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FOX SPECIAL REPORT WITH BRIT HUME
September 13, 1999

BRIT HUME, HOST: Welcome to Washington. I'm Brit Hume. Now that the Indonesian government has agreed to the entry of an international military force in East Timor, United Nations officials are reporting that the Indonesian army and police have undoubtedly been involved in organizing and backing the militia violence there.

That has put the U.S. in a position where it might not want to be involved but felt it could not say no when asked to help support an international force.

More on the story from our senior White House correspondent, Jim Angle.

(BEGIN VIDEO CLIP)

JIM ANGLE, FOX NEWS CORRESPONDENT (voice-over): Secretary General Kofi Annan met with Indonesian Foreign Minister Ali Alatas as the U.N. started gearing up to send an international force to end the chaos in East Timor.

KOFI ANNAN, U.N. SECRETARY GENERAL: We want to move in the troops as quickly as possible. Security of the East Timorese is of primary importance, and Indonesia has an obligation to work with us to effectively implement the 5 May agreement.

ANGLE: After resisting an international force for days, while local militias slaughtered and terrorized innocent civilians, the Indonesian government now says it welcomes the rapid deployment of peacekeepers.

ALI ALATAS, INDONESIAN FOREIGN MINISTER: Indonesia would like to see

this security cooperation, the sending of the U.N. force materialized as soon as possible.

ANGLE: As it now stands, Australia will take the lead in such a force and is ready to send in at least half the troops needed. The U.S. will also participate, President Clinton said, but it would mean only hundreds, not thousands, of American troops.

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES: The United States is ready to provide airlift, communications, intelligence, and related capabilities. We are working out the details and consultation with Congress. I hope the force can be ready to deploy within days.

ANGLE: American officials emphasize that U.S. troops will offer support but will not patrol East Timor as peacekeepers.

JAMES RUBIN, STATE DEPARTMENT SPOKESMAN: But this is not the classic role of infantry troops being the units responsible for restoring order.

ANGLE: The next two or three days will be devoted to working out the language authorizing the force and its mandates. The details could be tricky. The Indonesia military has done little to stop and may have encouraged the violence in East Timor, but analysts say the Indonesian military wants to share command of any peacekeeping force.

ADAM SCHWARZ, JOHNS HOPKINS UNIVERSITY: How do you share command and control responsibilities with the Indonesia military when you suspect and have some evidence to suspect that some elements of the Indonesian military are actually on the other side?

(END VIDEO CLIP)

ANGLE: American officials keep saying that the devil is in the details when it comes to the powers an international force will have, but they're encouraged. As one put it, we've come a long way from where we were just 48 dangerous hours ago.

Brit?

HUME: Jim, what do U.S. policymakers think caused the Indonesian government to change its mind about an international force going in there?

ANGLE: Well, analysts inside and outside the government say this is a model of how to approach these conflicts. First, both the U.S. and the Europeans suspended arms sales and cut off military relations, then the Indonesian economy, of course, is struggling back from a near collapse.

The IMF and the World Bank said they were considering suspending all operation. All that pressure, the Indonesians decided it was time to cooperate. Brit?

HUME: Jim, thanks very much.

As both Congress and a team led by former Senator John Danforth of Missouri prepare to investigate a new what-happened-at-Waco-Texas six years ago, there's suddenly more to investigate. Still, nothing that proves the FBI version of what caused the fire and deaths there is wrong, but enough to feed the doubts.

Here is correspondent, Steve Centanni.

STEVE CENTANNI, FOX NEWS CORRESPONDENT (voice-over): A report delivered to Congress by the Texas Rangers says shell casings from high-powered rifles were found in a house used by FBI agents 200 yards from the Branch Davidian compound in Waco. This raises the possibility the FBI could have attacked the compound with sniper fire. But the FBI has always insisted it fired no guns at all during the entire siege.

The 36 shells were found at a house used first by the ATF during the initial shoot out with the Branch Davidians in February. And a former FBI agent says that's where the shell casings came from, not from the final

siege in April.

BYRON SAGE, FORMER FBI AGENT: I heard a lot of shots fired that day, but they were all coming towards us. They were not coming from the FBI. We had shots whistling over the top of Sierra One Alpha (ph) all morning long.

CENTANNI (on camera): The new information about rifle shell casings comes in a report that also describes in great detail the military style gas canisters found at the scene. The FBI admitted for the first time last month that pyro-technic tear gas canisters were used the day of the final siege at Waco. And while the FBI insists those rounds did not start the fire, the issue has triggered a political firestorm in Washington.

Dan Burton, chairman of the House Government Reform Committee, has called for Janet Reno's resignation, claiming she covered up information about the military gas canisters. But now, Henry Waxman, the ranking Democrat on Burton's committee, has produced documents he says have been in Burton's own files since 1995 that mention the military rounds.

One is an unidentified handwritten note that says smoke from the bunker came when these guys tried to shoot gas into the bunker military gas round.

HENRY WAXMAN (D), CALIFORNIA REPRESENTATIVE: If there as a cover up, about what was in these documents, you could say about the Congress that they were covering up the documents just as much as you could say the attorney general was covering up the documents.

CENTANNI (on camera): Waxman also says the pilot of the surveillance plane that recorded these pictures on the day of the final siege also mentioned a military round being fired on a concrete bunker.

(END VIDEO CLIP)

CENTANNI: Now as spokesmen for Burton's committee responds by saying the committee had 100,000 pages of documents dumped on it just days before the hearing in 1995, and so it's understandable if they didn't immediately grasp the significance of some of those documents. They say it should have been up to the Justice Department and the FBI to flag those pieces of information so Congress knew very clearly exactly what it was getting.

Brit?

HUME: Steve, thanks very much.

A federal appeals court has handed Kenneth Starr a victory overturning a judge's ruling on grand jury leaks. In a three to zero decision, the panel ruled the independent counsel's office should not face criminal contempt proceedings for an alleged leak of grand jury information in the Monica Lewinsky case.

At issue was a "New York Times" article that said Starr's office had concluded that a sitting president, indeed this one, could and might well be indicted after the impeachment proceedings were over.

And when we come back, Congress slams the president over the release of the Puerto Rican terrorists. Stay tuned.

(18:07)

(COMMERCIAL BREAK)

HUME: Last Friday, 11 Puerto Rican terrorists walked out of federal prisons around the country after accepting clemency offered by President Clinton. The offer was opposed by many law enforcement agencies and members of Congress, and now the lawmakers are expressing their viewpoint on the floor of the Senate. Rita Cosby is standing by with the details.

Hi, Rita.

RITA COSBY, FOX NEWS CORRESPONDENT: Hi, Brit. Well, the Senate was

to have already voted on a tough resolution condemning President Clinton's clemency offer. So far, the Senate has been tied up on other legislative matters, but a vote could come later Monday night.

(BEGIN VIDEO CLIP)

COSBY (voice-over): The joint congressional resolution says President Clinton, quote, "has made deplorable concessions to terrorists, undermine national security, and embolden domestic and international terrorists."

The language is much stronger than a separate resolution passed just last week by the House, which was sponsored by Republican Congressman Vito Fossella.

VITO FOSSELLA (R), NEW YORK REPRESENTATIVE: I hope this really underscores how the American people feel about this act, that both the House and the Senate strongly deplore the action of setting these terrorists free.

COSBY: Last week, 11 Puerto Rican militants were set free from prison, all members of the FALN, a radical group responsible for a series of deadly bombings in the U.S. in the 1970s and '80s.

The clemency offer became a political lightning rod for the first couple after Hillary Clinton publicly disagreed with her husband's decision. Considering a bid for a Senate seat in New York, which has a large Puerto Rican community, the first lady, too, has come under heavy criticism.

MARSHALL WITTMANN, HERITAGE FOUNDATION: This is one of the first views that the New York voter have of how she would handle an issue, and this was clearly mishandled from start to finish.

(END VIDEO CLIP)

COSBY: And the White House had no further comment on the clemency matter but could take some action. If the resolution passes both houses of Congress, it would then arrive on the president's desk for either his veto or his signature, which of course, Brit, is highly unlikely.

HUME: So, Rita, what's the likely outcome here? Well, first of all, you got two different versions of the measure: one, the House version, one the Senate. If they were reconciling and went to him, everybody assumes the veto, and I guess no prediction of an override, right?

COSBY: No prediction of an override. It would require two-thirds vote by both houses of Congress. Most likely, it would go through the House, but in the Senate, it could be pretty tough.

HUME: All right, Rita, thanks very much.

The city of Baltimore is looking for a new mayor, odds are in Maryland, where Democrats outnumber Republicans nine to one. Whoever wins Tuesday's Democratic primary is expected easily to win the general election. But as FOX NEWS' Julie Kirtz reports, the Democratic front runners don't exactly have, well, stellar credentials.

(BEGIN VIDEO CLIP)

JULIE KIRTZ, FOX NEWS CORRESPONDENT (voice-over): Baltimore has seen better days. Neighborhoods are crumbling, the homicide rate is three times that of New York city, and middle-class residents are fed up and moving out at a rate of a thousand a month.

OFFICER GARY MCLHINNEY, PRESIDENT, FRATERNAL ORDER OF POLICE: All the politicians say they're going to be tough on crime.

KIRTZ: It's no wonder the current race for mayor, the first in 28 years without an incumbent, is a messy free for all.

One candidate was even arrested on an outstanding warrant after

police spotted her doing a TV interview.

UNIDENTIFIED MAYORAL CANDIDATE: Simply ridiculous.

KIRTZ (on camera): Of the 27 original candidates for mayor, six have criminal arrest records, three have filed for bankruptcy, and one of the leading candidates lied on his resume.

CARL STOKES (D), MAYORAL CANDIDATE: Because what the slum lords are doing in our communities are also criminal offenses.

KIRTZ (voice-over): That would be former councilman Carl Stokes. His campaign admits the false claim of a college degree has cost him plenty of support, but it hasn't stopped him from running.

STOKES: The race is likely to be a close race, obviously, as we look at. I think it's pretty exciting for the citizens.

KIRTZ: Close to Stokes in the latest poll is City Councilman Martin O'Malley.

MARTIN O'MALLEY (D), MAYORAL CANDIDATE: Hold on, hold on, hear her out, hear her out. Can I respond? Can I respond?

KIRTZ: A proven vote getter in this black majority city, he's nonetheless been called an opportunist who is trying to take advantage of a split vote among African-Americans, a charge he denies.

O'MALLEY: Nobody's accused me of jumping in at the last minute. I got into this race only three weeks after the front runner, the guy who's raised the most money, City Council President Lawrence Bell.

KIRTZ: Once the front runner, Lawrence Bell is now in third place.

LAWRENCE BELL (D), MAYORAL CANDIDATE: The reason we have this kind of support is that people know that I've been sincere over the years and that I've really attempted to make a difference, and I have made a difference. Other people have been less than sincere on occasions.

KIRTZ: But the Bell campaign was hurt when it was reported that his car was repossessed, and when his supporters were caught handing out a racist letter that attempts to link O'Malley to a white supremacist group.

City hall reporter, Gerard Shields, says there is a bright side to this wild card race.

GERARD SHIELDS, BALTIMORE SUN REPORTER: I think whoever wins, I think that our expectations may be low, so low that I think we'll be surprised at how good they do.

KIRTZ: And whoever wins the Democratic primary is expected to leave this beleaguered city for the next four years. The question on a lot of people's minds is: Where will they take it?

In Baltimore, Julie Kirtz, FOX NEWS.

(END VIDEO CLIP)

HUME: Still ahead, Republican presidential candidate and Arizona Senator and former POW, John McCain. Stay tuned.

(18:14)

(COMMERCIAL BREAK)

HUME: Senator John McCain was a 31-year-old Navy pilot in 1967 when he was shot down over Hanoi, seriously injured, then held as a prisoner of war for 5-1/2 years. He was offered an early release because his father commanded the U.S. forces in the Pacific, but he turned it down.

Senator McCain details his life as a POW and how that experience shaped him, in his autobiography, "Faith of My Fathers." And he joins me now.

JOHN MCCAIN (R-AZ), PRESIDENTIAL CANDIDATE: Thank you, Brit.

HUME: Nice to have you. You say faith of your fathers, for the

benefit of viewers who don't know, that of course extends far back in your family history, but most specifically to your father and grandfather.

MCCAIN: Exactly. And you remember that it's from an old hymn that has been, I think, was handed down from the British or Scottish.

HUME: "Faith of our fathers living still in spite of dungeon fire, and sword."

MCCAIN: Yeah, yeah, it's an old hymn. And when we were thinking about a title of the book, I thought--that came to mind.

HUME: Now when you were there--When one reads, even when one hears of the experienced you endured, not only of the length of your captivity and the deprivation of it, but of the repeated beatings and torture and the terrible physical condition you were in, I mean, to any ordinary person, it seems like an impossible ordeal. To what extent were you thinking about your family, your father, and your grandfather and others when you were going through that?

MCCAIN: Oh, I clearly didn't want to embarrass my family. I tried to do the best I could, which was not enough, by the way, but there came a particular time when the Vietnamese offered me the opportunity for early release. I knew they were doing it because of the propaganda they would get from releasing the admiral's son, who was commander in chief of all U.S. forces in the Pacific, and I knew that it was a violation of our code of conduct.

But I also not only was it my father's approval or disapproval and my grandfather's, but also that of the--my fellow POWs, who would have been told, "See the admiral's son gets to go home and you stay." And I thought that would have a bad impact on their morale.

HUME: And you knew day in and day out that you were going to be beaten.

MCCAIN: No. I went for weeks and sometimes months and be left alone. It would kind of go in spurts, and...

HUME: Well, when it did, when it came, how did you stand it?

MCCAIN: Well, you don't have a choice. You don't have a choice, you know, just say, "Hey"...

HUME: They want you to break. There are things they want you to do.

MCCAIN: You just do the best you can and hang on for the longest that you can. The key to it really is to organize and to keep--be in communications with your fellow prisoners and have an organization, a senior ranking officer structure.

For example, Admiral Jim Stockdale, everybody knows Admiral Jim Stockdale. He was a senior ranking officer. He would give us directions. He would give us orders. We would sustain each other. And that's why the Vietnamese for a long time kept us either solitary confinement or two or three to a cell so we couldn't organize. So we would organize. And, of course, you have to have faith in God and faith in your country, but that's now an uncommon trait amongst professional military officers.

HUME: Now in the book, you indicate you feel the United States failed in Vietnam. There is an emerging new school of thought about that, that basically holds that this was, as you say, a war fought for good causes, a war that was on the ground at least during the later phases of it, practically won then given up, but that it was a show of resolve in the world that mattered in the long struggle with communism. And that in a sense, it was not a failure. How do you feel about that view now?

MCCAIN: I think we lost and I think we suffered enormous divisions

within our nation, which took many, many years to heal, unlike any other period outside of the Civil War perhaps in our history.

At the same time, I think we won the peace, obviously. There is an argument that our steadfastness of purpose there did have a beneficial effect.

I think it's important to understand that Lyndon Johnson was always frightened of the possibility of Chinese and/or Russian entry into the war. That dictated us embarking on strategy which sooner or later became foolishness.

HUME: Limited war by limited means.

MCCAIN: Yeah. And it just--It became a strategy that was doomed to failure.

HUME: Now the United States today sits astride the world as the last, the only great super power. Regional--Sometimes hideous regional conflicts are breaking out. We saw it in Kosovo, we're seeing it now in East Timor. You expressed reservations about the United States' participation in any mission in East Timor.

It surprised me a little bit that you would not be in favor of air support, I mean, air lift capacity to...

MCCAIN: Well, I'm in favor of logistics or air support, that kind of thing. What I am not in favor of is an actual peacekeeping organization; I think that can be left to the countries in the region. But I am not opposed to us providing logistics, transportation back and forth, an exception.

HUME: So if there were men on the ground to help with transport, that wouldn't...

MCCAIN: That would be OK.

HUME: Just not infantry, not ground troops.

MCCAIN: No. I think that the Malaysians, Singaporeans, the Australians, the New Zealanders, all of those people, I think, can help out and...

HUME: Now do you feel that way because you think we're too badly over stretched, or do you feel that way because you think we don't belong there?

MCCAIN: I think we're badly over stretched. We've got four times the commitments that we had at the time of the Persian Gulf War and half the size military. I think we've got terrible problems with retention and recruitment, so that's a practical side of it.

But also, there's got to be a limit at some point as to where the United States has to go and lead. We can assist. I think we can provide moral leadership and guidance. But in this case, I think that our Asian friends can handle the majority of the load.

HUME: To what extent would a President McCain rebuild America's military force relevant--in relationship, for example, to what we had before the Gulf War?

MCCAIN: I'd rebuild it, I'd restructure it, I'd stop all this congressional pork barrel spending. I'd get the enlisted people proud young men and women, 11,000 brave families, off of food stamps. I would stop buying weapon systems that we don't need. I would close bases we don't need. So it's not just a matter of money, it's a matter of...

HUME: How big would it be? I mean, how big a Navy, how big a military? How many conflicts would we be capable of dealing with?

MCCAIN: I think we'd be capable of two conflicts, but more importantly, we'd be capable of moving forces around the world on short

notice to the battle field and have a significant impact. We don't have that capability now.

HUME: Let me turn to one other issue dear to your hear: campaign finance reform. There's been some suggestion that a bill might be able to pass if it was shorn of everything except the ban on soft money. Would you be willing to see that happen to get a bill passed soon?

MCCAIN: I think you'd have to have some other measures, but there's no doubt that soft money is the key element in this corruption of the legislative process which I observe every day.

HUME: And while I have you on general political matters, lot of buzz in Washington that Pat Buchanan, based on his recent remarks, might bolt the Republican Party. What would you say to him and what do you think the consequences would be if he did?

MCCAIN: I'd say, "Please stay, Pat. I don't agree with you. You represent a part of our party that I disagree with." It's basically protectionists, in some way, isolationists, but we need to have that debate within the Republican Party. And he's very articulate and he's a lot of fun to be around, as you know. And so I would not like to see Pat leave.

What would the impact? I'm not sure. I'm also not sure, by the way, how he exactly fits with the Reform Party, which does not have emphasis, as you know, on social issues. They're on economic issues. So I would hope Pat would stay. I would hope he would continue the debate as he has in previous presidential campaigns that he's engaged in.

HUME: John McCain, thank you very much for being here. The book is called, "Faith of My Fathers." It is John McCain's own story. It is a good read, I can tell you.

We have to take a break now to do the news headlines, but stay tuned. There's much more to come.

(18:25)

(COMMERCIAL BREAK)

HUME: Former President George Bush has spoken out about his son's run for the presidency and how it's affected the Bush family. FOX NEWS' Paula Zahn caught up with the former commander in chief at the family home in Kennebunk Port, Maine for an exclusive interview.

When it came to his son, Texas governor and Republican presidential candidate George W. Bush and his self-described mistakes as a youth, the senior Bush described his eldest son this way.

(BEGIN VIDEO CLIP)

GEORGE BUSH, FORMER PRESIDENT OF THE UNITED STATES: Rambunctious little guy. But all these stories, you know, about the irresponsible youth, with the implications of this or that, we never knew that.

I remember one time he wanted to go to fist city. I just held him at arm's length. He was about nine, he's flailing away at me.

PAULA ZAHN, "THE EDGE": What's fist city?

BUSH: Hitting. He was trying to hit his father. He didn't like some decision I made, and leadership decision, I'm sure. And he...

ZAHN: A father just simply asserting himself...

BUSH: Slugging out. He was--He could lose his temper, but so could all the other boys. I'll never forget when Jeb and Neil (ph) were coming up he driveway getting off the school bus, and yelling the two dirtiest words in the English language at each other. And it was so loud that Barbara had to go out and haul them in before the neighbors heard it. It was unbelievable what they were doing.

So they all had, you know, kind of youthful moments. But all this stuff about George's totally irresponsible past, we never saw it. Barbara and I never saw this. We knew he had some problems, but that he faced up to, but no different than most kids.

And the interesting thing is that the testimony, the witness of his college friends or his school friends attest to that. I mean, they had him down as a leader, a friend, and a guy that didn't always stay out of trouble.

ZAHN: So where do you think these rumors are coming from about his alleged past drug use?

BUSH: I don't know, you know. Well, I've been around politics enough to know that campaigns are not above spreading rumors. And I don't know where they're coming from. I don't spend any time thinking about it except I don't like it.

(END VIDEO CLIP)

HUME: You can see the rest of former President George W. Bush's--George Bush's interview--excuse me--on THE EDGE WITH PAULA ZAHN on the FOX NEWS CHANNEL. There you see the times.

The most competitive presidential election in Mexican history is drawing a who's who of American political king makers. You may never have heard of who's running in these elections, but as FOX NEWS correspondent William La Jeunesse reports, you've most likely heard about the people who are helping them win in their campaigns.

(BEGIN VIDEO CLIP)

BARRY MACKINNON, LIBERAL PREMIER CANDIDATE: But we've got to insure that the punishment fits the crime.

WILLIAM LA JEUNESSE, FOX NEWS CORRESPONDENT (voice-over): In Australia, Europe...

(FOREIGN POLITICAL AD)

Even Latin America. These campaign ads winning votes overseas are made in America for hired guns like Dick Morris and James Carville build their reputations outside the beltway.

Americans offer foreign politicians the latest in polling, focus groups, and image development, designing slogans, even publicity stunts.

GARY NORDLINGER, POLITICAL CONSULTANT: I've worked in Venezuela. I've worked in Bosnia. I've worked in Slovenia, Australia. I am working in Mexico right now, for example.

LA JEUNESSE: And what consultant isn't? As candidates in Mexico battle to replace President Ernesto Zedillo next year, all but one brought in Americans to help manage their campaigns.

The strategy is controversial, even embarrassing. In a nationally televised debate last week, the candidates refused to admit using Yankees.

DAVID AYON, LOYOLA MARYMOUNT UNIVERSITY PROFESSOR: Perhaps the weakest of the four brought it up and challenged his opponents to fess up: "You've been reported to be using foreign experts in your campaign." Nobody responded to him.

LA JEUNESSE (on camera): Foreign politicians to U.S. consultants has a double-edged sword. On one hand, they want to win. They need the expertise. On the other, they fear a voter backlash if the public finds out that the campaign is being influenced or managed by a Yankee.

AYON: I think the charge would be that this guy really is awfully gringo-like.

LA JEUNESSE (voice-over): Nevertheless, gringos helped elect Ehu Baraq (ph), Tony Blair, Boris Yeltsin, and Gerhard Schroder.

NORDLINGER: Make a reputation in the United States first, and then you'll have more of an opening outside.

LA JEUNESSE: That's because campaigns are won or lost in research, says Nordlinger, whether your candidate campaigns in Manchester or Mexico City.

In Los Angeles, William La Jeunesse, FOX NEWS.

(END VIDEO CLIP)

HUME: And still to come, Britain is rocked by the worst spy scandal in a generation, and it promises to get worse. Details next.

(18:34)

(COMMERCIAL BREAK)

HUME: Russian President Boris Yeltsin is calling on the city citizens of Moscow to be calm and vigilant following a second explosion in the city in less than week. The latest bombing killed at least 50 people, and authorities are trying to figure out who is responsible.

FOX NEWS correspondent, Jennifer Griffin, reports from Moscow.

(BEGIN VIDEO CLIP)

JENNIFER GRIFFIN, FOX NEWS CORRESPONDENT (voice-over): The pre-dawn blast leveled this eight-story apartment building in Moscow. All that was left, a pile of rubble and little hope of survivors.

This woman says when she heard the explosion, she thought it was her building collapsing. The apartment was swaying from side to side. When she got outside, the building where her neighbors lived was gone.

President Boris Yeltsin called an emergency meeting of top officials and security advisers. He said every building in the city would be checked in the next 24 hours for explosives, and that he was strengthening security at Russia's nuclear facilities.

Monday was supposed to be a day of mourning for those killed in other recent explosions. Four days ago, a similar blast demolished this Moscow apartment building, leaving 93 dead. Just days before, a car bomb in Southern Russia killed the families of military officers living in this building, and a blast ripped through a shopping mall next to the Kremlin.

Police do not know who is responsible for these explosions, and no one has claimed responsibility for today's blast. But politicians here are blaming terrorists associated with Muslim militants in the Russian republic of Dagestan, who are fighting to establish a break-away Islamic state.

The leader of the insurgency, a Jordanian, who calls himself Khattab, threatened to spread the conflict.

KHATTAB, REBEL LEADER (THROUGH TRANSLATOR): From now on, we will not only fight against Russian fighter jets and tanks, let Russia await our explosions blasting through their cities.

GRIFFIN (on camera): President Yeltsin says he will not call a state of emergency, but promised to fight what he termed an evil challenge. Meanwhile, government jets continue to bomb rebel positions in Dagestan. Despite the government's promise to tighten security, few here think the terror is over.

In Moscow, Jennifer Griffin, FOX NEWS.

(END VIDEO CLIP)

HUME: A Russian defector who smuggled thousands of KGB secrets out of the country is causing an uproar in Britain. His notes is the subject of a book that reveals Britain's worst espionage scandal in decades.

As FOX NEWS correspondent, Rick Folbaum reports, the scandal centers

around a British secretary who turned out to be the Soviet's most powerful secret weapon.

(BEGIN VIDEO CLIP)

RICK FOLBAUM, FOX NEWS CORRESPONDENT (voice-over): She's being called one of the most successful spies of the Cold War, an 87-year-old great grandmother now living in South London, Melita Norwood.

MELITA NORWOOD, FORMER SPY: I thought that perhaps some of what I had access to might be useful in helping Russia to keep abreast of Britain, America, and Germany.

FOLBAUM: This unapologetic, life-long Communist described by her neighbors as an avid gardener, worked for the KGB for 40 years, passing along enough information about Britain's atom bomb to help the Russians make one, too, much earlier than they could have otherwise.

Hers is one of dozens of names surfacing in files, defector of the silimetrocan (ph), smuggled out of Russia in the early '90s. An upcoming book about the files by Christopher Andrew has launched Britain's biggest spy scandal in years, but Andrew says the scandal stretches far beyond the U.K.

CHRISTOPHER ANDREW, CAMBRIDGE UNIVERSITY PROFESSOR: There is nobody who spied for Russia in any country in the world who can be sure that his or her secrets from the Bolshevik Revolution in 1917 out to the 1980s are safe.

FOLBAUM: Also in the files, details of KGB plots in the U.S. Efforts to spread rumors about FBI boss, J. Edgar Hoover's sexual preferences, and CIA connections to President Kennedy's assassination, plus news about booby-trapped bombs left buried across the U.S. and Europe.

(on camera)

There's a debate now in the British media as to whether or not the spying granny should be prosecuted, but Melita Norwood could find herself out of the headlines very quickly if reports are true, that the identities of about a hundred more spies will be revealed later on this week.

In London, Rick Folbaum, FOX NEWS.

(END VIDEO CLIP)

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FOX SPECIAL REPORT WITH BRIT HUME
September 16, 1999

BRIT HUME, HOST, SPECIAL REPORT: Welcome to Washington. I'm Brit Hume.

Hurricane Floyd may not have been all it was cracked up to be, but you won't hear people in this town suggesting that all that evacuating and emergency declaring was unnecessary. Indeed, to hear people in Washington tell it, you might get the idea the storm's relative weakness was a result of their preparations. Here's White House correspondent Wendell Goler.

(BEGIN VIDEOTAPE)

WENDELL GOLER, FOX NEWS (voice-over): The president made a rare visit to the Federal Emergency Management Agency and said with a voice hoarse from all its recent plane rides that even though Floyd wasn't all people had feared, it gave us a good test.

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES: I just want to reaffirm my absolute conviction that the people in the emergency services work did the right thing to issue the warnings, did the right thing to recommend evacuation. And we got a lot of good practice here.

GOLER: Mr. Clinton had cut short his stay in Hawaii and returned to find the East Coast braced for a blow. Washington monuments were closed to tourists or tied down in preparation for the wind. Two million school children from Washington to New York were told to stay home. Flights were canceled up and down the eastern seaboard, and even the House of

Representatives took the day off.

REPORTER: Mr. Speaker, you ready for the hurricane?

U.S. REPRESENTATIVE DENNIS HASTERT (R-IL), HOUSE SPEAKER: Well, better get my raincoat out.

GOLER: There was heavy weather at the Capitol, but the Senate stuck it out. In fact, Floyd was already dying. Once a category 5 storm twice the size of Florida, Floyd chased millions of coastal residents inland from Miami Beach north. But it was only a category 2 storm when it came ashore in North Carolina, and forecasters said later in the day Floyd was no longer a hurricane at all.

The storm was already turning away from New York when Mayor Rudy Giuliani sent nonessential city workers home and urged businesses to do the same.

RUDOLPH GIULIANI (R), NEW YORK MAYOR: The reason that we've done that is in order to ease the burden at the rush hour.

GOLER: Meanwhile, Carolina residents returned home. Some had bitter memories of the dozen-hour-or-more flight from Floyd Wednesday. There were complaints about being crammed on the outbound lanes of a highway while the inbound lane sat empty. Some complained that the media oversold the storm.

LYNDA WEIL, NORTH CAROLINA RESIDENT: ... because it seems like, you know, they report and report and report, and they've run out of stuff to report or run out of a situation, so they seem to make more out of it than it really is.

(END VIDEOTAPE)

GOLER: But North Carolina Governor James Hunt says the evacuation saved lives, that officials here say Floyd's potential made all the precautions wise. The president late in the day added Virginia to the disaster declaration list and almost casually announced \$528 million in new disaster aid. Officials had feared things might be much worse.

Brit?

HUME: Wendell, is there any concern that because of the storm's relative weakness that future warnings may not be heeded?

GOLER: The president says he hopes that happens--doesn't happen--pardon me--but what he says also is that he supports what is a state decision to evacuate.

Brit?

HUME: All right, Wendell. Thanks very much.

A Texas man gunned down hymn-singing teenage worshipers at a Baptist youth service Wednesday night, killing seven people before taking his own life. Before opening fire, he shouted anti-religious curses. The incident took the recent wave of shooting rampages into yet another sanctuary of American life, and the reaction in Washington was strong. FOX's Carl Cameron reports.

(BEGIN VIDEOTAPE)

CARL CAMERON, FOX NEWS (voice-over): Seven were killed, seven others injured, in a Fort Worth Baptist church before the gun, who investigators said had a troubled past, took his own life. In Washington, the president offered the nation's prayers and sympathy, then without specifically mentioning the gun control measures stalled in Coast Guard, urged lawmakers to act.

CLINTON: ... that there is nothing we can do to assure that this will never happen, but there is a lot more we can do to assure that it will happen more rarely. And I can only hope that the shock of this event

will spur that kind of action.

CAMERON: Victims heard the gunman making anti-Baptist statements during the rampage. Attorney General Janet Reno said a motive is uncertain, but that what she called common-sense gun laws might have prevented some of the recent violence.

JANET RENO, ATTORNEY GENERAL: We have watched as innocent people were gunned down while attending school, while walking home from a church or synagogue, while playing at a summer camp, while working in their offices, while delivering mail, and now while worshiping in their church.

CAMERON: Vice President and Democratic presidential candidate Al Gore weighed in from San Diego.

ALBERT GORE, VICE PRESIDENT, PRESIDENTIAL CANDIDATE: We have to respond to the flood of guns that has made the incidence of brutality and crime in our country so much more deadly.

GEORGE W. BUSH (R), TEXAS GOVERNOR, PRESIDENTIAL CANDIDATE: There seems to be a wave of evil passing through America now and...

CAMERON: Texas Republican Governor George W. Bush cut short a presidential campaign trip through Michigan to return to his home state. He supports certain, though not sweeping, gun controls, but also emphasizes the need to change the nation's social and spiritual values.

BUSH: Hate and evil lurk in people's hearts, and there's no government law that will eradicate hate and evil. It's going to require a higher authority.

CAMERON: In Congress, Republican vote counters predict gun controls will not pass this year. The House majority leader is also from Texas.

U.S. REPRESENTATIVE RICHARD ARMEY (R-TX), MAJORITY LEADER: ... to say such a soul as that is so badly tormented that to commit that kind of violence in God's own house--frankly, such a person would not be deterred by another gun law.

(END VIDEOTAPE)

CAMERON: Gun control opponents say that what they really need to do is concentrate on a whole new list of issues and that the existing laws need to be enforced. And they blame the Clinton administration for an abysmal record punishing current gun law violators.

Now, in the coming legislation, still no scheduled vote in either the House or Senate. They have to work out some differences in the gun control laws. Ultimately, gun control opponents say there are liberals who will vote against the measure because it won't be strict enough and conservatives who will vote against it because it is too weak.

Brit?

HUME: Carl, thanks very much.

Going to take a break here, but when we come back: Who are all those voters who say they'd never vote for Al Gore? Stay tuned.

(18:08)

(COMMERCIAL BREAK)

HUME: Just when it seemed the political news for Vice President Gore could not get much worse, it seems to have done just that. Following a series of polls indicating that one-time long-shot Bill Bradley has pulled even with the vice president in key primary states, there's now a poll suggesting that Mr. Gore has a lot to do to get a lot of people to even consider voting for him. Senior White House correspondent Jim Angle has the story.

(BEGIN VIDEOTAPE)

JIM ANGLE, FOX NEWS (voice-over): Al Gore has been working the

endorsement front all week, collecting the admiring support of key Latino leaders at a series of events mostly in Washington. But it's been a tough week for the vice president as far as opinion polls are concerned. First, at least four separate polls showed Bill Bradley neck and neck with Gore in New York and New Hampshire. Now another poll suggests something even more troubling, that more than half the electorate wouldn't even consider voting for Gore.

CHRIS INGRAM, LUNTZ RESEARCH: For Vice President Gore, this is a key indicator of just how thin his support is and what high negatives that he's actually carrying.

ANGLE: In a poll of likely voters, 37 percent said they definitely would not consider voting for Gore, in a way saying there is no way, no how they'd even entertain the idea. Another 17 percent said they probably would not consider voting for him, suggesting that 50 percent of the voters have crossed Gore off their list. Gore's Democratic challenger, Bill Bradley, and the leading Republican contender, George W. Bush, fare much better with voters. Only 20 percent of those polled definitely would not consider voting for them. The "probably nots" are about the same as Gore.

INGRAM: Clearly, the numbers show that Gore is the weaker of the two Democratic candidates, two primary candidates, that is, Gore and Bradley. But--so from a Republican perspective, we would like to see Gore get the nomination.

PETER HART, DEMOCRATIC POLLSTER: Well, those aren't good numbers for Al Gore, but at the same time, they're not very cast in stone.

ANGLE: Democratic pollster Peter Hart says it's still early but that Gore needs to connect with voters soon, especially if you look at some other numbers in a poll he just did.

HART: Bill Bradley is running closer to George W. Bush than Al Gore is. That is a turnaround from everything we have seen in 1999.

(END VIDEOTAPE)

ANGLE: Not only that, but Hart also found that Gore is substantially trailing both Bradley and Bush among women voters, and they were a key factor in the Democratic victories in 1992 and '96.

Brit?

HUME: Jim, are there any new soundings on that other race we watch so closely, the potential Senate race between Hillary Clinton and New York Mayor Giuliani?

ANGLE: There are two polls out this week, Brit. One shows that the two candidates are 45 and 45, so dead even. The other, out just today, from Marist College shows that Mr. Giuliani is leading the first lady by 49 to 40. Now, both those polls, though they're different, those two polling organizations have shown the same in their recent polls, in their last polls on this.

HUME: So both have had them even, and both have had...

ANGLE: And both have had them...

HUME: And one has had them even both times, and the Marist has had him up about 10.

ANGLE: That is right. The last one was 10, now it's 9.

HUME: All right, Jim Angle, thanks very much.

Federal regulatory officials are supposed to be kept clear of political activity and independent of the White House, but it seems the White House used federal auditors to help fight Republican-backed banking legislation which the president opposes and has threatened to veto. Julie

Kirtz has the story.

(BEGIN VIDEOTAPE)

JULIE KIRTZ, FOX NEWS (voice-over): The controversy stems from a mid-December White House strategy meeting aimed at fighting a GOP bill to revamp federal banking laws. The White House argues the bill would weaken the Communist Reinvestment Act, a program which encourages lending to poor neighborhoods.

Under White House direction, federal bank regulators, who are supposed to be non-partisan, sent emails to banking examiners across the country. The emails asked the auditors for a list of bankers that would most likely say positive things about their institutions' experience with the CRA, the Community Reinvestment Act, if asked by the media. One large national bank, which wants to remain anonymous, complained to the Senate Banking Committee. That bank said it felt pressured by the auditors to help the White House lobby against the Republican-backed legislation, according to a new report by the Senate Banking Committee, chaired by Republican Phil Gramm.

U.S. SENATOR PHIL GRAMM (R-TX): And in the midst of the audit, they were asked to take a political action by the auditor. They thought that was an extraordinary thing. They wanted the committee to know about it.

ANGLE: The lead agency involved, the Comptroller of the Currency, which supervises 2,400 nationally chartered banks, agrees it made a mistake. So does White House spokesman Joe Lockhart.

JOE LOCKHART, WHITE HOUSE SPOKESMAN: And inappropriate contacts were made. I think it's incumbent upon us--this is something we take seriously. It's incumbent on us to be clear, and we take responsibility for that.

ANGLE: It's not the first time bank regulators have been inappropriately mixed up in Clinton administration politics. Remember those infamous White House coffee fund-raisers? Banking regulators were forced to admit they should not have attended this 1996 coffee with the president, Democratic fund-raisers and some of the nation's most prominent bankers.

(on camera): And this year, following the banking legislation episode, the comptroller issued a new policy that no more contact can be made with banks that might be perceived as pushing administration policy. Republicans remain skeptical the White House will follow its own rules. In Washington, Julie Kirtz, FOX NEWS.

(END VIDEOTAPE)

HUME: Up next, we'll talk with Utah Senator Orrin Hatch on that Puerto Rican clemency issue. Stay tuned.

(18:16)

HUME: President Clinton has asserted executive privilege over information about his decision to grant clemency to 16 convicted Puerto Rican terrorists. Congressman Dan Burton, chairman of the Government Reform and Oversight Committee in the House, issued a subpoena for the material, but Attorney General Reno advised Mr. Clinton that he had a legal right not to comply. That led Burton to criticize both the president and the attorney general.

(BEGIN VIDEO CLIP)

U.S. REPRESENTATIVE DAN BURTON (R-IN): And I think the American people have a right to know that the president's thumbing his nose at them, saying, "Hey, you don't have a right to know what I pardoned these individuals."

So when you say who's responsible, I'd say there's enough blame to

go around. Principally, it's the president, but his chief blocker, Janet Reno, is also responsible.

LOCKHART: It is the president's right to get confidential advice, just as the Congress has a right to internally communicate. And there's nobody here--I don't stand here each day saying that I want all the internal communications for how they added up their tax bill. There is a clear separation of powers, and I think anyone who looks at the Constitution and understands what it means knows that Congress doesn't have an oversight role in this case.

(END VIDEO CLIP)

HUME: Joining me from Capitol Hill is a very senior member who's a veteran of many such conflicts, Senator Judiciary chairman Senator Orrin Hatch of Utah.

Welcome, Senator.

U.S. SENATOR ORRIN HATCH (R-UT), PRESIDENTIAL CANDIDATE: Well, nice to be with you, Brit.

HUME: Well, you hear the White House press secretary there, Joe Lockhart, say that this is not an issue where the Congress has oversight responsibility. Is that right?

HATCH: Well, there may be some issues where there might be a right to assert executive privilege. For instance, if Chuck Ruff, the counsel to the president, submitted a special opinion, I think that probably is subject to executive privilege. But what we're talking about here today is the process in the Justice Department, which I over-view as chairman of the Senate Judiciary Committee, the process that really wasn't followed here because under the rules and guidelines of the Justice Department, the pardon attorney has to give an opinion as to what--which way to go. Normally, they have to talk to the police, the FBI, the law enforcement people, and above all, the victims. They didn't do that here. All they talked to were the human rights people.

HUME: So you're talking here about officials in the Department of Justice whose...

HATCH: Darn right.

HUME: ... job it is to handle these cases, process them and send them to the White House? Is that correct?

HATCH: That's right. And let me tell you something. We got a letter today--it's this one right here, September 16th--that basically says they're now--after I've threatened to subpoena them, they are now going to start giving us some documents, but they are not going to give us documents that really pertain to why this decision was made in violation of the rules of the Justice Department.

You know, this is another one of these situations where it looks like Janet Reno was asleep at the switch while the White House runs the Justice Department. And it's terrible! So we're going to keep pursuing this. We'll look at all the documents they say they will send to us, but it looks like the typical reaction of the White House to spin this thing to give the very minimum that they have to give now, never give what they really need to give or what they really should be giving until we get a subpoena served on them, and even then they'll try to stonewall and stop us from getting the basic documents.

HUME: Well, we've been given to understand, Senator, that law enforcement officials recommended against this.

HATCH: The FBI, the law enforcement officials...

HUME: Now, those--are those...

HATCH: ... Fraternal Order of Police, all the victims. Do you realize that not one of those 16 FALN members even asked for clemency?

HUME: Well, now, let me ask you this. Is any of that material, those recommendations--are they being withheld--FBI, Justice? Is that stuff being withheld from you?

HATCH: Sure. Of course they are.

HUME: All right, now--but we know about it, then, therefore, how?

HATCH: Well, the only way you can know about it is if we can gradually get them to disgorge these materials and let the public know really why this decision was made.

HUME: So what recourse do you have? They say ``We're not going to give it to you, executive privilege." What are your--what are your options?

HATCH: Well, today we gave the Judiciary Committee notice that we are going to seek subpoenas next Thursday. We will vote on those next Thursday. I'm hoping that it will be a bipartisan vote, that the Democrats on the committee will support our request for a subpoena. And then we're going to subpoena these records, assuming we can get that done. And then, of course, they'll probably assert some phony executive privilege on some of these, and then we're going to have to go to court.

HUME: And if you go to court--the history of the courts, though, is the courts don't like to get involved in these disputes between Congress and the executive, do they.

HATCH: The court may very well say that this in some aspects is a political question, which means that we've got to resolve it between the two bodies. If the court does that and we can't resolve it, then I'm going to go and find some way of cutting back on the Justice Department's money so that they realize that we mean business. We only have two powers up here. You know, one is the legislative power, and the other one is the--to withhold moneys from the--from the...

HUME: Well, you have contempt...

HATCH: ... from the Justice Department.

HUME: Well, don't you have contempt powers? And of course, you have the power of impeachment, which I guess has lost some of its importance.

HATCH: Well, we have contempt powers, but in a civil contempt proceeding, it's almost worthless. So we're left with asking the courts to review this and to help us. If they refuse to do that because they find it's a political question, then we're going to have to just say we're going to withdraw some funds from the Justice Department until they start cooperating.

HUME: Now, that's the function of the Appropriations Committee.

HATCH: No, it isn't. It's the function of everybody in the Senate, everybody in the House of Representatives. I think--I think that the Appropriations Committee, of course, would be the people we'd go to first.

HUME: Right.

HATCH: But almost anybody could file a resolution or a...

HUME: Have you--have you...

HATCH: ... a bill.

HUME: Have you taken any soundings there, just for openers, to see what kind of reaction there would be to trying to cut off funds?

HATCH: I think it--you know, they'll--they'll play this thing to death, trying to say they are cooperating, when they could cooperate overnight. One thing they did say in this letter, they said, ``We will provide you with a log of documents that are subject to the executive

privilege claims."

HUME: So you'll know what they are.

HATCH: So we'll at least know at least something about what they are.

(CROSSTALK)

HATCH: On that basis, we then can inform everybody in the country what--you know, what's going on.

HUME: Now, Senator, on the other hand, the president--this pardon power is the president's and the president's alone, correct?

HATCH: Yes, it is.

HUME: Right. And he is entitled by virtue of that, is he not, to some level of confidential advice, as you suggest, if it came from the White House counsel.

HATCH: He is, and...

HUME: So where do you draw the line here? Is it--is it...

HATCH: Well, the line is, is the Justice Department acting in the best interests of the people of America or is it acting in a political fashion that really undermines the best interests of the people of America? And the Justice Department, by not following its own guidelines, by not talking to the FBI, by not talking to the--to the law enforcement people, the victims and others, and--and...

HUME: How do you know they didn't do that, by the way?

HATCH: Well, they've pretty well admitted they didn't do that. I also have to say that--that they also did not get an opinion from the pardon attorney, or if they did, they certainly didn't give an opinion to the president of the United States, which they were obligated to do under the rules.

HUME: So your subpoena, presumably, would cover any opinion that might exist from the pardon attorney, for example.

HATCH: Well, that's right. Now, keep in mind...

HUME: Well, that--if that ever went to the president, he could hardly claim executive privilege, could he?

HATCH: That's right. He couldn't claim executive privilege. At least, that's my contention. I have to say that, you know, it all comes down to a matter of cooperation. We've had very little cooperation from this White House from day one. And they play this game of giving you the very minimum and then dragging it out and making it so that it's so frustrating, knowing that--that they--they can get away with it because, I have to say, the major media doesn't come down on them like they would if this was a Republican administration.

HUME: Well, Senator, on--very quickly, one question. Are you getting the cooperation that you've expected on Waco? We only have about 15 seconds.

HATCH: Not fully. But remember, I was the one who said back in 1995 that they knew about the military canisters being used. Anybody--anybody doesn't realize the military canisters are explosive and incendiary shouldn't be in the Justice Department.

HUME: All right, Senator Hatch, thank you very much for doing this. I hope you'll come again.

We have to take a break to do some of the news headlines, but stay with us. There is much more to come.

(18:28)

(COMMERCIAL BREAK)

BRIT HUME, HOST, SPECIAL REPORT: Secretary of State Madeleine

Albright has a difference of opinion with House majority leader Dick Armey about Clinton's foreign policy speech. At a speech in Washington, Albright said she disagreed with Armey's assertion that Congress should ask the question, Who lost Russia?

(BEGIN VIDEO CLIP)

MADELEINE ALBRIGHT, SECRETARY OF STATE: I hope you will bear in mind that Russia is not a watch and a set of keys that can be misplaced. It's a nation of almost 150 million people that has, for more than three centuries, been among the world's major powers. The suggestion made by some that Russia is ours to lose is arrogant. The suggestion that Russia is lost is simply wrong.

(END VIDEO CLIP)

HUME: Another explosion in Russia, this time after midnight Friday morning Russia time, and in St. Petersburg. It was the second one in the country in less than a day. Russian authorities are racing to come up with security plans after an early morning blast Thursday killed at least 17 people, left citizens panic stricken, and government officials fearing a political crisis.

FOX NEWS correspondent Jennifer Griffin filed this report before the St. Petersburg explosion.

(BEGIN VIDEOTAPE)

JENNIFER GRIFFIN, FOX NEWS CORRESPONDENT (voice-over): Another predawn blast rips the face of a Russian apartment building, leaving rescue workers to comb the wreckage for survivors. Investigators found traces of explosives at the scene and are blaming a truck bomb left in front of the building for the devastation.

The explosion occurred more than 700 miles south of Moscow near the volatile Caucasus region, where Islamic rebels have been fighting against the Russian army for a breakaway state. A previously unknown group called the Liberation Army of Dagestan has claimed responsibility for a series of explosions that have killed nearly 300 people.

Thursday's blast is the fourth to destroy an apartment block in two weeks, leaving Russian leaders exasperated.

VLADIMIR PUTIN, RUSSIAN PRIME MINISTER (voice of translator): We have to act quickly and smash this beast at its roots.

GRIFFIN: The recent wave of terrorism could post a grave threat to Russia's fragile democracy. The Russian media is filled with reports that President Boris Yeltsin may use the terrorism as an excuse to call a state of emergency and postpone December's parliamentary elections.

What worries political observers like Yevgeny Volk is that the people might actually want a return to authoritarian rule to stop this terror.

YEVGENY VOLK, HERITAGE FOUNDATION: In this sense, of course, if the situation gets worse, I think the population will actually approve the imposition of the state of emergency.

GRIFFIN: The president, whose health is always a national concern looked disturbed when he met his prime minister to discuss the rising terrorism, almost as upset as the Russian people, who now are scared to go to sleep at night.

(on camera): In the Russian capital, residents have formed defense committees to guard their apartment buildings at night and to report on any suspicious activities. In addition, police have stepped up security, and in the past 24 hours found another 17 tons of explosives disguised as sugar in a Moscow warehouse.

In Moscow, Jennifer Griffin, FOX NEWS.

(END VIDEOTAPE)

HUME: And still to come, when natural disaster strikes here at home, how do you go about getting emergency relief? We'll talk with Jane Bullock of the Federal Emergency Management Agency next.

(18:34)

(COMMERCIAL BREAK)

HUME: Hurricane Floyd has lost strength on the way up the mid-Atlantic coast but caused a scare to tough New Yorkers. New York City Mayor Rudy Giuliani gave students a day off and encouraged businesses, including the stock exchange, to close early. The city was declared a state disaster emergency, anticipating the worst.

Joining me to explain what all of this means is Jane Bullock, chief of staff of the Federal Emergency Management Agency.

Thank you for coming in, and welcome.

JANE BULLOCK, CHIEF OF STAFF, FEDERAL EMERGENCY MANAGEMENT AGENCY:
Thank you.

HUME: Now, when a state declares an emergency, what--does that do anything in regard to federal government disaster relief money, or money of any kind?

BULLOCK: No. What it gives--it gives us an indication, however, that they may want federal disaster assistance, because that means that the state resources are beginning to be used, and federal assistance is only made available when state and local resources are used and overwhelmed.

HUME: Now, do they have to--is there some certification process, or is it enough that the governor says, We're tapped out here?

BULLOCK: No, no, the governor has to certify in a formal letter to the president. There's criteria for that letter. They have to ask for the kind of assistance that they need, and they also have to guarantee that they will cost-share that assistance.

HUME: What does that mean?

BULLOCK: That means that most of the federal assistance is 75 percent federal, 25 percent state or local. So the governor has to certify that he will make available that match.

HUME: All right, now, what--there are two--now--so an emergency is simply an alert to...

BULLOCK: From the state.

HUME: From the state.

BULLOCK: Yes.

HUME: Now, the president can then, at his discretion, declare a state of--a disaster exists or not, correct?

BULLOCK: Correct.

HUME: And in this case, the president did that in the case of states where the storm had yet to arrive. Has that ever been done before?

BULLOCK: Yes, and there's two kinds of disasters. There's an emergency disaster, which is what President Clinton declared for the four states. And then there's what we call major disaster, which is a much more complex process that involves our teams going out and actually looking at damages.

What President Clinton did with this emergency declaration was, he made available two programs for state and locals. One is emergency protective measures and debris removal. And this was very important, because when we're looking at these kinds of evacuations, people are

concerned that if they leave their house, it won't be protected. And they're concerned that they may not get back in quickly.

Emergency protective measures allows states and localities to hire additional fire and police, to make sure that the area that's been evacuated is properly supervised, and debris removal, so that they're able to get back in quickly.

HUME: But none of this has anything to do with the money people might later get or need to fix their homes or...

BULLOCK: No.

HUME: ... replace equipment or anything like that.

BULLOCK: No. We do a...

HUME: How does that work?

BULLOCK: What we will do is--and we're doing it right now in Florida, Georgia, and we're going to begin it in South Carolina, we actually send teams in with state and local to look at what the damages are. And we base the major declaration on the need. How severe were the damages? How much infrastructure went down? How many homes were affected?

HUME: Right, and people are only allowed to get down--get help in ex--over and above what their insurance does not cover, correct?

BULLOCK: Correct.

HUME: All right. But how you--I mean, does federal money actually--can actually end up going as direct aid to individual homeowners, for example?

BULLOCK: Not until we declare a major disaster declaration.

HUME: Right, right. Is that likely to now happen in the case of these four states, or not?

BULLOCK: I think it's very likely, and in fact the president did declare North Carolina a major disaster. I don't think we're looking at that in either Florida or Georgia. South Carolina we're still looking at damage.

HUME: Virginia?

BULLOCK: Virginia was declared an emergency today. I think--Virginia is, once again, like North Carolina, facing very bad flooding. So there's a good potential that, based on need, Virginia may get a further declaration.

HUME: Now, when this--is there any danger that if a disaster is declared before a storm hits and nothing much happens, that anybody can end up getting aid that really didn't need it?

BULLOCK: No, no. Even--even when we declare a full disaster, there's an eligibility requirement. People have to apply. We send inspectors out. If they earn a certain amount of income, they'll get an SBA loan rather than the FEMA programs. Disaster aid is not simply handed out. There's a process of verification and application.

HUME: Now, the Federal Emergency Management Agency used to be considered a kind of an agency where you sent people that you couldn't find any other use for who were helpful in your campaign or whatever. It has become kind of a star agency under this administration, and particularly under your boss, James Lee Witt. Is the size of the agency bigger now than it used to be?

BULLOCK: No. Actually we've shrunk. What we've learned to do, though, with--under James Lee's leadership and with the support of President Clinton, we've learned to operate more effectively, to apply common sense and be more efficient.

HUME: How about the budget?

BULLOCK: Budget has actually shrunk. Our disaster relief budget has...

HUME: Disaster relief budget, I mean.

BULLOCK: Disaster relief budget has increased because over the past six years, we've had increased frequency and severity of storms. So our average cost for disasters in this country is about \$2.5 billion a year.

HUME: Right. Now, if I were a homeowner in South Carolina where the flooding has been so acute, or North Carolina, and I damaged--my house were damaged, no aid yet available would--oh, I guess now he's declared a major disaster there.

BULLOCK: Yes.

HUME: So a team would have to come and see state and--state and federal team would have to see the damage to my house, is that right?

BULLOCK: What'll happen is, we have a 1-800 number that will go up tonight that people can call. The minute they apply, within a day or two, we have inspectors out at their house looking at what their damage is and what they qualify for.

HUME: And then that would mean making sure the insurance policy was what they said it was and all that.

BULLOCK: Right, yes, exactly.

HUME: And then how quickly can aid become available?

BULLOCK: Under the process that we set up in the last six years, we normally get aid out within three to five days of the application.

HUME: You don't happen to have that 800 number yet, do you?

BULLOCK: I don't, I'm sorry. I should know it by heart...

HUME: But it'll...

BULLOCK: ... but unfortunately I don't.

HUME: That's all right, but that'll be a--that will become available later in the evening when...

BULLOCK: Yes.

HUME: All right. Now, other--so that would account for money for rebuilding and--now, and what about roads, bridges, that kind of thing, where does that money come from, state?

BULLOCK: That--no, that comes from us as well.

HUME: Same thing?

BULLOCK: If there's individual assistance that allows people to rebuild their houses, and then there's public assistance, that's for bridges, roads, and schools.

HUME: Now, does this--and how much of this has to be paid back, if any?

BULLOCK: None of it has to be paid back.

HUME: So you...

BULLOCK: Unless you get an SBA loan, and then you do have to pay the loan back.

HUME: But that comes through a separate agency, right?

BULLOCK: Comes through a separate agency, and it's based on your income, ability to repay.

HUME: I gotcha. All right, well, Jane Bullock, thanks very much for coming in.

BULLOCK: Thank you for having us on.

HUME: Nice to have you.

We're going to take a brief break here, but don't go anywhere. Our panel of journalists is coming up next. Stay tuned.

(18:43)

(COMMERCIAL BREAK)

HUME: Little news here. A videotape has now surfaced concerning the activities of those FALN terrorists who were released from prison by virtue of clemency from President Clinton. Carl Cameron has the story. Carl?

CARL CAMERON, FOX NEWS CORRESPONDENT: Hi, Brit. Well, this is an FBI surveillance tape that was made in March of 1983, as a matter of fact. It was made at a safe house in Chicago by the FLAN, and it--FALN, excuse me--and it shows two men. We can show you the tape now, rather grainy, old videotape.

It allegedly shows Edwin Cortez (ph) and Aliandrina Torez (ph) allegedly making a bomb in the FALN safe house in Chicago. Now, this tape was first produced to the public by our FOX affiliate in Chicago, WFLV, and it has since been subpoenaed by Congress, and the FBI has turned it over to the House Government Reform Committee, where it will be in evidence next week at a public hearing.

Mr. Torez and Mr. Cortez did in fact do between 14 and 19 years in federal prison, along with 14 other Puerto Rican nationalists, but not for violence to anybody specifically, of course. They were imprisoned for sedition and conspiracy.

Allegedly this FBI tape showing them making a bomb. The Clinton administration, in defending the clemency grants, has said that all of these people were not directly involved with doing any bodily harm to anyone. This videotape would certainly indicate that they were involved...

HUME: At least in the...

CAMERON: ... at least in the planning stages.

HUME: In the planning, right.

CAMERON: Right.

HUME: All right, Carl, thanks very much for that.

Now a little perspective on the day's events from Fred Barnes, executive editor of The Weekly Standard, Mort Kondracke, executive editor of Roll Call, and from the White House, Mara Liasson, White House correspondent of National Public Radio, outdoors, braving the storm. Mara, I don't know what we'd do without you. FOX NEWS contributors all here.

Very quickly, on reaction to that videotape, it was a little hard to tell. It looked--one of them looked like he was opening his mail.

(CROSSTALK)

HUME: The other one appeared to be operating with a--doing--building something. But does that add anything to the sum of our knowledge about what those guys allegedly did?

FRED BARNES, THE WEEKLY STANDARD: Well, we know this, but we didn't have a tape showing it. I mean, the claim, of course, as Carl said, was that they didn't commit any violent acts. But they were certainly planning them, that's for sure.

MORT KONDRACKE, ROLL CALL: It sounds like the FBI is not doing the White House any favors in this regard.

HUME: Well, it also would appear, perhaps, that the reason that they didn't do any violent acts is because they got nipped in the bud there.

BARNES: Of course, and they--you know, you'd like to hear more, though, particularly from the White House. We still don't know what--or what are all the steps that led up to the president granting this clemency in the first place? He's claimed executive privilege, which is normally used in national security cases, of which this isn't one.

MARA LIASSON, NATIONAL PUBLIC RADIO: Right. Well, we know that this president has used executive privileges in cases that aren't national security. This one, the White House feels like it's on very firm constitutional grounds, because they say that the power of the pardon, the power to grant clemency, the Constitution gives that to the president alone.

And they're willing to fight this out, and I couldn't find a constitutional expert who said that Congress could prevail here.

HUME: Well, we just--Orrin Hatch, I suppose, I think, would qualify as a constitutional expert of some kind. He's obviously an interested party in this matter. But he seems to be making a distinction between advice that was given to the president by--within the White House and the exercise of that power, and the ex--and the process, or the failure of the process that is supposed to be applied in pardon cases at the Department of Justice.

LIASSON: Right.

HUME: May I take it, Mara, from what's being said there at the White House, that this assertion of executive privilege is blanket and applies to all documents in the government anywhere related to this?

LIASSON: No, no, it does not. They're actually handing over, they say, 10,000 pages of documents that involve the decision. What they say they're not going to give over are confidential communications between the president's advisers and President Clinton about this decision.

I think the implication that Congress would like to leave in the public's mind, of course, is that the president did this for political reasons to help his wife, and there's some kind of a smoking gun document to that effect that he's not turning over.

But in fact, they are going to turn over a big cache of documents.

BARNES: (INAUDIBLE)...

LIASSON: But nothing about his specific...

BARNES: They'll show zip. You know, I'm sure Orrin Hatch would give back those 10,000 documents for the pages, for those few pages that might be incriminating.

KONDRACK: What's also amazing is that White House political aides are all claiming that they don't know how it happened themselves, that this was something that happened between the counsel's office and the Oval Office, and none of them were consulted at all.

LIASSON: Yes, it doesn't...

KONDRACK: I mean, if there's...

LIASSON: Yes.

KONDRACK: ... it's a sort of a blackout over there.

LIASSON: Yes. And I don't know what kind of process is usually followed for clemency petitions. But we do know that President Clinton has had thousands of them applied to him, and he's turned them down.

But what I have heard is that the whole process of getting this clemency out the door was very rushed. The political part of the process was mishandled. Nobody was alerted, certainly Mrs. Clinton says she wasn't told. And I've been told there was just a sense they wanted to get it done. I think it was a Friday when they did it. And...

KONDRACK: All this stuff...

LIASSON: ... it's caused only headaches for them since.

KONDRACK: Yes, all this stuff just keeps the story roiling, and it does Mrs. Clinton no good, and by extension, it even sort of washes off on

Al Gore insofar as anything that's bad that happens to--about Clinton gets dumped on Al Gore.

BARNES: Because Gore doesn't have the--the--he's not in a position...

HUME: The luxury.

BARNES: Yes, the luxury of being able to say, I disagree with the president. As vice president, he's...

KONDRACKE: Right, (INAUDIBLE)...

(CROSSTALK)

HUME: It does seem--Mara, it does seem so terribly unfair that Mrs. Clinton, of all people, the president's presumed closest confidante, gets to take a walk on this and say, Hey, I was an--I'm opposed to this idea, this is a bad idea, where Mr. Gore, by virtue of the office he holds, can't do that.

LIASSON: Well, he can't, but, you know, he has distanced himself from the president on certain things. I mean, certainly on his personal behavior. And there are a couple issues where the vice president has been a little more out front than the president has been. And maybe it would do Al Gore some good...

KONDRACKE: No, I don't...

LIASSON: ... to break with him in some way.

KONDRACKE: I don't think so. Well, if he broke with him, or if he--if he--but--but nothing seems to do Al Gore any good.

LIASSON: That's right.

KONDRACKE: And it doesn't...

LIASSON: He can't get a break.

KONDRACKE: ... and this has not done Hillary Clinton any good.

LIASSON: That's right.

KONDRACKE: ... for--nobody is buying her explanations. Her poll ratings are going down. Giuliani's are rising.

HUME: Well, he--there is someone here who is backing the president on this, and he is a colleague of ours from NBC. And he spoke at a Hispanic gathering here in Washington, and let's listen to what he had to say.

(END VIDEOTAPE)

GERALDO RIVERA, CNBC ANCHOR: In an America where so-called conservative politicians can support clemency, or at least more lenient treatment, for antiabortion violence, or for the IRA, or for Israeli spies, 311 members of Congress voted to condemn the president for doing what we begged him to do.

Ninety-three members of the United States Senate, without a single vote in opposition, voted like those members of the House did before them to condemn our president for releasing the Puerto Rican radicals. Where were those same sanctimonious Senate voices when our government treated as royalty such prominent former terrorists as Menachem Begin and Yassir Arafat?

Where was their outrage when we reopened relations with Vietnam, a land where the blood of 50,00 of our fellow citizens, many of them from Puerto Rico, still stains the soil?

(END VIDEO CLIP)

HUME: Mort?

KONDRACKE: Wow. I--you know, this guy is a total shill for Bill Clinton, and will attack any enemy of Bill Clinton's, no matter what, no matter how transparently flimsy the grounds. I mean, I--it makes me

speechless.

LIASSON: (INAUDIBLE)...

BARNES: Boy, that's a first.

LIASSON: There's another issue. I mean, he's an anchorperson, supposedly a journalist, and there he is, a pretty partisan Puerto Rican there giving a speech. I mean, that was what was stunning to me. I mean, I don't know if I--That was more impressive than the fact that he's supporting President Clinton.

KONDRACK: No, this was an anti-, this was an anti-Clinton-critic diatribe, and in defense of Clinton.

BARNES: Yes, but I don't know where, Mort, maybe you remember him, I don't know conservatives who are out there saying you have to give a pardon to Jonathan Pollard, or ones who are even out there saying that antiabortion activists who have committed violent acts should be given clemency. I don't know, maybe there are some conservatives who have been involved in either of those things. I don't know of any.

KONDRACK: You know, and also you--if a country elects a Menachem Begin or a Yitzhak Shamir as their president, you got to deal with them, right? It's not as though you--you approve of what terrorist acts they may have committed way back in the distant past.

BARNES: See, I don't remember Geraldo getting all worked up when they--when either of those people came over here.

HUME: I don't--and I don't recall Geraldo as a big, as a big supporter of the Vietnam War either, but anyway, he's a sweet guy personally.

And that's all the time we have for the panel. But stay with us for a look at those intrepid reporters in the eye of that awful storm. Stay tuned.

(18:55)

(COMMERCIAL BREAK)

HUME: Finally, as we've noted, Hurricane Floyd may not have measured up to the original dire warnings about it, but that was not of much comfort to the reporters and their camera crews who had to brave its brunt as it came ashore. As you'll see, covering a hurricane can be hard on your hairdo and hard on your dignity. And we offer this salute to the FOX NEWS reporters who told and showed us what it was like.

(BEGIN VIDEO CLIPS)

FOX NEWS CORRESPONDENT (voice-over): The big story, one big storm.

FOX NEWS CORRESPONDENT: You could say that, yes, there are some signs of it going down right now here on the street.

FOX NEWS CORRESPONDENT: The weather is going to get worse.

FOX NEWS CORRESPONDENT: Shepherd, I'm already wet.

FOX NEWS CORRESPONDENT: We've been told by police officers that we had to get off the streets.

FOX NEWS CORRESPONDENT: Several roads have been closed, including parts of I-95, the main north-south artery.

(END VIDEO CLIPS)

HUME: Mike never did get his hat back. That was FOX correspondent Mike Emanuel.

And that is SPECIAL REPORT for this time. Please come again next time, and in the meantime, stay tuned for news--fair and balanced as always.

END

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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CREATION DATE/TIME:23-SEP-1999 09:47:23.00

SUBJECT: NBC Today Show, September 23, 1999

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TEXT:
NBC TODAY SHOW
SEPTEMBER 23, 1999

SPEAKERS: PATRICK BUCHANAN, REPUBLICAN PARTY
PRESIDENTIAL CANDIDATE

KATIE COURIC, ANCHOR

COURIC: On "Close Up" this morning--Pat Buchanan. There has been a lot of talk in recent days about his possible move from the Republican Party to the Reform Party. Wednesday some harsh words from a fellow Republican presidential hopeful, who says Mr. Buchanan should be shown the door because of his views expressed in a new book about Hitler.

Pat Buchanan, good morning.

BUCHANAN: Hi, how are you doing, Katie?

COURIC: Fine, thank you. It was Senator John McCain who said Wednesday that your views about Adolf Hitler and Nazi Germany have, quote, "no place," end quote, in the Republican Party. He said your views of World War II are, quote, "so far outside of the philosophy of what America is all about it's unacceptable." What's your response?

BUCHANAN: Well, Katie, the key thing he said was that I did not think that the war against Hitler and Tojo was a noble cause. That's a vicious and a damnable lie. And I'm really astonished that John McCain would not

come on this morning and face me and make the charge to my face.

COURIC: Why don't you say what you were saying in your book.

BUCHANAN: Let me first hold up right here, from the U.S. Pacific Fleet, it is a citation for heroism and valor under fire for Shelly's (ph) father, who was a flight surgeon on the carrier Cabot (ph) under kamikaze attack. You know who signed that citation? Rear Admiral John V. McCain. Shelly's dad was proud his whole life of how he had served the Navy. He was honored to have been honored by a great man like John McCain's grandfather. And to suggest that I think that the butchers who attacked and murdered our men in their beds at Pearl Harbor should not have been defeated and crushed, and that that was not a noble cause, is as I say, it is a vicious and a damnable lie.

COURIC: But you do say in your book...

BUCHANAN: Now, John McCain...

COURIC: Hold on, Pat. Hold on, Pat.

You do say in your book that Hitler, quote, "offered no physical threat to the U.S." You argue that he was interested in eastward expansion and would have left the U.S. alone had the British and French not gotten involved. Do you believe it was a noble cause to be involved in World War II prior to 1941 when war was declared on the United States?

BUCHANAN: Of course it was a noble cause. The point about Hitler is that 1940, late '40, he had lost the battle of Britain. The English Royal Air Force had air superiority over the channel. Hitler could not invade the United States if he couldn't even invade England. You don't have to be a great military strategist to understand Hitler could not invade the United States when he didn't have a surface fleet and didn't even have any transport ships.

COURIC: So you think that Hitler would have stopped on his own, that the allies should have simply let him do as he pleased?

BUCHANAN: That--look, what I suggest is that Hitler's main ambition lay in the east. If somebody will read my book, one of the best sources for that is Hitler's own mind. (Inaudible) Read it, the quote is right in there. He said all our ambitions now lie toward Russia and its vassal states. What Hitler did in the east was dreadful.

This whole thing is about whether or not it was wise for Chamberlain's government to give war guarantees to Poland. My point is that Chamberlain betrayed Poland, as well as Czechoslovakia. And I cannot understand how people call a book anti-Semitic which lays out a strategy that even as late as 1939 I believed at least we would could have saved the Jews of Western Europe.

COURIC: Well, since you bring up the point about anti-Semitism, you know John McCain isn't the only one who says you should be shown the door. Bill Kristol, who is the editor of the Weekly Standard argues that, as well, and says that the other night--he said, rather, on the other night on Chris Matthews' Hard Ball program that you had been lunching with known anti-Semites. Would you like to respond to that, as well?

BUCHANAN: Sure. Bill Kristol, and that's not hardball Chris Matthews has been running this week, it is softball. He has brought on as many people as he can to bash Pat Buchanan. I had lunch in New York with a woman named Lenora Fulani, who is of the left and is part of the Reform Party. You know, I am really tired of the fact that we're trying to broaden a base or something like that, and people are making charges against folks I never heard of.

COURIC: Did you have lunch with Fred Newman (ph) of the New Alliance

Party as well?

BUCHANAN: Mr. Newman--yes, I just met Mr. Newman. I don't know whether these charges are true or not. And I would...

COURIC: According to Mr. Kristol, just FYI, he is a known anti-Semite, and having lunch with him is like having lunch with David Duke, to see if you all have any common ground.

BUCHANAN: Well, let me tell you about Mr. Kristol. He belong--he runs that little, dinky magazine that's been subsidized by Rupert Murdoch that pretends to be conservative. And these little boys have been on Pat Buchanan's case for a long time. The reason they're outraged, I'll tell you, is because they fear that Pat Buchanan may move to the Reform Party and take the conservative movement with him. And when you see the cheap little shots they're delivering, you know, it may be time to build a new conservative movement and let these people go.

COURIC: Meanwhile, Pat, these charges of anti-Semitism have hounded you every time you've thrown your hat into the political ring. Why do you think that's the case?

BUCHANAN: Because I speak truth to power. And because Pat Buchanan is probably the only leader in this country who will stand up to the Israeli lobby and say that even though Israeli is a good country and its people have done a wonderful thing, that the government of Israel is secretly shipping American weapons technology to communist China, to threaten our boys on the Seventh Fleet, Python air-to-air missiles, the Labee (ph) fighter technology, maybe even the Patriot missile. AWACS technology, which they've been doing. And Heritage Foundation has documented, along with others.

I'm the only one that says that. If you're going to lead this country, you've got to be able to speak the truth.

COURIC: Last Sunday on Meet the Press, the head of the Republican Party, Jim Nicholson, said he would meet with you this week to try to convince you to stay. Have you had that meeting?

BUCHANAN: We have not had that meeting. But I would be delighted to meet with Jim Nicholson who is a man of honor. And I like him and respect him. I don't know if we'll get anywhere, but I'm delighted to meet him.

COURIC: Well, then why haven't you met?

BUCHANAN: We've got one scheduled, Katie.

COURIC: When is it scheduled?

BUCHANAN: I believe it's next week.

COURIC: All right, Pat Buchanan, thanks so much for joining us.

BUCHANAN: Thank you.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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Special Event

Aired September 22, 1999 - 5:44 p.m. ET

President Clinton Delivers Remarks on DOJ's Lawsuit
Against Tobacco Industry

FRANK SESNO, CNN ANCHOR: Tobacco is the issue, but some
politicians will try to make hay out of it. We don't
expect that from the
president of the United States, but more an explanation,
when he comes out
of the White House just a few minutes or a minute or so
from now. We'll
join that as soon as we see him.

Right now, we're joined by Tucker Carlson of "The Weekly
Standard."

Tucker, let's talk about the politics of tobacco for a
minute, not at the
presidential level, the attorney general level -- let's
let them speak for
themselves -- but at the grassroots level. Anything from

the candidates? Is

this is an issue that resonates with the American public, or are they standing back and watching?

TUCKER CARLSON, CNN POLITICAL ANALYST: It is an issue, oddly enough, and it resonates with the entire public, even smokers. Even people who smoke cigarettes, polls show, are in favor of restrictions on smoking, even on higher taxes and on keeping cigarettes from children. Very few people are standing back, apart from professional libertarians, and saying, wait a minute, why is the federal government targeting a specific industry for obstruction? Few people are saying that.

SESNO: What about a lawsuit like this? Is this something that generates -- you've been on the campaign trail yourself; this is not something we're hearing as a campaign issue, though isn't it?

CARLSON: No, it really isn't. And it's weird. I was traveling with McCain a couple weeks ago, who of course is sort of at the center of anti-tobacco agitation in Congress and hardly anybody asked him about it.

SESNO: And here is the president. And we'll listen to his remarks now.

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES:
Good afternoon.

Last January in my State of the Union Address, I announced that the Justice Department was preparing a litigation plan to recover the cost of smoking-related illnesses. Over the years, smoking-related illnesses have cost taxpayers billions of dollars through Medicare, veterans' health, and other federal health programs. Today, the Justice Department declared that the United States is in fact filing suit against the major tobacco companies to recover the costs borne by taxpayers.

I believe it's the right thing to do. The tobacco companies should answer to the taxpayers for their actions. The taxpayers of our

country should have
their day in court.

Thank you very much.

QUESTION: Mr. President, the tobacco companies say this
lawsuit is pure
politics, sir. What do you say?

CLINTON: Well, if you look at the record of this
administration, we've
been out there on this issue a very long time. No one
else ever tried to do
that. We did our best to work with them and with the
Congress to resolve
many of these matters legislatively, and they declined.
And I believe this is
the appropriate thing to do.

QUESTION: Do you think the North Koreans, sir, are going
to stick to
their moratorium on missile testing now, after the
lifting of sanctions?

CLINTON: I do. And of course, if the future proves
otherwise, then there
are always other options open to us. But former Defense
Secretary Bill
Perry and others who worked with him worked very hard on
this, and then
our negotiator in Berlin did a very good job. We worked
very closely with
the Japanese and with the South Koreans on this
approach. They are agreed
with it, and it offers the most promising opportunity to
lift the cloud of
uncertainty and insecurity and danger that otherwise
would hang over that
whole region, including the American servicemen and
women who are there.

So I'm very, very hopeful about it. If it works, it
does; if it doesn't, then
there'll be other options open to us.

SESNO: Very brief comment from the president there on
the subject of this
tobacco lawsuit brought by the Justice Department today,
civil lawsuit,
seeking to recover billions from the tobacco industry.
And the president
flatly denying that this is about politics, which is
what the tobacco companies
themselves allege. This is pure politics, in their view.

The president saying,
"The taxpayers of our country should have their day in court."

Also a brief comment about North Korea there. As you may know, the president and the United States recently has eased some sanctions, at least preliminarily, in return for a pledge from the North Koreans that they will not further test some of their missiles, key missiles that the United States wants and others want to keep under wraps.

Tucker Carlson, now, of "The Weekly Standard," you heard the president say it's not about politics, this tobacco business.

CARLSON: Well, sure it is. I mean, of course it's about politics. As I said, it polls well, weirdly enough. Smokers -- even smokers sort of vote against their own interest on this topic. It's sort of the original Clinton "save-the-children" kind of issue. It's tailor-made for this administration, and it's very effective, and that's why he's pursuing it.

SESNO: And what do you expect next?

CARLSON: Well, I mean, I expect it to work. I mean, this is a very popular issue, as you know, with the states, with state AGs. It's a wonderful way for the states to get a huge amount of money.

SESNO: Tucker, bring us up to speed a little bit. There was very nearly a massive \$300-plus billion settlement between the federal government and the tobacco companies some time ago. It didn't go forward, because it fell apart in some conversations with the Congress.

T. CARLSON: That's right. I mean, the idea essentially was that the tobacco companies would give this enormous amount of money to the federal government in return for some limited immunity from future suits.

Anti-tobacco hard-liners in the Congress were part of the reason it fell apart.

People like Carter Eskew, who now works for the vice president, are

another part of the reason -- people hired by the tobacco companies to fight it.

Interestingly, the tobacco companies sort of rolled over immediately, in contrast to, say, Hooters, which was taken on by the federal government a number of years ago and immediately marched these Hooters girls through the streets and sort of took an affirmative offense against the government. The tobacco industry sort of admitted, yes, we're evil, and they began from that position, and as a result, haven't done very well.

SESNO: I'd like to bring into the conversation now White House correspondent John King.

John, it might be worth pointing out for our viewers who are listening to the president there that what we're hearing is a very hoarse Bill Clinton right now; had this condition for a few days.

JOHN KING, CNN WHITE HOUSE CORRESPONDENT: His allergy problems get him this time of year, Frank. His voice has been very weak.

The president, here, as Tucker says -- there's a couple of reasons behind this. One, in his State of the Union address, he promised to do this. There's been a great sense of frustration at the White House that the Justice Department has not responded and acted more quickly to file this lawsuit.

And there is -- there has been evidence, of course, the tobacco companies are settling with the states. The president, and the Republicans, for that matter, looking for ways now to raise more money to fund the spending programs they want. The White House believing here perhaps there's a chance to bring the tobacco companies back to the table for some kind of national settlement, the Republicans on Capitol Hill saying this is pure politics. It will now become an item of discussion in the budget debate that will only intensify tomorrow when the president vetoes

the Republican tax
cut plan.

SESNO: John, is there a sense there at the White House
that despite the
Justice Department action here, that given that national
settlement you just
talked about -- and Tucker and I were talking about just
a moment ago --
fell apart last time around because of positions on the
Hill, that this is
something that's going to be very, very difficult to do:
get these parties back
to the table again?

KING: Well, certainly, to get the parties back to the
table in the short term
for any national settlement, yes. One of the factors
there: the upcoming
presidential election. One of the questions of Joe
Lockhart, the White House
press secretary, was that would future administrations,
in his view, continue
this suit if it were still on its way through the courts
when President Clinton
leaves office. Certainly, there's a great uncertainty as
to whether there will be
a Democrat or a Republican here in the White House in
January 2001.
These suits can take 10 years or more.

Many of the state suits, of course, filed in the last
year or so, the tobacco
companies looking to settle many of those suits. There
was progress in the
California suit just today. The administration hoping,
perhaps, that that
dynamic will take place. But even here behind the
scenes, many officials
think that this suit could languish in the court for
quite some time.

SESNO: All right, John. Thanks a lot.

Philip Morris: Federal Government's Anti-Tobacco
Lawsuit is 'Nothing More Than the Height of Hypocrisy'

LOU WATERS, CNN ANCHOR: We are now going to go to the
National
Press Club in Washington, where Philip Morris is
presenting a statement it's
prepared in answer to the Justice Department's lawsuit
to recover money for
tobacco-related illness.

GREG LITTLE, ASSOCIATE GENERAL COUNSEL, PHILIP

MORRIS: Let me just say that the federal lawsuit that was filed today has no basis in fact and no basis in law. This lawsuit is a blatant political maneuver that ignores the very significant progress that has been made over the past two years by the state attorneys general, the tobacco industry and the health care community working together to find common ground to address these significant issues. This administration had an opportunity to take a significant leadership role in developing that progress, and they refused to do so. Instead, they brought this blatantly political lawsuit that is nothing more than the height of hypocrisy.

Now, why do I say that?

Well, it appears, from listening to the press conference that was held today, that the essence of the federal government's lawsuit is that the federal government was somehow unaware of the health risk of smoking. Now, I'd like for you to think for a moment about whether that's a credible statement, because after all, it was the federal government in 1964 that issued the first surgeon general's report outlining the dangers of smoking. Every year since 1964 the federal government has issued surgeon general's report.

It was the federal government that mandated the health warnings started in 1966 that appear on every single cigarette that's sold in the United States.

It was the federal government that joined with the tobacco industry in 1968 to form the Tobacco Working Group, an organization, a partnership that was designed to try to develop a safer cigarette. This partnership disbanded in the late '70s when the federal government decided it was no longer interested in working with the industry to develop a safer cigarette but instead wanted to spend more time, more effort in working on stopping the

sale of cigarettes.

And it is the federal government that has spent tens of millions of dollars throughout the years warning the citizens of the United States about the health risks of smoking. And that's why we believe it is absurd for the federal government to stand up today and announce that somehow it was unaware of the health risks of smoking, it has no responsibility for the tobacco policy in the last 50 years. But let me tell you what the administration itself has said, and bear with me as I read to you what Mr. Brown (ph) said when he was addressing a claim made by soldiers who said that they had smoking-related illnesses and, after all, it was the government that had given them cigarettes when they were in the Army. And let me just read this to you.

Mr. Brown said yesterday that he had flatly refused to sign off on regulations proposed to implement the lawyers' opinion, which would have told the V.A. how to process claims for tobacco-related illnesses, and this is the significant part. He said it would be a, quote, "borderline absurdity to pay veterans who voluntarily smoked and then became ill." That's the words of this administration, not mine.

I also mention to you that the legal theories had no basis. Again, it's fairly simple. The federal government apparently is trying to recover in a direct action for indirect injuries.

What does that mean?

Well, here the federal government is really trying to recover in a role almost as an insurance company. All they're really saying is, we paid for the health care suffered by individuals who smoked, therefore we should have greater right than those individuals. When you look over the legal theories that are set out in this complaint, you will see that here the federal government is actually saying it's entitled to greater legal rights

than the people who are
actually injured.

But again, don't take my word for it. Let me tell you
what the attorney
general actually said about the merits, the legal
merits, of this lawsuit when
she was asked about this when she was testifying before
the Senate.

I'm afraid your speakers here have taken up all my space
for the papers.

This is what the attorney general said when asked by
Senator Kennedy
about why she wasn't bringing this type of lawsuit two
years ago, in 1997.
And he said, "I just raised this. Our estimate is that
it's about \$10 billion in
Medicare, \$5 billion a year in the Medicaid, other
federal programs are
about five billion, approximately 20 billions of
dollars, so this is a matter very
important. We could do a lot with that 20 billion." And
she interrupted and
said, "but Senator, let me point out to you that is it
is state. What we have
determined was it was the state's cause of action, that
we needed to work
with the states" -- and this, again, is the most
significant part -- "that the
federal government does not have an independent cause of
action. But I will
continue to review it and see if there are new issues."

WATERS; A dust-up today between the federal government
and the
tobacco industry. Greg Little, there, speaking on behalf
of Philip Morris
alone. There are more companies within the tobacco
industry, of course.
And the basis and actual legal definition of the
arguments has yet to be
defined, but as of now, you heard Mr. Little say that
this lawsuit proposed
by the attorney general this morning and expected ever
since the president of
the United States talked about it in his State of the
Union Address "has no
basis in fact, no basis in law," it's "blatantly
political," "the height of
hypocrisy," and the hypocrisy, explained Mr. Little,
comes into the fact that
the surgeon generals report in 1964 and the subsequent

health warnings on
the labels of every cigarette indicated that the
government cannot now say
that it had no knowledge, somehow unaware of all the
health consequences.

We expect to have Martin Feldman, the director of
tobacco research with
Smith Barney, who studies the global implications of all
these moves, legally,
against the tobacco companies. Will join us, we hope,
shortly to get a better
idea of what's goes on here, if there's more than meets
the eye, if this is in
fact blatantly political.

According to Todd Grassiano (ph) at the Heritage Senior
-- at the Heritage
Foundation, a senior fellow there, he describes all this
as an attempt to use
the might of federal government to force an unjust
settlement with no basis in
law.

So, the arguing has begun, even though the legal
definitions have yet to be
defined. We'll continue following this story, of course.

Sen. Bennett: 'The United States, Generally, is in Good
Shape' in Terms of Y2K Readiness

BILL HEMMER, CNN ANCHOR; We want to bring you live to
Capitol
Hill. A Senate committee releasing its latest report on
the Y2K computer
problem here, now, live from Washington:

(JOINED IN PROGRESS)

SEN. ROBERT BENNETT (R), UTAH: We are delighted to have
every
member of the committee participating in support of the
report, and every
member has been invited here. We expect, perhaps, some
others will be
here. But Senator Dodd and I are happy to welcome
Senator Moynihan
who has been part of this effort right from the very
beginning, and we're
delighted to have his support and his interest.

The summary of the report simply is that the of money
that has been spent
on this issue, the amount of time that has gone into

dealing with it, appears to
have paid off. We don't know the exact amount of money
spent in the
United States. Estimates run everywhere from a low of
\$50 billion to a high
of \$150 billion, domestically. We do know that the
federal government will
spend something in excess of \$8 billion on federal
computers alone.

This is a massive undertaking to spend this amount of
money with an
absolutely inflexible deadline. And to be at the point
where we can now
report that most of the major systems in our country
will work, there will not
be a horizontal systemic failure, is very gratifying to
the members of the
committee and the work that we've put into this.

We're saying that with this report, the Y2K problems
will not be spread
across the nation. They will occur across the street.
That is, there will be
individual problems that will arise. The sheer magnitude
makes that
absolutely inevitable. But in all likelihood, they will
not be crippling and they
can be handled in a relatively short period of time.

Nonetheless, even 100 days out, there is still work to
be done. We cannot
be complacent. There are still things that need to be
addressed and we're
urging everybody, as we have done for some time: If you
stockpile anything
for Y2K, stockpile information. Find out if your
pharmacist, your banker,
your employer, is Y2K compliant. It will be of small
comfort to you to have
the U.S. Senate say the banking system will work if you
can't get your
money out. If you stockpile information, you will then
develop your own
contingency plans and you won't panic. We are concerned
that some people
who don't have accurate information might panic as we
get toward the end
of the period, and in their panic set off problems that
could be worse than
the problems they would face if they would simply get
the information and
take care of their own lives.

So, we report, to summarize, that the United States, generally, is in good shape, that all horizontal systems will work. We've broken our past precedent and put together a rating system. We've not done that in the past.

The House had a rating system, a report card. Other people have had rating systems and we didn't want to duplicate that. But we felt, with the final report, we out to summarize where we are.

And you'll notice, very specifically, we chose the word "risk exposure assessments" rather than a more inflammatory word that say this will fail.

This is where the exposure for failure arises. This is not a prediction that failure will come.

Generally, the more black you see, the better off you are. And the second column, which has given rise to some misunderstanding: data quality. We are suggesting that there is some exposure to risks simply because we do not have the information that we need to make intelligent assessments elsewhere.

The data quality does not mean there's going to be a failure. It simply means that the data we have available to us on which to make our assessments has been either better than average or worse than average.

But average is not a bad grade. That's this one, half black and half white. But that simply shows that there are some that are better than average, some that are worse than average.

So, essentially, we believe the United States will be able to weather this with minimal difficulties. The problems will be random, as I say, and probably fixable in a relatively short period of time.

We do have some areas of greater concern than others in the United States, and Senator Dodd will be talking about that, and we have, still, some concerns overseas.

But, in summary, generally, the amount of money and effort that has been

expended on this problem has born fruit, and we are in better condition than

I think we had any right to hope for a year or so ago when we first embarked on this.

And with now, I'd be happy to turn it over to Senator Dodd who has some...

HEMMER: Senator Robert Bennett, Republican out of Utah, giving the

address there. In his words and commenting on the Y2K readiness for

America, saying most major systems will work in the U.S., and the U.S. is generally in good shape. As the problems, he says, they will not occur

across the country but, rather, they will occur across the street, giving indication that individual problems may arise.

Still, though, he said some items need to be addressed.

Let's talk to CNN's Charles Bierbauer live in Washington.

Charles, give us a little more insight about what problems still need to be addressed at this time, if any.

CHARLES BIERBAUER, CNN CORRESPONDENT: Well, as Senator Bennett indicated, Bill, it's the across-the-street problem. We only have to think back to Hurricane Floyd a couple of days ago and realize that there

were local and regional major disasters; particularly, such things as power grids. Local power grids may go out. Nationally, there won't be as big a problem.

They are concerned, as this report points out, about education, whether all the school systems -- and remember schools use a lot of computers in the classrooms, but they also run their bus schedules and even, I suppose, their lunch room schedules and menus based on computers. That's an area they point to.

Medical devices: so many reliant on microprocessors, a question of whether

they have been adequately tested. 911 emergency systems:
not all of them
are compliant at this point. And one of the concerns
that the report does
make is that this is assessment is based on self-
reporting, that is to say
organizations of which say that are ready. And we won't
know that for sure
until 100 days from now -- Bill.

HEMMER: Indeed, you're right, when we all wake up that
Saturday
morning.

What about overseas? Did that report look at that issue
at all in other
countries?

BIERBAUER: It very much did. And while we heard Senator
Bennett say
the U.S. is going to be in pretty good shape, there are
concerns that other
countries have not approached this as rapidly as the
U.S. has, not made the
expenditures. And the report singles out Russia, China,
Italy and some of the
oil-producing nations. And we know how reliant we are on
oil for energy
resources.

It says that this is, of course, a global economy, and
we cannot, as
Americans, say, oh, we're going to be OK without taking
into consideration
the fact that, in this information age, technology
circles the globe
instantaneously, it doesn't recognize geographical or
political borders -- Bill.

HEMMER: Charles Bierbauer in Washington.

Again, 100 days away, a little more than three months
time. We will track it.

Charles, thank you.

END

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TO: Joseph P. Lockhart (CN=Joseph P. Lockhart/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Irma L. Martinez (CN=Irma L. Martinez/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Beth Nolan (CN=Beth Nolan/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Christine L. Anderson (CN=Christine L. Anderson/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

TO: Nicole L. Davison (CN=Nicole L. Davison/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Jenni R. Engebretsen (CN=Jenni R. Engebretsen/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Natalie S. Wozniak (CN=Natalie S. Wozniak/OU=NSC/O=EOP@EOP [NSC])
READ:UNKNOWN

TO: Dawn M. Chirwa (CN=Dawn M. Chirwa/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: David Vandivier (CN=David Vandivier/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Lindsey E. Huff (CN=Lindsey E. Huff/OU=NSC/O=EOP@EOP [NSC])
READ:UNKNOWN

TO: Steven Reich (CN=Steven Reich/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Kimberly S. Anderson (CN=Kimberly S. Anderson/OU=OA/O=EOP@EOP [OA])
READ:UNKNOWN

TO: Sean P. O'Shea (CN=Sean P. O'Shea/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Laura J. Lewis (CN=Laura J. Lewis/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: James E. Kennedy (CN=James E. Kennedy/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Katharine Button (CN=Katharine Button/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Alejandro G. Cabrera (CN=Alejandro G. Cabrera/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

TO: Joshua S. Gottheimer (CN=Joshua S. Gottheimer/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Melissa J. Prober (CN=Melissa J. Prober/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sarah E. Gegenheimer (CN=Sarah E. Gegenheimer/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Rochester M. Johnson (CN=Rochester M. Johnson/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: June Shih (CN=June Shih/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jason H. Schechter (CN=Jason H. Schechter/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Alison Muscatine (CN=Alison Muscatine/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Laura D. Schwartz (CN=Laura D. Schwartz/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Gene B. Sperling (CN=Gene B. Sperling/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Barry J. Toiv (CN=Barry J. Toiv/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sara M. Latham (CN=Sara M. Latham/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: William A. Halter (CN=William A. Halter/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Mark D. Neschis (CN=Mark D. Neschis/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Thurgood Marshall Jr (CN=Thurgood Marshall Jr/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Julia M. Payne (CN=Julia M. Payne/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Richard L. Siewert (CN=Richard L. Siewert/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: gamble-bennett@dol.gov (gamble-bennett@dol.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Dag Vega (CN=Dag Vega/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Robin M. Roland (CN=Robin M. Roland/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Jennifer M. Palmieri (CN=Jennifer M. Palmieri/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Douglas B. Sosnik (CN=Douglas B. Sosnik/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:

FOX SPECIAL REPORT WITH BRIT HUME

October 4, 1999

BRIT HUME, HOST, SPECIAL REPORT: Welcome to Washington. I'm Brit Hume.

Seven years ago, politicians, health care experts and economists all suggested that the number of Americans without health insurance would drop if the economy only got stronger. Well, get stronger it did, but the Census Bureau has punched a hole in the theory by reporting that the number of Americans without insurance is surging. FOX NEWS correspondent David Shuster has the story.

(BEGIN VIDEOTAPE)

DAVID SHUSTER, FOX NEWS (voice-over): The report says that more and more Americans are arriving at emergency rooms without the insurance to pay for their care. According to the Census Bureau, the number of uninsured Americans went up by 883,000 last year, to a total of 44.3 million.

ED HOWARD, ALLIANCE FOR HEALTH CARE REFORM: It isn't that the situation is so much worse. It's that it hasn't gotten much better, even though we've had seven years of economic growth.

SHUSTER: Especially troubling, say the experts, is that in households with incomes of \$50,000 or more, the number of uninsured Americans shot up by 1.7 million. Analysts say it's because health care costs are rising faster than Inflation. There are some bright spots in the report. Even though employers are asking workers to pay a larger share, U.S. companies are covering a greater number of workers than ever before. And last year a million more Americans in the lowest income brackets

started getting health insurance. But the growing trend of middle-class Americans by-passing insurance prompted an "I told you so" from President Clinton, who with the first lady five years ago proposed universal coverage.

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES: And we told you in 1994 that if this were voted down, the insurance companies would continue to drop people, or employers would, because of the system we have. And so what has happened is exactly what we said would happen.

SHUSTER: Since Mr. Clinton took office, the number of uninsured has gone up by more than 4 million. The president called on Congress to consider expanding health insurance for children and allow older workers to buy into Medicare programs. But on Capitol Hill, the debate this week is over Americans who already have insurance and want the right to sue their health maintenance organizations. A bipartisan group of House lawmakers is proposing a so-called "patients' bill of rights" that would guarantee access to specialists and hold HMOs liable when critical treatment is withheld.

U.S. REPRESENTATIVE JOHN DINGELL (D-MI): The country needs it, the people want it, and they should have it.

(END VIDEOTAPE)

SHUSTER: Opponents of the legislation say, however, that allowing lawsuits against HMOs would lead to higher costs, and in the end force more workers out of the system. In any case, everybody seems to agree that the Census Bureau report has pushed all of this front and center for the year 2000 campaigns.

Brit?

HUME: Speaking of that, David, any political fall-out from the report yet?

SHUSTER: Brit, Bill Bradley has said that we have to stop nibbling around the edges and live up to the challenge of providing affordable health care. This is a dig at Al Gore. Bradley believes that Gore's system is limited. Bradley is proposing a much broader system to try to cover everybody.

Brit?

HUME: All right, David Shuster, thanks very much.

When a president goes all out on a national security vote in Congress, history suggests he is highly likely to win. But as President Clinton turns to the task of getting the Comprehensive Nuclear Test Ban Treaty through the U.S. Senate next week, he may need more than history on his side. Senior White House correspondent Jim Angle reports.

(BEGIN VIDEOTAPE)

JIM ANGLE, FOX NEWS (voice-over): Calling Republican tactics "hit and run" instead of advise and consent, the White House is gearing up for what promises to be a nasty confrontation over a treaty to end nuclear testing, and the president will lead the charge.

CLINTON: And if the United States Senate votes this treaty down, it would be a signal that the United States now wants to lead the world away from the cause of non-proliferation.

ANGLE: Mr. Clinton met with his national security advisers to map strategy. The vote is scheduled next week, and getting the necessary two thirds in the Senate will be tough. The White House is crying foul.

CLINTON: For two years the opponents in the Senate have blocked any consideration of the treaty. Now we have been given just eight days before the Senate vote.

ANGLE: The Comprehensive Test Ban Treaty would ban all nuclear testing, which the U.S. stopped doing in 1992. That's why, the president argues, the treaty would be good for the U.S.

CLINTON: Since we don't need nuclear tests, it is strongly in our interest to achieve agreement that can help prevent other countries, like India, Pakistan, Russia, China, Iran and others from testing and deploying nuclear weapons.

ANGLE: After all the concern about Chinese nuclear espionage, the White House even suggests the treaty would help prevent China from upgrading its nuclear forces.

JOE LOCKHART, WHITE HOUSE SPOKESMAN: The Cox report is pretty clear that what can have the biggest impact on modernizing in China is if they resume testing.

ANGLE: But Republican opponents in the Senate make two arguments, first that the U.S. may need to resume testing to prove that American weapons work.

U.S. SENATOR JOHN WARNER (R-VA): We have got to make certain that our stockpile at all times, irrespective of any treaty or any arms control arrangement, does not in any way lack credibility.

(END VIDEOTAPE)

ANGLE: The second reason is that many Republicans think the treaty is unverifiable, which intelligence sources say is partly true. The White House argues that the treaty would establish 300 new monitoring sites, which would make it even harder to cheat. So the lines are now drawn, Brit, and you can expect a week of furious presidential lobbying that even the administration acknowledges may fail.

HUME: Jim, you mentioned China, but where do concerns, if any, about Russia fit into this whole equation?

ANGLE: Well, you know, Energy Secretary Bill Richardson was in Russia over the last few days and tried to negotiate with them access to some of their nuclear sites. "The Russians said that would be fine with us, but you know, you have supercomputers that you can use to simulate tests, so you don't have to test. How about giving us the same thing?" The problem is those supercomputers can also be used to make new weapons.

Brit?

HUME: All right, Jim. Thanks very much.

Still ahead: Republican presidential candidate Steve Forbes is trying to turn up the heat on GOP frontrunner George W. Bush, but nicely. Stay tuned.

(18:08)

(COMMERCIAL BREAK)

HUME: Republican presidential candidate Gary Bauer has issued a statement calling for the elimination of the International Monetary Fund, saying it promotes socialism abroad and undermines free markets. Bauer pointed to the recent allegations of Russian money-laundering as, quote, "the most recent example of bungling at the IMF," end quote. Rival candidate Steve Forbes gave a speech attacking the IMF at the site of its birthplace in New Hampshire. But as FOX NEWS's Carl Cameron reports, Forbes is going after bigger game.

(BEGIN VIDEOTAPE)

CARL CAMERON, FOX NEWS (voice-over): Millionaire publisher Steve Forbes is kicking his presidential campaign into high gear, going directly after Republican frontrunner George W. Bush. In ads beginning next month--and in speeches already--Forbes criticizes Bush as weak on three of

the most important issues to the core Republican vote.

First, taxes. Forbes says Bush proposed raising 75 taxes and fees in his first budget as Texas governor. Second, spending. Forbes says Texas state spending has gone up 36 percent under Bush, faster even than the federal government under President Clinton. Finally, abortion. Bush will not require judges or his running mate to be pro-life.

Forbes this weekend took the most direct abortion shot at Bush of all the candidates who spoke at the Christian Coalition convention in Washington.

STEVE FORBES (R), PRESIDENTIAL CANDIDATE: The frontrunner won't promise to appoint a pro-life running mate. I have and will.

CAMERON: Unlike in 1996, when the \$25 million Forbes ad blitz blasted Bob Dole's record but in the process turned many voters against Forbes as too negative, the Forbes ads of 2000, some of which have already aired, will potentially cost even more, but will be carefully crafted this time to enhance the Forbes image and prevent any backfires.

The ad blitz, set for November, Forbes aides say will feature a, quote, "polite, respectful but aggressive" Forbes on camera criticizing Bush as to the left of the traditional Republican center. With Quayle out, Buchanan expected to leave and Bauer denying an affair, Forbes believes he's the choice of the GOP's most conservative wing.

Forbes's strategists think voters will find ads criticizing Bush more credible and less offensive if Forbes is on camera himself taking the shots. Republicans say there is potentially a huge cost for any candidate that is seen as too negative.

MIKE COLLINS, RNC PRESS SECRETARY: If that individual speaks ill of another Republican and resorts to ad hominem personal attacks or inaccurate charges about the record, that the party, the activists, the millions of Americans who consider themselves Republicans, won't tolerate it.

(END VIDEOTAPE)

CAMERON: But most Republicans, however, have been expecting Forbes to do exactly that. Now, Forbes trails in most polls, in fourth place, and most people in those polls don't expect him ever to be elected or consider him presidential material. So if he does bring Bush down a few pegs, the beneficiaries may be Elizabeth Dole or John McCain, who are in a battle for position for the number two alternative to Bush.

Brit?

HUME: Speaking of Bush, any response from him to these criticisms?

CAMERON: Yeah, he says that--or his campaign says he didn't raise--propose raising taxes--in fact has cut them--hasn't raised spending--in fact, his lowest in 32 years. On abortion, he's pro-life. And if the ads come against him, he'll have plenty of money to answer back and keep Forbes, Dole, McCain or anybody else well behind him.

HUME: All right, Carl. Thanks a lot.

The Supreme Court went back to work, as it always does the first Monday in October, with a long list of touchy issues facing it, and with many people wondering just how many Justices would be present. Would it be just eight or would it be nine? Correspondent Steve Centanni has the answer.

(BEGIN VIDEOTAPE)

STEVE CENTANNI, FOX NEWS (voice-over): The Court is poised to answer momentous legal questions during the coming months, but another important question was answered right away. Court watchers didn't know if Justice

Ruth Bader Ginsburg would be back following a bout with cancer, but there she was, as feisty and outspoken as ever, firing a dozen questions at lawyers making the first arguments of the new term. The 66-year-old liberal Justice underwent surgery for colon cancer last month and appears to be enjoying a rapid recovery.

For all nine Justices, this promises to be a history-making term. Tuesday morning they dive into the campaign finance issue, deciding if a Missouri state law limiting campaign contributions violates free speech rights. The law sets a limit of \$1,075 on campaign donations, very similar to the federal limit. An appeals court struck down the law, saying inflation has taken a critical toll.

U.S. SENATOR MITCH MCCONNELL (R-KY): We think that the \$1,000 contribution limit is so eroded after 25 years of inflation as to now be unconstitutional because it essentially makes it impossible for candidates to get their message out.

CENTANNI: The Missouri case is being closely watched by Congress as it gets ready to debate campaign finance reforms that would outlaw unlimited soft money donations.

DON SIMON, COMMON CAUSE EXECUTIVE VP: These large contributions can cause citizens to lose confidence in their government because of the appearance that influence-peddling is going on.

CENTANNI: And on the first day of the new term, the NAACP was once again on hand to accuse the Justices of failing to hire enough minority law clerks. Out of the 34 hired this year, 5 are minorities. Last year there was only one.

KWEISI MFUME, NAACP PRESIDENT: The message coming from the Court was and has been resoundingly clear. That message essentially says that people of color need not apply.

CENTANNI (on camera): This term the Court will hear an unusual number of free speech cases, and they'll handle some politically explosive issues, like abortion protests, parochial school funding and the federal regulation of tobacco.

At the Supreme Court, Steve Centanni, FOX NEWS.

(END VIDEOTAPE)

HUME: Still ahead, we'll give you some perspective on those new numbers on the uninsured in America. Stay tuned.

(18:16)

(COMMERCIAL BREAK)

HUME: As we noted earlier, the strong economy may have lifted over one million people out of poverty, but it did not get them health insurance. The number of uninsured rose last year by more than 800,000 to nearly 45 million.

I'm joined now by Robert Moffit, director of domestic policy at the Heritage Foundation, who has studied this issue since he served in the Department of Health and Human Services in the Reagan administration.

Welcome.

ROBERT MOFFIT, HERITAGE FOUNDATION: Thank you very much, Brit.

HUME: So let's talk about who these people are. The administration was suggesting today that these are not the poorest of the poor or...

MOFFIT: No, that's right.

HUME: Who are they, then? I mean, what--what...

MOFFIT: You're talking...

HUME: First of all, who are they not in the poor area?

MOFFIT: Well, they're not--they're not people who are on Welfare.

They're not people who are the poorest of our society. They're not people who are indigent. Those people are covered by Medicaid, for the most part. You're talking about a population roughly between the ages of 19 and 34. They make anywhere between \$20,000 and \$60,000 a year, on the high end. They're very heavily concentrated in small businesses and in the service sector of the economy.

We know that they tend to--they have--they have children, so they're overwhelmingly working Americans. In fact, anywhere between 60 and 70 percent of this population is headed by a full-time working breadwinner.

HUME: So you--we're--some of these people, I suppose, would qualify statistically as the working poor, but it sounds like...

MOFFIT: Sure.

HUME: ... a lot would not.

MOFFIT: A lot are actually not just the working poor. You're talking about this problem creeping into the middle--lower middle class. So it's a serious problem. There's no question about it.

HUME: But these are people who typically, if your age description, 19 to 34...

MOFFIT: Yeah.

HUME: ... relatively young, relatively healthy, therefore.

MOFFIT: Relatively young, relatively healthy.

HUME: Relatively less in need of health care insurance...

MOFFIT: That's right.

HUME: ... than probably any other group.

MOFFIT: That's right.

HUME: Although I don't know about their children--young children, one presumes.

MOFFIT: What they need is they need preventive care. And the most important thing they need is they do not have protection against the financial devastation of catastrophic illness. These people are working hard most of the time, and they're trying to build a life. But one of the difficulties is, is because they cannot get health insurance through the place of work, they have to go outside and buy it themselves. And the difficulty here is, is that we have a federal policy that has been in place for over 50 years that says that if you decided to buy health insurance outside of the place of work, you may do so, but you'll pay roughly twice what you would pay if you would have gotten your health insurance through a business or a corporation.

HUME: And that's because of something the federal government has done?

MOFFIT: That's exactly right.

HUME: Why is that?

MOFFIT: What we have today, Brit, and what most Americans should understand is we have a policy today which says that the full power of the federal tax code, the Internal Revenue Code, will support employer-based insurance. So you will get tax relief, unlimited (ph) tax relief, if and only if you get your health insurance through the place of work.

HUME: So what happens is your employer provides it and you don't--and it's not a taxable benefit.

MOFFIT: It's not a taxable benefit either to him or to you. You get unlimited tax breaks. And if you're in a big corporation with a large tax--you know, a large benefits package, the tax breaks for you are terrific. But if you work for a small firm or you work for a firm that does not offer you health insurance, your tax breaks are less

terrific, or you'll get no tax breaks at all:

HUME: So I mean, if I were self-employed, for example...

MOFFIT: Self-employed, right.

HUME: ... and I went down the street to...

MOFFIT: That's right.

HUME: ... my local Blue Cross office and was...

MOFFIT: Sure.

HUME: ... able to get into one of their plans...

MOFFIT: Right.

HUME: ... the cost--my premiums would not be tax-deductible at all?

MOFFIT: Well, no, they would be--today--the Congress has made some changes. They would be tax-deductible between 40 and 50 percent right now. There's a change in that. We're starting to make them more deductible. But you don't get the tax breaks that people get if they get it through their employer. So what'll happen is if you buy health insurance outside of the place of work, you normally have to buy an individual policy, which means you have to pay for all the administrative costs of individual insurance, which can be very, very heavy. But at the same time, you have to buy it with after-tax dollars, which could add, like, 35 percent to the cost of that premium. And if you live in a state like Maryland, for example, you also have to buy in vitro fertilization. You have to buy psychological counseling. You've got to buy...

HUME: Because the state law requires it?

MOFFIT: Because state laws--there are mandated benefits laws which add to the cost of insurance on the...

HUME: So in other words, you...

(CROSSTALK)

HUME: And some states tailor it perfectly to just what you think you need, and not things you don't need.

MOFFIT: But too many states say that you will have to buy chiropractic coverage, in vitro fertilization, psychological counseling. And all of that adds to the cost of insurance. So the problem is for middle-income Americans outside of employer-based insurance, it is a terrible struggle trying to buy insurance. And as I say, this is congressional and federal policy. This has been going on since--you know, since the late '40s.

Really, we have a situation here where employment-based insurance as we know it is leaving behind millions of Americans. And the reason for that is, is that we have created a monopoly of employment-based insurance. If you wanted to change the situation, it would be much better to say to individuals and families, "Look, if you want to buy health insurance outside of the place of work, that's perfectly all right. We will give you a tax credit, or if you're low-income, we'll give you a voucher. We will give you tax relief for the purchase of insurance outside the place of work."

That would start to level the playing field, and a lot of these people who, as the Clinton administration admits, a lot of these people who are starting to move into the middle class could afford insurance. And we would start to see those--you know, we'd start to see a reversal of the current trends. But right now, under the current situation, you've got a problem.

HUME: Wouldn't that also...

MOFFIT: ... if you don't have employer-based insurance.

HUME: Wouldn't that also have the added effect of bringing into the

system people who are less likely, in the aggregate, to need the care...

MOFFIT: Right.

HUME: ... and therefore you're adding money into the premium pool without, in a net sense, adding to the costs...

MOFFIT: That's right.

HUME: ... from the system. So everybody's premiums would be likely to go down.

MOFFIT: You'd start to see--that's right. There would be--the younger and healthier people are, frankly, the people you want in the system.

HUME: So what are the arguments against doing this?

MOFFIT: Well, I think the argument against doing--doing the tax change has been that it is a fundamental change in the system. You would--if you changed the tax system today and said that individuals would get tax relief for the purchase of insurance...

HUME: Right.

MOFFIT: ... what you're saying, in effect, is people would be able to pick and choose the plans they want, the benefits they want, the treatments they want at the prices they wish to pay. And you would change the structure from an employment-based system, which is what we have today, to a consumer-based system, which is a really different system. But that's the system that we have in every other sector of the economy.

HUME: Now, would there be a loss of revenue likely or not?

MOFFIT: No. Well, you could--you could do it on a revenue-neutral basis. But to give you an example, Brit, today the federal government and the state governments together, the amount of money that is forgone in tax breaks for employer-based insurance is huge. It's \$125 billion. You know, the best idea would be to turn all of that money back to individuals and families, either in the form of tax credits or vouchers for lower-income people. If you decide you don't want to do that, at the very least what we ought to do is establish equity that says if you buy health insurance outside of the place of work, if you buy a group plan from a union or a trade association or a plan sponsored by a religious institution, for example, you should at least get the same tax break that you get in employment-based insurance.

HUME: Right.

MOFFIT: That--all of that would have a sharp effect on insurance--the uninsurance problem. At least it would reverse this bleeding that we're seeing right now.

HUME: Is there now active on--in Congress a proposal to do that?

MOFFIT: Yes, there is.

HUME: And what is it--what are its chances?

MOFFIT: Well, what you're seeing now is a recognition on both sides of the aisle that we have to have individual tax relief for insurance, and you have Congressmen Dick Armey of Texas and Jim McDermott of Washington state, Democrat, who are joining up.

HUME: And the administration is not in a position...

MOFFIT: The administration's never supported this idea.

HUME: All right.

Got to take a break. Thanks a million. We got to take a break for some news headlines, but stick around for the latest on Jesse Ventura.

(18:27)

(COMMERCIAL BREAK)

BRIT HUME, HOST, SPECIAL REPORT: On a voice vote, the House has passed a resolution similar to one passed by the Senate opposing federal funding for that controversial art exhibit at the Brooklyn Museum of Art. The show opened over the weekend and features, among other things, a black Virgin Mary covered with human body parts and elephant dung.

The issue provoked a brief but spirited debate on the House floor.

(BEGIN VIDEO CLIP)

U.S. REPRESENTATIVE WILLIAM CLAY (D-MO): We know that this resolution is really about the Republicans' leadership to continue attack on all federal funding of the arts.

U.S. REPRESENTATIVE MARGE ROUKEMA (R-NJ): There is no way that we should be endorsing or having taxpayers pay for something that violates the Catholic beliefs or even aggrandizes pedophiles and child murderers.

(END VIDEO CLIP)

HUME: Campaigning alongside New York Governor George Pataki in Buffalo, Republican presidential front-runner George W. Bush was asked about the Brooklyn Museum exhibit.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, REPUBLICAN PRESIDENTIAL CANDIDATE: Well, from what I've read, the exhibit besmirches religion. It denigrates someone's religion. I don't think we ought to be using public monies to denigrate religion.

REPORTER: Governor Pataki, what do you think about that?

GOV. GEORGE PATAKI (R), NEW YORK: I think that's right. When you use public money to denigrate somebody's religion, I think it's wrong.

REPORTER: So you're on the same side as the mayor on this one (INAUDIBLE)?

PATAKI: I completely agree you shouldn't use public funds to denigrate someone's religion.

BUSH: I can tell you got a question on your tip of your tongue.

REPORTER: Because the artist says that he had used buffalo dung because it feeds the soil, and he saw the Virgin Mary as a nurturer, and that this nurtures--grows crops...

BUSH: Sounds like the guy's (INAUDIBLE) trying to revise history.

(END VIDEO CLIP)

HUME: New York City Mayor Rudolph Giuliani is gaining ground over First Lady Hillary Rodham Clinton in New York's Senate race, even though the two still have not formally announced. A poll by Zogby International asked New York State voters their opinion of Mayor Giuliani and Mrs. Clinton. Sixty-three percent had a favorable view of the mayor, 48 percent viewed the First Lady in a favorable light. As you can see, Giuliani's favorable rating has been going up, Mrs. Clinton's seems to be going down.

In a separate poll of New York City voters only, the First Lady led the mayor for mayor 50--for Senate, excuse me, 51 to 31 percent. But even that poll showed the First Lady's support has slipped more than 10 points since March.

Minnesota Governor Jesse Ventura is still taking heat for his provocative interview with Playboy magazine, in which he said organized religion is, quote, "a sham and a crutch for weak-minded people," end quote. He tried to explain his views on national TV over the weekend, but as FOX NEWS's Jeff Goldblatt reports, he didn't convince many Washington pundits, or many people in his home state either.

(BEGIN VIDEOTAPE)

JEFF GOLDBLATT, FOX NEWS CORRESPONDENT (voice-over): It seems

everywhere you look this weekend, everywhere you listen, someone was either discussing or dissecting Jesse Ventura's provocative interview with Playboy magazine, in which the Minnesota governor disparaged, among many things, organized religion.

FRED BARNES, THE WEEKLY STANDARD: I think he has trouble distinguishing between the wrestling--the fake wrestling world and the real political world.

RADIO TALK SHOW HOST: Good morning, Kaye, you're on KSTP.

GOLDBLATT: In Ventura's home state...

RADIO TALK SHOW HOST: We elected Governor Dum-Dum.

GOLDBLATT: The buzz over the guy is far from dying.

CALLER: I'm wondering if this man is mentally OK, and can he be impeached?

GOV. JESSE VENTURA (REFORM), MINNESOTA: Well, you're saying a lot worse things about Jesse than Jesse said about anybody else.

GOLDBLATT: It's a brand of political theater that has rankled some in the leadership of Ventura's own Reform Party. Outgoing chairman Russell Verney has demanded Ventura quit the party, this at a time when infighting stands to further divide the emerging party over who should be their presidential candidate, Pat Buchanan, Donald Trump, or Jesse Ventura.

RUSS VERNEY, OUTGOING REFORM PARTY CHAIRMAN: If you're going to be a national spokesperson or the national embodiment of the Reform Party, you have to represent everyone within that Reform Party. And if you want the ability to be a Lone Ranger, then you should be an independent candidate.

VENTURA: I think they have ulterior motives, Tim. I think that if they can try to convince me to get out of the way like that, then some way they can try to gain their stranglehold control of the party again.

GOLDBLATT: And there's more fallout for Ventura following the controversial Playboy interview, a plunge in popularity. According to a new poll by The Minneapolis Star Tribune, Ventura's approval rating has nosedived 19 points from 73 percent in July to 54 percent currently.

On the flip side, the same poll shows two-thirds of Minnesotans still view him as a stronger leader.

Ventura's chief spokesman says the polling plummet comes as no surprise, since Ventura's approval rating was a record high for a Minnesota governor.

(on camera): A shift in focus for Ventura this week as the governor unveils what he calls the Big Plan. It's a set of initiatives, aides say, that will shape the remainder of Ventura's term. The goal, to make state government more accountable. The question, will Ventura himself be held more accountable should his explosive brand of talk again land him in hot water?

In Chicago, Jeff Goldblatt, FOX NEWS.

(END VIDEOTAPE)

HUME: Last week, the actor Warren Beatty teased the Hollywood liberal establishment with what could have been a stump speech for a presidential candidate, but Beatty did not jump into the action. Another actor, though, is ready to turn his screen identification with Texas into a drive toward Capitol Hill, and he's no liberal.

FOX NEWS's Mike Emanuel reports.

(BEGIN VIDEOTAPE)

MIKE EMANUEL, FOX NEWS CORRESPONDENT (voice-over): From "Walker, Texas Ranger," to Texas congressman? That's what 68-year-old actor Nobel Willingham is trying to do. Willingham plays the role of C.D. Parker on

the Western show, and has acted in more than 60 films, including "City Slickers." Just like his gruff character, Willingham stands for old-fashioned values. His next role, he hopes, is serving east Texas in Congress.

NOBEL WILLINGHAM, ACTOR/GOP POLITICAL CANDIDATE: I'm campaigning for the U.S. Congress today. Thursday I worked on "Walker, Texas Ranger." I mean, this is something you don't--I don't get them mixed up, and I don't try to--I had a life before "Walker," and I'll have one after.

EMANUEL (on camera): As you might imagine, Congressman Mack Sandlin, the man who has the job, is not amused by the actor running for Congress. In fact, Sandlin has called Willingham a "California carpet bagger" and refused to give us an interview.

(voice-over): Sandlin's office released this statement to FOX NEWS, saying, quote, "I was elected to Congress, not to immediately begin running for reelection but to do something for the people I represent. I have been serving in this term of Congress for less than 10 months. I have no intention of beginning the campaign for office now," end quote.

Regarding his roots, Willingham says he was born and educated in Texas and headed west to chase his dream.

WILLINGHAM: I'm a lot of things, don't misunderstand me. But a California carpet-bagger I'm not. My people have been in that district over there for 115 years.

EMANUEL: If elected, the actor says his primary interests are saving Social Security and pressing for a flat tax.

WILLINGHAM: Tax breaks for the working man, that's the main thing. People work, they want to keep their money, they should keep their money. That's--those are the main two things.

EMANUEL: Republican leaders are targeting this race in November 2000, hoping this maverick actor will extend the Republican majority in Congress.

In Dallas, Mike Emanuel, FOX NEWS.

(END VIDEOTAPE)

HUME: And still ahead, newly released tape recordings of President Lyndon Johnson's conversations with top administration officials. We'll take a listen to that coming up next.

(18:39)

(COMMERCIAL BREAK)

HUME: Newly declassified tape recordings made secretly by President Lyndon Johnson have recently been made available for scholars and researchers, and FOX NEWS's James Rosen brings us an earful of the nation's 36th president.

(BEGIN VIDEOTAPE)

JAMES ROSEN, FOX NEWS CORRESPONDENT (voice-over): Recorded around election day, 1964, the new tapes capture Lyndon Johnson winning the presidency in his own right for the first time. Also winning office that night, the new senator from New York, the late president's brother, Bobby Kennedy, who joked with Johnson about whose coattails carried whom.

(BEGIN AUDIO CLIP, November 3, 1964)

SEN. BOBBY KENNEDY (D-NY): Listen, I pulled you through up here.

(END AUDIO CLIP)

ROSEN: But Johnson, with an allusion to John F. Kennedy, played down the rivalry between himself and the new senator from New York.

(BEGIN AUDIO CLIP)

KENNEDY: Well, you did a great job.

LYNDON BAINES JOHNSON, PRESIDENT OF THE UNITED STATES: We got a lot to be thankful for, Bobby. And give our love to Ethel, and let's stay as close together as he'd want us to.

KENNEDY: Fine, that'd be fine, Mr. President. Congratulations.

JOHNSON: Tell all that staff of yours that ain't nobody going to divide us. And I'll tell mine the same way, and we'll...

KENNEDY: That's right.

JOHNSON: ... we'll move ahead...

KENNEDY: That's right.

JOHNSON: ... and there's plenty in life for all of us.

(END AUDIO CLIP)

ROSEN: Johnson had the same message for his vice president, Hubert Humphrey.

(BEGIN AUDIO CLIP)

JOHNSON: Now, there's not going to be any jealousy between me and you.

HUBERT H. HUMPHREY, VICE PRESIDENT OF THE UNITED STATES: You know that.

(END AUDIO CLIP)

ROSEN: Humphrey vowed to serve Johnson's agenda, not his own, and even invoked the specter of impeachment.

(BEGIN AUDIO CLIP)

HUMPHREY: Well, I want to tell you, Mr. President, that when the day comes that I can't be loyal to you, why, you just fire me.

JOHNSON: I know that, I know, don't--I know...

HUMPHREY: (INAUDIBLE) be any impeachment charges.

JOHNSON: Papers, there's no papers ever going to come between us.

(END AUDIO CLIP)

ROSEN: The tapes also capture Johnson fretting over America's burgeoning involvement in Vietnam. He told Humphrey...

(BEGIN AUDIO CLIP)

JOHNSON: We're in trouble in Vietnam, serious trouble. I told them to keep you informed.

HUMPHREY: Yes, sir.

JOHNSON: We're going to have to hit back there.

(END AUDIO CLIP)

ROSEN: And to Secretary of Defense Robert McNamara, Johnson indicated some unease with his own Joint Chiefs of Staff. He asks McNamara if the chiefs had been raising hell.

(BEGIN AUDIO CLIP)

JOHNSON: Are your men raising hell, any of your chiefs?

ROBERT MCNAMARA, SECRETARY OF DEFENSE: No, no, I met with them twice in the last--three times in the last two days, and I think they're busy at work on the projects you gave them.

JOHNSON: OK, that's good, then, Bob.

(END AUDIO CLIP)

ROSEN: In Washington, James Rosen, FOX NEWS.

(END VIDEOTAPE)

HUME: On Tuesday, the National Archives is set to release 445 hours of secret tape recordings made by Johnson's successor, Richard Nixon.

And don't go anywhere, folks. We'll be right back. Our panel of journalists...

(18:43)

(COMMERCIAL BREAK)

HUME: Pearls of perspective now from Mort Kondracke, executive editor of Roll Call, Mara Liasson, White House correspondent, National Public Radio, here with us this evening. And from our New York studios, pleased to have John Fund, editorial board member at "The Wall Street Journal." Welcome all.

So headlines were at the beginning of the day that the Census Bureau has found that we've now added, what, 833,000 people to the lists of the uninsured on health care, nearly 45 million in all.

And before the day is out, Bill Bradley has entered--has piped up on the subject, noting that Mr. Gore has a plan to increase health insurance for children. He says, does Bradley, quote, "It's clear that the current federal programs are not achieving their goals." He goes on to say, "We have to stop nibbling around the edges and live up to the challenge of providing affordable health care to everyone in America."

Mara, what does this tell us about this race, Bradley and Gore's position in it, if anything?

MARA LIASSON, NATIONAL PUBLIC RADIO: Well, for one thing, it tells you that health care reform is still alive as an issue, at least in the Democratic primary, which is interesting. It also tells you that Bradley, who is not a member of this administration, can basically say, You failed.

The Clinton and Gore failed to do what they came in doing, which--promising to provide universal health care for everyone, and he wants to take another bite at that apple. He has a big, ambitious plan. Gore says it's way too expensive, and Bradley's underestimated the cost. But I think it gives Bradley a good thing to throw at Gore. There's not much Gore can do to respond.

HUME: If Bradley--is it now beginning to look like being out of public office for the past two years is a real asset for Bradley?

MORT KONDRACKE, ROLL CALL: Yes. I mean, if you're a Democrat and you're there ostensibly to help the afflicted and the underprivileged, you know, what have you been doing? The rich have been getting richer during this period, Lord knows. And so what have you done for the uninsured and the downtrodden?

That works in Democratic primaries, I would think, even though--I mean, I think also that the Gore campaign has not been very swift with an analysis of what the Bradley plan would cost. Bradley says it would cost \$65 billion a year. I've talked to administration people who think that it would cost double that. But it's up to Gore to come out with the cost estimates and say, Hey, wait a minute, how do we improve Medicare, you know, how do we find more money for education and defense and all the rest of this stuff?

LIASSON: But, you know, it's interesting, as--to the extent that Gore has attacked Bradley, he's attacked him from the left, almost, saying that he wasn't a good enough Democrat, he voted for Reaganomics, he left--he checked out of politics, you know, he decided the system was broken.

I mean, I think that that leaves a whole bunch of running room for Bradley.

HUME: So John, Bradley now--we see him in the ascendancy. It has been thought that organizational strength and old party establishment strength would check this. Are you beginning to doubt that?

JOHN FUND, THE WALL STREET JOURNAL: Well, next week the AFL-CIO convention meets in Los Angeles. They have delayed their endorsement of Al

Gore for a long time. If they delay it again, I think that means that Al Gore will have lost the first Democratic primary. Because this is an organizational chit that he has to cash in. Walter Mondale did in 1984. If Gore can't do that, it means we're in for a long, brutal primary season.

HUME: And do you--what do you think the chances are they'll further postpone it?

FUND: I--right--they're rising with each passing day, because people are looking at the uncertainties of the Gore campaign and saying, Well, maybe we should wait a little longer, see how it settles out. I'd say it's one in three right now.

HUME: Really? What do you all think, real quick?

KONDRACKE: Well, there are--clearly are unions that don't like Al Gore, the UAW and the Teamsters, primarily. The Teamsters are, you know, hostile to the administration, because it was--it sided with Ron Carey, the ousted chairman of the Teamsters, and Jimmy Hoffa does--James Hoffa does not like the incumbent administration (INAUDIBLE).

LIASSON: He would like--he maybe doesn't want to endorse a Democrat at all.

HUME: Do you think he'll get it anyway, Mara?

LIASSON: I think in the end he's going to get it. I do. I think that the leadership of the AFL-CIO has a lot invested in Al Gore.

HUME: But if it's delayed?

LIASSON: If it's delayed, then I think it makes it very hard. The problem is, we're in this invisible primary. It's about endorsements, money, and poll ratings. Not a single voter has voted yet. But all those things matter a lot.

KONDRACKE: I mean, I would think that Al Gore--Al Gore needs good news so badly. He is going to do--he'll promise his soul, I would think, to the AFL-CIO.

HUME: All right. Let's turn to another issue that's got people excited, and that, of course, is this issue about the art exhibit, Brooklyn Museum art exhibit. Late in the day, George W. Bush, campaigning with Governor Pataki, New York Governor Pataki, in Buffalo weighed in on the subject. This is what George W. Bush had to say about the disputed exhibit.

(BEGIN VIDEO CLIP)

BUSH: Well, from what I've read, the exhibit besmirches religion. It denigrates someone's religion. I don't think we ought to be using public monies to denigrate religion.

(END VIDEO CLIP)

HUME: Now, Pataki went on to say that he agreed, and therefore agreed with the man at the center of this controversy, Rudolph Giuliani, the mayor there, who has made this an issue, and there's--but the early polling on this is kind of contradictory, or at least, perhaps, paradoxical.

Over the weekend, The New York Daily News had a poll in which they posed this question about, you know, which side do you agree with, do you agree with the mayor or do you agree with the museum's position? And they came out with 60 percent agreed with the museum, 30 percent agreed with the mayor, and 10 percent are not sure. But I want to read you the way the question was framed, and I quote, "The Brooklyn Museum of Art is planning a show that includes a controversial portrait"--portrait!--"of the Virgin Mary that Mayor Giuliani finds offensive. The mayor wants the city to withdraw funding for the museum if it goes through with the show.

The museum says withdrawing the city funds would violate the museum's First Amendment right to exhibit works of art it finds appropriate."

No mention there of elephant dung on the Virgin Mary, female body parts displayed as part of this so-called portrait. And John, obviously, there's more to the exhibit than that, isn't there?

FUND: Oh, there's much worse. I mean, I've looked at the catalog. It is an interesting horror show. And of course none of this would be a problem if it were at a completely privately funded museum. The Whitney Museum right now, which is completely privately funded, is going to be showing Andre Serrano's infamous "Piss Christ," which is where we started on all this a decade ago.

No one is complaining about that. This is once again a desire to shock the sensibilities, and I can give you a list of about five or six potential pieces of art denigrating black Americans or denigrating Jewish Americans that no one would agree should be funded with a public exhibition. So this is clearly just aimed at designing--designed to bash Catholics and to bash people who can't really defend themselves.

LIASSON: But, you know, what that poll didn't do, it didn't ask the obvious follow-up, which is, OK, you don't agree with him, but does that mean you wouldn't vote for him for Senate? Because at the same time, what we're seeing, even though the public seems in New York City, seems to be siding with the museum, not the mayor, is that Giuliani's approval rating, favorability ratings are going up.

(CROSSTALK)

HUME: Yes, we reported on that earlier, (INAUDIBLE)...

LIASSON: Maybe in the long term, this is going to be good for him.

HUME: He's showing a 63 percent favorability rating in the latest poll, and Mrs. Clinton's showing a 48.

On balance statewide, your view on whether--is this a (INAUDIBLE) issue for Giuliani?

KONDRACK: Oh, in the suburbs--I--in the suburbs and upstate, I'm sure that this will help Giuliani. I mean, and the more you know about this exhibit and the other dreck that's in it, you know, the more you have to side with Giuliani. I mean, it's not just this--the Virgin Mary, it's also pedophilia and all kinds of other stuff, with John can--which John, having read the catalog, can go into in excruciating detail.

LIASSON: But, you know, there's something else, there's something else about this, which is that Rudy Giuliani chose this as an issue, he made it as an issue. This is not what Mrs. Clinton would like to talk about in New York. And she was left kind of saying, On the one hand, on the other hand, respond saying, Well, I wouldn't go see it, it's offensive...

HUME: What's the White House--and the White House (INAUDIBLE)...

LIASSON: ... White House endorsed today, the president said he agrees with the First Lady.

HUME: First Lady, and her position is that she wouldn't go to see it, but...

LIASSON: Is that she wouldn't go to see it, but, yes, public funds--it's OK to have public funds be used for this, because...

FUND: Which is the crucial issue...

LIASSON: ... freedom of expression...

HUME: Well, that's the New York City position (INAUDIBLE).

KONDRACK: Yes, yes, yes, but that doesn't do her any good...

LIASSON: But--but--but this is not--but this is not what Mrs.

Clinton wants to talk about. She wants to talk about education and health care. And I think this week you saw how Rudy is a skillful politician. He can drive the debate. And we haven't seen Mrs. Clinton do that as much.

HUME: John, do you agree with that?

FUND: Oh, I think it's clear that Mrs. Clinton once again is showing that she's not ready for prime time. She was caught completely flat-footed by this, as she was with the Puerto Rican terrorist issue. And none of this is surprising for a first-time candidate. The problem is that she has this larger-than-life image that she has to live up to, and as a first-time candidate, she's not going to be able to do that.

KONDRACK: Yes, she's got to find things to seize the initiative. I heard today that one of the things that she's going to do is present a large-scale economic development plan for upstate New York, now--and try to get entrepreneurs together and try to make this work, a high-tech development plan, which it--which, you know, is something that New York--upstate New York sorely needs.

HUME: Mort, thank you. Mara, thank you. John Fund, thanks for joining us.

That's all the time we have for the panel. But stick around, folks. We want to show you the president in action right afterwards.

(18:56)

(COMMERCIAL BREAK)

HUME: Finally, at Andrews Air Force Base this morning, the helicopter stood waiting, and Air Force officers stood at the bottom of the steps at crisp attention. The door to Air Force one opened, and here came the president of the United States. He might not have looked exactly the way you expect the president to look, but hey, it had been a long overnight flight from a West Coast fund raising trip, and the most powerful man in the world was doubtless tired.

Now, earlier during the flight, he had stopped by the press cabin in the rear of the plane and was chatting up reporters about football, when there appeared from the latest Austin Powers movie in the TV monitor over his shoulder, a woman who was--well, the picture you'll see here is a little too bright. But you'll get the idea. Watch.

(BEGIN VIDEO CLIP)

WILLIAM JEFFERSON CLINTON, PRESIDENT OF THE UNITED STATES: After all that playing and all that scoring and all that great stuff, to see it turn on that is kind of bad.

You guys are missing all this.

(CROSSTALK)

CLINTON: I gotta get out of here. I don't want to be photographed watching this.

(END VIDEO CLIP)

HUME: Man with eyes in the side of his head.

And that's SPECIAL REPORT for this time. Please come again next time. And in the meantime, stay tuned for news, fair and balanced as always.

END

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FOX Special Report
October 13, 1999

TONY SNOW, HOST, SPECIAL REPORT: Welcome to Washington. I'm Tony Snow,
in for Brit Hume.

The White House and Senate Democrats have given up
efforts to delay a vote on the comprehensive nuclear test ban treaty. A
significant bloc of Republicans has rejected the president's call for a
postponement, which means the treaty almost surely will go down to defeat.
Our senior White House correspondent, Jim Angle, reports.

(BEGIN VIDEOTAPE)

JIM ANGLE, FOX NEWS (voice-over): President Clinton
steadfastly refused to swallow a bitter pill and promised not to raise the
treaty again next year in exchange for avoiding a vote now.

REPORTER: What about CTBT being voted on today?

ANGLE: The president would say nothing, leaving it
instead to his allies in the Senate.

U.S. SENATOR TOM DASCHLE (D-SD), SENATE MINORITY
LEADER: The White House is not prepared to make any further concessions or
any further statements with regard to their position.

ANGLE: Democrats in the Senate had offered not to
push a vote next year in exchange for hearings, but a handful of
Republicans refused any compromise and pushed for a vote.

U.S. SENATOR JAMES INHOFE (R-OK): You have to bring this up for ratification and reject it formally on the floor of this United States Senate. To do anything other than that is to leave it alive and to force us to comply with this flawed treaty.

ANGLE: Several senators acknowledged that in the end, political considerations had been a factor on both sides and that the treaty was poorly handled by all.

U.S. SENATOR BOB GRAHAM (D-FL): Oh, I think there's blame to be spread around in terms of how we've gotten to the situation we're now. The president negotiated this treaty, submitted it to the Senate two years ago, and effectively, it's been an orphan since then.

ANGLE: As the debate entered its final hours, the hopes of avoiding a vote had disappeared, and so had any hopes that the treaty would not become an issue in the presidential election, as Democrats pledged to rub Republicans' noses in it every chance they get.

DASCHLE: The same people who've been calling not for this to come up for the next 18 months will be so sick of hearing about the treaty for the next 18 months that they'll have wished they'd have passed the treaty.

ANGLE: And though the president had referred to "honest disagreements" with treaty opponents, just before the vote some Democrats were not so kind.

U.S. SENATOR JOE BIDEN (D-DE): As one columnist said today, this is drive-by foreign policy, another drive-by shooting by the Republican Party.

(END VIDEOTAPE)

ANGLE: But another Democrat said neither the president nor the Senate has anything to be proud of in the way this issue was handled.

Tony?

SNOW: Jim, the president has withheld making any promises not to beat Republicans with this as an issue. Is the White House sufficiently angered by what's happened to go after Republicans and to follow Senator Daschle's lead?

ANGLE: Well, clearly, they're going to use this as much as they can. What--the negotiations toward the end were an effort to give the White House and the Democrats a delay in the vote in exchange for not making this an issue, in exchange for the president not beating up on Republicans, as he has been over the past few months. That's eventually why Senator Lott said, "OK, OK. You want a vote? I'll give you one." But then they didn't have the votes to go forward and win with.

The problem is, of course, this treaty could be brought back up. It could be resubmitted. But it still faces the same problem it had originally. That is, the Republicans, who are opposed to the treaty, control the Senate calendar.

SNOW: Jim...

ANGLE: So that will be tough.

SNOW: Jim, does the White House think anybody really cares about this?

ANGLE: They do believe that it can be an issue. And certainly, if there is ever a nuclear test, they will make it an issue. That was the pledge made by the Democrats yesterday.

SNOW: All right, Jim Angle, thanks so much.

In a big victory for Vice President Al Gore, the

AFL-CIO has endorsed him formally for president. Only two unions, the Teamsters and the United Auto Workers, called for a delay in the endorsement. Bill Bradley wanted extra time to lobby labor leaders, but he didn't get his wish. FOX NEWS's John Du Pre reports.

(BEGIN VIDEOTAPE)

JON DU PRE, FOX NEWS (voice-over): Just as his campaign was showing signs of stumbling, Al Gore dashed into the labor workers' convention to accept its endorsement.

JOHN SWEENEY, AFL-CIO PRESIDENT: The council voted to submit to this convention a resolution endorsing the election of Al Gore as president of the United States.

DU PRE: This was not just any vote of confidence. The thumbs-up from the AFL-CIO is seen as the granddaddy of all endorsements. With it comes the support of 80 delegates, plus a share of \$46 million pledged to get Democrats to Congress and back to the White House. But perhaps more important than the money is the union's manpower: massive phone banks, precinct walkers and door-knockers enough to recharge a sagging campaign.

GERALD MCENTEE, AFSCME PRESIDENT: Tomorrow we want to be in Iowa! The next day, we want to be in New Hampshire! Then we want to be in New York! Then we want to be in California! We want to have the labor movement across America!

DU PRE: Gore's polling numbers have been dropping, with Bill Bradley's on the rise. Gore challenged Bradley recently to a debate, something a frontrunner would not normally do. Gore has even referred to himself in the past few days as the underdog. As he stood before the convention, though, he looked more like a champion.

ALBERT GORE (D), VICE PRESIDENT, PRESIDENTIAL CANDIDATE: With the AFL-CIO by my side, I know we're going to win this nomination next summer, and together we're going to win the presidency in November.

DU PRE: This is the earliest the AFL-CIO has endorsed a presidential candidate since Walter Mondale. Some factions at the convention think it's too early. The Teamsters and the Auto Workers voted no to the Gore endorsement.

JAMES P. HOFFA, TEAMSTERS PRESIDENT: Our no vote is neither a criticism of Vice President Gore, nor a sign of support for Senator Bradley. We should allow the local union officers and members to learn more about the candidates.

DU PRE (on camera): The difference of opinion is not over ideology. Those who are dissenting say they want more time, more time to see which of the Democratic presidential candidates can do what union members want and need for him to do, beat George Bush in 2000.

In Los Angeles, John Du Pre, FOX NEWS.

(END VIDEOTAPE)

SNOW: Republican presidential candidate George Bush took a shot at unnamed fellow Republicans recently. He insinuated that they lacked compassion and had no knack for communicating with the American people. Many observers assumed he was talking about House Republicans, like Majority Leader Dick Armey, but as Carl Cameron reports, Mr. Armey says he agrees with his fellow Texan and believes Bush is giving the GOP a much-overdue political make-over.

(BEGIN VIDEOTAPE)

CARL CAMERON, FOX NEWS (voice-over): House Majority

Leader Dick Armey, in a speech to the conservative Heritage Foundation, echoed criticism from presidential frontrunner George W. Bush that the GOP too often does not connect with the American people.

U.S. REPRESENTATIVE RICHARD ARMEY (R-TX), MAJORITY LEADER It's not enough to be conservative and be right. The ideas that we profess deserve for us to be conservative and be appreciated. That's sharing, and we've not done it well.

CAMERON: In a recent speech, Bush cast Republicans as too narrow-minded on everything from social issues to the federal budget and jobs.

GEORGE W. BUSH (R), TEXAS GOVERNOR, PRESIDENTIAL CANDIDATE: Too often my party has focused on the national economy to the exclusion of all else, speaking a sterile language of rates and numbers.

CAMERON: Bush insists he meant no disrespect toward congressional Republicans, but many of them said they felt slapped anyway because it was not the first time. A week earlier, Bush was on the campaign trail in California and criticized a House Republican proposal to balance the budget with rhetoric that many thought was deliberately intended to sting the GOP.

BUSH: I don't think they ought to balance their budget on the backs of the poor.

CAMERON: Many Republicans felt used by Bush and resented his apparent strategy to distance himself from an unpopular congressional majority and the far right of the Republican Party. But Armey now says Congress must go out of its way to improve its image and embrace Bush's "compassionate conservatism."

ARMEY: Let us put on a happy face.

(END VIDEOTAPE)

CAMERON: And for Armey to be saying that, as one of the most conservative and combative Republican leaders, is taken as a clear signal that Republican leaders on Capitol Hill are ready to put away the party with its image of the party of Newt Gingrich and have George W. Bush remake it with "compassionate conservatism."

Tony?

SNOW: Carl, is that true even of those conservatives who have accused George W. Bush of being too moderate or wishy-washy?

CAMERON: Well, there's a lot of conservatives who are troubled by the Bush "compassionate conservatism," but on Capitol Hill, congressional Republicans seeking reelection do not want to be thought of as hard-right-wingers. They are looking for that more moderate image. They want to run with George W. Bush. And if he's going for "compassionate conservatism," Armey's making it clear they're going to be right in his shadow and hoping for his coattails.

Tony?

SNOW: So Carl, they think he's going to be the obvious winner.

CAMERON: All signs pointing to a run with Bush.

SNOW: All right, Carl Cameron, thanks.

Still ahead: One more independent counsel moves to close the books on an investigation.

(18:11)

(COMMERCIAL BREAK)

SNOW: The independent counsel investigating President Clinton's interior secretary, Bruce Babbitt, says she does not

plan to file an indictment against Babbitt or anyone else. The investigation focused on an application for an Indian casino in Wisconsin and whether or not Babbitt told the truth about the selection process. FOX NEWS correspondent David Shuster reports.

(BEGIN VIDEOTAPE)

DAVID SHUSTER, FOX NEWS (voice-over): After telling Interior Secretary Bruce Babbitt that there will not be any criminal charges, the office of independent counsel Carl Bruce issued a public statement saying "Ms. Bruce is declining prosecution and will not seek an indictment of Secretary Babbitt or anyone else in connection with the Hudson casino application and decision."

The case involved allegations that Babbitt lied to Congress in explaining why he denied a permit for a casino proposed by three Wisconsin Indian tribes. In 1995, the impoverished Chippewas were running this dog track near the Minnesota border and wanted to add a gambling complex. Their plan was rejected by Babbitt, even though lower-level officials at the Interior Department had approved the application. The reversal pleased a competing tribe in Minnesota. The Sioux Indians run this casino not far from the dog track, and their lobbyist had repeatedly urged the White House to step in. After Babbitt made his decision, the Sioux gave the Democratic Party \$270,000.

During congressional campaign finance hearings, Paul Eckstein (ph), the lawyer for the losing Indian tribes, who happened to be a long-time friend of Babbitt's, said the interior secretary had confided to him about pressure from the White House. Babbitt denied this, but the congressional testimony was enough to spark an independent counsel investigation.

Carol Bruce and her team of prosecutors interviewed more than 450 witnesses and examined at least 600,000 documents before officially concluding that Babbitt did not commit perjury or any other criminal act.

In a statement, Babbitt said, "I am, of course, gratified that the grand jury and independent counsel have determined after an exhaustive 18-month investigation that no charges are justified in this matter."

President Clinton has also issued a statement saying that he is pleased that his interior secretary has been vindicated. Independent counsel Carol Bruce still has to issue a final report on the Babbitt investigation, and that report is expected in the next couple of weeks. But the formal announcement from Bruce means there's just one case in the hands of an independent counsel that remains unresolved, and that's the investigation of Labor Secretary Alexis Herman, although again, in the investigation of Herman, no charges are expected there, either.

Tony?

SNOW: David, Secretary Babbitt also said that Carol Bruce's decision meant that there was "nothing untoward" in the final selection of which of the Indian casinos--which of the reservations would get a casino. Is that, in fact, what he--she has concluded?

SHUSTER: No, Tony, that's a little bit of spin from Babbitt. What the secretary--what the independent counsel's concluded is that their investigation didn't uncover evidence, whatever it is, that rose to the level of bringing charges against Babbitt. There may have been something untoward in all those interviews with witnesses and in the documents, but for whatever reason, prosecutors felt that they did not

merit charges against the secretary of interior.

Tony?

SNOW: All right, David. Thank you.

We're going to take a break. When we return, we'll talk with Gerald McEntee, president of the American Federation of State, County and Municipal Employees.

(18:16)

(COMMERCIAL BREAK)

SNOW: To nobody's surprise, the 13-million-strong AFL-CIO has endorsed the candidacy of Democrat Al Gore. Here to talk about the significance of the endorsement is Gerald McEntee, president of the American Federation of State, County and Municipal Employees, the dominant public employee union in the nation and the second largest union in the AFL-CIO.

Mr. McEntee, let's start with the obvious question.

MCENTEE: Yeah.

SNOW: Bill Bradley wanted a delay. Why vote now, as opposed to later?

MCENTEE: Well, we were actually--we've been considering this for an extended period of time. And here we are, at a convention of the AFL-CIO, with, oh, I guess 1,000 delegates, maybe a little more, many of them rank-and-file activists in unions all across America. What better place to consider an endorsement of a candidate?

Some people, speaking for delay, said, "Let's wait a couple months and meet when the executive council of the AFL-CIO meets and make the decision." That's, like, 40 people in a room. This is a convention. This is where those kinds of decisions have to and should be made.

SNOW: Mr. McEntee, one oft he complaints about Bill Bradley is he was a little late to the game. Al Gore's been here for labor for a long time. Was that a factor?

MCENTEE: Oh, I think it was a factor. As you probably know, Bill Bradley left the United States Senate some years ago, and I saw where he said that he's been spending two years talking to Americans across the country. And that may very well be true. I know this, that Bill Bradley has not attended any union conventions, any union conferences, any meetings in that two-year period until about three months ago. He has not talked, to my knowledge, to any union leaders or rank-and-file activists of unions until about two months ago.

Al Gore has been there. He's been at union conventions. He's been at union conferences. He's been to union meetings. He has met with rank-and-file activists, talking about the right to organize. He has been engaged for working families all across America. So I think that was a factor in terms of the decision reached here today.

SNOW: Do you also accept the argument that this really is what's going to propel Al Gore to victory, your endorsement, the AFL-CIO endorsement, is key to any Democrats wanting the presidential nomination?

MCENTEE: Well, I think it--I think it certainly helps. There is no question that the American labor movement is back. It's revitalized. It's energized. Our people now are more active than ever before. In the last elections for the Congress of the United States, fully 25 percent of the people who voted were trade unionists or from trade union households. The last time Clinton and Gore ran, it was the same.

So this is a--this is a new labor movement. This is an involved labor movement. I think it's important to know that both candidates were seeking this endorsement. I believe that we are the best institutional, grass-roots political movement in the United States today. I think this will help Al Gore. Now, he's the candidate, and he's got to go out and work all across the country. But we can engage our members. We can mobilize. I think it will be of tremendous help to Al Gore.

SNOW: Now, how many union members can you mobilize in volunteer capacities for the Gore campaign?

MCENTEE: Oh, I think thousands and thousands and thousands. I would direct your attention--we're meeting here in L.A. When we had an issue on the ballot just a year ago called Prop 226, where they tried to shut off the voice of American labor here in California, at this important stage of that campaign, we indeed had 25,000 rank-and-file activists knocking on doors, walking through the barrios to educate working men and women. And we turned around a bad situation. We won that.

So I think we can--we can get our folks working out there, and we can get them working by the thousands. It's not that we control any votes, but as long as we educate our people on the issues, and where Al Gore is on the issues and where George Bush, Jr., is on the issues, then I think our people will get out and work.

SNOW: Mr. McEntee, is it possible under federal election guidelines for union employees, even while they're on the clock--say people who work for the union itself--can--are they allowed to go ahead and just volunteer for the Gore campaign, even though they're getting paid by the union or someone else?

MCENTEE: Yeah. Yeah. We'll have--we'll have a tremendous amount of volunteers, people that will go out and work. They will mainly work in the evenings. They'll work on Saturdays and Sunday. That's what grass-roots mobilization is all about. That's what volunteer effort is all about. In the past, now, we've been able to mobilize our folks. All the polls that we have taken, Gore is the favorite of our members, not just AFSCME, but the members of the national AFL-CIO. And I think they'll be out there. I think they'll be out there in Iowa for the caucuses. I think they'll be out there in New Hampshire. I think they'll be out there for all the primaries.

SNOW: Earlier in this administration, Vice President Gore led something called the Reinventing Government Initiative, where the administration openly boasted of having fewer and fewer federal employees. That means fewer and fewer members of AFSCME, doesn't it?

MCENTEE: Well, the Reinventing Government, as I understand it, what it resulted in was less federal employees, but to my knowledge, they were generally management, upper management or middle management. Gore has stressed the fact that he is ready, willing, and I believe able to work with the federal unions in this process, in this procedure. And I think that's very positive. And I think if elected president of the United States, he will work to see that federal workers get decent wages. He will work to see that federal workers for the first time get full and complete collective bargaining.

SNOW: Mr. McEntee, as we look also toward the election, the AFL-CIO's going to spend \$30 million or \$40 million to elect Democratic candidates to Congress. How much money do you expect to see spent on so-called "educational" ads for the Democratic Party and possibly by implication the presidential race?

MCENTEE: I don't know the figure on that. That would be sort of a soft-money-type expenditure. I would think that a number of unions will get together with the federation and do some things in that area because, as you probably know and your audience, George Bush, Jr., is going to raise over \$100 million. He's not going to even take any federal money. So I think that we can put together something that delivers soft money for ads, so that people understand where George Bush, as the governor of Texas, is on minimum wage and Fair Labor Standards Act, right to work, issues that are important to working men and women. We will also be involved with the figure you gave, \$30 million. It'll probably be even a little more. But that will be worked in terms of a grass-roots mobilization program to educate union members and also to get out the vote.

SNOW: OK, Mr. McEntee, thanks for joining us.

END

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TO: Jennifer M. Palmieri (CN=Jennifer M. Palmieri/OU=WHO/O=EOP@EOP [WHO])
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FOX SPECIAL REPORT WITH BRIT HUME
October 21, 1999

BRIT HUME, HOST, SPECIAL REPORT: Welcome to
Washington. I'm Brit Hume.

You can always tell when a presidential primary
contest has become a serious two-way race. Both candidates begin to appeal
hard for the party's core voters by staking out strong positions on the
party's core issues. Both Bill Bradley and Al Gore were doing that, and we
have two reports, beginning with Carl Cameron on the vice president.

(BEGIN VIDEOTAPE)

CARL CAMERON, FOX NEWS (voice-over): Vice President
Al Gore was campaigning in New Hampshire, but talking about the coastlines
of California and Florida and making it clear that when it comes to
environmental protection, an issue near and dear to Democratic voters, he
will not be outdone.

ALBERT GORE (D), VICE PRESIDENT, PRESIDENTIAL CANDIDATE: I'm going to make the issue of the environment a centerpiece of my campaign for president.

CAMERON: Gore made a sweeping pledge to ban offshore oil drilling on the Florida and California coasts and said if other states also want to stop the drilling, he will help them, even if the oil companies have valid government drilling leases. Oil companies say such action could cost them billions.

Gore unveiled his first California TV ad touting the proposal.

GORE (campaign commercial): We need to protect our oceans and beaches. And if elected president, I'll do that.

CAMERON: Gore is losing to opponent Bill Bradley in another new poll in the first primary state, New Hampshire. Bradley's also closing the gap in national polls. The two are battling for key Democratic constituencies, trying to distinguish themselves from one another and sparring over who is the better Democrat. But even Democrats find more similarities than differences, a point that inspired an advertising jab from the moderate opposition group, the Republican Leadership Council.

ACTOR (RLC commercial): What am I supposed to do? They agree on everything--raising taxes, more money for new government programs!

CAMERON: Speaking of Republicans, by the way, the vice president aimed part of his environmental rhetoric at a Republican, George W. Bush, calling the government's environmental record in Texas "troubling" and "lenient on polluters."

GORE: The Republican frontrunner has led a state that has become number one in the country in toxic releases to the air, number one in the country in toxic releases to the water, number one in the country in toxic releases to the land.

(END VIDEOTAPE)

CAMERON: The Bush campaign responded that once again Vice President Al Gore has gotten his facts a little bit mixed up. A spokesman says, in fact, Texas is number one in the country in reducing toxic emissions, and, in fact, over the last two years has reduced toxic emissions 14 percent, which the spokesman said is more than all other 49 states combined.

Brit?

HUME: Carl, we always hear these responses from the Bush campaign staff. Does the governor himself ever get into these exchanges?

CAMERON: Well, he now has, as a matter of fact. Campaigning in Spartanburg, South Carolina, the governor of Texas, George W. Bush, has said that on education particularly, there is a stark contrast. While Governor Bush says he talks about empowering teachers, parents and students, Vice President Al Gore is talking about building schools, school construction. And that, Bush says, is a clear contrast and an emphasis that voters should pick up on.

Brit?

HUME: Thanks, Carl.

A new national poll shows that while Gore is still ahead of Bradley 56 to 33 percent, the vice president has dropped by 13 points over the last month, and Bradley is running hard to keep his momentum building, and he unveiled a new poverty plan and was in New York

to showcase the idea, and Kathy Wolff has a report.

(BEGIN VIDEOTAPE)

KATHY WOLFF, FOX NEWS (voice-over): Democratic contender Bill Bradley showed up in one of Brooklyn's poorest neighborhoods to detail an ambitious plan to lift the nation's children out of poverty.

BILL BRADLEY (D), PRESIDENTIAL CANDIDATE: Eliminating child poverty as we know it is a big goal, but the first step is the commitment, and I'm making that here today!

WOLFF: He may also be making a commitment to liberal Democrats in an effort to wrestle the party's nomination away from Vice President Al Gore.

JOE MERCURIO, POLITICAL ANALYST: He's not running a general election strategy, he's running to win the New Hampshire primary, the New York primary, the California primary. He's got to get rid of Gore first.

WOLFF: But getting rid of Gore won't be easy.

(on camera): Anticipating Bradley's proposal, the vice president hustled out his own ideas on poverty. Gore says he wants to enforce child support and get more fathers involved. But Bradley's big-money proposal may have more left-wing appeal.

(voice-over): Though Bradley denies helping poor children has anything to do with being liberal.

BRADLEY: It's always striking to me that when we talk about reducing children in poverty that that's characterized as left. I happen to think it's the ultimate common sense.

WOLFF: Bradley's plan would raise the minimum wage by a dollar--a controversial move some say could eliminate jobs--subsidize child care for low-income families and start a nationwide program of after-school community centers. The price tag: \$9.8 billion in the first year alone. It made a big impression on some.

J. LAWRENCE ABER, NATIONAL CENTER FOR CHILDREN IN POVERTY: I cannot point to a presidential candidate in 30 years who's said "Let us reduce child poverty by this amount in this amount of time." That's historic.

WOLFF: Historic? Perhaps. Strategically smart? Not everyone thinks so.

JOHN MARINO, FORMER NY STATE DEMOCRATIC CHAIR: It's one thing to be a maverick United States senator. It's another thing to be a maverick and candidate for president of the United States.

WOLFF: Maverick or no, Bradley has staked out his territory. And the first test of his positioning may come as early as next week, when the Democratic candidates meet for their first debate.

In New York, Kathy Wolff, FOX NEWS.

(END VIDEOTAPE)

HUME: On the Republican side, John McCain has moved up to a strong second to George Bush in New Hampshire. A poll conducted by the American Research Group shows McCain moving up from 16 to 26 percent since last August. He still lags behind George Bush at 42 percent. The poll was conducted last weekend, which, of course, was before Elizabeth Dole dropped out of the race.

Earlier this week, Texas Governor Bush dismissed as, quote, "science fiction" the accusation in a new book about him that he had once covered up a cocaine arrest with his father's help. The phrase

"science fiction" was a reference to the fact that the author, J.H. Hatfield's, previous books had been about science fiction. Well, it now turns out the author's background is even more interesting than that. Here's FOX NEWS correspondent Mike Emanuel.

(END VIDEOTAPE)

MIKE EMANUEL, FOX NEWS (voice-over): The author of a book trashing Texas Governor George W. Bush's past is having the tables turned. J.H. Hatfield is the author of "Fortunate Son: The Making of an American President." The "Dallas Morning News" in a copyrighted story reports Hatfield is a convicted felon. Reporter Pete Slover (ph) says James Howard Hatfield was convicted of hiring a hit man, trying to kill his boss. Bush, on the campaign trail in South Carolina, had this reaction to the report.

GEORGE W. BUSH (R), TEXAS GOVERNOR, PRESIDENTIAL CANDIDATE: The fact that this guy, you know, might have been a convicted felon.

REPORTER: What does that say about his credibility?

BUSH: Well (INAUDIBLE) obviously, if he's a convicted felon, his credibility's nothing. But his credibility was nothing with me to begin with because his story was totally ridiculous.

EMANUEL: The "Dallas Morning News" reports author Hatfield served five years of a fifteen-year sentence in a Texas prison and was paroled in 1993. Hatfield denied, claiming this is all a case of mistaken identity. Quote, "If I've got a secret past, I'm damn sure not going to be all over the country plastering myself all over the newspapers or TV or attacking the man who may be the next president of the United States." He said, "Quote, it's not me, and we're supposed to be pursuing the governor of Texas," end quote.

Pete Slover wasn't available for an interview but tells FOX NEWS he stands by his story. J.H. Hatfield refused to tell the newspaper where he lives or where he was when the newspaper says he was in prison. St. Martin's Press, the book's publisher, located in this New York office building, is suddenly refusing to take calls from the media. Messages left by FOX NEWS were not returned. The author, in the midst of a publicity tour, has suddenly disappeared.

Court records uncovered by the newspaper show in July, 1988, Hatfield pleaded guilty to paying \$5,000 for a car bombing. The bomb blew up in February, 1987, but the two people in the car weren't injured.

Bush's campaign staff has had no comment on Hatfield, but campaign sources tell FOX NEWS they cannot believe the media ever gave any credibility to the author's accusations.

In Dallas, Mike Emanuel, FOX NEWS.

(END VIDEOTAPE)

HUME: And up next, tough talk over the budget, as some in Congress tell the president "No means no" when it comes to spending. Details of that next.

(18:11)

(COMMERCIAL BREAK)

HUME: You probably thought it was too good to be true when members of both parties and top Clinton aides came out of the White House the other night to say how well their meeting on the budget deadlock had gone. Well, you were right. They hadn't solved anything that night, but they were being nice about it. Now they still haven't solved

anything, and they're not being nice about it. Here's White House correspondent Wendell Goler.

(BEGIN VIDEOTAPE)

WENDELL GOLER, FOX NEWS (voice-over): Standing in a sea of police uniforms, the president said Republican spending plans threaten seven straight years of falling crime. Mr. Clinton wants to add 50,000 police officers to the 100,000 the government has already funded, and he threatened to veto the Justice Department budget Congress passed the day before for not providing the money.

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES: I want those police on the street. They are making America safer, and I am not satisfied, and you shouldn't be satisfied, until it's the safest country in the world!

GOLER: At the other end of Pennsylvania Avenue, meanwhile, Republicans were telling Mr. Clinton he has reached his spending limit.

U.S. REPRESENTATIVE JAMES ROGAN (R-CA): Mr. President, as a member of the Republican majority in Congress, no means no, and you're going to learn it the easy way or you're going to learn it the hard way!

GOLER: Talk turned tough again two days after the president and Republican leaders agreed to turn down the heat. The White House says Republicans backed away from a promise Tuesday to give the president a view of total spending for the new fiscal year instead of continuing to pass appropriations bills one by one.

JOE LOCKHART, WHITE HOUSE SPOKESMAN: We've got to look at the total picture. They understand that. Otherwise, they're going to get a bunch of bills sent back to them.

GOLER: But the Republicans said at the time they wouldn't change their plans.

U.S. REPRESENTATIVE DENNIS HASTERT (R-IL), HOUSE SPEAKER: We have three bills left to complete, so we're going to go through the process one by one.

GOLER: Aides now say the president might be forced to veto the huge military appropriations bill he must accept or reject by next Tuesday. It would be the sixth of the thirteen appropriations bills he's turned down. The problem is every time Mr. Clinton signs an appropriations bill, like the housing bill he signed earlier this week, there is less of the budget to bargain with for the increased spending he wants in education or to hire more police officers. And Republicans are saying they won't let the president have any of the 55-cent-a-pack hike in cigarette taxes he'd planned to use to raise about \$8 billion.

U.S. REPRESENTATIVE TOM DELAY (R-TX), HOUSE MAJORITY WHIP: When Republicans say that we are not going to touch the Social Security surplus, we mean it.

(END VIDEOTAPE)

GOLER: Late in the day, the president signed this second temporary spending bill Congress has sent him since the fiscal year began the beginning of the month. This one keeps the government in business until the end of the month. No one is threatening a government shutdown, but Mr. Clinton says he won't keep signing these bills indefinitely.

Brit?

HUME: Wendell, are we anywhere near the end of this?

GOLER: We'll know more, Brit, after Tuesday passes, and the president decides whether or not to veto the defense appropriations bill. If he does that and that still does not force the Republicans to allow the spending he wants, this could go on a lot longer.

HUME: And I would imagine it might very well go on until that temporary spending measure is almost up, right?

GOLER: It'll almost certainly go on until that's over, Brit.

HUME: All right, Wendell. Thanks very much.

Coming up next: The question what does it mean to be poor in America? We'll talk to a man who keeps track of such things when we come back. And we will be right back.

(18:16)

(COMMERCIAL BREAK)

HUME: As we reported earlier, Democratic presidential candidate Bill Bradley is out with a \$10 billion plan to combat child poverty in America, which he calls "a slow-moving national disaster." That's the poverty, not his plan. But what does it mean to be poor in America, and how do the living standards of this nation's poor compare to those in other countries--other developed countries, indeed?

For answers, we turn to a man who keeps track of such things, Robert Rector, a leading authority on the U.S. welfare system who's with the conservative research group the Heritage Foundation.

Welcome. Glad to have you.

ROBERT RECTOR, HERITAGE FOUNDATION: Thank you.

HUME: First of all, what are the--I mean, what does the government say qualifies you to be considered poor?

RECTOR: The government measures poverty by having a family income below certain thresholds, which is around \$16,000 per year for a family of four now. Major problem is that the government doesn't count people's incomes well at all.

HUME: How do you mean?

RECTOR: Well, the survey that they use to count incomes each year misses about \$2 trillion in income in our economy, not just...

HUME: How do we know this?

RECTOR: Well, you could compare it to the gross national product figures that are computed over at the Commerce Department and the wage and salaries that are paid to people. \$2 trillion--that's greater than the combined economies of England and Italy. So the survey isn't very accurate.

If you go and look at other government surveys which actually measure how people live, what they own, what they eat and so forth, you get a very, very different picture.

HUME: But I must say that the--it is hard to imagine a family of four is living on \$16,000 a year or less, that life could be anything but solitary, poor, nasty, brutish and short, or whatever. Can you...

RECTOR: The...

HUME: ... give us a sense of what life is like for the poor?

RECTOR: Well...

HUME: You--first of all, you estimate that their

income is likely to be more than that.

RECTOR: It's more than that. What we can do...

HUME: But we don't know exactly how much more.

RECTOR: ... is look at the typical individual that the Census Department tells us is poor and then look at other government surveys about how that individual lives. And we find that that individual owns a car, has air-conditioning, owns a microwave, has two color televisions, has a VCR, has a stereo, has a refrigerator, a stove and a clothes washer. By his own report, he has enough food to feed his family. His family is not hungry. He's able to meet all the medical needs of his family, if they need to go to a doctor. And by his own report, he had enough money to meet all the essential expenses in his household last year.

Now, this person is not living an opulent lifestyle, but his living conditions are vastly different than the normal image that we have of poverty, when we hear that term.

HUME: We also hear people worrying aloud that there is people going to bed hungry or that there's not proper nutrition.

RECTOR: Right.

HUME: What about that?

RECTOR: Well, by the government's own surveys, again, by the Agriculture Department or Department of Health and Human Services--each year they ask a question, "Does your family have enough food to eat?" Ninety-seven percent of Americans answer that yes. About 3 percent of Americans say "Sometimes we don't have enough food to eat," and about half of 1 percent of Americans say "We frequently don't have enough food to eat." So there is a problem of food shortages. Usually it's temporary in nature. But it's much smaller than--than the public is usually led to believe.

And it's also not a question of malnutrition. If you look at poor children, for example, look at their average consumption of vitamins, minerals and protein, you cannot distinguish them from upper-middle-class children. And the typical poor boy, when he grows up and reaches age 18 or 19 in the U.S. today, is going to be one inch taller and about 10 pounds heavier than the G.I.'s, American G.I.'s that stormed the beaches of Normandy in World War II. You can't do that if you're consistently malnourished.

HUME: Well, is there a nutrition issue, though?

RECTOR: There is a major nutrition issue facing poor people. In our nation, which is remarkably overweight, the most overweight group in our nation are poor people. Poor--almost half of all poor adult women are overweight. And if you look at the medical journals, you will see report after report about the alarming growth of obesity among poor children.

HUME: So the--so the--so the issue is not...

RECTOR: Lack of food, it's...

HUME: ... not lack of food, it's too much...

RECTOR: ... too much.

HUME: ... and the wrong food.

RECTOR: Not--poor people eat about the same type of nutrients that the rest of the population does. It's a myth that they eat a lot of high-fat food. But they do tend more than other Americans to eat too many calories for their level of energy expenditure.

HUME: Now, you--now, you mentioned--and we just had

the graphic that showed all the amenities that people seem to have, at least large portions of those identified as poor have. What about the housing itself?

RECTOR: Uh-huh. Well, 40 percent of the people that the government tells us are poor own their own homes. What type of home is that? It's--on average, it's a three-bedroom home with one-and-a-half baths. It's worth about \$65,000 on the market. And it's located on a half-acre lot. There are actually a million people that the government insists are poor that own homes worth over \$150,000.

HUME: And how does this overall standard of living compare with the poor in other developed countries? Very quickly.

RECTOR: It just--much, much larger. Americans have much better housing space even than the average citizen in Europe. And the poor Americans have more and better housing space than the average citizen in Europe.

HUME: Very interesting. Thanks for coming, Mr. Rector. We'll have you again, I hope.

HUME: The Clinton administration can't seem to get rid of that nagging controversy over the president's grant of clemency to Puerto Rican terrorists. One day after Republicans released a Justice Department report suggesting the decision increased the threat of violence, officials at the Justice Department said that's not what the report was referring to. So what was it referring to? Officials at the department weren't sure. David Shuster has the latest.

(BEGIN VIDEOTAPE)

DAVID SHUSTER, FOX NEWS (voice-over): Deputy Attorney General Eric Holder said the Justice Department report about an increased threat in terrorism was not a reference to the Puerto Ricans given clemency last month. According to Holder, the analysis in the report was reached a year ago.

ERIC HOLDER, DEPUTY ATTORNEY GENERAL: As I've talked to the people who prepared the report, they were talking about people over the next three, four years who might be getting out of prison.

SHUSTER: Holder said he was referring to people who finished their sentences, but he couldn't answer how many were in that category, and his deputies also couldn't identify the names of any Puerto Rican prisoners the report was supposed to be referring to. Some Puerto Rican nationalists have been released for time served, but that's because they were convicted of non-violent crimes. Republicans said the Justice Department explanations don't make any sense and charged that Holder had his opportunity during testimony earlier this week in front of the Senate Judiciary Committee.

The decision by President Clinton last month to free the 11 Puerto Rican nationalists has been criticized in part because it came over the objections of the FBI, police and other law enforcement organizations. The Justice Department has repeatedly refused to say what advice it gave the president, citing the president's instructions to invoke executive privilege. Republicans claim the administration's strategy is aimed at damage control.

At the White House, press secretary Joe Lockhart was asked to explain why President Clinton is asserting the privilege to begin with.

LOCKHART: Because the concept of executive privilege

is an important one, and it's in the Constitution. It has nothing to do with damage control.

REPORTER: But it doesn't require the White House to assert it each time.

LOCKHART: Well, when you don't assert it, you undermine the authority.

SHUSTER: Legal experts say that's not entirely accurate, and point out that President Reagan during the Iran-contra scandal waived all forms of privilege during investigations by an independent counsel and Congress.

(on camera): By contrast, in addition to the clemency controversy, President Clinton invoked executive privilege in the Monica Lewinsky scandal but had it rejected by the courts. That may have been more than a year ago, but Republicans say they're skepticism towards the administration endures.

In Washington, David Shuster, FOX NEWS.

(END VIDEOTAPE)

HUME: And we have to take a break here to do the latest news headlines, but stay with us. We'll report on how Hispanics are shaping the 2000 elections.

(18:27)

(COMMERCIAL BREAK)

HUME: The Hispanic vote is being taken seriously by presidential and other political candidates, and the concerns of the Hispanic community are now being heard loud and clear. There are 30 million Hispanics in this country, and in some big states like California, Florida and Texas, they are a key if not the key swing vote. FOX NEWS correspondent Carl Cameron returns now with part 2 of our Latino 2000 series.

(BEGIN VIDEOTAPE)

CAMERON: A Latinization of American culture is under way...

GORE: So to the three of you, I say congratulations--felicidades so valor I amor de patria (ph).

CAMERON: ... with unprecedented political pandering.

BUSH: Ingles I ma significa totus nosotros pero huntos (ph).

CAMERON: And four years, Hispanics replace African-Americans as the nation's largest minority. It is an historic change that both groups know could cause friction and have therefore begun to prepare for.

REV. AL SHARPTON, NATIONAL ACTION NETWORK CEO: Yes, there'll be some explosive issues down the road. But if we come through this period together, it defuses the explosions that are potentially there in the future.

ANTONIO VILLARAIGOSA (D), CALIFORNIA STATE ASSEMBLY SPEAKER: Well, there's no question that that is a risk. That's a risk for all workers, for all people, especially those who don't have education.

CAMERON: And education, particularly competition for education aid; may be one of the first things over which these minorities clash.

U.S. REPRESENTATIVE CHARLES GONZALEZ (D-TX): There's only a fixed amount of money, and so you may have the Hispanic community saying, "Look, we want X amount for our schools." You may have also

minorities such as the African-American community saying "We want this for the black colleges."

CAMERON: But both groups recognize potential strength in their combined numbers and almost certain strife if they are at odds. Hispanic and African-American leaders gathered recently in Washington for what was described as the first-of-its-kind meeting to craft joint political and economic strategy. As minority populations and their politics shift, both groups say they want to work together to head off racial tensions, not against one another.

EARL GRAVES, "BLACK ENTERPRISE" PUBLISHER: I really do not see it as a question of the Hispanics now turning to us and saying, "You've had your turn. It's our turn now." I see it as being a thing where we can all move forward together. Are there going to be people competitively in business who may be Hispanic or black who had hoped to do better? I think that's going to happen within the black community, as well as within the Hispanic community.

CAMERON: But the different cultures have vastly differing agendas. African-American political activism has primarily focused on equality--Civil Rights desegregation and social services for minorities--while Hispanics, with different if not fewer racial barriers, have begun to think their growing numbers and influence may translate into power, the most political and economic power of any minority in American history.

GEORGE HERRERA, U.S. HISPANIC CHAMBER OF COMMERCE: We understand where we were and where we're at today. In order for us to continue to empower our communities into the new millennium, we have to talk about economic rights and we have to talk about political empowerment. And we are very naive if we do not understand the direct correlation that political empowerment has with economic development.

CAMERON: Most minorities have tended to vote for Democrats over the years, but while African-Americans continue to do so, Hispanics are seen as increasingly inclined toward the GOP.

U.S. REPRESENTATIVE LINCOLN DIAZ-BALART (R-FL): And when you get to the tax issue, when you get to the pro-business issue, when you get to the pro-family issues, when you get to the pro-life issues, the Hispanic community's a very strong natural constituency for the Republican Party.

CAMERON (on camera): But Hispanic voter turn-out is not high for either political party. In fact, it's half of what African-American voter turn-out is. So even while Hispanics may soon be the largest minority, African-Americans still are the largest voting minority.

In Washington, Carl Cameron, FOX NEWS.
(END VIDEOTAPE)

HUME: Up next, the latest on the Senate debate over the explosive issue of partial-birth abortion. Stay tuned.

(18:35)
(COMMERCIAL BREAK)

HUME: Once again, the Senate moved to pass a ban on partial-birth abortion, the late-term procedure in which a live fetus is partially extracted from its mother, then aborted. The ban faces an almost certain presidential veto, but there was another vote taken during the debate which just might have more immediate impact, at least politically. Correspondent Rita Cosby explains.

(BEGIN VIDEOTAPE)

RITA COSBY, FOX NEWS (voice-over): The Senate spent the day emotionally debating a particular type of late-term abortion known as partial-birth abortion.

U.S. SENATOR RICK SANTORUM (R-PA): Not a debate on abortion. This is a debate on infanticide.

COSBY: Democrats say Congress should not infringe upon women's rights.

U.S. SENATOR BARBARA BOXER (D-CA): We trust the women of America. We trust them to make this painful and difficult decision without government telling them what to do.

COSBY: Democrats delayed the vote for hours by pitching a series of amendments, one which had a surprising result. By the barest of margins, 51 to 48, the Senate voiced support for Roe v. Wade, the 1973 Supreme Court decision which legalized abortion. Abortion rights supporters say the narrowness of the non-binding vote will be used as ammunition in the 2000 elections.

U.S. SENATOR TOM HARKIN (D-IA): I think the vote that we just took today on the support for Roe v. Wade should send off alarm bells all over this country to women. Roe v. Wade is hanging by a thread.

COSBY: In the meantime, the ban on partial-birth abortions would make it a felony for doctors who perform the procedure unless a woman's life is in danger. The president vetoed similar bills in 1996 and 1997, and the White House says this one will not get his seal of approval, either.

LOCKHART: It's been our position from the beginning, if the bill comes down in this form we will veto it, as we have in the past.

COSBY: But Republicans urged colleagues to provide the votes needed for an override.

U.S. SENATOR BOB SMITH (I-NH): It's about life! It's about whether or not a baby is going to die tomorrow! And another one, and another one. And we can stop it with three or four votes!

COSBY (on camera): Sixty-seven Senate votes are needed to override the veto. A second vote on this bill is expected to take place in both chambers sometime next year.

In Washington, Rita Cosby, FOX NEWS.

(END VIDEOTAPE)

HUME: Who will have a place at the podium in presidential debates of campaign 2000? It has become a matter of serious pre-debate debate as third party candidates become more prominent. FOX NEWS correspondent Julie Kirtz reports.

(BEGIN VIDEOTAPE)

ROSS PEROT (REF), PRESIDENTIAL CANDIDATE (October, 1992): I have a fearless forecast.

JULIE KIRTZ, FOX NEWS (voice-over): If entertainment value was the goal of presidential debates, 1992 would win an award. Reform Party candidate Ross Perot stole the show. But four years later, despite his objections, Perot was left out in the cold. Both President Clinton and his Republican challenger, Bob Dole, believed it was to their advantage to exclude Perot. And those who run the debates decided he didn't have a realistic chance of winning.

JANET BROWN, COMMISSION ON PRESIDENTIAL DEBATES:

Needless to say, if you start to involve as many people as possible on the stage, you not only will have a zoo instead of a debate, you won't get the major party nominees to participate.

KIRTZ: Some say not much has changed. If Pat Buchanan or Donald Trump become the next Reform Party nominee, the debate commission could face the third-party dilemma in 2000. As with Perot, it's not enough to have a lot of money or even to be on the ballot in every state. It comes down a judgment call by the debate commission, a private organization which consults pollsters, major media outlets and even political pundits. And that's unfair, according to law professor Jamin Raskin.

JAMIN RASKIN, AMERICAN UNIVERSITY: What we have is sort of an assault on democracy going on, when they exclude candidates who are on the ballot, who have an equal chance to win, who the public want to hear from.

KIRTZ: Take Minnesota Governor Jesse Ventura. In the beginning, he was considered a flake by the political establishment, but he was allowed in all eight statewide televised debates. Viewers liked what they saw and voted him into office. That's not possible on the national level say those who have been involved in presidential debates since the Nixon-Kennedy campaign.

NEWTON MINNOW, COMMISSION ON PRESIDENTIAL DEBATES: There's something like 111 candidates for president, and if you had 111 candidates on the stage, you wouldn't have a debate, you'd have a riot.

KIRTZ (on camera): The question is not 111 but whether there will be one more. That's up to the debate commission. But the 1992 campaign proved if there is a strong third-party candidate, the people do want them on stage.

In Washington, Julie Kirtz, FOX NEWS.

(END VIDEOTAPE)

HUME: A group of high-powered New York women met in Manhattan for breakfast and to declare their support for Republican Rudy Giuliani in his presumed race for the Senate. Many displayed the face of undeclared candidate Hillary Clinton, but they showed her with a slash over her face. They raised \$100,000 for Giuliani, but the mayor refused to disclose any timetable for the announcement of his candidacy.

(BEGIN VIDEO CLIP)

RUDY GIULIANI (R), NEW YORK CITY MAYOR: My decision would not be dependent on when she made her decision. I don't feel that I should make my decision before she makes her decision, after she makes her decision. Since I have no idea when she's going to make her decision, that would not be a very constructive way to figure this out.

(END VIDEO CLIP)

HUME: Don't go anywhere, folks. The FOX NEWS all-stars are coming up next.

(18:44)

(COMMERCIAL BREAK)

HUME: And now our nightly camp meeting with Bill Sammon, White House correspondent of the "Washington Times," Mort Kondracke, executive editor of "Roll Call," and from the White House, Mara Liasson, White House correspondent of National Public Radio.

I can't resist starting with this sort of delicious story about the author, J.H. Hatfield, who wrote this book about George W.

Bush called "Fortunate Son," which alleged that there'd been this drug bust in his past that he had covered up with a little help from his father. And of course, it now turns out that this chap, J.H. Hatfield, is the same J.H. Hatfield who did a stretch in the big house for--for--for trying to hire somebody to kill his boss. (laughs)

MORT KONDRACKE, "ROLL CALL": It's now clear that this J.H. Hatfield is the jailed J.H. Hatfield? Because he was denying it for a while.

HUME: Well, the jailed J.H.--the formerly jailed J.H. Hatfield is said by this guy to be someone else.

KONDRACKE: Yes.

HUME: However, J.H. Hatfield has been identified by the--by--by a parole officer who spoke to the Washington--I mean to the "Dallas Morning News" as the same person. He also has--is refusing to say--this one, the one who says--the author, who says he's a different person--he won't say where he was during the five years in question, when a stretch was being served. And he also won't give his Social Security number or even now, apparently, his address. All efforts to locate him on our part today failed, and his publishing house, which has got him--or had him out on a book tour, has completely gone to ground. It is not responding to reporters' calls.

So what?

BILL SAMMON, "WASHINGTON TIMES": If this guy is truly the person who did some time and is lying about it, how are we supposed to possibly believe this thinly-sourced story that George Bush did time? I mean, it just--it--it--I think it's a lesson in post-Monica rules of journalism. We're all running with this thing, and it was thinly-sourced to begin with. Now we're all running around...

KONDRACKE: Actually...

SAMMON: ... probably looking at the publisher for letting him get--get this thing through. But I think the newspapers have some responsibility here, too, for repeating it.

KONDRACKE: Actually...

MARA LIASSON, NATIONAL PUBLIC RADIO: You know, I...

KONDRACKE: Actually, George W. didn't serve time.

That's the point.

(CROSSTALK)

HUME: ... done a little--done a little community service, right.

LIASSON: Well, he did do the community service. This guy was saying he did it for a bust, not just because he...

HUME: Out of the goodness of his...

LIASSON: ... ran his car into a garbage can or whatever it was that...

HUME: Well, yeah. And that was something his father got him into...

LIASSON: Right.

HUME: ... rather than something that--that was necessary for any law enforcement. It raises an interesting question, though, and that is this. We all, all of us, live in this age where we, you know, conventional media outlets are not the only media outlets anymore. And stuff filters into the public consciousness from a multitude of sources quite independent of any of the rest of us old fogeys. And we are often faced with audiences, print and broadcast audiences, who may

have heard about these things, and may be looking to us for some perspective.

And it raises the question of whether something like this gets out there, whether it's better to address it and, as has happened in the case here, I think, pretty firmly knock it down, or--or whether to let it--or whether to ignore it and let it fester.

What do you think, Mara?

LIASSON: Well, you know, or ignore it because, you know, a lot of ways that these things get legs is when they're repeated in the mainstream media.

HUME: Repeated or what...

LIASSON: Repeated--repeated and discussed and sometimes shot down, but it gets into the bloodstream. You know, one thing I want to say about this story, though, I think this illustrates yet another way that George W. Bush is like Bill Clinton. He's lucky in his enemies, and he has a guardian angel sitting on his shoulder. I mean, if you were going to have anybody level this charge against you, you couldn't have designed, according to the Bush campaign, a better guy than this one, as it turns out.

KONDRACKE: Well...

SAMMON: Absolutely.

KONDRACKE: Well, it does look as though the story is false. I mean, on the basis of everything that we've known about...

HUME: You mean the Bush story?

KONDRACKE: The story that--that...

HUME: This guy tells.

KONDRACKE: ... that Hatfield tells.

HUME: Right.

KONDRACKE: You know, now, the--it seems to me that the obligation of a--of a news medium, a major news medium, is not to repeat the story but to check it out first and then, if it's gaining some currency on the fringes--you know, on the Internet or something like that or gossip or if it's in the air--then jump in and say, "Hey, we've proved that this story is not--is not true," rather than, you know, recycling it or...

HUME: Well, but...

KONDRACKE: ... or repeating it...

HUME: But Mort...

KONDRACKE: ... because it's--it's in the air.

HUME: ... if George W. Bush comes out, as he did a couple days ago, and along with his staff denounces the story as, quote, "science fiction," and, you know, you look...

KONDRACKE: Because it's already in the air.

HUME: Well, it was--because it was in--well, it was in the air...

KONDRACKE: And it was in...

HUME: ... in the air--there comes a point where you just can't...

KONDRACKE: Well, if the candidate himself refers to it, then you've got to. Then you've got to follow...

SAMMON: You're damned if you do, you're damned if you don't. If you denounce it strongly, like he did, it gets in the air, it stays in the air, it gets legs. Casual...

HUME: Well, I...

SAMMON: Casual observers just know something about Bush and drugs and, "Yeah, it's a bad thing." But if he's silent and ignores it or--or doesn't answer the questions, like on those cocaine questions, then he gets hammered day after day after day. "Well, you're hiding something." So it's one of those things where once it's out there, you can't un-ring the bell.

HUME: Well, I--my sense about this is, though, that if you could un-ring the bell--suppose--I mean, I--posit a strategy session at George W. Bush headquarters in which a genie appears. And the genie says, "Can I help you with this story?" And you say, "Yeah. Tell you what. Make it so that the author turns out to be somebody who did--you know, did five years in crossbar hotel for trying to kill somebody with a bomb!"

SAMMON: But a better scenario would be...

HUME: And is lying--and then lies about it, right?

SAMMON: Make it so this never happened. That would be even better.

HUME: Well, that--yeah, that would be...

KONDRACKE: Well, but you know, there's one other...

HUME: But we don't have the power to do that. We do have the power to knock stories down sometimes.

KONDRACKE: There's one other factor here and that's late-night comedians and "Saturday Night Live" as channels for the conventional wisdom in people's heads.

HUME: Yeah, they all have access to the bloodstream, don't they.

KONDRACKE: Well, exactly. I mean, and they assume--they assume that--that George W. Bush used cocaine when he was--when he was a youth. And it's--it's there, and it's part of his resume, whether he likes it or not, even though it may be flatly false.

HUME: Well, let's assume, though, that--let's assume, though, that it is--that it is false, but that people hear about it and think something may have happened. There isn't a lot of evidence at this stage, based on what we've been through, that people much care, is there.

SAMMON: No, but I think, you know, over time, scar tissue tends to accumulate. You have a little scandal here and a couple days of another scandal here. And you know, down the road, when people start getting around to voting, you know, there--a cumulative picture starts to take root in their mind. And I don't think it helps him.

LIASSON: Well, you know, I think it's been pretty well proven in the polls that people really don't care what you did in your distant past. I do think that they require that you don't disgrace the office, the Oval Office, if you're going to get into it. And they do want to make sure that you haven't done anything in the recent past that might discredit you. But I think--I think the long past, like the kind of years we're talking about with George W. Bush--I think the voters have pretty resoundingly said they just don't care.

KONDRACKE: Well, they're not going to defeat him on this account, but they do--they do--it is part of this whole cynicism, lately justified by the incumbent president, I must say, but--but the cynicism that people assume that all these guys are rats at some--at some level, and it's just a question of how much gets proved or how much we know. But you know, "Cocaine? Sure, he used cocaine. Didn't everybody use

cocaine?" I mean, it's part of the acid that eats at the trust in the society, and frankly, at the--at the moral tone of the whole country, I think.

HUME: Do you agree with that, Bill?

SAMMON: I think so. I think there's a certain amount of cynicism. Certainly, the Clinton presidency has neutralized many of the previously scandalous topics. I mean, you know, Donald Trump, you know, talking about running for president--I don't see anybody making an issue of his womanizing after having gone through President Clinton's term. So yeah, there is a certain amount of cynicism. And I think Mara's also right that, you know, these things aren't deal-breakers, but I just think that, you know, you hear a little bit of it, and it doesn't help. He could do without these kind of false stories.

HUME: Mara, you get the last word here.

LIASSON: Well, I think he can do without them, but even when they're coming up, doesn't seem like it's hurting him. I think he could withstand about a dozen more of these. I really do.

HUME: Well, he--yeah, he...

LIASSON: He's got such a strong lead. He's got so much money. None of them seem to pan out, and there are a lot of reporters out there digging for something in George W. Bush's past, and they haven't come up with anything.

HUME: Well, it just could be that it ain't there.

All right, thanks a lot, everybody. We got--run out of panel time here, but stay tuned for a little serenade we know you'll enjoy.

(18:54)

(COMMERCIAL BREAK)

HUME: Finally, there's a kind of unwritten rule in TV news that you try not to use video of people eating. Nobody looks good eating, and it seems a little unfair. After seeing what you're about to see, we've begun to wonder if in some cases maybe it's unfair to use video of people singing. Watch.

(VIDEO CLIP OF PRESIDENT CLINTON SINGING ALONG WITH "AMERICA THE BEAUTIFUL")

HUME: Did you notice Mrs. Clinton? Maybe she didn't like the song, or maybe she just remembered about the microphone being there.

And that's SPECIAL REPORT for this time. Please come again next time, and in the meantime, stay tuned for news, fair and balanced as always.

END

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TEXT:
CNN Inside Politics
October 27, 1999

Bill Bradley and Al Gore Prepare for Town Hall Meeting in
New Hampshire

BERNARD SHAW, CNN ANCHOR: New Hampshire supporters rally
for Bill Bradley before his first big game, of sorts,
against Al Gore.

JUDY WOODRUFF, CNN ANCHOR: We'll have extensive coverage
of
the Democrats' warm-up for tonight's town meeting.

SHAW: Plus: Gore and Bradley on key issues. We'll look
at their records
and their differences.

ANNOUNCER: This is INSIDE POLITICS. From the campus of
Dartmouth College in Hanover, New Hampshire, scene of
tonight's
Democratic presidential town meeting, here are Bernard
Shaw and Judy
Woodruff.

WOODRUFF: Thank you for joining us.

Three hours from now, Al Gore and Bill Bradley will
share a stage and their
views on issues that matter to the people of New
Hampshire.

SHAW: In the process, they hope to better distinguish
themselves in the
minds of voters in this lead-off primary state and
voters nationwide.

The CNN/WMUR town meeting will be held in a theater here
on the
Dartmouth College campus, just down the street from the
Hanover Inn,
where Judy and I are right now.

Heading into the town meeting, Bradley and Gore have
been out and about,
shaking hands, and presumably, psyching up.

We begin our coverage with CNN's Candy Crowley, on the
trail with Vice
President Gore.

(BEGIN VIDEOTAPE)

CANDY CROWLEY, CNN CORRESPONDENT (voice-over): The
opening act was guerrilla theater. Outside a bookstore
in Hanover, the
Bradley/Gore faceoff was under way.

Inside, one of the principals was entertaining a member
of the nonvoting
public. It was like watching the eye of the storm.

ALBERT GORE, VICE PRESIDENT OF THE UNTIED STATES: But
no one seemed happy at all. Everything was so still.

CROWLEY: When the two scenes meshed -- well, let's just
say retail
politicking has its drawbacks. Still, Gore seemed to be
in good spirits as he
arrived to check out the scene for act two. And he was
downright

nonchalant on the question of whether he feels ready.

GORE: Yes.

CROWLEY: While he leads Bill Bradley in nationwide polls, Gore trails in some polls here in New Hampshire.

UNIDENTIFIED FEMALE: I would need to see some dynamic leadership.

CROWLEY: And while there is more than a year until the election, there is only about three months until the New Hampshire primary.

UNIDENTIFIED FEMALE: I haven't seen any of Bradley yet and Gore maybe needs to be a little fresher.

CROWLEY: So for Gore, the stakes are significant, if not final. And New Hampshire's knowledgeable but quirky voters expect all their candidates to start at square one.

UNIDENTIFIED MALE: Well, I think one of things he definitely has to do is show that he can be a president.

CROWLEY: So Gore will have to start with basics, to show what he has learned as a Washington-bred policy wonk without seeming like a Washington-bred policy wonk. He has to remain a loyal member of the administration and show that he is his own man.

LINDA FOWLER, ROCKEFELLER CENTER: The problem has always been for him, really since the campaign started to heat up, is to establish all the ways in which he's not Bill Clinton.

CROWLEY: Al Gore has proven himself a good debater, but as the Gore camp points out repeatedly, this is not a debate, it's more like side-by-side town hall meetings. But Gore is no slouch in that department either. He's had three of them here in New Hampshire in less than a week.

(END VIDEOTAPE)

CROWLEY: Though in recent weeks, the vice president has taken to

suggesting that Bill Bradley is not loyal Democrat,
pointing out some of his
votes in the Senate, there will be none of that tonight.
A Gore aide
explained, New Hampshire is an issue-centric state and
the vice president
expects to follow suit -- Bernie.

SHAW: Candy, any perceptible difference in Gore's mood
yesterday versus
Gore's mood today?

CROWLEY: I didn't see it. I have to tell you, in the
past couple of days, he
really is sort of noticeably seeming to enjoy what he's
doing, Whether
they've just shown him how to better show that or
whether he really is
enjoying it more, I'm not sure. But he was fairly
upbeat. He took all those
Bradley protesters that you saw; he pretty much took it
in stride.

There are times, though, that I will tell you that he
still remains a little hesitant
about what he's supposed to do. But these are awkward
situations. You
appear in a bookstore. People are buying their books,
and they look up, and
the there's Al Gore going, Hi, I'm Al Gore, I want you
vote. And so there
are some awkward moments, but he doesn't seem to let it
throw him.

SHAW: OK, Candy Crowley.

Now to Bill Bradley's day here in The Granite State and
his preparations for
tonight's town meeting.

Here is CNN's Bruce Morton.

(BEGIN VIDEOTAPE)

(CHANTING)

BRUCE MORTON, CNN CORRESPONDENT (voice-over): Whooping
and yelling for Bill Bradley in downtown Hanover, where
the town meeting
will be held. By the time the candidate showed up, late
for a preplanned
walk, the Gore signs had retreated. The whoops were all
for Bradley.

Bradley shook hands.

BILL BRADLEY (D), PRESIDENTIAL CANDIDATE: Thank you very much.

Thank you so much.

CROWLEY: A horde of cameramen tried to take pictures; a horde of campaign aides tried to push them back. Bradley detoured into a shop and his wife, Ernestine, tried on a cold-weather hat.

(BEGIN VIDEO CLIP)

ERNESTINE BRADLEY, BRADLEY'S WIFE: Isn't this a good hat (UNINTELLIGIBLE)

BRADLEY: You want it?

E. BRADLEY: I don't know. I have to look in a mirror. I don't think so.

(LAUGHTER)

E. BRADLEY: Now you've got a really terrible picture of me.

(END VIDEO CLIP)

MORTON: On to Lou's, Hanover's most famous breakfast spot. The candidate made the traditional pregame statement: I'm ready. BRADLEY: I'm feeling great. I'm looking forward to tonight. I think it'll be a good exchange, and I hope the people will be the better for it, and I know I'm looking forward to it.

MORTON: Inside, Bradley's mind was on the pies -- they reminded him of some in a restaurant in Maine, and his wife's appetite.

(BEGIN VIDEO CLIP)

BRADLEY: She could eat all that, you know. She could eat that whole thing.

Yes, you could eat that whole thing.

E. BRADLEY: Oh, thank you.

(END VIDEO CLIP)

MORTON: So he's ready. Any changes to prepare for the new, more aggressive Gore?

ERIC HAUSER, BRADLEY CAMPAIGN SPOKESMAN: You have to wait and see, but we've never responded to the, you know, sudden mechanical shifts in Gore's strategy for 10 months. They're somewhat frequent, and we generally leave their campaign to them, and you know, we've got a strategy that we've mapped out over a long period of time, and that doesn't change substantially.

(END VIDEOTAPE)

MORTON: Bradley has done some preparation for tonight's debate, we're told. He looked at videotape of Vice President Gore's earlier debates, with Ross Perot perhaps, with Dan Quayle, with Jack Kemp. And he worked with a stand-in, somebody representing Gore, even though the two of them aren't supposed to talk to each other tonight, but simply to answer questions from the floor -- Judy.

WOODRUFF: Bruce Morton, with the Bradley campaign, thanks.

Well, now, an update on where Gore and Bradley stand in some national polls. A new Marist poll shows the vice president leading by 16 points among potential Democratic primary voters across the country. Gore's lead over Bradley was more than twice as big back in April.

We should note that the latest CNN/"Usa Today"/Gallup poll shows that, just in the past two weeks, Gore recovered some of the support that he had lost nationally in recent months.

Let's talk more about Gore versus Bradley, with an eye toward tonight's town meeting here in New Hampshire. We're joined by Bradley campaign spokesman, Eric Hauser, and Gore campaign spokeswoman, Kiki Moore.

I want to ask you both, we're looking at two individuals who when they served in the Senate voted the same 70 percent of the time. Are they going to be straining, Eric Hauser, to find differences between them tonight?

HAUSER: No, I don't think so. I think that there are differences in campaign that have emerged on health care, on child poverty, on campaign finance reform, on work and family issues, that will be pretty pronounced tonight. It's a good format to talk with the voters one on one and have a good exchange together on the stage.

WOODRUFF: But at the same time, Kiki Moore, don't they really come out of the very same part of the Democratic Party?

KIKI MOORE, GORE CAMPAIGN SPOKESWOMAN: Well actually, there are some differences and some similarities. You know, tonight's event is a town hall in the great tradition of New Hampshire. It's not a debate. So actually I would disagree with Eric that there won't be a lot of exchange between the two candidates, because the format really doesn't allow for that. This will be questions from citizens on those critical issues, like the health care, like the economy, like revolutionary change in education. But it won't allow for a lot of back and forth, which is one reason that Al Gore has invited the senator to debate him, because helping bring some of those similarities and differences to the surface is good for Democracy because it helps voters make good choices.

WOODRUFF: One of the points, Eric Hauser, that's been made lately, is that by bringing up his position on issues where he is to the left of the vice president, Bill Bradley runs the risk of moving the Democratic debate so far to the left that it risks hurting the Democrats in the fall. Is that something you all are thinking about?

HAUSER: Not really, no. Most of what we're talking about

is really a
common sense agenda that voters of all stripes have been
responding to.

Labels, I think, are for a different time in politics. I
don't think a lot of voters
are interested in labels or mechanics that position one
thing or another, but
what are you going to do for country and why? What are
you about, and
what do you want to accomplish?

And I think tonight is going to be very good, because it
will be directly with
voters. There will come a point when there is exchange
between the
candidates, but I think that an opportunity to lay out
common-sense ideas in
front of a good crowd in New Hampshire and identify
things you think are
important is going to make for a nice evening.

MOORE: You know, Judy, it's interesting, because Al Gore
has spent a

couple of evenings in the last week holding open
meetings with undecided
voters, which has really been the best kind of prep you
could have for an
event like tonight, to really take the questions
directly at the heart about the
kinds of things he's done in the past as a vice
president, leading what he
could for Tennessee and what he'd like to do in the
future and the kind of
change he wants to bring about for working families.

That's an important
function in any campaign and for any candidate; and Al
Gore is doing it and
connecting with voters about what he's done and what his
vision for the
future is. That's the sort of thing, understanding where
you've been and

where you want to go. WOODRUFF: Eric Hauser, one of the
things that
we've seen in the campaign in the last few weeks, with
the news --
re-energized vice president's campaign, is that he's
gone on the attack
against Bill Bradley.

Is Senator Bradley going to respond?

HAUSER: Well, I think it's interesting. Some of these
town meeting
concepts are how we started the campaign, not what we

ended up with after
a number of different experiments.

I don't know about attacks. I mean, that's something
that, you know, the
vice president and the Gore campaign will clearly make
their own decision
on. I think that's what's been happening recently, and I
think some of the
attacks have even begun to contradict one another.

I think it will be a positive evening. We're certainly
looking forward to that.

When there are issues that come up, we'll respond
appropriately, no matter
what it is. So I think it will be a good exchange.

MOORE: Al Gore sees tonight as a chance to connect with
people, to show
what his vision is, who he really is. I don't think
anybody considers it an
attack to have a discussion of issues: where your
history has been, what kind
of positions you have taken on things like
(UNINTELLIGIBLE)
Reaganomics.

WOODRUFF: Are you saying he's not going to criticize
Senator Bradley?

MOORE: I'm saying that tonight Al Gore is going to
answer the questions of
the citizens of New Hampshire. And that's the great
thing about tonight.

Tonight is going to be a citizen-driven evening. And
that's really what a
town-hall format is about, because this really isn't a
debate. It's a town-hall
meeting.

HAUSER: And I think we can agree on that, which is a
very good thing.

WOODRUFF: How is Bill Bradley preparing? There was a
picture of him in
The New York Times today sitting on the stage of a "To
Kill the
Mockingbird" set of an opera house. What's that all
about?

HAUSER: Well, it's just a good place to get away from
the environment
around the event tonight.

The preparation has been pretty casual. We're not doing anything any different than we usually do to prepare for big events, which is him getting comfortable with the language he wants to use and the format. It's a very natural extension of what we normally do, and it's not -- there aren't any mechanics. There are no gimmicks. There are no sort of set pieces to learn. And here's what we're going to do at this moment.

It's much more him articulating about what he believes about what we can accomplish in America. And he's done that so steadily for so long in this campaign that it's pretty natural to just extend it.

WOODRUFF: Kiki Moore, what about the vice president? We read that he's sitting on a stool with his good friend Tom Downey (ph)...

MOORE: Well, actually, what he's done is had his preparation out in public, a town-hall meeting on Monday night, one last Thursday, taking questions. I mean, that was live and in public, what he did.

This morning, he had a nice jog down in Bedford, New Hampshire today with some students from that area. He traveled up here. I think, like the senator, he's dropped by to make sure that CNN and WMUR have all the technical needs met that they need for their walk-through. And then he'll be here.

Freshening up: He knows his issues, he knows what he believes. And that's what tonight is all about. It's really about engaging. It's about connecting with voters, about his vision, and that's where he'll be tonight.

WOODRUFF: All right. Kiki Moore, Eric Hauser, we thank you very much.

HAUSER: Thanks.

WOODRUFF: And we look forward to tonight.

MOORE: Thanks, Judy.

HAUSER: Take care.

WOODRUFF: And still ahead on INSIDE POLITICS, Karen Brown will tells us how the candidates are preparing for tonight's event. We've heard a little of it already. We'll hear some more.

Plus, a look at the Republican hopefuls. Is John McCain gaining ground in New Hampshire? And George W. Bush, reaching out to the younger generation in Iowa.

(COMMERCIAL BREAK)

WOODRUFF: WMUR news director Karen Brown will be the co-moderator of tonight's town meeting. She observed Al Gore and Bill Bradley earlier today. She joins us now.

KAREN BROWN, NEWS DIRECTOR, WMUR: Welcome.

SHAW: Good to be in your state.

BROWN: Thank you.

SHAW: They were having a walk-through at the Moore Theater, and you were there.

BROWN: It was interesting to observe the two candidates. Bill Bradley came in first. He was very loose, checked out all of the camera angles, the lighting, but appeared very relaxed and ready to go tonight.

Al Gore came in shortly thereafter, likewise very focused on details. They each, you know, want to make sure they get it right tonight, but equally loose and relaxed.

I think both have done their homework and we should have a really great discussion with the voters here.

SHAW: What about the walk-through? Gore was asking about where should I sit, which camera am I looking at, that kind of thing?

BROWN: Well, I think -- I think that's normal, because I think, you know, they are keenly aware of the cameras, and yet want to have a dialogue with the voters. And the way we have set it up inside the Moore Theater, which is a very intimate theater, they're going to be able to engage the audience there and hopefully not be distracted by the cameras.

SHAW: And as Kiki Moore was indicating, this is not a debate tonight.

BROWN: It's not.

SHAW: We actually have screened the questions. They will come from voters in New Hampshire. And she said that her guy, the vice president, is going to be trying to create a relationship with the voters of New Hampshire.

BROWN: I think both will. I've had an opportunity to see the questions, and they're good questions.

SHAW: They certainly are.

BROWN: The folks up in this area are coming with questions on key issues that are important not only to this state but to voters all across the country. And I think we're going to have a really animated discussion. And I think we probably will hear a lot in areas where the candidates are alike, but I think we're also going to hear in areas where they're slightly different.

SHAW: What's the attraction? What's the magnetism of Hanover, New Hampshire?

BROWN: Well, Dartmouth College, No. 1: Ivy League. The college is central to this town. And there's a certain energy. I'm sure you felt it when you came in.

They are keenly aware in this region about issues, and they care. And so therefore, they want to attend an event like this.

In fact, you know, we had to turn people away. I think that it just shows that this is a very engaged electorate in this area.

SHAW: And these citizens are very intense and very careful listeners.

BROWN: Yes. And they will be listening to every word and every answer that these two men give this evening, and then they'll make their decisions.

Some of them perhaps have already decided which candidate they might lean to, but many of them are undecided. And this could be a key event in helping them make up their minds who they'll vote for this year.

SHAW: Well, Karen Brown, WMUR TV news director. I'll see you on the stage of Moore Theater.

BROWN: I'll see you shortly.

SHAW: Here at Dartmouth College.

BROWN: Thank you.

SHAW: Thank you. Judy.

WOODRUFF: Interesting, only a few hours from now.

Well, the Republican hopefuls will have their turn at the town meeting tomorrow night. But Senator John McCain is already here in Hanover, pushing his plan to eliminate government subsidies for ethanol, sugar, and the gas and oil industries.

McCain says that money could fund a \$5 billion school voucher plan. A new "Boston Herald" poll of likely New Hampshire Republican voters shows

McCain 18 points behind George W. Bush. But Bush's favorability rating is at 64 percent, down 10 points from August. McCain meanwhile is gaining. His favorability is now at 67 percent.

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R-AZ), PRESIDENTIAL CANDIDATE: I believe the reason why I'm gaining traction in this

campaign is because we
talked to the people of New Hampshire. I've had over 40
town-hall
meetings. I've got three or four coming up in the next
couple of days.

And one thing I've learned about New Hampshire is they
want to hear from
you.

(END VIDEO CLIP)

WOODRUFF: When asked whether the people of Iowa deserved
the same
attention, McCain said he is already scheduled for at
least one debate in
Iowa.

(BEGIN VIDEO CLIP)

MCCAIN: The strategy of my campaign, as we have made
very clear, is to
take my stand for reform and for cleaning up this system
and giving the
government back to the American people in New Hampshire
and South
Carolina. But I -- we have not made a final decision as
to how much time
we'd spend in Iowa as well. (END VIDEO CLIP)

SHAW: As Judy indicated, five Republican candidates will
be here for
tomorrow night's town-hall meeting.

The one big exception, Governor Bush, who says he has
other
commitments. The Texas governor was in Iowa today where
he met with
high school students, and as Patty Davis reports, Bush
chose to talk
personal responsibility instead of politics.

(BEGIN VIDEOTAPE)

PATTY DAVIS, CNN CORRESPONDENT (voice-over): Texas
governor George W. Bush told hundreds of middle and high
school students,
who packed a gymnasium in Orange City, Iowa, he had made
wrong
choices in his life.

GOV. GEORGE W. BUSH (R-TX), PRESIDENTIAL CANDIDATE:
One night when I was in college, I got a little rowdy, I
drank a little too much

and I tried to liberate a Christmas wreath.

DAVIS: Bush says he was caught by police. He urged the students to avoid the pitfalls of drugs and alcohol, and to abstain from premarital sex.

BUSH: Abusing alcohol will make it really hard to access the American dream. And having a child out of wedlock is a sure-fire way to fall behind.

DAVIS: Governor Bush promised more federal dollars for sexual abstinence programs if he is elected. Bush also visited this church-backed crisis pregnancy center in Dubuque, where abortions are discouraged.

BUSH: I believe the goal in America ought to be that all children, born and unborn, protected by law and welcome to life.

DAVIS (on camera): Bush chose themes popular with conservatives in the Republican Party. His attempt to reach out to them comes amidst signs that support for the GOP front-runner may be weakening.

(voice-over): New polls out of New Hampshire show Bush's once-commanding lead over Arizona senator John McCain has narrowed, as has his lead over Democratic vice president Al Gore in some national surveys.

MIKE GLOVER, ASSOCIATED PRESS: Still the clear favorite in the caucuses just three months away, but there are some signs that things are starting to shift just a little bit. For one thing, there are some signs that the conservative right wing of the Republican Party, the so-called social conservatives, or religious conservatives are beginning to coalesce around Steve Forbes. There's some early indications of that.

(END VIDEOTAPE) DAVIS: Now, Bush downplayed those recent polls, saying he's focusing instead on getting his message out in Iowa and New Hampshire. Now, while Bush said he will be back to Iowa time and time

again before the Iowa caucuses in January, he will not be, as you said, part of that Republican town-hall meeting in New Hampshire on Thursday -- Bernie.

SHAW: Patty, was the governor smoked out by criticism from Steve Forbes?

DAVIS: He bristled to that criticism today, asked by reporters, Steve Forbes criticizing the governor's budget, that it actually -- he says it actually increased while the governor has been in office in the state of Texas. George Bush says that is not true. He delivered on a promise to the people in Texas, and he has substantially slowed that budget increase while he's been in office. He says Forbes failed to take into account the growth of inflation and the growth in the population in Texas -- Bernie.

SHAW: Patty Davis, Dubuque, Iowa. Thank you.

WOODRUFF: The editor-in-chief of a New York publishing house that recalled its new biography of George W. Bush has resigned. Robert Wallace claimed that he had no control over the book, which was published by a division of St. Martin's Press, and said he didn't want to be associated with it. The book, "Fortunate Son" by J.H. Hatfield, alleged that Bush was arrested for cocaine possession in 1972. Bush called the allegation "totally ridiculous," and St. Martin's recalled the book after learning that Hatfield served time on a felony conviction.

INSIDE POLITICS will be right back.

(COMMERCIAL BREAK)

SHAW: Hanover, New Hampshire, sunset.

There is much more ahead on this edition of INSIDE POLITICS.

WOODRUFF: Coming up...

(BEGIN VIDEO CLIP)

WILLIAM SCHNEIDER, CNN SR. POLITICAL ANALYST

(voice-over): On the issues, there's no big difference
of kind between Al
Gore and Bill Bradley, but there are differences of
degree.

(END VIDEO CLIP)

WOODRUFF: Bill Schneider on the political nuances that
separate the
Democratic hopefuls.

Plus...

SHAW: The president says the federal government has
money to spare, but
what does that mean for the budget? And later...

WOODRUFF: A look at the candidates in both primaries,
with Margaret
Carlson and Tucker Carlson.

(COMMERCIAL BREAK)

WOLF BLITZER, CNN ANCHOR: I'm Wolf Blitzer in
Washington. We'll
have more of the day's political news coming up, but now
a look at some
other top stories.

The United States is condemning today's shooting rampage
in Armenia in
which the nation's prime minister and six others were
killed. Vazgen
Sargsyan was speaking at a session of parliament when
gunmen burst into
the room, declared a coup and opened fire. Several
members of parliament
were injured. The gunmen are reported to be still
holding dozens of
hostages.

There will not be a special prosecutor in the JonBenet
Ramsey case. That
word from Colorado governor Bill Owens today. He says
the right people
are now involved in the continuing investigation. Owens
says authorities are
reviewing new evidence amid indications more than one
person is to blame.
The governor also is calling on JonBenet's parents to be
more helpful in the
investigation. His comments come just two weeks after a

grand jury
adjoined without any indictments. Six-year-old JonBenet
was found
murdered in her family's Boulder, Colorado home almost
three years ago.

Here in Washington, Republican senator Jesse Helms and
several
congresswomen were removed from a Senate hearing today.
Democratic
representative Lynn Woolsey of California led the
congresswomen and
several female staff members into a hearing Helms was
chairing on China.
They tried to present him with a letter supporting an
international treaty
against sexual discrimination. Helms, who chairs the
Senate Foreign
Relations Committee, has been blocked the Senate vote on
the 1979 United
Nations treaty. Helms asked the women to act like
ladies, then had them
escorted out by Capitol police.

When INSIDE POLITICS returns, we'll go back to Bernie
and Judy in
New Hampshire, and Jeff Greenfield and Bob Novak with
their thoughts on
tonight's town-hall meeting.

(COMMERCIAL BREAK)

WOODRUFF: Here in New Hampshire, voters tend to be
partial to town
meetings like the one Bill Bradley and Al Gore will take
part in tonight.
That's because the format allows them to directly
question candidates. Well,
what may voters and viewers learn about Gore and Bradley
and their stands
on key issues?

For that, we turn to our Bill Schneider in Washington --
Bill.

SCHNEIDER: Judy, two Democrats, both moderately liberal.
What's to
choose? On the issues, there's no big difference of kind
between Al Gore
and Bill Bradley, but there are differences of degree.
After all, they both
have long voting records in Congress. Gore served eight
years in the House
and eight in the Senate. Bradley served 18 years in the

Senate. As Al Smith

used to say, "Let's look at the record."

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Issue: abortion.

Both candidates are strong supporters of abortion rights. However, Gore

used to be more conservative on this issue. As a House member from 1977

to 1985, Gore opposed Medicaid funding of abortions for poor women.

Bradley favored abortion rights, including Medicaid funding, throughout his years in the Senate.

Issue: education.

Both candidates want to expand funding for public education. Both have

plans to recruit new teachers. However, Bradley once voted in favor of tax

credits for tuition payments to private schools and for an experimental

voucher program. Gore voted against both.

Issue: health care.

Both candidates have offered detailed proposals to reform the health care

system and expand coverage. However, Bradley's plan is bigger. It

guarantees coverage for all children, and offers universal access to adults at

a cost of \$55 billion to \$65 billion a year. Gore's plan would expand

coverage for children and working parents without guaranteeing it for all, but

at a lower cost, estimated at \$10 billion to \$15 billion a year.

Issue: economy.

Both candidates have supported the Clinton economic program, and both

favor free-trade measures like NAFTA. However, back in 1981, Bradley

voted in favor of President Reagan's budget cuts. Gore voted against them.

On the other hand, in 1985, Gore voted in favor of the Gramm-Rudman-Hollings bill that mandated across-the-board spending cuts

if Congress and the administration failed to reduce the

deficit by a targeted amount. Bradley voted no. And in 1986, Gore supported a Constitutional amendment to require a balanced budget. Bradley opposed it.

Issue: civil rights and gay rights.

Both candidates strongly defend civil rights, affirmative action, and gay rights. Both favor legal protections for domestic partnerships. Both oppose gay marriage. However, Bradley would allow gays to serve openly in the military, while Gore calls for a more compassionate application of President Clinton's "Don't ask, don't tell" policy. Bradley favors amending the 1964 Civil Rights Act to include gays. Gore has not endorsed that proposal.

Issue: welfare reform.

Probably the biggest issue difference between the two candidates came on the defining issue for President Clinton as a new Democrat. In 1996, Gore supported the Welfare Reform Bill. Bradley voted against it.

(END VIDEOTAPE)

SCHNEIDER: Is one candidate consistently more liberal than the other?

No. It varies by issue. Sure, Gore can drag out old votes where Bradley voted with conservatives on Reaganomics and school vouchers. But Bradley can do the same to Gore on abortion rights and the Balanced Budget Amendment.

In the end, voters are not going to judge these candidates on political correctness. They're going to want to know, what have you done for us lately? And what are you going to do for us now -- Judy.

WOODRUFF: Bill Schneider, very helpful look back. Thanks -- Bernie.

SHAW: As we continue to set the scene for tonight's town meeting, let's bring in Bob Novak of the "Chicago Sun Times," who is

here in Hanover,
New Hampshire, and, from New York, CNN senior analyst
Jeff Greenfield.

Jeff, starting with you, if you were on Al Gore's
payrolls, if you were on Bill
Bradley's payroll, what would your advice be to each man
for tonight?

JEFF GREENFIELD, CNN SENIOR ANALYST: Relax. This is not
October of 2000. Nationally, I think there will be
relatively little attention
paid to it, outside the community of political junkies
and journalists. This is
also game four of the World Series. And to the extent
they're competing for
the votes of New Hampshire-ites who will be voting in
three months, there
are going to be a passel (ph) more of these kinds of
meetings and debates. I
think the worst thing you can have in this debate, as in
other forms life, is
performance anxiety,

SHAW: Bob Novak, along that line what Jeff was just
mentioning, what, in
your judgment, will Gore and Bradley try to avoid doing
on that stage?

ROBERT NOVAK, "CHICAGO SUN TIMES": Some of Vice President
Gore's advisers have told me that he will not repeat the
very tough
bludgeoning of Senator Bradley at the Jefferson-Jackson
Day Dinner in Des
Moines several weeks ago. They think that standing up in
a New England
stage is -- alone is a little bit different than being
in the excitement of a
fund-raising dinner in Iowa.

But Al Gore, although he's very disciplined, sometimes
likes to play tough
politics, and there's always a possibility that
something Bradley says will set
him off. But I would say, very definitely, he does not
want to renew the
attack on Bradley as tough as it was in Iowa.

From Bradley's standpoint, I get the feeling from
talking to some of his
people that he isn't going to turn the other cheek if he
is attacked by Gore
this time. They don't expect to be attacked.

The interesting thing is that Bradley, of course, is trying -- been trying to get to the left of Gore. But there's a special characteristic in Iowa: the independents can vote in Iowa, and the -- in effect, Bill Bradley is competing with John McCain, senator -- Republican senator in the Republican primary, for that independent vote.

So it's a -- I think there might be a tendency not to look too much like knee jerk liberal,

SHAW: Jeff, any dynamic standing out in your mind to this point in this campaign between these two men?

GREENFIELD: The one thing that I think is really fascinating for me, and it's not so much ideological -- is that from the very beginning, I mean literally for years, Bill Bradley, who has been wanting to run for president, has been trying to figure out if he can run for president his way, to paraphrase Frank Sinatra. And I think that he has been very conscious of running a campaign that sets a particular tone that says I'm not like these other politicians. I don't rehearse. I don't use focus groups. I'm me.

And to the extent tonight that Al Gore comes in -- he has a group of very talented consultants around him, over-prepared with a the -- with a sound bite, a phrase that sounds rehearsed -- to the extent that Bradley has one thing going on his mind that he has throughout this campaign, it's to try to draw the distinction between himself as a natural human being sort of Jimmy Stewart, and Al Gore as a -- as a political automaton.

And I think if there's one strategy is, if that's the right word, that I would expect to see Bradley trying to employ tonight, is to reinforce this notion that the difference is not so much ideological as I'm more authentic than Al Gore.

SHAW: Bob, along with that point Jeff makes, is it not a correct impression that Bradley is a "Marathon Man," and that he has one

thing that drives the

Gore people nuts -- all those millions of dollars he can
in effect pace himself
from this point on?

NOVAK: Yes, I think that's the case. There's no need to
hurry. There's no
need to be panicky. The signs of panic so far, oddly,
have been from the
front-runner, Vice President Gore.

But the interesting thing on Bill Bradley -- one of the
interesting things on Bill
Bradley is that although he is behind in the polls
against Gore among the
Democrats, he often runs better against the presumptive
Republican
nominee, George W. Bush in the general election polls.
And that has an
impact, even this early, on these so-called
super-delegates, the 800 of them
who don't belong to any state but are officeholders,
because the thing that Al
Gore worries about the most is, is he conceived of as a
loser in November
and of 2000, and Bill Bradley as a winner? So that's --
this little subplot, I
think, plays over what otherwise would be a discussion
of liberal or new
Democratic ideology.

SHAW: Last quick question to both of you, same question
beginning with
you, Jeff, would it be wrong for either Gore's people or
Bradley's people
after this town meeting tonight to claim a bounce out of
Hanover?

GREENFIELD: Well, it might be wrong, but it's almost
like genetically
impossible for political operatives not to show up after
a debate proclaiming
that their guy did what he wanted to do. I don't think I
have never seen that
happen. But, yes, it's -- I mean -- I think it's just
way too early to start
making definitive statements.

NOVAK: I think so. I think, unfortunately, the spinners
are part of the
political scene, whether it's a great big presidential
debate with millions
watching or a little town meeting like this, I guarantee
you they'll be spinning

tonight either formally or informally.

SHAW: Bob Novak in Hanover, New Hampshire, Jeff Greenfield in New York, watching the World Series tonight, thank you -- Judy.

WOODRUFF: Spinning -- I don't believe it.

Up next on INSIDE POLITICS, a look at the politics surrounding the \$123 billion surplus.

(COMMERCIAL BREAK)

SHAW: For the first time since the Eisenhower administration, the federal government has recorded two consecutive years of budget surpluses.

President Clinton made the announcement today as negotiations over the budget continue on the Hill.

Kelly Wallace takes a look at how the surplus factors in.

(BEGIN VIDEOTAPE)

KELLY WALLACE, CNN WHITE HOUSE CORRESPONDENT (voice-over): President Clinton came to the south lawn to happily report the budget surplus for the last fiscal year was the largest in U.S. history.

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES: We have closed the book on deficits and opened the door on a new era of economic opportunity.

WALLACE: According to the White House, the federal government took in almost \$123 billion more than it spent during the fiscal year, which ended September 30. In 1998, the surplus topped \$69 billion. These back-to-back surpluses allowed the Treasury to pay down \$138 billion in national debt, and that means real savings for American families, according to Mr. Clinton.

CLINTON: It means \$2,000 less in home mortgage payments for the typical family. It means \$200 less in car payments and \$200 less in college loan

payments.

WALLACE: But conservative economists say the surplus means the federal government quite simply has more of your money than it needs.

WILLIAM BEACH, HERITAGE FOUNDATION: Government has got more of the money. Well, that means that families have less to spend on education, medical care and so forth and so on.

WALLACE: Some congressional Republicans were also quick to take credit for the surplus. Representative Bill Archer, chairman of the House Ways and Means Committee said: "This is what happens when Republicans take care of the government checkbook and hold the line against tax hikes and more spending."

JOE LOCKHART, WHITE HOUSE PRESS SECRETARY: I think Chairman Archer may have taken the day off in 1993 when we moved down this path to reduce the budget deficit.

WALLACE (on camera): The federal government would have had a \$1 billion deficit last year if it weren't for the Social Security surplus. But both sides are pledging they won't dip into the Social Security surplus to balance next year's budget. It's unclear if that's just wishful political thinking.

Kelly Wallace, CNN, the White House.

(END VIDEOTAPE)

WOODRUFF: And when we return, Margaret Carlson and Tucker Carlson take a look at Gore versus Bradley and Bush versus McCain.

(COMMERCIAL BREAK)

WOODRUFF: You're listening to the competing cheers of Gore and Bradley supporters outside the Moore Theater on the campus of Dartmouth College in Hanover, New Hampshire looking forward to a town meeting that gets under way just about two hours from now.

Well, joining us now from Washington to talk over this day's political news,

Margaret Carlson of "TIME" magazine and Tucker Carlson of "The Weekly Standard."

Tucker, what do these two gentlemen have to do tonight?

First Vice

President Gore.

TUCKER CARLSON, "THE WEEKLY STANDARD": I think he has to do a pretty good job. I mean, I think he has to come across as not overly aggressive or pugnacious. And the format, as has been said, doesn't really lend itself to a debate.

I think it's Bradley, though, who has the most to lose. I mean, most people in America have seen Al Gore speak. Many of them have seen him debate on "LARRY KING," among other places, but few people know what Bradley is like on the stump.

And I think it's going to be a big surprise for a lot of viewers to see Bradley, a person who really sort of comes off like, well, really like he's been smoking a lot of pot: He's kind of slow and laconic. And that's very appealing to a lot of voters: not clear how appealing it'll be to a television audience. So we'll see.

WOODRUFF: Margaret, do you agree that this is really a disadvantage tonight for Bill Bradley, this format? MARGARET CARLSON, "TIME":

Well, I love it. Tucker can be original. All that's been said -- I don't think anyone has yet said that Bradley comes across as someone who is high on grass.

T. CARLSON: Have you seen him? Oh, it's unbelievable!

M. CARLSON: I know. I mean, it is going to be the debate of the dull and the duller. And the question is: Who is more comfortable? And in some ways Bradley is more comfortable being dull.

Gore's problem is that he had a lot of high-paid advisers around telling him:

"You can't be dull. You really have to change." And so he's trying to change in public, whereas Bradley is comfortable being dull.

And the idea tonight is to connect with people, and the person who is more comfortable is the one who is going to connect. And if that takes a little controlled substances, well, there you go. Bradley wins.

WOODRUFF: So you're saying that we're not really talking issues here even though that's what these questions are about. It's going to be: How are they relaxed? How are they comfortable?

M. CARLSON: Well, a lot of television is how you come across. And there's no time in these formats to really marshal an argument or show how you would lead, how do you persuade the country, how do you persuade Congress, how do you get something through like a health care plan. You're really just conveying yourself, or an idea of yourself, in little more than sound bites.

T. CARLSON: Well, sure, and -- if you want -- I mean, if you want a detailed examination of their positions, the candidates' positions on things, you can read a newspaper, you can call the campaign and get one.

I mean, people who are really interested in what the candidates think on specific issues probably already know by now. I think really it's absolutely the bottom line is appearance and form and temperament, et cetera. Those are the things that really count.

M. CARLSON: In the Oprah age, you don't really get as many formal speeches where people are going to do the kind of oratorical persuasion. It is -- I mean -- What do we remember from other debates: Where's the beef? Who paid for this microphone?

T. CARLSON: You're no Jack Kennedy.

M. CARLSON: Yes, these sorts of things.

WOODRUFF: While we're all focused on the Democrats, of course tonight in New Hampshire, let me ask you both about the Republicans. The polls show some movement there, McCain gaining some ground, George Bush -- W. Bush running some ads. Let me ask the two of you, are you seeing a changing dynamic in the Republican race?

M. CARLSON: Well, Bush perhaps seems a little...

WOODRUFF: Tucker. Margaret.

M. CARLSON: I'll go first this time. A little worried in that Governor Engler and Governor Hull in Arizona have come out and taken shots at McCain as surrogates for Bush perhaps. And so the Bush campaign is reacting in a way that it hadn't before, and it makes it look like, just as Gore got worried about Bradley, that there's some worry about McCain's surge on Bush's part.

T. CARLSON: Yes, and some worry on McCain's part that Bush is somehow controlling coverage of The New York Times. You have this kind of remarkable implication from McCain the other day that this story -- this page on Rick Burkpeace (ph) had been planted by the Bush people. Now, that may in fact be true. I mean, who knows?

But the fact is (a) McCain does have a bad temper. He admits it, admits that every day -- I talked to him about this a month or so ago -- that he says every day he works on his temper, tries to keep it under control. And two, it sounds paranoid, true or not, and I think it made McCain come across as someone who thinks he has a lot of enemies. And that's probably not the impression you want to leave.

WOODRUFF: But Margaret, do you get the sense that McCain is making the kind of headway in this contest that's going to stick with him?

M. CARLSON: Well, with Dole dropping out, it looks more like the Gore-Bradley. It looks like Bush-McCain. With Forbes over here with all the money, and he's going to stay, but it's unlikely that he's the one that's going to benefit from the one-on-one. It looks more like McCain is doing that. And so Bush has every reason to be worried. And the polls are showing that McCain is gaining some steam.

T. CARLSON: Yes, certainly in New Hampshire. I mean, Forbes is not, and doesn't expect to, from what I can tell, do as well in New Hampshire as Iowa, where he -- I think the campaign expects to come, and really hopes to come, and feels like it needs to come in second.

M. CARLSON: And it's not a state where money makes that much difference, because it's a cheap media buy and being there is what counts. And McCain has been there -- what? -- 29 times in last month.

T. CARLSON: Right.

WOODRUFF: Well, there's nothing cheap about the two of you. Margaret Carlson, Tucker Carlson, thank you both.

M. CARLSON: Thanks, Judy.

T. CARLSON: Thank you.

WOODRUFF: Great to see you.

SHAW: And that's all for this edition of INSIDE POLITICS from the Hanover Inn in Hanover, New Hampshire and other points.

Our political coverage this evening will start with "CROSSFIRE" at 7:30 Eastern.

The guests will be Democratic Senator Paul Wellstone and Democratic Congressman Robert Wexler.

At 8:00 p.m. Eastern, I will be the co-moderator of the CNN/WMUR New

Hampshire town meeting. Al Gore and Bill Bradley will be answering questions from voters.

KING WOODRUFF: And there will be a special edition of "LARRY LIVE" following the town hall meeting. Among the guests, former Texas Governor Ann Richards and Iowa Senator Tom Harkin.

That will be followed by a special edition of "THE WORLD TODAY," at 10:00 p.m. Eastern. I'm Judy Woodruff.

SHAW: And I'm Bernard Shaw. "WORLDVIEW" is next.

Bill Bradley and Al Gore Prepare for Town Hall Meeting in New Hampshire

JUDY WOODRUFF, CNN ANCHOR: Three hours from now, Al Gore and Bill Bradley will share a stage and their views on issues that matter to the people of New Hampshire.

BERNARD SHAW, CNN ANCHOR: In the process, they hope to better distinguish themselves in the minds of voters in this lead-off primary state and voters nationwide.

The CNN/WMUR town meeting will be held in a theater here on the Dartmouth College campus, just down the street from the Hanover Inn, where Judy and I are right now.

Heading into the town meeting, Bradley and Gore have been out and about, shaking hands, and presumably, psyching up.

We begin our coverage with CNN's Candy Crowley, on the trail with Vice President Gore.

(BEGIN VIDEOTAPE)

CANDY CROWLEY, CNN CORRESPONDENT (voice-over): The opening act was guerrilla theater. Outside a bookstore in Hanover, the Bradley/Gore faceoff was under way.

Inside, one of the principals was entertaining a member of the nonvoting public. It was like watching the eye of the storm.

ALBERT GORE, VICE PRESIDENT OF THE UNITED STATES: But no one seemed happy at all. Everything was so still.

CROWLEY: When the two scenes meshed -- well, let's just say retail politicking has its drawbacks. Still, Gore seemed to be in good spirits as he arrived to check out the scene for act two. And he was downright nonchalant on the question of whether he feels ready.

GORE: Yes.

CROWLEY: While he leads Bill Bradley in nationwide polls, Gore trails in some polls here in New Hampshire.

UNIDENTIFIED FEMALE: I would need to see some dynamic leadership.

CROWLEY: And while there is more than a year until the election, there is only about three months until the New Hampshire primary.

UNIDENTIFIED FEMALE: I haven't seen any of Bradley yet and Gore maybe needs to be a little fresher.

CROWLEY: So for Gore, the stakes are significant, if not final. And New Hampshire's knowledgeable but quirky voters expect all their candidates to start at square one.

UNIDENTIFIED MALE: Well, I think one of things he definitely has to do is show that he can be a president.

CROWLEY: So Gore will have to start with basics, to show what he has learned as a Washington-bred policy wonk without seeming like a Washington-bred policy wonk. He has to remain a loyal member of the administration and show that he is his own man.

LINDA FOWLER, ROCKEFELLER CENTER: The problem has always been for him, really since the campaign started to heat up, is to establish all the ways in which he's not Bill Clinton.

CROWLEY: Al Gore has proven himself a good debater, but as the Gore

camp points out repeatedly, this is not a debate, it's more like side-by-side town hall meetings. But Gore is no slouch in that department either. He's had three of them here in New Hampshire in less than a week.

(END VIDEOTAPE)

CROWLEY: Though in recent weeks, the vice president has taken to suggesting that Bill Bradley is not loyal Democrat, pointing out some of his votes in the Senate, there will be none of that tonight. A Gore aide explained, New Hampshire is an issue-centric state and the vice president expects to follow suit -- Bernie.

SHAW: Candy, any perceptible difference in Gore's mood yesterday versus Gore's mood today?

CROWLEY: I didn't see it. I have to tell you, in the past couple of days, he really is sort of noticeably seeming to enjoy what he's doing. Whether they've just shown him how to better show that or whether he really is enjoying it more, I'm not sure. But he was fairly upbeat. He took all those Bradley protesters that you saw; he pretty much took it in stride.

There are times, though, that I will tell you that he still remains a little hesitant about what he's supposed to do. But these are awkward situations. You appear in a bookstore. People are buying their books, and they look up, and the there's Al Gore going, Hi, I'm Al Gore, I want you vote. And so there are some awkward moments, but he doesn't seem to let it throw him.

SHAW: OK, Candy Crowley.

Now to Bill Bradley's day here in The Granite State and his preparations for tonight's town meeting.

Here is CNN's Bruce Morton.

(BEGIN VIDEOTAPE)

(CHANTING)

BRUCE MORTON, CNN CORRESPONDENT (voice-over): Whooping and yelling for Bill Bradley in downtown Hanover, where the town meeting will be held. By the time the candidate showed up, late for a preplanned walk, the Gore signs had retreated. The whoops were all for Bradley.

Bradley shook hands.

BILL BRADLEY (D), PRESIDENTIAL CANDIDATE: Thank you very much.

Thank you so much.

CROWLEY: A horde of cameramen tried to take pictures; a horde of campaign aides tried to push them back. Bradley detoured into a shop and his wife, Ernestine, tried on a cold-weather hat.

(BEGIN VIDEO CLIP)

ERNESTINE BRADLEY, BRADLEY'S WIFE: Isn't this a good hat (UNINTELLIGIBLE)

BRADLEY: You want it?

E. BRADLEY: I don't know. I have to look in a mirror. I don't think so.

(LAUGHTER)

E. BRADLEY: Now you've got a really terrible picture of me.

(END VIDEO CLIP)

MORTON: On to Lou's, Hanover's most famous breakfast spot. The candidate made the traditional pregame statement: I'm ready.

BRADLEY: I'm feeling great. I'm looking forward to tonight. I think it'll be a good exchange, and I hope the people will be the better for it, and I know I'm looking forward to it.

MORTON: Inside, Bradley's mind was on the pies -- they reminded him of some in a restaurant in Maine, and his wife's appetite.

(BEGIN VIDEO CLIP)

BRADLEY: She could eat all that, you know. She could eat that whole thing.

Yes, you could eat that whole thing.

E. BRADLEY: Oh, thank you.

(END VIDEO CLIP)

MORTON: So he's ready. Any changes to prepare for the new, more aggressive Gore?

ERIC HAUSER, BRADLEY CAMPAIGN SPOKESMAN: You have to wait and see, but we've never responded to the, you know, sudden mechanical shifts in Gore's strategy for 10 months. They're somewhat frequent, and we generally leave their campaign to them, and you know, we've got a strategy that we've mapped out over a long period of time, and that doesn't change substantially.

(END VIDEOTAPE)

MORTON: Bradley has done some preparation for tonight's debate, we're told. He looked at videotape of Vice President Gore's earlier debates, with Ross Perot perhaps, with Dan Quayle, with Jack Kemp. And he worked with a stand-in, somebody representing Gore, even though the two of them aren't supposed to talk to each other tonight, but simply to answer questions from the floor -- Judy.

WOODRUFF: Bruce Morton, with the Bradley campaign, thanks.

Well, now, an update on where Gore and Bradley stand in some national polls. A new Marist poll shows the vice president leading by 16 points among potential Democratic primary voters across the country. Gore's lead over Bradley was more than twice as big back in April.

We should note that the latest CNN/"Usa Today"/Gallup

poll shows that,
just in the past two weeks, Gore recovered some of the
support that he had
lost nationally in recent months.

Let's talk more about Gore versus Bradley, with an eye
toward tonight's
town meeting here in New Hampshire. We're joined by
Bradley campaign
spokesman, Eric Hauser, and Gore campaign spokeswoman,
Kiki Moore.

I want to ask you both, we're looking at two individuals
who when they
served in the Senate voted the same 70 percent of the
time. Are they going
to be straining, Eric Hauser, to find differences
between them tonight?

HAUSER: No, I don't think so. I think that there are
differences in campaign
that have emerged on health care, on child poverty, on
campaign finance
reform, on work and family issues, that will be pretty
pronounced tonight.
It's a good format to talk with the voters one on one
and have a good
exchange together on the stage.

WOODRUFF: But at the same time, Kiki Moore, don't they
really come
out of the very same part of the Democratic Party?

KIKI MOORE, GORE CAMPAIGN SPOKESWOMAN: Well actually,
there are some differences and some similarities. You
know, tonight's event
is a town hall in the great tradition of New Hampshire.
It's not a debate. So
actually I would disagree with Eric that there won't be
a lot of exchange
between the two candidates, because the format really
doesn't allow for that.
This will be questions from citizens on those critical
issues, like the health
care, like the economy, like revolutionary change in
education. But it won't
allow for a lot of back and forth, which is one reason
that Al Gore has
invited the senator to debate him, because helping bring
some of those
similarities and differences to the surface is good for
Democracy because it
helps voters make good choices.

WOODRUFF: One of the points, Eric Hauser, that's been made lately, is that by bringing up his position on issues where he is to the left of the vice president, Bill Bradley runs the risk of moving the Democratic debate so far to the left that it risks hurting the Democrats in the fall. Is that something you all are thinking about?

HAUSER: Not really, no. Most of what we're talking about is really a common sense agenda that voters of all stripes have been responding to. Labels, I think, are for a different time in politics. I don't think a lot of voters are interested in labels or mechanics that position one thing or another, but what are you going to do for country and why? What are you about, and what do you want to accomplish?

And I think tonight is going to be very good, because it will be directly with voters. There will come a point when there is exchange between the candidates, but I think that an opportunity to lay out common-sense ideas in front of a good crowd in New Hampshire and identify things you think are important is going to make for a nice evening.

MOORE: You know, Judy, it's interesting, because Al Gore has spent a couple of evenings in the last week holding open meetings with undecided voters, which has really been the best kind of prep you could have for an event like tonight, to really take the questions directly at the heart about the kinds of things he's done in the past as a vice president, leading what he could for Tennessee and what he'd like to do in the future and the kind of change he wants to bring about for working families. That's an important function in any campaign and for any candidate; and Al Gore is doing it and connecting with voters about what he's done and what his vision for the future is. That's the sort of thing, understanding where you've been and where you want to go.

WOODRUFF: Eric Hauser, one of the things that we've seen in the campaign in the last few weeks, with the news -- re-energized vice president's campaign, is that he's gone on the attack against Bill Bradley.

Is Senator Bradley going to respond?

HAUSER: Well, I think it's interesting. Some of these town meeting concepts are how we started the campaign, not what we ended up with after a number of different experiments.

I don't know about attacks. I mean, that's something that, you know, the vice president and the Gore campaign will clearly make their own decision on. I think that's what's been happening recently, and I think some of the attacks have even begun to contradict one another. I think it will be a positive evening. We're certainly looking forward to that. When there are issues that come up, we'll respond appropriately, no matter what it is. So I think it will be a good exchange.

MOORE: Al Gore sees tonight as a chance to connect with people, to show what his vision is, who he really is. I don't think anybody considers it an attack to have a discussion of issues: where your history has been, what kind of positions you have taken on things like (UNINTELLIGIBLE) Reaganomics.

WOODRUFF: Are you saying he's not going to criticize Senator Bradley?

MOORE: I'm saying that tonight Al Gore is going to answer the questions of the citizens of New Hampshire. And that's the great thing about tonight. Tonight is going to be a citizen-driven evening. And that's really what a town-hall format is about, because this really isn't a debate. It's a town-hall meeting.

HAUSER: And I think we can agree on that, which is a very good thing.

WOODRUFF: How is Bill Bradley preparing? There was a picture of him in
The New York Times today sitting on the stage of a "To Kill the Mockingbird" set of an opera house. What's that all about?

HAUSER: Well, it's just a good place to get away from the environment around the event tonight.

The preparation has been pretty casual. We're not doing anything any different than we usually do to prepare for big events, which is him getting comfortable with the language he wants to use and the format. It's a very natural extension of what we normally do, and it's not -- there aren't any mechanics. There are no gimmicks. There are no sort of set pieces to learn.
And here's what we're going to do at this moment.

It's much more him articulating about what he believes about what we can accomplish in America. And he's done that so steadily for so long in this campaign that it's pretty natural to just extend it.

WOODRUFF: Kiki Moore, what about the vice president? We read that he's sitting on a stool with his good friend Tom Downey (ph)...

MOORE: Well, actually, what he's done is had his preparation out in public, a town-hall meeting on Monday night, one last Thursday, taking questions. I mean, that was live and in public, what he did.

This morning, he had a nice jog down in Bedford, New Hampshire today with some students from that area. He traveled up here. I think, like the senator, he's dropped by to make sure that CNN and WMUR have all the technical needs met that they need for their walk-through. And then he'll be here.

Freshening up: He knows his issues, he knows what he believes. And that's what tonight is all about. It's really about engaging.

It's about connecting with
voters, about his vision, and that's where he'll be
tonight.

WOODRUFF: All right. Kiki Moore, Eric Hauser, we thank
you very
much.

HAUSER: Thanks.

WOODRUFF: And we look forward to tonight.

MOORE: Thanks, Judy.

HAUSER: Take care.

Bill Bradley and Al Gore Prepare for Town Hall Meeting in
New Hampshire

JUDY WOODRUFF, CNN ANCHOR: WMUR news director Karen
Brown will be the co-moderator of tonight's town
meeting. She observed Al
Gore and Bill Bradley earlier today. She joins us now.

KAREN BROWN, NEWS DIRECTOR, WMUR: Welcome.

BERNARD SHAW, CNN ANCHOR: Good to be in your state.

BROWN: Thank you.

SHAW: They were having a walk-through at the Moore
Theater, and you
were there.

BROWN: It was interesting to observe the two candidates.
Bill Bradley
came in first. He was very loose, checked out all of the
camera angles, the
lighting, but appeared very relaxed and ready to go
tonight.

Al Gore came in shortly thereafter, likewise very
focused on details. They
each, you know, want to make sure they get it right
tonight, but equally loose
and relaxed.

I think both have done their homework and we should have
a really great
discussion with the voters here.

SHAW: What about the walk-through? Gore was asking about
where

should I sit, which camera am I looking at, that kind of thing?

BROWN: Well, I think -- I think that's normal, because I think, you know, they are keenly aware of the cameras, and yet want to have a dialogue with the voters. And the way we have set it up inside the Moore Theater, which is a very intimate theater, they're going to be able to engage the audience there and hopefully not be distracted by the cameras.

SHAW: And as Kiki Moore was indicating, this is not a debate tonight.

BROWN: It's not.

SHAW: We actually have screened the questions. They will come from voters in New Hampshire. And she said that her guy, the vice president, is going to be trying to create a relationship with the voters of New Hampshire.

BROWN: I think both will. I've had an opportunity to see the questions, and they're good questions.

SHAW: They certainly are.

BROWN: The folks up in this area are coming with questions on key issues that are important not only to this state but to voters all across the country. And I think we're going to have a really animated discussion. And I think we probably will hear a lot in areas where the candidates are alike, but I think we're also going to hear in areas where they're slightly different.

SHAW: What's the attraction? What's the magnetism of Hanover, New Hampshire?

BROWN: Well, Dartmouth College, No. 1: Ivy League. The college is central to this town. And there's a certain energy. I'm sure you felt it when you came in.

They are keenly aware in this region about issues, and they care. And so

therefore, they want to attend an event like this.

In fact, you know, we had to turn people away. I think that it just shows that this is a very engaged electorate in this area.

SHAW: And these citizens are very intense and very careful listeners.

BROWN: Yes. And they will be listening to every word and every answer that these two men give this evening, and then they'll make their decisions.

Some of them perhaps have already decided which candidate they might lean to, but many of them are undecided. And this could be a key event in helping them make up their minds who they'll vote for this year.

SHAW: Well, Karen Brown, WMUR TV news director. I'll see you on the stage of Moore Theater.

BROWN: I'll see you shortly.

SHAW: Here at Dartmouth College.

BROWN: Thank you.

SHAW: Thank you.

Town Hall Meeting Offers Al Gore and Bill Bradley
Opportunities and Dangers

JUDY WOODRUFF, CNN ANCHOR: Well, joining us now from Washington to talk over this day's political news, Margaret Carlson of "TIME" magazine and Tucker Carlson of "The Weekly Standard."

Tucker, what do these two gentlemen have to do tonight?
First Vice President Gore.

TUCKER CARLSON, "THE WEEKLY STANDARD": I think he has to do a pretty good job. I mean, I think he has to come across as not overly aggressive or pugnacious. And the format, as has been said, doesn't really lend itself to a debate.

I think it's Bradley, though, who has the most to lose.

I mean, most people in

America have seen Al Gore speak. Many of them have seen him debate on

"LARRY KING," among other places, but few people know what Bradley is like on the stump.

And I think it's going to be a big surprise for a lot of viewers to see Bradley,

a person who really sort of comes off like, well, really like he's been smoking

a lot of pot: He's kind of slow and laconic. And that's very appealing to a lot

of voters: not clear how appealing it'll be to a television audience. So we'll see.

WOODRUFF: Margaret, do you agree that this is really a disadvantage tonight for Bill Bradley, this format?

MARGARET CARLSON, "TIME": Well, I love it. Tucker can be original.

All that's been said -- I don't think anyone has yet said that Bradley comes across as someone who is high on grass.

T. CARLSON: Have you seen him? Oh, it's unbelievable!

M. CARLSON: I know. I mean, it is going to be the debate of the dull and

the duller. And the question is: Who is more comfortable? And in some ways Bradley is more comfortable being dull.

Gore's problem is that he had a lot of high-paid advisers around telling him:

"You can't be dull. You really have to change." And so he's trying to change in public, whereas Bradley is comfortable being dull.

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T. CARLSON: You're no Jack Kennedy.

M. CARLSON: Yes, these sorts of things.

WOODRUFF: While we're all focused on the Democrats, of course tonight in New Hampshire, let me ask you both about the Republicans. The polls show some movement there, McCain gaining some ground, George Bush -- W. Bush running some ads. Let me ask the two of you, are you seeing a changing dynamic in the Republican race?

M. CARLSON: Well, Bush perhaps seems a little...

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M. CARLSON: I'll go first this time. A little worried in that Governor Engler

and Governor Hull in Arizona have come out and taken shots at McCain as surrogates for Bush perhaps. And so the Bush campaign is reacting in a way that it hadn't before, and it makes it look like, just as Gore got worried about Bradley, that there's some worry about McCain's surge on Bush's part.

T. CARLSON: Yes, and some worry on McCain's part that Bush is somehow controlling coverage of The New York Times. You have this kind of remarkable implication from McCain the other day that this story -- this page on Rick Burkpeace (ph) had been planted by the Bush people. Now, that may in fact be true. I mean, who knows?

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WOODRUFF: But Margaret, do you get the sense that McCain is making the kind of headway in this contest that's going to stick with him?

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T. CARLSON: Yes, certainly in New Hampshire. I mean, Forbes is not, and doesn't expect to, from what I can tell, do as well in New Hampshire as Iowa, where he -- I think the campaign expects to come, and really hopes to

come, and feels like it needs to come in second.

M. CARLSON: And it's not a state where money makes that much difference, because it's a cheap media buy and being there is what counts.

And McCain has been there -- what? -- 29 times in last month.

T. CARLSON: Right.

WOODRUFF: Well, there's nothing cheap about the two of you.

Margaret Carlson, Tucker Carlson, thank you both.

M. CARLSON: Thanks, Judy.

T. CARLSON: Thank you.

WOODRUFF: Great to see you.

Bush Talks About Personal Responsibility With Iowa Teenagers

BERNARD SHAW, CNN ANCHOR: The one big exception, Governor Bush, who says he has other commitments. The Texas governor was in Iowa today where he met with high school students, and as Patty Davis reports, Bush chose to talk personal responsibility instead of politics.

(BEGIN VIDEOTAPE)

PATTY DAVIS, CNN CORRESPONDENT (voice-over): Texas governor George W. Bush told hundreds of middle and high school students, who packed a gymnasium in Orange City, Iowa, he had made wrong choices in his life.

GOV. GEORGE W. BUSH (R-TX), PRESIDENTIAL CANDIDATE: One night when I was in college, I got a little rowdy, I drank a little too much and I tried to liberate a Christmas wreath.

DAVIS: Bush says he was caught by police. He urged the students to avoid the pitfalls of drugs and alcohol, and to abstain from premarital sex.

BUSH: Abusing alcohol will make it really hard to access the American

dream. And having a child out of wedlock is a sure-fire way to fall behind.

DAVIS: Governor Bush promised more federal dollars for sexual abstinence programs if he is elected. Bush also visited this church-backed crisis pregnancy center in Dubuque, where abortions are discouraged.

BUSH: I believe the goal in America ought to be that all children, born and unborn, protected by law and welcome to life.

DAVIS (on camera): Bush chose themes popular with conservatives in the Republican Party. His attempt to reach out to them comes amidst signs that support for the GOP front-runner may be weakening.

(voice-over): New polls out of New Hampshire show Bush's once-commanding lead over Arizona senator John McCain has narrowed, as has his lead over Democratic vice president Al Gore in some national surveys.

MIKE GLOVER, ASSOCIATED PRESS: Still the clear favorite in the caucuses just three months away, but there are some signs that things are starting to shift just a little bit. For one thing, there are some signs that the conservative right wing of the Republican Party, the so-called social conservatives, or religious conservatives are beginning to coalesce around Steve Forbes. There's some early indications of that.

(END VIDEOTAPE)

DAVIS: Now, Bush downplayed those recent polls, saying he's focusing instead on getting his message out in Iowa and New Hampshire. Now, while Bush said he will be back to Iowa time and time again before the Iowa caucuses in January, he will not be, as you said, part of that Republican town-hall meeting in New Hampshire on Thursday -- Bernie.

SHAW: Patty, was the governor smoked out by criticism from Steve

Forbes?

DAVIS: He bristled to that criticism today, asked by reporters, Steve

Forbes criticizing the governor's budget, that it actually -- he says it actually increased while the governor has been in office in the state of Texas. George

Bush says that is not true. He delivered on a promise to the people in Texas,

and he has substantially slowed that budget increase while he's been in

office. He says Forbes failed to take into account the growth of inflation and

the growth in the population in Texas -- Bernie.

SHAW: Patty Davis, Dubuque, Iowa. Thank you.

In Midst of Budget Talks on Capitol Hill, U.S. Records Two Consecutive Years of Surpluses

BERNARD SHAW, CNN ANCHOR: For the first time since the Eisenhower administration, the federal government has recorded two

consecutive years of budget surpluses. President Clinton made the

announcement today as negotiations over the budget continue on the Hill.

Kelly Wallace takes a look at how the surplus factors in.

(BEGIN VIDEOTAPE)

KELLY WALLACE, CNN WHITE HOUSE CORRESPONDENT (voice-over): President Clinton came to the south lawn to happily report the

budget surplus for the last fiscal year was the largest in U.S. history.

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES: We have closed the book on deficits and opened the door on a new era of economic opportunity.

WALLACE: According to the White House, the federal government took in almost \$123 billion more than it spent during the fiscal year, which ended

September 30. In 1998, the surplus topped \$69 billion.

These back-to-back surpluses allowed the Treasury to pay down \$138 billion in national debt,

and that means real savings for American families,

according to Mr. Clinton.

CLINTON: It means \$2,000 less in home mortgage payments for the typical family. It means \$200 less in car payments and \$200 less in college loan payments.

WALLACE: But conservative economists say the surplus means the federal government quite simply has more of your money than it needs.

WILLIAM BEACH, HERITAGE FOUNDATION: Government has got more of the money. Well, that means that families have less to spend on education, medical care and so forth and so on.

WALLACE: Some congressional Republicans were also quick to take credit for the surplus. Representative Bill Archer, chairman of the House Ways and Means Committee said: "This is what happens when Republicans take care of the government checkbook and hold the line against tax hikes and more spending."

JOE LOCKHART, WHITE HOUSE PRESS SECRETARY: I think Chairman Archer may have taken the day off in 1993 when we moved down this path to reduce the budget deficit.

WALLACE (on camera): The federal government would have had a \$1 billion deficit last year if it weren't for the Social Security surplus. But both sides are pledging they won't dip into the Social Security surplus to balance next year's budget. It's unclear if that's just wishful political thinking.

Kelly Wallace, CNN, the White House.

(END VIDEOTAPE)