells here, be it Republican
or Democratic.

Both Kirk and Gash, a popular Democrat in Illinois'
Statehouse, support a
patients' bill of rights, abortion rights, gun control,
and strong environmental
protection. So both are trying to draw distinctions and
are getting increasingly
nasty.

(BEGIN VIDEO CLIP, GASH CAMPAIGN AD)

NARRATOR: And Mark Kirk would do nothing to reduce the
price of
prescription drugs.

GASH: Mark Kirk and I couldn't disagree more.

(END VIDEO CLIP)

DAVIS: Gash accuses Kirk of telling voters whatever they
want to hear on
Social Security, including privatization. That's the
goal of a group that's given
him \$46,000 in campaign contributions.

Kirk, who says he's not for privatizing Social Security,
is firing back.

MARK KIRK (R), ILLINOIS CONGRESSIONAL CANDIDATE: As
Ronald

Reagan said when the Log Cabin Republicans endorsed him,
"I do not endorse
their agenda, but they have endorsed mine." The big
labor unions represent half
of my opponent's funding in the recent cycle.

DAVIS: Both parties have made winning this hotly
contested seat a top priority
this year.

STUART ROTHENBERG, CNN POLITICAL ANALYST: If the
Democrats win
this race, it really is a, in a sense, an unexpected
victory. It would -- it could well
put them over the top in their fight for the House.

DAVIS: That's why the retiring Republican John Porter is
working to make sure
the seat stays in Republican hands.

(BEGIN VIDEO CLIP, KIRK CAMPAIGN AD)

REP. JOHN PORTER (R), ILLINOIS: Mark Kirk shares my
views and my
values. Please join me in voting for Mark Kirk to carry
on our tradition of
independent leadership in Congress.

(END VIDEO CLIP)

DAVIS: Despite the big-name endorsements and Kirk's
endorsement by "The
Chicago Tribune" and "The Chicago Sun-Times," 16 percent
of voters are still
undecided. Both campaigns say they're spending as much
as a \$1 million each in
the final days leading up to the election to help voters
make up their minds.

Patty Davis, CNN, Winnetka, Illinois.

(END VIDEOTAPE)

WOODRUFF: Earlier in the program during Pat Neal's
report on the Bush
education plan, we incorrectly identified Donna Hashkey
(ph) of the Texas State
Teachers Association as Bush education adviser Margaret
Lamontagne. We
regret the error.

When we return, poking fun at the political process: a look at the latest ad strategy.

(COMMERCIAL BREAK)

WOODRUFF: This close to the election, voters may feel bombarded by campaign ads on their television screens. This year, businesses also are getting into the act. They see the election as an opportunity to use politics and humor to sell their products.

(BEGIN VIDEOTAPE)

WOODRUFF (voice-over): A different kind of presidential debate...

(BEGIN VIDEO CLIP)

UNIDENTIFIED ACTOR: Vote for me, my dad was president. I even look like my dad.

UNIDENTIFIED ACTOR: Big deal, my dad was a senator.

UNIDENTIFIED ACTOR: We have the same shoe size...

UNIDENTIFIED ACTOR: Yes, well I invented the Internet. Lots of other stuff, too.

UNIDENTIFIED ACTOR: Once my mom thought I was my dad.

UNIDENTIFIED ACTOR: Space shuttle, that was mine.

UNIDENTIFIED ACTOR: On the phone people think I'm my dad.

UNIDENTIFIED ACTOR: Kiss me, I'm on TV.

UNIDENTIFIED ACTOR: We have the same name, my dad and I, that is.

(END VIDEO CLIP)

WOODRUFF: There is no mistaking who's being spoofed in that candy bar commercial. Madison Avenue is going a step farther this election cycle in poking fun at candidates and the political process.

(BEGIN VIDEO CLIP)

UNIDENTIFIED ACTOR: We owe it to our children to provide
a safe...

UNIDENTIFIED ACTOR: Still going.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

UNIDENTIFIED ACTOR: That's why I want to be your
president.

No thank you, I don't like cheese.

(END VIDEO CLIP)

WOODRUFF: Ad analysts say there appear to be more spots
this year based on
the premise that mocking politicians sells. This cheese
ad got into the act early
and got a lot of airtime.

(BEGIN VIDEO CLIP)

UNIDENTIFIED ACTOR: What if we say he chewed, but he
never swallowed?

UNIDENTIFIED ACTRESS: Oh, I like it.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

BOB DOLE: What does Bob Dole think? Bob Dole thinks he's
a doofus.

(END VIDEO CLIP)

WOODRUFF: Las Vegas is trying to sell itself to tourists
by ribbing the political
parties.

(BEGIN VIDEO CLIP)

UNIDENTIFIED ACTOR: Candidates have accused our party of
flip-flopping
on the issue. Well, let me tell you about that. We don't
even know what the
issues are, because in Las Vegas we're not concerned
with issues or topics or
subjects. We're concerned with freedom. The freedom to
go where you want to
go. To be who you want to be. The freedom to do what you

want, when you
want -- Hi!

(END VIDEO CLIP)

WOODRUFF: Experts say ads that laugh at politics often
get extra attention,
particularly in an era when many Americans get campaign
information from
comics on late night TV.

Might spots like this one actually sway voters' views?
Consider this: about 37
million people watched the third presidential debate.
But in just two of numerous
prime time runs, more than 40 million viewers saw this
debate.

(BEGIN VIDEO CLIP)

UNIDENTIFIED ACTOR: My dad and I wear the same pants.

UNIDENTIFIED ACTOR: I invented pants.

(END VIDEO CLIP)

(END VIDEOTAPE)

WOODRUFF: It's a good thing we never make fun of
politicians on this
program.

SHAW: Never.

WOODRUFF: Never -- wouldn't think of it.

Having said that, that's all for this edition of INSIDE
POLITICS. But, of course,
you can go on-line all the time, at CNN's
allpolitics.com.

We'll see you again tomorrow when Al Gore will be on the
campaign trail in
Iowa and Wisconsin; and George W. Bush will be after
votes in Pennsylvania
and Ohio. And, by the way, I will be in Pennsylvania,
too, tomorrow and Friday.

SHAW: Miss you; safe travel.

This programming note: Governor Bush's record in Texas
will be the topic
tonight on "CROSSFIRE" at 7:30 p.m. Eastern. The guests
will be Senator Bob

Kerrey and Congressman Lindsey Graham.

I'm Bernard Shaw.

WOODRUFF: And I'm Judy Woodruff. "WORLDVIEW" is next.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Dawn M. Chirwa (CN=Dawn M. Chirwa/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:15-JAN-2001 14:54:16.00

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TO: Benjamin M. Adams (CN=Benjamin M. Adams/OU=WHO/O=EOP@EOP [WHO])

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READ:UNKNOWN

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TO: Hugh T. Taggart Jr (CN=Hugh T. Taggart Jr/OU=WHO/O=EOP@EOP [WHO])
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READ:UNKNOWN

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READ:UNKNOWN

TO: Leanne A. Shimabukuro (CN=Leanne A. Shimabukuro/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

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READ:UNKNOWN

TO: Sylvia M. Mathews (CN=Sylvia M. Mathews/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Ruby Shamir (CN=Ruby Shamir/OU=WHO/O=EOP@EOP [WHO])
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TO: jordanindc@aol.com (jordanindc@aol.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: "Castello, James E" <James.E.Castello@usdoj.gov> ("Castello, James E" <James.E.Castello@usdoj.gov> @ inet [UNKNOWN])
READ:UNKNOWN

TO: patricia.first@usdoj.gov (patricia.first@usdoj.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: julie.fernandes@usdoj.gov (julie.fernandes@usdoj.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: william.yeomans@usdoj.gov (william.yeomans@usdoj.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Michael Zubrensky <Michael.Zubrensky@usdoj.gov> (Michael Zubrensky <Michael.Zubrensky@usdoj.gov> @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:

I was hoping that something witty or pithy or both would come to me when it came time to write this e-mail (maybe even some new lyrics to a 70's disco tune), but my heart is too full. Suffice to say, the opportunity to work with and come to know people who, collectively, represent the finest team with the finest minds and the finest hearts I will ever again encounter was the chance of a lifetime. Thank you all!!

I'm including my future contact information which I expect everyone to use so that I can continue to hear about the wonderful and exciting things that you'll all be doing well into the future.

I will be on the road the month of February wandering wherever my fancy or declining bank account takes me. After March 1st, I will be living in New York in a location TBD, but I'll be reachable at:

Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004

(212) 902-1000

and always by e-mail at: chirwad@aol.com