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CNN'S "LATE EDITION"
HOST: FRANK SESNO
GUESTS:
SENATOR CHRISTOPHER DODD (D

-CT)
SENATOR PETE DOMENICI (R

-NM)
SUSAN DENTZER, U.S. NEWS & WORLD REPORT
SUSAN PAGE, NEWSDAY
MICHAEL DUFFY, TIME MAGAZINE
5:00 P.M. (EST)
SUNDAY, JANUARY 15, 1995

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THIS IS A RUSH TRANSCRIPT. -----

MR. SESNO: Democrats struggling to find a voice and a future. We'll talk to the man who will lead the Democratic Party. And the Republicans' top budget

-cutter

in the Senate tells us where he thinks the ax will fall -- maybe -- just ahead on Late Edition.

ANNOUNCER: Live from CNN in Washington, this is Late Edition with Frank Sesno.

MR. SESNO: It's Sunday, January 15th, 1995. Welcome to Late Edition, where we talk to people at the top of the news and take your phone calls. Today, the new leadership in the Democratic Party. Will it mean a new direction or a return to the party's liberal roots? Q&A with Senator Christopher Dodd, just appointed general chairman of the party's national committee; and across the political aisle, Q&A with Republican Senator Pete Domenici on the battle over the budget.

Then we go 'round the table with our panel of veteran journalists for insight into the week's top political news. And finally, Bruce Morton has the last word on Martin Luther King on this anniversary of his birth. What would he have thought of today's efforts to expand opportunity and cut welfare?

But first to the news desk for a look at the day's top stories. Jeanne?

JEANNE MESERVE: Thank you, Frank.

In Chechnya, the distance separating Russian troops from Chechen fighters has gone from miles to inches. There are reports of room

-to

-room combat in buildings near the presidential palace. Russian news agencies say the son of Chechen separatist leader Dzhokhar Dudayev was killed in battle and has already been buried. Those reports remain unconfirmed.

The fighting in Chechnya has led to more protests in Russia itself. Mothers in one village in central Russia say they don't want their children to become what they call "cannon meat." Some mothers of 18

-year

-olds sent to

Grozny have gone to Chechnya to look for their sons.

There were other demonstrations against the fighting Sunday in both Moscow and St. Petersburg. The United States will call on Russia to stop the fighting when Secretary of State Warren Christopher meets Tuesday with Russian Foreign Minister Andrei Kozyrev in Geneva.

SECRETARY OF STATE WARREN CHRISTOPHER: (From videotape.) I'll have an opportunity to make the point to him that I hope this exercise can soon come to an end and that they'll seek reconciliation in Chechnya, taking into account the views of the Chechen people. So I think those will be the main focuses. When you speak of human rights, I'm sure you speak of the concern for the people of Chechnya. And, of course, we'll be urging them to show restraint as they move through this situation to try to bring this really very difficult enterprise to an end.

MS. MESERVE: Christopher says the U.S. will continue to support Boris Yeltsin as long as he continues progress on political and market reforms.

Over the past three days, two United Airlines 747s flying routes in East Asia were ordered back to their points of origin.

This follows State Department disclosure that U.S. carriers serving East Asia have been put on alert due to bomb threats. Bomb searches of both United airplanes turned up nothing. The threats have been linked to Pope John Paul II's Asian tour.

CNN has learned prosecutors in the O.J. Simpson case plan to introduce DNA evidence of blood allegedly matching that of Nicole Simpson Brown and Ron Goldman found in O.J. Simpson's white Ford Bronco after the murders. But a defense source tells CNN the blood sample is small and could easily be attacked as insignificant.

A programming note: For another perspective on the Simpson case, CNN presents a one

-hour special, "Inside The Trial," at 9:00 p.m. eastern. Then at 10:00 eastern, "Inside The Trial" continues. Legal experts will take your phone calls and answer your questions about the case.

The lawyer for Susan Smith says prosecutors in South Carolina will seek the death penalty against her. Smith is the woman who claimed a carjacker had kidnapped her children in late October in Columbia, South Carolina. After a nine

-day search that gripped the country, Smith apparently confessed to police that she had drowned her children by letting her car roll into a nearby lake. Smith is due to appear in court tomorrow.

The Turner Broadcasting System has discontinued talks about possible business combinations with the National Broadcasting System. According to TBS owner and president Ted Turner, the companies had different objectives.

TED TURNER (TBS OWNER AND PRESIDENT): (From videotape.) I think we're letting the word slip out quietly that the NBC negotiations have been terminated. Both sides liked the deal, but both sides wanted to run the company. And that doesn't work.

MS. MESERVE: According to a statement by TBS, the company will continue to pursue other opportunities. And this reminder: Two CNN programs are moving to new times. Crossfire will now be seen weekdays at 8:30 p.m. eastern, and you can catch Showbiz Today at 5:30 p.m. Monday as well as at its new regular weekday time of 10:30 p.m. eastern.

And that's a look at our top stories. Now back to Frank Sesno

and Late Edition. Frank?

MR. SESNO: Well, thanks very much, Jeanne. Earlier today I spoke with the new general chairman of the Democratic National Committee, Senator Christopher Dodd of Connecticut. He joined us from Hartford.

(Videotaped interview.)

MR. SESNO: Senator Dodd, thanks very much for joining us today. We appreciate your time.

SEN. DODD: Thank you.

MR. SESNO: You take over a Democratic Party that's in desperate need of repair. You have a lot of work cut out for you. The GOP, the Republicans, have their Contract with America. What do the Democrats have?

SEN. DODD: The Democrats have a long history, and people understanding it, of fundamentally caring about equal opportunity, equal justice, fairness, decency.

MR. SESNO: But I'm talking about a legislative agenda that people can understand and put their arms around right now. The Republicans have the Contract with America. What do the Democrats have?

SEN. DODD: Well, I wouldn't call the Contract with America an agenda. That was written by pollsters and consultants. I mean, you know, I'll take one of these "restoration of American dream" proposals. This isn't serious about trying to make government more effective and smaller and working for people better. That was a political document. That's not what I'd call a

substantive agenda.

MR. SESNO: Well, they're --

SEN. DODD: And secondly, we've got a president who has had an agenda, and a strong one, before the Congress, that has done things people wanted done: reduced the deficit the first time, three years running, since the Truman administration; a government that's smaller today than any administration since John F. Kennedy. We've got efforts underway to try and come up with tax proposals, to offer deductions for working families that want to send their kids to college or to universities. Those are solid proposals and solid ideas that go to the very heart of what people want done in this country.

MR. SESNO: Well, if the Democrats stand for something so clear and for something so specific, why were you so roundly repudiated in the elections?

SEN. DODD: Well, for a number of reasons. One, we did a miserable job, I think, in communicating to the American public what we were doing. We were beaten hands down by the Republicans, who engaged in a very successful political strategy of gridlock. Consider for the -- consider this fact: We're now dealing with two bills on the floor of the Senate, the Government Accountability Act and the mandates legislation. Those were two Democratic ideas that John Glenn and Jim Exon proposed that the Republicans wouldn't let us pass last fall. They tied everything up in a knot, created the clear impression that nothing was happening in Washington. That contributed to a large extent.

Secondly, I don't think we conveyed very effectively at all what we were trying to do on things like job creation, job security. We did a miserable job on the health care proposal. And for those reasons, I think people said, "Look, we don't think you get it; we're going to change the leadership down there; we're going after the Democrats." And they did, and we paid the price in a very fundamental way on November 8th.

MR. SESNO: Senator Dodd, as you well know, there's a great deal of dispute over what direction the Democratic Party is headed in and what it represents; in fact, what direction President Clinton is headed in and what he represents. Is he a "new Democrat," as he campaigned? Or is he a liberal? Let me start by asking you that question directly. Are you a liberal?

SEN. DODD: I'm a Democrat. Sam --

MR. SESNO: Are you a liberal?

SEN. DODD: Sam Rayburn used to say, "I'm a Democrat without prefixes or suffixes." People don't give really a hoot about these other labels, Frank.

MR. SESNO: But they do.

SEN. DODD: No, they really don't.

MR. SESNO: They do, because they represent something.

SEN. DODD: Frank, people get up in the morning. They don't sit around and say to themselves, "Are we Democrats or Republicans today? Are we liberals, conservatives,

neos, news, olds?" They want to know whether or not their elected officials get it at all. "Do you understand what we're going through? We're worried about our jobs. We're worried about our kids. We're worried about whether or not we're going to be mugged on our way home from work at night. What happens if an elderly person in our family gets sick?"

MR. SESNO: Are you running from the word? Are you running from the "L" word?

SEN. DODD: No, not at all, but I think there's a preoccupation in Washington with these labels. The average working person in this country cares less about that than you can possibly imagine. They want to see their government get to work on the things that they care about. They're not interested in the finger

-pointing, the labels that politicians want to place on each other. "Get your act together" -- that's part of the message on November 8th.

MR. SESNO: I don't mean to belabor this point, but politicians may place the label on one another, but they also place the label on themselves. Bill Clinton went out of his way to say that he was a "new Democrat" --

SEN. DODD: And I think he proved that.

MR. SESNO: -- and that he was trying to form a new Democratic Party.

SEN. DODD: I think he proved --

MR. SESNO: That's the question to you: Are you a "new Democrat" or are you a liberal Democrat, proud of the traditions, the liberal traditions, that the party has developed over the years?

SEN. DODD: I'm very proud to be a Democrat, very proud.

MR. SESNO: A liberal Democrat?

SEN. DODD: Very proud to be a Democrat, Frank. And you can belabor this point all you want, but that's what I am, is a Democrat. That's what this president is. And I would argue very strongly that the things that he did in the first two years, in fact, confirm that he's a good Democrat, a "new Democrat" if you want to use that word, because look at what he did do.

We have deficit reduction. That's what he promised. That's what we got. We have a government that's smaller. Maybe one of the best

-kept secrets in this country is today we have a federal workforce that's smaller than any administration -- Reagan, Bush, Ford, Carter -- going all the way back to the Nixon, going all the way back to the Kennedy administration. We have now significant efforts underway that are improving this economy. Job creation; we've had more new jobs created in 1994 than were created in a decade in a similar year.

So those are things that he said he'd do. Those are things we've been able to achieve. We've got to keep on

that track.

MR. SESNO: This past week Ted Kennedy said that it's time for the party not to run from its roots, but to go back to its roots. But there are many scholars, many politicians, who believe that these very roots are what have cost you Southern Democrats, the so

-called Reagan

Democrats in the '80s, the Boll Weevils. You remember all of that.

SEN. DODD: Mmm

-hmm. (In agreement.)

MR. SESNO: Is it a question of going back to the core constituency -- the unions, minorities, that kind of thing -- and reclaiming that core constituency? Or is it about redefining the Democratic Party?

SEN. DODD: I think it's more redefinition in a sense, keeping in mind those basic principles. Democrats did --

MR. SESNO: So you disagree with Ted Kennedy? I don't understand --

SEN. DODD: Well, let me complete the answer for you. For 40 years Democrats controlled the House and the Senate, by and large, with the exception of a few years in which I served back in the early '80s. The reason we did wasn't because we were just better politicians. I think it was because people basically felt that Democrats were concerned more about the average person's working situation, their economic situation, their long

-term

security situation. They believed that Democrats by and large did a better job on those issues. In 1994 they said, "We don't think that you're focused on those issues any longer; you seem to care more about some of the marginal issues than you do about us."

And so what Senator Kennedy and others are saying is, "Don't forget your principles." But in that same speech Senator Kennedy talked about getting rid of programs that didn't work any longer, considering tax ideas that encourage economic growth and expansion. Keeping track of your principles doesn't mean you can't come up with new and better ways of seeing to it that those principles are advanced.

MR. SESNO: What do you --

SEN. DODD: That's what that speech was about.

MR. SESNO: What do you intend to change as head of the Democratic National Committee? What needs to happen so that you can gain back those constituencies that you lost in the last election?

SEN. DODD: Well, first and foremost, I'm an American of Irish descent, and it's often said that Irish -- the

Irish love wakes. But let me just tell you here today,

Frank, the wake is over with. The period of mourning has to be behind us. Democrats have to snap out of it now. Americans like the competition of ideas. We like competition anyway.

MR. SESNO: So what are the ideas and what are the things you want to do to change the party --

SEN. DODD: Well, let's --

MR. SESNO: -- as you go forward?

SEN. DODD: Well, let me take two parts. First on the party issue, I think Washington as a party, and in Washington the Democratic National Committee, has to reach out more to our local communities, to our states, and listen to what people are saying, Democrats are saying out there. Too often it's a Washington preoccupation. So I want to see this party do far more to build from the bottom up; that is, to work with our states, to work with our mayors, governors, city councils, general assemblies, to try and revitalize the party from outside of Washington. That has to be done first and foremost, in my view.

And then we've got to start to work together. We've always said it's big tent, a broad tent. We ought to include people, but understand that we share one thing in common, and that is basic core Democratic values and stop dividing among ourselves, somehow splitting off one faction after another, and come together as a party.

Secondly, we need to focus on the agenda in Washington and elsewhere in the country that deals with those basic issues I talked about. Consider the differences. The Republicans have advocated from the get

-go here a huge capital gains tax cut. Now, that may have some value, but I think it's instructive that they begin there. Where did President Clinton begin? He begins by talking about a bill of rights for average citizens, talking about a tax deduction for working families who want to send their kids on to higher education.

Consider just those two positions. Who has a greater interest in seeing the working class of this country, the middle-income people of this country, move along? Those who advocated capital gains tax cuts or those who are advocating from the outset a tax cut that would provide real benefits to working families? That's the kind of difference.

MR. SESNO: Okay, Senator, on that rhetorical flourish, a quick break. We'll have more Q&A for Senator Chris Dodd ahead on Late Edition.

(Announcements.)

MR. SESNO: And back on Late Edition. Our guest: Senator Chris Dodd, Democrat of Connecticut and now head, general chairman, of the Democratic National Committee.

Senator, thanks again.

SEN. DODD: Not at all, Frank.

MR. SESNO: Let me start by asking you a question about running the party. You will have to do that, but it would seem that you have some reluctant warriors. Bob Kerrey last week -- the senator from Nebraska -- was named head of the Democratic Senatorial Campaign Committee, and there he was thumbing his nose at what had seemed that it should be his job to do. Let's look at the tape.

SEN. BOB KERREY (D

-NE): (From videotape.) My interests do not include operating a fund

-raising machine

whose purpose is to acquire the power of the Senate majority. In many ways, these organizations are part of the problem. And it would not bother me to have them banished to the status of memories.

MR. SESNO: Senator, why pick a guy who makes sniping at the president and the party something of a contact sport?

SEN. DODD: Well, first of all, Bob Kerrey is a great friend of mine, and he'll do a terrific job as the head of the Democratic Senatorial Campaign Committee. I think his point here is -- and I haven't talked to him about it -- is that if the focus is exclusively just trying to raise money and come up with better machinery than the other crowd, then you're not going to succeed.

MR. SESNO: That is what politics is all about, though, still.

SEN. DODD: Well, you have --

MR. SESNO: Until you reform it, that's still what you've got to deal with.

SEN. DODD: Well, I don't disagree you've got to do those things, but what Bob is saying, and I agree with him on this, if it's just about that, if it's just about who can raise more money and who can come up with the best technology to get your word out, you're not going to win; you're not going to prevail in that kind of a contest.

The American public really wants to know whether or not you've got any good ideas, fresh ideas, on how you provide better economic security, personal security. How do we

plan for the future? How do you deal with education, health care? Those are very important issues. If you don't deal with those issues -- I don't care how big your war chest is, how fancy your technology -- you're going to lose. And that's what Bob Kerrey is saying.

MR. SESNO: Did you approve of the selection of Bob Kerrey before the fact?

SEN. DODD: No, but it's not my selection. It's the minority leader, Tom Daschle, and --

MR. SESNO: Do you approve of --

SEN. DODD: Oh, absolutely. I think Bob is a great choice. He'll do a terrific job.

MR. SESNO: Let me ask you about some issues that might

help define or clarify where the party and where you are headed. Talk about a couple of things; the balanced budget amendment -- a very big issue up in the Congress right now. Mr. Daschle -- Senator Daschle, Democrat, favors it. You, now head of the party, oppose it. What's going on here?

SEN. DODD: Well, I don't think constitutional amendments ought to be the subject of a party battle. There are Republicans who are opposed to it as well and voted against it.

MR. SESNO: Who speaks for the party? Who speaks for the party, though?

SEN. DODD: On constitutional --

MR. SESNO: Senator Daschle or Senator Dodd?

SEN. DODD: Well, on constitutional amendments, I don't think you ought to take party positions. In my view, when you're amending something as fundamental as the Constitution of the United States, that ought not to be a partisan political debate or battle. We've had 27 amendments to the Constitution in 200 years. We've had 11,000 proposals to amend it. I clearly want to see, and the president, I think, has moved very aggressively, as I mentioned to you a while ago, for the first time since the Truman administration -- now, don't forget that -- three years consecutively actually reducing the deficit. In my view --

MR. SESNO: I heard what --

SEN. DODD: -- that's what we ought to be doing.

MR. SESNO: I heard what you said, but something that you just said confuses me. You said the party should not take or make a partisan issue out of something like a constitutional amendment, the balanced budget.

SEN. DODD: Right. Right.

MR. SESNO: This is a key dividing line right now. The Republicans have made a tremendously unified statement about this, appear to have public support. How can you say that the Democratic Party shouldn't take a position on this balanced

-budget amendment?

SEN. DODD: Because we're divided on the issue. There are Democrats who are in favor of it. I disagree with them on that. I think it's a mistake.

MR. SESNO: Isn't this part of the problem, though, that the Democratic Party is divided on this and other issues that define it as a party?

SEN. DODD: Well, listen, the Democratic Party, as has been said so often, is the "Big 10 Party." We include a lot of people who share common values. We disagree, and have disagreed from time to time, on some issues. We're not monochromatic at all. This happens to be one of them.

MR. SESNO: Let me ask you another one then. Affirmative action. The Republicans call them quotas.

Many Democrats call them fairness. Where should the public expect the Democratic Party to be going on this very difficult issue of affirmative action?

SEN. DODD: Well, we've done it so many times in Congress already, but if we need to do it again, we ought to do it again. I am 1,000 percent completely, totally opposed to the notion of quotas. And anything we can say and do to make people clear on that, we ought to be doing. That's substantially different in my view than affirmative action, which makes an effort to see if we can't get more people involved and included in the American dream. That's very, very different.

The Republicans want to equate affirmative action with quotas. I think there's a big difference there. I don't know of any Democrats that believe in quotas. I'm opposed to them. I think the president's opposed to them. Anything that would somehow give someone some significant advantage in this process ought to -- any process that allows that ought to be abandoned.

MR. SESNO: Finally, let me ask you a question that goes beyond our shores, but only a little bit, and that is the subject of Cuba.

SEN. DODD: Right.

MR. SESNO: Do you believe that it's time to lift or relax the embargo against Cuba or in some manner to move closer to Fidel Castro, try to accommodate with him?

SEN. DODD: I wouldn't move closer. I think the first action has to begin with Mr. Castro here.

MR. SESNO: Is it time to relax the embargo in some fashion?

SEN. DODD: Well, I think you can begin a real dialogue here and start -- and open up the process that was begun by the boatlift people. We've had dialogues now with North Korea. We do it with China. We do it with Vietnam.

I don't know why we can't begin that process with Cuba. If it comes to some accommodation, then, fine, let's talk about lifting the embargo. But I wouldn't begin there. You've got to start the process. The difference here is some people don't even want any discussion with the Cubans. In my view --

MR. SESNO: Including some Democrats.

SEN. DODD: Well, and I disagree with them on that. If we can discuss and negotiate with the dark hole of North Korea, we have economic relations with the People's Republic of China and Vietnam, I don't know why we're creating some separate status for Cuba -- at least to begin the process of talking.

(End of videotaped interview.)

MR. SESNO: Democratic Senator Christopher Dodd, the new general chairman of the Democratic National Committee, speaking with us earlier today.

Well, just ahead, the Republican response and promises to slash government and balance the budget; Q&A with Republican Senator Pete Domenici, chairman of the Senate

Budget Committee, next on Late Edition.

(Announcements.)

MR. SESNO: And welcome back to Late Edition. Joining me now here in the studio in Washington, Republican Senator Pete Domenici from New Mexico, the new chairman of the Senate Budget Committee. And we will tell you that we'll be taking some of your phone calls, questions for Senator Domenici in a few minutes.

Senator, thanks very much for coming in.

SEN. DOMENICI: Thank you. It's great to be with you.

MR. SESNO: Great to have you here. You heard what Senator Dodd had to say, and he said they don't have a contract with America. But that's all political anyway, what the Republicans are kicking around. But basically what he was saying is the Republicans are still the party of the rich and the Democrats are still the party of the working man and woman.

SEN. DOMENICI: Yeah. Well, I think they'd better come up with some new rhetoric. Obviously the people think otherwise. If you look out there at our country today, they think we can better handle the economy; we can better handle the deficit. That's about people. People forget that what we want is a vibrant, growing economy where there's real productivity increases that, coupled with other things, will make salaries larger for the American people. And they understand you can't do that with big government and a lot of rules and regulations. They're going to be on our side, because our side's for the people.

MR. SESNO: Doesn't he have a point, or at least some potential ammunition, though, when the Republicans, some of your tax cut proposals reach Americans earning up to \$200,000 and Democrats go to \$75,000 or \$100,000?

SEN. DOMENICI: Look, I think the president has decided that we are right and he wants to follow us, but he doesn't quite want to go all the way. So he's for middle

-income tax cuts followed right after ours. He's for giving middle

-income taxpayers and people up to \$200,000 in income an allowance for deducting interest in some of the payment for college students that are in their families. He's just trying to become like us.

Now, if you talk about capital gains, along with middle-income tax cuts and the other things we're talking about, obviously we want to talk about middle

-income

Americans and making the American economy grow and prosper for everyone.

MR. SESNO: Someone earning \$200,000 is a middle

-income
American?

SEN. DOMENICI: We have not decided where middle

-income tax
cuts are going to --

MR. SESNO: Two hundred thousand dollars is middle

-income?

SEN. DOMENICI: No, but listen, we're not going to --
I'm not going to get into an argument what is middle
income. That's much higher than middle income by
definition. But we on the Senate side have not decided
what middle

-income Americans mean. If you're talking

about capital gains, then obviously people who have wealth
are going to profit from that, but jobs come from that.

MR. SESNO: For the record, do you favor the balanced
budget amendment?

SEN. DOMENICI: I'm 100 percent for it.

MR. SESNO: Do you favor the so

-called supermajority
part of it which would require a two

-thirds majority to
vote for tax increases?

SEN. DOMENICI: No, I don't know. And I don't think that'll
pass the United States Senate. In fact, Frank, I don't think
it's going to come out of the Judiciary Committee headed by Orrin
Hatch. I think it's going to come out without that. Frankly, I'm
for the constitutional amendment not because balanced budget
amendments belong in the Constitution. The people should know
that we are unable -- presidents and Congress all combined cannot
get to a balanced budget. We need the people and the sovereign
states giving us a blunt instrument saying, by a time certain,
"Do it or you're violating the Constitution."

MR. SESNO: Don't people need to know what's going to
be cut if they vote, through you and through their states,
for a balanced budget amendment?

SEN. DOMENICI: Yeah, they do. But you see, the reason
that we're asking the American people to support a
constitutional amendment --

MR. SESNO: Without telling them what's going to be cut.

SEN. DOMENICI: And the reason we are asking them to
approve this -- and they may not approve it; it may take
two more years, then seven years after that would be nine
years. So I'm not going to speculate exactly how we're
going to get to balance in seven or nine years, but what I
am going to do is commit to a huge down payment on that
balance, as much as \$450 billion gross. And then there

may be some taxes we're going to take off that, but we're going to pay for all those taxes and more.

MR. SESNO: You were part of a meeting this past week --

SEN. DOMENICI: Yes.

MR. SESNO: -- where some of these options were looked into. You looked into a package of another 200

-plus

billion dollars in cuts. What are some of the things that people should be prepared for?

SEN. DOMENICI: No, I wasn't part of that. We have three working groups working on it. One group is working

on discretionary, the annual expenditures. One group is taking all of entitlements except Social Security.

They're looking at everyone, and one group is looking at privatization. But I used the last year's Republican budget. You all didn't take much cognizance of it because it was minority.

MR. SESNO: Three hundred and thirty

-eight billion was

what you were talking about.

SEN. DOMENICI: Three hundred and thirty

-eight

& 1/2 billion dollars & 3/4 net. And we had about \$100 billion in tax cuts.

MR. SESNO: What about this other meeting this last week which is looking at another couple of hundred billion dollars? I mean, the cuts keep going deeper.

SEN. DOMENICI: Well, we're --

MR. SESNO: What are we talking about?

SEN. DOMENICI: Medicaid has to be reformed and in some way blocked to the states.

MR. SESNO: That's publicly funded medical coverage for the poor.

SEN. DOMENICI: Yeah. And we've got to cover the poor, but we're covering the poor in a way that is just throwing money out there. That program grows at 8 or 10 or 11 percent a year when other things grow at 2 & 1/2 percent & 3/4.

MR. SESNO: How about Medicare for the elderly?

SEN. DOMENICI: Yeah, Medicare has to be on the table. We have to look at ways to encourage senior citizens to get off the kind of coverage now and get into HMOs and other things. So there'll have to be some real restraints.

MR. SESNO: Do you favor moving ahead with all these proposed tax cuts even if you don't have these deep spending cuts?

SEN. DOMENICI: Oh, no, no, no, no. I joined with many Republicans, and I've talked with many of them in the United States

Senate. We're not going to pass a tax cut package unless, simultaneously with it, we have a budget that mandates far more cuts in all various programs of the government. So we're going to cut first --

MR. SESNO: So you will block, you will oppose, tax cuts if there aren't deep spending cuts first.

SEN. DOMENICI: There's not going to be such occurring in the Senate. There'll be no way for it to do that. The Finance Committee has said unless we cut the budget and cut it more than the taxes cost, we aren't going to pass the bill out of committee. So it's not going to fall on me. It's not going to fall on anyone. It's just not going to happen in the Senate.

MR. SESNO: This Treasury report that came out this last week, at the request of the National Governors Association, said that if you were to balance the budget and bundle a lot of these things, give them back to the states, in fact, the states would face tens of billions of dollars in cuts. Is that a scare tactic, or is it for real?

SEN. DOMENICI: I haven't read it, but my guess is that it probably is about half

-scare and half

-real.

MR. SESNO: Half

-scare and --

SEN. DOMENICI: There's different ways to -- you had to make some assumptions. And I'm assuming they made their assumptions, and I haven't looked at them yet.

MR. SESNO: Talk about the tax code for a moment. There are some who say it's time for a flat tax. Mr. Gephardt is on board with that.

SEN. DOMENICI: Yes.

MR. SESNO: Congressman Arney, the Republican, certainly wants one.

SEN. DOMENICI: Yes.

MR. SESNO: You've got your own version of this thing. Is it time to reopen the tax code in this country?

SEN. DOMENICI: It's time to do away with the income tax code we have now, both corporate and individual -- the sooner, the better.

MR. SESNO: To replace it with?

SEN. DOMENICI: First of all, it's too complicated. It costs too much money. It's too burdensome, and people aren't complying with it. And most important, it's a disincentive to economic growth because it causes people not to want to save and not to want to invest. So I think we have to change it to a new income tax that eliminates savings and investment right up front from

what you pay taxes on. Then we can make other adjustments, but

the theme should be that.

MR. SESNO: We'll talk more about taxes and budget cuts, and your Q&A; we'll go to the phones with your questions for Senator Domenici just ahead on Late Edition.

(Announcements.)

MR. SESNO: Back on Late Edition. We're going to go to your phone calls now. We'll talk some more about taxes and budget cuts with the senator in just a moment, but first to Raleigh

-Durham, North Carolina with a question. Go ahead, please.

CALLER: Yes. Great show, Frank. My question is, Senator Domenici, I am one of those angry white males. know there are quotas. And I got very upset when I saw the other senator talking about there aren't quotas. What are the Republicans going to do to try to alleviate this problem? Because I know first

-hand that I was turned down

for a job because I was not a black female. Thank you.

SEN. DOMENICI: Well, frankly, I think Republicans have led the American people, and now the American people are on our side in saying that you should not have quotas. If there are real quotas out there, we have to find some way to get those out of the system if, in fact, they are illegal. And many of them are, from what we understand. I don't have any simple solutions, but let me just suggest we're beginning to find ways to get at this issue, and we're going to proceed.

MR. SESNO: Senator Dodd made a distinction between quotas, on the one hand, which he says he opposes 1,000 percent --

SEN. DOMENICI: Yes.

MR. SESNO: -- and affirmative action on the other. But is affirmative action, what he's talking about, quotas in masquerade?

SEN. DOMENICI: Well, frankly, sometimes affirmative action is masquerading for quotas.

MR. SESNO: Are the Republicans going to try to turn back some of this so

-called affirmative action?

SEN. DOMENICI: I don't know whether we're going to turn back affirmative action. We may turn back things that are not affirmative action but are being called that.

MR. SESNO: Such as?

SEN. DOMENICI: Where you're actually enforcing in courts quotas when you end up looking at the kind of cases that are being filed. We've got to get to the bottom of that.

MR. SESNO: Let's go to another call now; Plano, Texas with a call and question for Senator Domenici. Go ahead, please.

CALLER: Thank you, Frank. Thank you, Senator Domenici, for coming on the show today because it shows that you have the courage to take the callers.

SEN. DOMENICI: Oh, thank you. Thank you.

CALLER: And Mr. Dodd's office won't even give out his fax number because he doesn't want to hear from his constituents.

MR. SESNO: Let me just point out to the caller, and then we'll take your question, that Senator Dodd was a taped guest earlier because of scheduling problems. He's not ducking any phone calls here. In fact, he's taken that in the past. Do you have a question, please, quickly for the senator?

CALLER: I just want everybody to know that we're behind the Republicans. Thank you.

SEN. DOMENICI: Thank you very much, ma'am.

CALLER: Let me ask you about this whole question of your dealing with the public. You know, it was a small percentage, after all, that went to the polls last November. This was not some groundswell endorsing this. In your belief, in your experience, is this lightning

-rod

politics? Or do you really think that the Republican mandate, this Contract with America, has been widely endorsed?

SEN. DOMENICI: I think the American people widely endorse many of the things that mandate is supposed to bring us. I think they want less intrusive government. They want it more efficient. They want a government that's committed to less taxes and not more. And they constantly see the reverse, pressure and pressure for more taxes.

MR. SESNO: Well, do you think that attitude, though, will change once people start seeing which highway programs are going to go away, what's really going to happen to Medicare, that the so-called Part B premiums are going to go up dramatically for people who are earning \$50,000, \$60,000?

SEN. DOMENICI: I don't think any of the programs of

that type are going to change the public's mind. It may be that in Medicare, Medicaid and some other programs, welfare reform, that we have to convince the American people that we're being fair and that what's needed is for the next generation of kids. And if we can convince them that it's compassionate in that regard and that the economic plan is compassionate because the best welfare program is a good job, if we can convince them of that, they're going to support us. This is a real movement.

MR. SESNO: We're almost out of time. We've got the line-item veto coming up --

SEN. DOMENICI: Yes.

MR. SESNO: -- this coming week.

SEN. DOMENICI: Right.

MR. SESNO: Prediction?

SEN. DOMENICI: It'll clear the committee. Whether it comes out straight line

-item or a variance of it, I don't know. But it'll come out by a handsome margin from the Budget Committee and it will ultimately be approved by the United States Senate.

MR. SESNO: Senator Domenici, thanks very much for your time today. We appreciate it.

SEN. DOMENICI: Thank you. Great to be with you.

MR. SESNO: Okay. We will be back. We will go 'round the table right after this.

(Announcements.)

MR. SESNO: And welcome back to Late Edition; time now to go 'round the table. And for that, we have Michael Duffy, Susan Page and Susan Dentzer. Welcome, all of you, very much. Happy Sunday and all that kind of thing.

You heard Senators Dodd and Domenici talking about balancing the budget, getting the tax cuts and the spending cuts. What do you make of it? Is this all rhetoric, or is it really going to happen this time?

MS. DENTZER: Well, I think the balanced budget stuff is really for real. You heard Senator Domenici, in effect, say we have to do this because we can't do it ourselves; we can't raise taxes, we can't --

MR. SESNO: "Save us from ourselves."

MS. DENTZER: Maybe I've just spent too much time with my six

-month

-old son this weekend, Frank, but this reminds me of the cowardly lion saying, "I've got to have a badge on my chest or else I can't really do what needs to be done."

MR. SESNO: Maybe it's the little engine that could. "I think I can, I think I can."

MR. DUFFY: This is the same rhetoric they used 10 years ago when they thought up Gramm

-Rudman, which is the idea "We can't do it ourselves; we have to have a sword of Damocles over our heads."

MR. SESNO: But that wasn't a constitutional amendment. There's a difference.

MR. DUFFY: That's true. And people now are for this. It's going to take them a long time. They're going to have to make some kind of down payment before they get there.

MS. PAGE: Of course, after they pass this constitutional amendment, I'd like to see the balanced budget police who are going to come in and enforce it. mean, what's going to happen to members of Congress if

they, in fact, don't balance the budget?

MS. DENTZER: Well, also, there are 30 or 50 different ways you can get around a balanced budget amendment by moving things off- budget. That's what we've done now with Social Security. Economically this is meaningless. And, in fact, it probably ties the hands of future congresses. If you ever get in a situation where you have a severely distressed economy, you want to run a budget deficit. You want to have what they call automatic stabilizers kick in, unemployment insurance go up. You want to boost the economy in those situations. So it really could tie the hands of congresses that have to do that.

MR. SESNO: I think the question, too, is what is going to happen when people really realize what this is going to mean to their lives? You know, Senator Domenici kind of flipped that one aside, but there's something to be said for that.

MS. PAGE: Well, as Dick Armey, the new majority leader in the House, says, people's knees will buckle when they realize what is required to balance the federal budget. But I guess we're going to find out.

MR. DUFFY: And Bill Clinton is going to spend a certain amount of time this year trying to tell people, "This is a bad idea." I suspect at some point the governors of a lot of large states will come in and say, "This isn't a great idea," and mayors of cities will come in and join the chorus.

MR. SESNO: But Senator Domenici has another point, I think, that needs to be stated here or acknowledged, and that is that people really do want this. People do want these folks here in Washington --

MR. DUFFY: Simple.

MR. SESNO: But they want smaller government. They want less government.

MS. DENTZER: They want it in the abstract. They don't want smaller government if it means giving back benefits that they think they earned because they paid into Social Security or Medicare or any other system for many years.

MR. SESNO: They want smaller government. They want less regulation. They want less meddling in their lives, or what they perceive as less meddling in their lives.

MS. DENTZER: But what they don't understand is where the bulk of the government is, which is in these big entitlement programs. And it's dialing those back that is going to create the kind of stresses that Domenici and company don't really want to face in the absence of an amendment.

MS. PAGE: I think there has been some change in the debate. I mean, I think the traditional thing to say is that people won't give anything back. I'm not sure I think that's entirely true anymore. I think people want the federal government to be smaller. They want to see some of these things moved back to the state and local government, too. I think there has been a change in the debate over the past year.

MR. SESNO: Folks, the Washington Post today, top of

the fold there, First Lady of Paradox, a piece on Hillary Rodham Clinton, where she's going and what kind of first lady she's going to be. What do you think?

MR. DUFFY: Well, they've been -- Mrs. Clinton, as with the whole White House staff, has been in kind of months of soul

-searching since the election, trying to figure out what it means. I think they're all coming now up for air.

As I think Senator Dodd said, that's over. She's --

MR. SESNO: No more mourning.

MR. DUFFY: Yeah, that's right. Mrs. Clinton is very busy already arranging the re

-election campaign of her husband. The decision to put Senator Dodd into place this week, along with Don Fowler, is very much a Mrs. Clinton kind of decision. So are a lot of other things that are going on. She's back.

MR. SESNO: What does that mean, that she's involved in the re

-election? What are you suggesting?

MR. DUFFY: Well, the thing that she does best, the thing that is her forte, is enforcing and making the decisions about politics and elections. That's what she did during the campaign in 1992. She made the changes at the top of the campaign three times. She's the one who gets them focused. She's the one who forces the decisions in a lot of ways.

MR. SESNO: Not a muted Mrs. Clinton?

MS. PAGE: Well, I think the jury is out on what they choose to do with her publicly. Clearly her power inside the White House has not been affected, I think. I think she continues to be the president's most influential adviser. But whether you'll see her testifying before Congress, giving big, high

-profile speeches, I'm not sure we're going to see that in the second two years of this administration.

MR. SESNO: Here's what people really want to know. Is it really peace with Newt and Mrs. Gingrich? (Laughter.)

MS. DENTZER: Is it ever in Washington?

MR. SESNO: Well, they had tea, right? (Laughs.)

MS. DENTZER: I think everybody is genuinely trying to make nice here, because if they did get the message they think they got from the voters, which is get rid of this bitterness, this politics as usual, let's at least have some semblance of cooperation. But nobody is -- these are people who get up on one side and yell at each other and then go back in the backroom and shake hands. This is the way politics works in Washington.

MR. DUFFY: There's a reason Bill and Hillary Clinton

chose Chris Dodd to be their new spokesman, because he came out today, three days after he was chosen, and said the speaker's job is in jeopardy. That's what they wanted from a Democratic Party chairman. That's what they can't do themselves. And so, you know, the game is afoot here. They make nice with the moms maybe, but nothing else has changed.

MR. SESNO: Okay, another trip 'round the table when we come back. We'll take this break. We'll be right back.

(Announcements.)

MR. SESNO: One more trip 'round the table. We were talking about Newt Gingrich and whether Chris Dodd's calling for his head or not is going to have any

resonance. But the fact of the matter is, Newt, in his November meeting with Rupert Murdoch and his chief lobbyist, is now being attacked here in Washington by the Democrats. Isn't this just piling on? Don't these meetings happen all the time?

MS. DENTZER: They do, Frank. There may be something there. There's more likely nothing there. But you have to look at this from the standpoint of the Democrats. They've got to take everything that comes across right now.

MR. SESNO: Well, there's David Bonior, the attack dog --

MS. DENTZER: What goes around, comes around -- Whitewater --

MR. SESNO: -- and Chris Dodd.

MS. PAGE: Well, it'd be too sweet if Newt Gingrich got undone by a book deal, since that was how he undid the previous House speaker, Jim Wright.

MR. SESNO: But is he going to get undone? You don't think he's going to get undone by this, do you?

MS. PAGE: Not at this point. I'll tell you, I think we've learned two things about Newt Gingrich. One is that he makes a lot of mistakes, like Bill Clinton; but secondly, that he gets himself out of them pretty quickly, unlike Bill Clinton.

MR. DUFFY: He's going to have to now -- he's already said that the \$4 million advance was probably a mistake. Now he's going to have to say, "Look, nothing happened here. There may be an appearance problem. I apologize for that as well." That's what's probably going to come out in a couple of days.

MR. SESNO: Susan, you report in U.S. News this week the rescue of Mexico. This piece is coming out. And you go into how Washington's stepping into this crisis to intervene. The full faith and credit of the United States of America is on the line here.

MS. DENTZER: In effect, in effect. But the reason you put that up is so that you don't have to use it, and that's what we think is now going to play out. Loan guarantees, as they were announced last week, have the effect of calming the markets in Mexico substantially. We'll know more on Tuesday, when Mexico has to roll over a bunch of debt. If it's successful in doing that, as it

most likely will be, I think this thing is probably over. But the political ramifications will go on. Ross Perot is going to be stepping in for Larry King this coming week, and I think he's going to be making much of the notion that, in effect, we

bailed out Mexico because Mexico mismanaged its economy.

MR. SESNO: How much is there to the rumblings we heard here earlier this week to repeal NAFTA?

MR. DUFFY: I don't think any. I mean, I think it would be great if the White House could engage Ross Perot in that debate. That'd be very good for their long

-term --

MR. SESNO: I think Al Gore would like it.

MR. DUFFY: Anything to get Ross Perot, you know, in the picture here is very good for the Clinton White House because they want him around in 1996. But I do not believe there's any danger of NAFTA being repealed.

MS. PAGE: The fact is, even without NAFTA Mexico would be on our border. I mean, it's not as though we would not have ramifications from a crisis in Mexico without the NAFTA treaty. We would.

MS. DENTZER: Right. We helped to bail out Mexico in 1982, many years before NAFTA. NAFTA does up the ante quite a bit, and it makes the important point that if Canada got into the same kind of trouble, we'd be stepping in to help Canada.

MR. SESNO: Let's conclude very quickly here; about a half a minute left. What's the political mood over at the White House these days?

MR. DUFFY: Well, they feel that they have turned the dark -- they're past the darkest moments, that they're now finally --

MR. SESNO: Now it's just sort of murky?

MR. DUFFY: Right. The Time/CNN poll on Friday had them up 49

-41. For the first time in a month they're ahead of the game. They feel like they at least now have a strategy. It's to make the Republicans look bad when they can; like you said, try to emphasize your accomplishments and do what you can to turn this into a three- way race.

MS. PAGE: I think the sense I get is that this is out of their hands, in a way. They are dependent now on the Republicans messing up sufficiently that gives them an opening.

MR. SESNO: We'll stay tuned. Michael Duffy, Susan Page, Susan Dentzer, thanks to all of you very much.

MR. DUFFY: Thank you.

MR. SESNO: Appreciate seeing you.

We'll be back; Bruce Morton and the last word still ahead.
(Announcements.)

MARTIN LUTHER KING JR.: And He's allowed me to go up to the mountain, and I've looked over and I've seen the

promised land.

MR. SESNO: Three decades later, is this the promised land Dr. King envisioned? Just ahead, Bruce Morton has the last word on the legacy of Martin Luther King and what the civil rights leader of the '60s might have thought of the politics of the '90s.

(Announcements.)

MR. SESNO: Time now for the last word and Bruce Morton. Bruce, Martin Luther King.

MR. MORTON: And another prominent American of that time.

Martin Luther King was born on this day. And the other preeminent black leader of that time, Malcolm X, is back in the news because one of his daughters is charged with trying to arrange the murder of Louis Farrakhan.

Washington these days is changing direction, away from big government, toward a government that does less and lowers taxes.

The tendency nowadays is to remember King as a popular saint who helped end legal segregation, and he did that. But by the end of his life, his focus had turned to economic affairs. He was murdered in Memphis, where he had gone to support a garbage workers' strike.

Malcolm, before he was killed, had split from Elijah Mohamed's Black Muslims on theological grounds. But the other part of what Mohamed taught was economic self

-sufficiency.

MALCOLM X: (From videotape.) And our people have to be re- educated so that we will know how to do something for ourselves.

MR. MORTON: Blacks should own their own small businesses, should patronize each other's businesses, be as independent of the white economy as possible. Malcolm had not backed away from that.

Would either man have been for big government programs to help the poor? We can't know. But it's just as likely they would have believed in what Jack Kemp calls "bleeding heart conservatism," helping the poor by empowering them, by offering incentives for businesses to come to the

cities, making capital available, giving blacks the tools to get out of the ghetto on their own.

What we do know is that the two men, King and Malcolm, shared some views; that King, as he turned from civil rights to economics, was moving closer to Malcolm, and Malcolm, as he turned toward religious tolerance, closer to King. The economic problems they wrestled with remain unsolved. What we may learn next is whether the empowerment formula works any better than government has.

MR. SESNO: And, you know, Bruce, we saw today, both hearing from Senator Dodd, Senator Domenici, the caller who called in, that the whole question of affirmative action and quotas is something, part of their legacy, too,

that the country still wrestles with.

MR. MORTON: Well, it's interesting, Frank. You were talking with Senator Dodd about "Are you a liberal?" In the old sense of liberal -- big government programs can really solve things -- I think the last one of those was Hubert Humphrey, probably, so that even the activists now are saying, "Well, there's a role for government, a pilot program here, a little encouragement there." But nobody is saying Washington can do it anymore. I think that's what's really changed since Malcolm.

MR. SESNO: Liberals also had civil rights very prominently atop their agenda. That is less so now.

MR. MORTON: Well, because the obvious battles were won. Black people can vote.

MR. SESNO: And now the tough part, changing attitudes. Bruce Morton, thanks very much; appreciate your time.

Time now to go to the news desk and Jeanne Meserve for a look at what's ahead on The World Today. Jeanne?

MS. MESERVE: Thanks, Frank. Her confession could become her death warrant. Susan Smith goes to court Monday charged with the murder of her two sons. Mother nature plays a new trick on rain-soaked California. We'll have a live report on the Golden State's flood cleanup effort. Those stories and more ahead on The World Today.

Frank?

MR. SESNO: Thanks very much, Jeanne. That's it for this Late Edition. I'm Frank Sesno in Washington. From all of us at the program, thanks very much for joining us today. Enjoy what's left of your weekend.

END

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Theo Lubke (LUBKE_T) (OPD)

CREATION DATE/TIME:20-JAN-1995 18:03:19.94

SUBJECT: BALANCED BUDGET AMENDMENT GAINS MOMENTUM WITH STENHOLM ...

TO: Gene B. Sperling (SPERLING_G) Autoforward to: Paul A. Deegan (DEEGAN_P)
(PDONE)
READ:20-JAN-1995 18:07:16.55

TEXT:

Date: 01/20/95 Time: 17:57

Balanced Budget Amendment Gains Momentum With Stenholm Proposal

WASHINGTON (AP) The press toward a balanced budget amendment gained momentum Friday as 66 House Democrats endorsed the proposal, omitting the three-fifths "super majority" for raising taxes that the GOP wanted.

Backing from Democrats, the minority party, is crucial to getting the two-thirds majority vote in both houses of Congress needed to adopt the amendment.

"What you're seeing today for the first time is 290 votes," announced Democratic Rep. Charles Stenholm of Texas during a news conference at the Capitol. Adoption would require 290 votes in the House and 67 in the Senate.

"All of us stand united in the proposition that we are prepared to deliver Democratic votes," said Democratic Rep. Billy Tauzin of Louisiana.

The group included Democrats of various ideologies, from noted conservatives like Tauzin and Rep. Norm Sisisky of Virginia, to high-profile liberals like Reps. Steny Hoyer of Maryland and Joseph Kennedy of Massachusetts.

Stenholm's news conference came as debate continued on the House and Senate floors on a bill designed to keep Congress from loading state and local governments with rules and regulations without giving them the money they need to enforce them.

The Unfunded Mandates Reform bill, an element of the GOP's "Contract With America," is expected to pass the House next week, but progress in the Senate has been slow. Both chambers adjourned in the afternoon.

House Speaker Newt Gingrich made it clear on Friday that the House will not take up any other measures including the balanced budget amendment and a \$40 billion Mexican loan guarantee until the unfunded mandates bill clears the chamber. He suggested Democrats could move things along by limiting their many amendments.

Stenholm and 65 other Democrats signed a letter to Gingrich endorsing the concept of a balanced budget amendment. Stenholm said he believed at least three other Democrats were supporters, as well.

"While we have differences on the version of the balanced budget amendment each of us prefers, we all share a commitment to

passing an amendment that restricts the ability of the government to borrow money from future generations," the letter said.

The letter exposes a rift in Democratic ranks. The House Democratic caucus officially opposes such an amendment.

"This is not a Democratic or Republican issue," said Hoyer. "This is an issue of fiscal responsibility."

Kennedy said he supported the amendment because poor and working Americans are hard hit by the federal debt load.

"Working people pay the interest on the debt," he said. "It is the wealthy that own the debt."

Kennedy's uncle, Sen. Edward Kennedy of Massachusetts, is opposed to the amendment.

Besides their disagreement on the means of achieving a balanced budget, the Democrats who signed the letter also differ on a proposal by Rep. Joe Barton, R-Texas, to require the so-called super majority vote before Congress could impose new taxes.

Tauzin supports the proposal, but Hoyer said he was against it because it included no requirement for a three-fifths vote to reduce spending.

Stenholm said the super-majority proposal "does not have the votes." He estimated 20 to 40 Democrats would support it.

Earlier, two Republican governors appearing before the Joint Economic Committee, which includes both House and Senate members, endorsed the amendment.

"I understand as a governor that there would be less money coming from the federal government. That's to be understood," said Gov. George Allen of Virginia, who appeared with New Hampshire Gov. Stephen Merrill.

Allen said state officials would be satisfied with less money from Washington as long as Congress doesn't "force us to do things that are unfunded" from the federal level.

Also Friday, Rep. Martin Olav Sabo, D-Minn., the ranking Republican on the House Budget Committee, introduced two different bills designed to increase the minimum wage. One would raise the minimum wage which is currently at \$4.25 an hour by more than 50 percent, to \$6.50 an hour.

The second bill aims to bridge the gap between high-paid and low-paid workers. It would limit the tax deduction a business could take for an executive's compensation to 25 times that of the lowest-paid worker in the same corporation.

The Clinton administration has said it is considering a raise in the minimum wage, but has made no decision.

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NBC "MEET THE PRESS"
WITH HOST: TIM RUSSERT
JOINED BY: GWEN IFILL AND DAVID BRODER
GUESTS:
SENATOR CHRISTOPHER DODD (D

-CT),
CHAIRMAN, DEMOCRATIC NATIONAL COMMITTEE
HALEY BARBOUR,
CHAIRMAN, REPUBLICAN NATIONAL COMMITTEE
SUNDAY, JANUARY 22, 1995

PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS NBC
PROGRAM TO "NBC'S MEET THE PRESS."

MR. RUSSERT: With us now, the party chairman for the
Democrats, Chris Dodd; for the Republicans, Haley
Barbour. Gentlemen, welcome.

SEN. DODD: Thank you very much.

MR. RUSSERT: Mr. Barbour, let me start with you. At
the center of media scrutiny and political discussion,
Newt Gingrich's book contract. Watching your RNC meeting
and the events of the last week, the chairman of the Texas
Republican Party, Republican strategist Bill Kristol,
Republican Congressmen Armey, Shays, and King, Republican
Senators Kassebaum and Lott have all said the book was a
distraction.

You yourself, according to Newt Gingrich, asked the speaker not to bring up the issue before the RNC because it was, quote, "a distraction."

Why shouldn't Newt Gingrich just put the book deal aside and focus on the Republican contract?

MR. BARBOUR: Actually, Tim, you've misunderstood what Newt said that I told him. I told him that if he didn't take the book advance, not to think that that would end the distraction, because the press would stay after it. The Democrats will stay after it. It's an instrument in their attempt to vilify Newt Gingrich.

But I'll tell you, for Republicans, the book that we're concerned about is another one of Newt Gingrich's books, Contract with America. We're concerned that we're going to give the American people what they voted for.

Now, the Democrats want to talk about anything else, and if Newt Gingrich's can be what can distract from that, they're going to talk about it, but we're not going to be deterred by it, and

so that's the state of play there.

MR. RUSSERT: Wouldn't it be better for the Republican contract if Newt Gingrich put his own personal book aside?

MR. BARBOUR: Well, you assume, with that, that that would end it. It wouldn't. The Democrats would be after something else. The Democrats' demonization of Newt Gingrich didn't start with this book contract. It started long before that. It was going on during the election. And the book has nothing to do with it.

Look, Albert Gore wrote a book as a United States senator -- now Vice President Gore -- he has said himself he's received over \$800,000. He had a \$100,000 book advance. Nobody ever said anything about that. I've been with -- I've had my research people working for a week to try to find Senator Dodd saying how terrible it was that Albert Gore got \$800,000 for it. (Laughter.) You know, it's funny. I can't find one liberal Democrat, one Democrat of any stripe, that ever says anything's wrong with Albert Gore writing a book and getting a million dollars for it.

MR. RUSSERT: You raised the Republican contract. Let me open it up to the preface page, and it says here, "Neither Newt Gingrich, Dick Arme, nor any House Republican will receive any compensation for the publication of the Contract with America. Royalties will be used for nonpolitical, nonpartisan purposes paid for by the Republican National Committee."

Why did you choose not to have royalties go to Newt Gingrich and Dick Arme for this book, and yet you think it's okay for Newt Gingrich to have \$4 million in royalties for another political book?

MR. BARBOUR: We wanted the book published. I mean, we would have paid somebody to publish it, because we wanted the Contract with America to be in the hands of the American people. There wasn't a -- you know, there wasn't any point in our minds. We wanted this book to be seen by

people, and so we did say, "Hey, look, if you'll publish it, you don't have to pay us for it. We want people to see it."

MR. RUSSERT: You're not concerned about any ethical propriety that you wanted to say beyond a shadow of a doubt the Republican Party's not trying to make money off this book and therefore we won't take the royalties?

MR. BARBOUR: Well, we'd be glad to take the royalties if somebody offered us some royalties, but when we were trying to get it published --

MR. RUSSERT: What charity are they going to?

MR. BARBOUR: I don't know. There's some charities that the House Republicans picked, and I don't know.

But let me say this about the -- about this book thing. Newt Gingrich has written books in the past, and when he's written the books, he's submitted them to the Ethics Committee before publication to make sure that everything was done right with the Ethics Committee. He has said already that he's going to do the same thing here when they get a book contract.

There's nothing wrong with writing a book. As I say, Albert Gore has written a book that he's derived now probably over a million dollars -- he had derived \$827,000 of income, he says, a year ago. The reason the Democrats want to talk about the books is because they don't want to talk about the issues, Tim.

When -- you know, they come onto the battlefield of issues unarmed, and that's why they stoop to this kind of stuff, so they don't have to talk about the issues.

MR. RUSSERT: Let me just conclude with you and go to Senator Dodd.

If, in fact, however, the Republicans -- the congressmen, the senators, the state chairmen are all saying, "Hey, this is a distraction," if the perception is that Newt Gingrich is more interested in his personal wealth than the Republican contract or the good of the nation, isn't it counterrevolutionary for Newt Gingrich to continue to press for his own book?

MR. BARBOUR: But that is not the perception. It is not the perception that he's more interested in that. He wants to write a book about what he thinks our country ought to be looking forward to, just as he wrote a book years ago called "Window of Opportunity" about what he thought we ought to be trying to do as a country. And no -- I don't think there's anybody that you mentioned -- you listed all these people -- they have said this is a distraction, and sure it is. I mean, here we are on a TV show after the most issue

-oriented election in the history
of our country in the mid

-term elections, and all you want

to ask me about is Newt Gingrich's book. Well, of course it's a distraction.

But the point is if it wasn't this, the Democrats would be after Gingrich about something else.

MR. RUSSERT: Mr. Barbour, if Tom Foley were the speaker and got a \$4

-1/2 million book deal, would you not suggest he was

cashing in on the speakership?

MR. BARBOUR: Well, Albert Gore wrote a book that he's gotten a million dollars for, and let me just say, I don't think there's a think in the world wrong with it. Not one Republican, not one Republican ever said one word about it.

Of course, the Democrats have done this about Newt because they want anything to try to vilify him.

MR. RUSSERT: All right, let's talk to the senator. Senator Dodd, 29 United States senators have written books. Al Gore, the vice president of the United States, got \$900,000 in royalties. Where's the complaints about them?

SEN. DODD: Well, there's a huge distinction here. A huge distinction. Al Gore, before he took one penny, signed one piece of paper, went to the Senate Ethics Committee, and said, "Here's what the proposal is as a United States senator, and I want to know whether or not there's any contact between the publisher and Congress, any business before it, any business before Al Gore." The Ethics Committee examined the publisher, the relationship, all before one single word was signed into a contract deal.

That's the fundamental distinction between that particular contract and what's being offered here.

Now, let's understand this. I don't want to dwell on this. The Ethics Committee is now going to look at it. The fact of the matter is that major Republican figures in Congress and elsewhere have said, "Look, this is a distraction." Now, this wasn't created by the Democrats. Newt Gingrich brought this on himself. At first he didn't want to talk about the \$4.5 million. Didn't want to mention the fact that he'd had meetings with Rupert Murdoch. Didn't want to mention the fact that Rupert Murdoch had major, major issues before the federal government and the Congress of the United States. All of that came out through inquiry.

Had Newt Gingrich been up front about the relationship early on, from the very get

-go, had he gone to the House Ethics Committee at the get

-go and said, "Look, I'd like to know whether or not I can do this, can I receive this?" then I think you would have a different reaction today. That was not the case, so there's a major distinction

here.

Secondly, I think it's very important that there be some understanding what happened on November 8. The idea of someone, before he's even picked up the gavel as speaker of the House of Representatives, looks to the American public like they're cashing in -- as you've said

-- cashing in on the speakership. Four and half million dollar deal because you've all of a sudden got a position of power. That's not what the American public want out of their major political figures in Washington, and so now he's backing off, cutting but not taking the advance, going to reduce the royalties, apparently.

My view is he just should have come clean on this from the very beginning. Newt created this problem for himself. It wasn't created by the Democrats.

MR. RUSSERT: Well, but if Speaker Gingrich goes to the Ethics Committee, explains what the book is and what the book deal is, you have no problem then, if he keeps 15 percent of the royalties, just the way Al Gore did.

SEN. DODD: No, I think the royalty relationships, that's a normal royalty. I think looking at the royalty's very important. If you've got 20 percent royalties, you and I know we'd be collecting a lot more of the (potential ?) than \$4.5 million.

So I don't have any problem if they check this all out. That's the way to go about it and do it. But he should have done it at the beginning. Al Gore did that, and I think drawing the comparison between Al Gore and Newt Gingrich in this regard is totally unfair. Al Gore said, "I'm not going to do this if the Ethics Committee says I can't." Had Newt Gingrich done that from the beginning, I think he might have had a different reaction.

MR. RUSSERT: The Democrat Party has a \$4.5 million debt. If Newt Gingrich turned over his royalties to the Democratic Party, do we have a deal here?

SEN. DODD: We'll accept that. That'd be a deal we could --

MR. BARBOUR: That doesn't quite qualify for the charity we were -- (laughter; inaudible) -- I know --

SEN. DODD: I was hoping we might be on that list. (Laughter.)

MR. BARBOUR: I mean it, but I mean I don't think that charity quite extends that far, Tim?

MR. RUSSERT: Do you think Newt Gingrich will continue to go forward with this book deal?

MR. BARBOUR: I'm sure of it, and I don't think it's necessary for him to drop it. It's up to him, because the Democrats are not going to quit trying to demonize him if he drops it, but I do want to point out Newt Gingrich hasn't got a penny. When Chris says he should have done

all this before, before what? He hasn't written the book, he hasn't been paid a penny by the book. He has said he's going to submit it to the Ethics Committee when it is

finalized, so I'm glad to see Chris and I are so close together on this.

SEN. DODD: No, no, no, no. He should have gone and said, "Look, this is a publishing company owned by Rupert Murdoch. Rupert Murdoch has major issues before the FCC and the Congress of the United States. Should I be entering into a contract deal that has implications that a major media figure in the world, not just the country, owns a publishing company with whom I'm about to strike a deal?" That's a very important question, and if you don't understand that -- Newt didn't want to talk about that. That shows a lack of touch, a lack of feel. That's good political judgment --

MR. BARBOUR: In fairness to Rupert Murdoch, is everybody's -- it's been widely reported in every publication, this book deal was put out for bids, so to speak, and a lot of people bid to try to do this. This book is going to make a lot of money for whoever publishes it, and the idea that there's some -- I think you all have gotten --

SEN. DODD: Then we should get a cut --

MR. BARBOUR: -- (inaudible; crosstalk) -- real good.

SEN. DODD: -- out of this, I'll tell you. (Laughter.)

MR. RUSSERT: David Broder.

MR. BRODER: Let me move off of this subject.

SEN. DODD: All right.

MR. BRODER: In 1992, the voters of this country ended 12 years of Republican control of the White House. In 1994, the same voters turn around, end 40 years of Democratic control of the Congress. What do you think the voters are trying to say? What is it that they're sore about? Senator Dodd?

SEN. DODD: Well, I think it's the anxieties that people have talked about in terms of their own economic situations, their personal anxieties when they see rising crime rates and the like, and that sense of unease about what tomorrow may bring -- I mentioned just that sense of having a knot in your stomach when you leave to go to work in the morning, wondering whether or not your job will be there at the end of the day. The fear of not being able to afford to pay for your children's higher education. Health care crisis -- what happens if my parents, who I may be taking

care of, all of a sudden have Alzheimer's and I don't have the ability to pay for them. Do I lose my house? Do I have to make a choice between the education of my children and the care of my parents?

Those are gripping kind of fears and anxieties people are feeling, in my view, that have a great deal to do with their desire to have Washington -- Democrats, Republicans, whatever -- focus and deal with the issues that they worry the most about, and there's a sense, I think -- back in 1992, it clearly was that the Bush administration didn't get it, that it was the economy, and, in fact, lost the election over the issue of jobs and people's concerns and fears.

I think in 1994, there were still strong feelings about that even though -- even though -- we've seen significant job creation. The problem is that that job creation has been at the lower levels of the income strata, so that we're not looking at higher wages and higher salaries, a lot of stagnation there. So the people who got good educations are not getting good jobs.

I think that more than anything else, David -- more than anything else -- you talk about all these other fringe issues. It's that fear that I'm not going to be able to take care of my family, that my future economically is in jeopardy and I'm worried about it and I want to know if anyone gets it.

MR. BRODER: Economic anxiety the basic cause?

MR. BARBOUR: No, I don't think so, Dave. I think the difference between 1992 to 1994 is that in 1992, the American people did not perceive that Republicans were for anything. People who had voted for us because they were for smaller government and lower taxes, less spending and fewer regulations in '80 and '84 and '88 didn't change their mind about those things in '92, they changed their mind about us. They decided in 1992 we hadn't been adhering to what they thought they had voted for.

This new Democrat seemed to be somebody who also understood the limits of government, but by 1994, the American people saw, one, the Republican Party was back and absolutely right on the issues about the relationship of government to our people, that government -- we saw that government's too big for its britches, people are not getting their tax dollars -- their money's worth for their tax dollars now. Their taxes ought to go down, spending ought to go down, the federal government ought to get smaller. There ought to be a devolution of power away from the federal government and back to the states and to the people, as the Constitution intended, and they also saw from the other side that Bill Clinton was not a new

Democrat but, in fact, a big government liberal who believes that government is the answer to every question, who believes that if people will just give the government enough of their money in taxes, enough control over their lives in business, that government can solve all their problems.

MR. BRODER: Let me --

MR. BARBOUR: And people know that's not right.

MR. BRODER: Let me ask you specifically about Bill Clinton. He goes before Congress Tuesday to give his State of the Union. Is he a dead duck politically or is he still part of the political picture?

MR. BARBOUR: Well --

SEN. DODD: Be careful, Haley.

MR. BARBOUR: David, I've never seen in all my years in politics, never read about a shift of initiative as great as this. All the initiative has gone from the White House

to the new Republican Congress, and the American people like that, but I think it's too much to say that President Clinton or any president is a dead duck, either in terms of legislation or in terms of politics.

A month's a light year in our business, David. I understand that, and we don't take anything for granted. If we keep our word, we think we'll expand these Republican majorities in 1996 and give them a Republican president to work with. We have to be focused on that. But there's no given.

MR. BRODER: The power has shifted to the Republicans and the president is on the sidelines now?

SEN. DODD: Not on the sidelines at all. In fact, just to pick up on what Haley, in response to your question -- I think clearly did get the message as president. It may be a well

-kept secret, but we've watched over the last two years the deficits come down three consecutive years in a row. That's not talk. That's, in fact, reality. It's the first time that's happened since Harry Truman was president of the United States. We're watching the size of government shrink considerably -- \$700 billion in deficit reduction and a federal workforce that goes back to the Kennedy administration in size. That's real reduction in the size of government.

I mentioned a moment ago unemployment coming down dramatically. Those are the things people cared about. That isn't just talk, that's action.

Now, Haley and others don't want to mention those achievements because they run directly to the concerns that people have raised about deficit reduction, the size of government, the effectiveness of government, so I don't think Bill Clinton is on the sidelines at all, and I think Haley is correct in this. I remember about this time in 1991, George Bush I think was about 75 or 80 percent of favorability in the polls.

The mood of the public is volatile right now. As I mentioned, that sense of anxiety. Things can move back and forth. I think there's a tremendous opportunity for Democrats here to state our case, to go back to our basic concerns and issues that I mentioned earlier -- jobs, health care, education. The president has a very good proposal on the table, his middle class bill of rights that go to the very issue of higher education costs, the using of IRAs for higher education. Those are good plans. We're going to have a good debate, I hope, in this Congress, do it thoughtfully and effectively, and Bill Clinton's going to be very much involved in it.

MR. RUSSERT: Gwen.

MS. IFILL: You know, Senator Dodd, yesterday the president said that the parties have to be about more than demonizing each other than contesting each other, yet what we've seen the past week on the floor of the House has

been a virtual food fight over this book issue and certainly about personalities. How do the American people who are watching Congress in action differentiate between what you say and what you do?

SEN. DODD: Well, again, I thought it was sort of healthy in a way last week to see the Democratic Party get up and start to respond. I mean, I don't think that Congressman Meek, who got up and really raised the issue of the book deal, should have been treated the way she was. I mean, I've listened over the last number of years when Newt Gingrich was Congressman Newt Gingrich and not Speaker Newt Gingrich call Tip O'Neill the most corrupt speaker in history, Tom Foley a thug, and I don't recall words being taken down and a debate occurring on the floor of the House over those accusations.

MS. IFILL: How does this debate address people's basic insecurities -- (inaudible; crosstalk) --

SEN. DODD: Well, I think it's an indication here that there's vibrancy. It'll come back, obviously. We're going to debate -- and we have been -- in the Senate and the House. We're debating unfunded mandates, we're debating the Congressional Accountability Act. We're going to be dealing with constitutional amendments on balancing the budget. There'll be a very, very substantive debate coming up in the next number of months

about issues that people care about, and I like that idea -- (inaudible; crosstalk) --

MS. IFILL: You don't get away without answering the same question, because Newt Gingrich and Bob Dole both gave very tough speeches at your meeting this week in which they took after the Democrats and the other party. How was that about what people want?

MR. BARBOUR: Well, Gwen, as I heard you asking Chris about President Clinton saying one thing and then the next day doing just the opposite, I don't know why you think that's news. I think the American people have gotten used to that method of operation.

MS. IFILL: Let's talk about what your folks are doing.

MR. BARBOUR: Well, our folks are doing exactly what we said we were going to do during the election. We ran the most nationalized, issue

-oriented campaign I believe in anybody's lifetime at this table in a mid

-term election.

We took the unprecedented step of saying to the American people, "If you will elect us, this is what we'll do." We actually put it in writing -- a contract with America.

And, Gwen, what we're going to do is the politics of performance. We're going to perform on that contract. We're going to keep our word, and Chris and his friends are going to do everything they can do to stop us.

Look, there are a bunch of people in this town who've

had the feed bag on for 40 years, and they don't want to take it off voluntarily. It's going to be a tough, bitter fight, but the American people demand change, and we're going to give it to them, and we're going to give just the change that we've said.

And when Bob Dole and Newt Gingrich talk about keeping our word and building the public's trust, the Democrats' response has been character assassination of Newt Gingrich and delay. Delay -- Chris talks about debate in the Senate. A debate? I mean, on the first bill, the Congressional Accountability Bill, so that all the laws that apply to the rest of us apply to Congress, passed the House in less than two hours, 429 to nothing. The Democrats stalled it for five days in the Senate, but then everyone but one voted for it -- 98 to one. That's not debate. I mean, if they're against it, fight it, be against it, but don't drag it out five days and then everybody vote for it.

They're doing the same thing on unfunded mandates. The debate's going to go for days and days and days and virtually every Democrat, I predict, will vote for the

bill. They're just trying to slow things down.

MS. IFILL: Let's move forward to '96 very briefly. Both parties seem to be looking for wedge issues, ways to get to the voters who are not strong Republicans or strong Democrats, but who are just looking for someone who's going to do something for them. Those issues are things like welfare reform and affirmative action, which seem to have racial undertones. Is that the best way to speak to people's needs?

MR. BARBOUR: Well, they're not wedge issues as far as we're concerned and those are not issues that are just attractive to one group or another. I think everybody in this country knows that the welfare state in America is terrible, that it is hurting the people who are trapped in it and that the American taxpayers are paying billions and billions for something that not only isn't helping people, it's actually hurting people, and affirmative action, when it becomes what it has so often reverse discrimination, special preferences for some classes of people against other classes of people, everybody in this country ought to be against that, so I don't consider those wedge issues.

MS. IFILL: What are the wedge issues the Democrats are looking for, Senator Dodd?

SEN. DODD: Well, not any wedge issues at all. These are important questions. Bill Clinton has been talking about welfare reform, Pat Moynihan and others have for years, and clearly believe it needs to be changed and be done differently, and we hope that that'll be a good debate.

The differences here is the tone of the debate that the Republicans bring to the issue, where they want to sort of point out victims to blame people. We're talking about taking people off welfare and putting them to work rather

than sort of victimizing the innocents involved in this debate. Two

-thirds of the AFDC welfare recipients in the country are children. They ought not to be blamed for the situation, and yet to hear the Republicans talk about this debate, talk about this issue, they seem to want to create wedges in our society as they move forward on these questions.

So I'm looking forward to those debates, and we will in Congress.

Let me just say to Haley, you know, I find it somewhat amusing in a way -- you talk about gridlock. I recall Haley back in August of 1994 saying gridlock was a wonderful thing in the Congress when the Republicans were doing it. This isn't gridlock at all. We're looking at some very important issues.

In fact, unfunded mandates and congressional accountability were pieces of legislation drafted by Democrats we tried to pass in the last Congress, and the Republicans with their filibusters wouldn't let us bring those two matters up. We could have passed both of those bills in September of last year had we not had gridlock, so I don't think we ought to be going around talking about Democrat intransigence today when the very, very tactics that are being condemned today, a good look at this legislation, were being applauded -- applauded and cheered only a few weeks ago.

MR. BARBOUR: The difference, Tim, is that last year we fought against Democratic legislation that we disagreed with. We said why we were against it. We offered our own alternatives and we voted against the legislation --

SEN. DODD: Haley, I was there. (Laughs.)

MR. BARBOUR: -- they drag out things for five days that they're all going to vote for.

SEN. DODD: Haley, I sat there --

MR. BARBOUR: It's just simply a matter of delay.

SEN. DODD: -- night after night, night after night, night after night. I was there, believe me, and I watched it. It was nothing more than just a good old

-fashioned

filibuster. The crime bill? The crime bill passed the Senate 92 to four a year before, and all of a sudden the Republicans found some new reason politically, I think, to try and stop it, because they didn't want to give Bill Clinton credit for actually getting a crime bill passed.

MR. BARBOUR: The truth is the crime bill that came out of the conference was so radically different --

SEN. DODD: Oh, all right.

MR. BARBOUR: -- from the crime bill that went into the conference, to say that they voted for one 92 to four, it was a very, very different bill.

MR. RUSSERT: Gentlemen, we have to take a quick break. We're going to take a commercial. We'll be right back with our discussion between Republican Chairman Barbour

and Democratic Chairman Dodd.

(Announcements.)

MR. RUSSERT: We're back with the Republican and Democratic Party chairmen.

Senator Dodd, let me start with you this time. Mr. Barbour said it was totally appropriate the Democrats

chose you as chairman because you're an Eastern liberal. You have one of the highest liberal voting records in the Senate, and you even want the United States government to talk to Fidel Castro.

SEN. DODD: Horrors. I mean, we're talking with the North Koreans, the Vietnamese, we're doing business in the People's Republic of China. I see nothing wrong with opening up a dialogue trying to resolve those problems.

I don't think labels really -- and cliches -- are what people are interested in. I might suggest my good friend Haley here would consider anybody to the left of Genghis Khan, probably to be a liberal, so I don't think any value is served by those labels.

People want to know what you stand for, what you're fighting for, do you understand what people are going through in the country, what ideas do you have? they want to hear a good competition of those ideas and a good debate about those ideas, a civil debate about those ideas to move the process forward, and what the president said yesterday I think has value. I don't think we're inviting people into the process.

In some communities in this country, you can't get people to run for local boards of education, finance boards, because they don't want to be involved in politics. They think it stinks. They watch what people have to go through personally, what their families go through. I don't think we're encouraging people to be -- exercise their citizenship enough. Getting people to serve at the federal level anymore is getting difficult in major jobs.

I think there's a real strong grain of truth that we need to reduce a lot of the name calling that goes on, engage in the civil debate that democracy demands, and do the work.

MR. RUSSERT: Should Bill Clinton, however --

MR. BARBOUR: Newt Gingrich would be glad to hear that, by the way.

MR. RUSSERT: Well, we'll get to that. But Bill Clinton -- is he a centrist moderate new Democrat, and are you?

SEN. DODD: Yeah. I think this really is -- I think the world Democrat, I mentioned over the last few days that we ought to stop trying to get away from the prefixes and suffixes. People want -- don't get up in the morning in this country and sit around the breakfast table and start wondering whether they're a new Democrat, an old Democrat, a liberal Democrat, conservative, a Southern

Democrat, a Northern one. They want to know whether or

not anybody's worrying about their worries in government. That's why we sent you here to Washington. We've got kids we're trying to educate, we've got a job I'm worried about whether or not I can keep, I've got health care issues I worry about, I've got personal security issues, whether or not I can get home at night and not get shot in my car, and does Washington or my governor or my state legislature, my mayor, do people -- are they really using my tax dollars effectively to work on the problems that ought to be addressed in this country.

MR. RUSSERT: Mr. Barbour, you talked about character assassination against Newt Gingrich and that Newt Gingrich would like to hear Senator Dodd's statesmanlike comments.

Yesterday, in less than an hour -- excuse me. On Friday, in less than an hour, Newt Gingrich gave a speech at your party meeting in which he criticized the president, the vice president, the First Lady, two Democratic senators, four Democratic congressmen, three cabinet secretaries, two White House aides, called former Speaker Wright a crook, said Democrats were socialist, grotesque, they distort and lie, and said that National Service Corps volunteers were useless and dangerous.

Is that the kind of vocabulary that we want to hear coming out of Washington?

MR. BARBOUR: I told him you need to put sugar coatings in it. (Laughter.) But the fact of the matter is --

SEN. DODD: He said we hug giraffes.

MR. BARBOUR: The fact of the matter is --

MR. RUSSERT: But does that help build consensus?

MR. BARBOUR: -- Newt responded -- Newt responded to the character assassination that he's been subjected to with some pretty hot rhetoric. I mean, I'm like Chris. I think we'd be a lot better off if we made it easier and more attractive for people to be involved in government, rather than when somebody rises to the top of the heap to immediately try to vilify and assassinate their character.

The real thing, though, is that we ought to be talking all the time about the issues, because that's what decided this election. I said, my literal quote was, that I think it's appropriate for Chris Dodd to be chosen by President Clinton because they should have a big government liberal to be the spokesman for Clinton's liberal big government policies.

SEN. DODD: (Laughs.)

MR. BARBOUR: I believe that's what this whole election was about --

MR. RUSSERT: So you just repeated a rather statesmanlike comment. (Laughter.)

SEN. DODD: We're not going to say it anymore here. I'm not

MR. BARBOUR: I don't think --

SEN. DODD: -- going to call you a person who's to the right of Genghis Khan --

MR. BARBOUR: I don't --

SEN. DODD: -- I'm not going to say that anymore.

(Laughter.)

MR. BARBOUR: I don't think saying that Chris is a liberal is a pejorative term.

MR. RUSSERT: But let me go back --

MR. BARBOUR: I mean, a lot of Democrats apparently want --

MR. RUSSERT: Let me go --

MR. BARBOUR: -- (inaudible; crosstalk) --

MR. RUSSERT: Let me get back to Speaker Gingrich --

MR. BARBOUR: -- but that's his voting record.

MR. RUSSERT: Speaker Gingrich. In the interest of enacting the contract and getting Democratic support, in the interest of working for the American people, should he temper and lower his rhetoric a bit?

MR. BARBOUR: You know, I've always in politics said that what we should do is act boldly and speak temperately, that that makes it go a lot easier.

But at the same time, when somebody's out there attacking you, impugning your character, impugning your motives -- I mean, what Carrie Meek said wasn't, "This book is a bad deal," she said, "Who's Newt Gingrich loyal to, the people who elected him or some book publisher?"

Now, those are fighting words, and those words have been out of bounds on the floor of the House of Representatives since Thomas Jefferson --

MR. RUSSERT: Let me --

MR. BARBOUR: -- and a Democrat --

MR. RUSSERT: Let me go to a serious issue.

MR. BARBOUR: Okay.

MR. RUSSERT: Mexico.

MR. BARBOUR: Mm

-hmm (acknowledgement).

MR. RUSSERT: Jim Leach, the Republican congressman, wrote a letter which said, in effect, unless the Democrats stop criticizing Newt Gingrich and his book deal, it's going to be very difficult to get Republican support for the Mexican loan guarantees.

Mr. Barbour, will the Republicans support the Mexican loan guarantees, and should it be held hostage to Newt Gingrich's book contract?

MR. BARBOUR: If there is a loan guarantee agreement with the proper conditions and that has truly bipartisan support, then I think Republicans will support it. They're working on what those conditions should be, including collateralization and other issues. The biggest problem right now is the bipartisanship. Can President Clinton produce any Democratic votes? I mean, it has to be bipartisan.

MR. RUSSERT: Senator Dodd?

SEN. DODD: Well, you haven't addressed the issue. The issue -- you had a letter sent to the president signed by

the chairman, the new chairman of the Banking Committee of the House of Representatives, saying, "If you don't quit picking on Newt, we're not going to back you on the Mexican crisis, fiscal crisis." That is the height of irresponsibility.

Whatever complaints there may be about whether or not Newt brought the problem on himself, whether the criticisms are legitimate or not, I can't believe that a major figure would try and link these two issues. Vote against the Mexican deal if you want, be for it if you want, but don't link it to this issue at all.

MR. RUSSERT: But Mr. Barbour has a point. Can the president produce Democratic votes --

SEN. DODD: Well, I think --

MR. RUSSERT: -- from his own party supportive --

SEN. DODD: -- well, I think --

MR. RUSSERT: -- before he gets Republican votes?

SEN. DODD: -- I think there will be, and I -- and frankly I was pleased to see Bob Dole and Newt Gingrich and others at the White House saying they thought this was the correct thing to do.

Now, there are some legitimate questions, and the White House went about this correctly. They invited in the leadership of Congress and said, "What do you think about this? How can we make this work?" Came up to Congress before they even submitted the bill -- "What are your concerns, what are your worries?" The issues of collateral, what other countries are going to be involved in this, will we get any support along the borders to help reduce the amount of immigration?

That's exactly the way an administration ought to go about building a consensus. I think we're going to get this done. I think it will be bipartisan, and I hope that Mr. Leach will retract his letter and not insist that this be linked to some other tangentials. You're making the issue of Newt Gingrich become far more substantive when you link it to a major policy debate. That's wrong.

MR. RUSSERT: Let me -- Mr. Barbour, let me conclude this segment on this Bob Dole quote. He was asked about Newt Gingrich yesterday and the complaints and criticisms about his book contract and other issues, and Bob Dole said, quote, "If you live by the sword, you die by the sword."

MR. BARBOUR: Yeah, I heard Bob Dole say, "Newt's okay in my book." (Laughter.)

SEN. DODD: Bob Dole --

MR. RUSSERT: Bob Dole said, "If you live by the sword, you die by the sword." Is that a valuable lesson from Bob Dole to Newt Gingrich?

MR. BARBOUR: Well, it's something we all know in politics. Newt knew when he went in as speaker of the House that he was going to be subject to the kind of vilification and demonization that the Democrats had been

trying to practice on him for years. This didn't start with this book deal and it's not going to end with this book deal. If there was no book deal, it would be something else --

SEN. DODD: Haley -- (inaudible; crosstalk) --

MR. BARBOUR: -- but what I do hope we'll get back to talking about -- when we talk about the Mexican loan guarantee, we ought to talk about the good and bad policy, not Jim Leach saying what is true. You know it makes it harder for us to do this while you all are out dropping bombs on people --

SEN. DODD: But, Haley, you're --

MR. BARBOUR: -- he didn't say we weren't going to do it --

SEN. DODD: Newt sat -- Newt sat --

MR. BARBOUR: -- he said it makes it harder.

SEN. DODD: -- right here, right on this very program a few weeks ago and said there were, what, two

-thirds or one

-third of

all the House people were on -- or said that White House people were on drugs. I mean, it's that kind of irresponsibility. He brings this on himself with that kind of behavior.

MR. RUSSERT: David?

MR. BRODER: Our time's getting short. Let me ask each of you one question. Mr. Barbour, your just retired co

-chairman Jeanne Austin (sp) sent a letter to the Republican members of the House and Senate saying, "Please give a welcome and listen to the head of the log cabin Republicans," which is a group of avowedly gay/lesbian Republicans. Are lesbians, homosexuals now welcome in the Republican Party, or is their lifestyle offensive to a party of traditional values?

MR. BARBOUR: Everybody's welcome in our party, David, regardless of anything. Our party is very strongly against the government advocating or in any way promoting a homosexual lifestyle. We're very strongly against that.

We're strongly against it being taught in schools as an acceptable alternative lifestyle.

But there are, I am sure, scads of homosexual and lesbian Republicans and certainly they're welcome in our party. You know, this is a big party. The Democrats are the liberal party in this country. We're the conservative party, but we're a broad, mainstream, and diverse party, and you don't have to agree with Haley Barbour on everything to be a good Republican, but Republicans do have principles. You don't have to accept every single one of them.

You know, my old boss Ronald Reagan used to say, Dave, remember, a fellow who agrees with you 80 percent of the time is

your friend and ally, he's not some 20 percent traitor.

MR. BRODER: Senator Dodd, yesterday your predecessor David Wilhelm, in his farewell address to the Democratic Committee, said the Democrats need to address what he called people of faith and not lose the Bible in the '90s as he said you lost the flag in the 1980s.

Tomorrow in this city, there are going to be thousands of people marching in protest of the abortion decision. What does the Democratic Party have to say to those people?

SEN. DODD: Well, I think one is that this is a -- we've strongly held the view that women ought to have the right of choice. That does not mean promoting abortion. It means providing alternatives to people, insisting that people have the ability to make other choices, not just that choice, and I think that's the appropriate and proper decision, highly respectful and sensitive to those who have different points of view.

I've always welcomed the people who've come from my state and come down to sit and talk about these issues: How can we expand adoption services? How can we expand services to help a young woman who's caught in that situation and needs some support and backing and assistance?

That's been our position on these issues over the years, so we welcome these people who come to Washington, have come over the last 25 years. We think it's a good thing they come here, we welcome them. There is a disagreement on the issue fundamentally of whether or not abortion ought to be allowed as an alternative, but the word "choice" means more than just a choice of abortion.

MR. RUSSERT: Gentlemen, we are out of time. Thank you for a good, spirited discussion. We'll let Gwen Ifill ask the lead question next time you're both on -- (laughter) -- and good luck to both of you and your parties.

SEN. DODD: All right. Thank you.

MR. BARBOUR: Thanks, Tim.

END

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GUESTS:
REP. BOB BARR (R

-GA)
FULTON COUNTY (GA) SHERIFF JACQUELYN BARRETT
5:30 P.M. (EST)
SATURDAY, JANUARY 21, 1995

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THIS IS A RUSH TRANSCRIPT. -----

MR. JACKSON: Welcome to the program, coming to you
from Atlanta at CNN Center, a special edition of Both
Sides. We've got a studio audience ready with their
questions on our topic today, crime in America. There's a
new CNN/USA Today/Gallup poll out. It says crime
continues to be our most important problem, ahead of
unemployment, the deficit, health care, welfare, the
economy and poverty. More than anything, it is crime
that's on the minds of the people.

Well, we have some people here today with us here.
Later in the program, we're talking with them about their
concerns, asking how
they think the public officials are handling this problem
and asking them where they think the solutions may lie.
But now it's a new day in Washington.

Here's some background from Brian Todd.
(Videotaped report.)

MR. TODD: Violent crime. It is everyone's fear and
the tragedy of many. This murder took place in Atlanta, a
city where violent crime declined last year from a record
1993 crime rate ahead of all other cities. But Atlanta is
hardly alone. In America's cities and towns, the threat of
crime is almost as frightening as the reality. Fed up
with such prevention efforts as midnight basketball
leagues and antigang education, congressional Republicans
are calling for cutbacks in what they say is last year's
pork

-filled crime bill.

As part of its Contract with America, the GOP is
talking about taking back the streets, cutting funding for
crime prevention programs, spending billions for more
prisons, hiring more police officers, limiting appeals by
prisoners on death row, and much stronger mandatory
sentences for crimes involving guns.

REP. BILL MCCOLLUM (R

-FL): We need to lock them up and
throw away the keys. It's as simple as that.

MR. TODD: Others say it's not as simple as that, that
the rate of criminal recidivism shows what is needed is

more prevention, not more punishment.

JEROME MILLER (CRIMINOLOGIST): There's no evidence, first off, it lowers crime. There's a great deal of evidence that it makes matters worse.

JESSE JACKSON: (To inmates.) How many of you are here for at least a second time? Raise your hands. Stand.

Let me see you --

a second time. Be seated.

MR. TODD: Republicans would set aside 10 and one half billion dollars for building new prisons. Another \$10 billion for police and prevention programs would go to the states. A new report from the National League of Cities says elected officials favor the prescription of more police and prevention. Fewer than 10 percent of elected officials surveyed favor more prison space.

The Clinton administration will balk at changes in the crime bill passed last year. Even some Republicans object to the new GOP approach. While Democrats and Republicans battle it out, an increasingly anxious public copes with what the FBI now says is the realistic chance every American has of being murdered.

For Both Sides, I'm Brian Todd.

(End of videotaped report.)

MR. JACKSON: With us is the new sheriff of Fulton County, Georgia, Jacquelyn Barrett. She commands 700 police officers and civilians with a crime

-fighting budget

of \$45 million, overseeing also part of the city of Atlanta and more. From Capitol Hill, freshman Congressman Bob Barr of suburban Atlanta. He was the U.S. attorney here a few years back. He's up in Washington with his Republican colleagues trying to rewrite the crime bill that passed last year when the Democrats ruled the bill -- ruled the Hill.

Congressman Barr, at a time when Americans are so anxious and with so much fear about crime, why would you attempt to cut efforts to stop the killing in the first place?

REP. BARR: What -- I'm sorry, Reverend. What we're trying to do in the new crime bill is to keep intact some of the important programs that were in the last year's crime bill, and that is, getting money to the local law enforcement communities. After all, these are the people -- the sheriffs, such as Sheriff Barrett, such as Sheriff Hudson (sp) in my home county -- that know what works and what doesn't work. So we want to get the money to them.

In addition to that, we want to address several of the problems in our judicial system to streamline it and to give the public confidence that people that commit the crimes will do the time, even those that commit the most heinous crimes, namely those facing the death penalty.

MR. JACKSON: But Congressman Barr --

REP. BARR: But we also didn't want to get bogged down in a lot of bureaucratic red tape, so we cut all that out of the bill.

MR. JACKSON: Well, the idea of cutting prevention is the big issue here. For example, we know that those in jail, 92 percent are high school dropouts. They're 80 percent drug

-positive and they're 75 percent recidivist rate.

REP. BARR: Right.

MR. JACKSON: It seems the reason -- if you would invest in more treatment beds to reduce the illiteracy while they're in jail and reduce sickness while in jail and jobs when they're out, that would be a better solution.

REP. BARR: We're going to do that. As a matter of fact, that's in the bill. And the bill also, even though it gives localities a lot of flexibility in how they want to use the money, it says very specifically that these monies can, and we expect they will be, used for prevention programs as well as traditional law enforcement. You're absolutely correct.

MR. JACKSON: But you're cutting --

REP. BARR: And I think the folks up here agree.

MR. JACKSON: But you're cutting the preventive programs. I mean, a part of the Gingrich approach is to cut the preventive programs and call them pork.

REP. BARR: We're not cutting them, Reverend. What we're doing is we're taking them out of the bureaucratic maze that was set up under the old crime bill and putting them into direct grants to police officers and sheriffs and county commissioners to use both for traditional law enforcement as well as for prevention programs.

MR. JACKSON: Sheriff Barrett, you're right down here where the rubber meets the road.

SHERIFF BARRETT: Exactly.

MR. JACKSON: Do you think that the moves in Washington now to cut prevention and add more police is the solution?

SHERIFF BARRETT: I can't say that I do. The existing bill gives us -- about 23 percent of those funds go towards crime prevention. What the Republicans are trying to do is to reduce that to about 6 percent.

MR. JACKSON: Six percent?

SHERIFF BARRETT: To about 6 percent on the figures that we have at this point. My concern is that, as I look at my numbers at the jail here in Fulton County, the largest single category that I have are basically repeaters. They are people who have been to the state prison system, who are now back in jail because they violated probation; they violated parole. And I would guarantee that most of them are violators because they somehow failed on their drug testing or their alcohol treatment or --

MR. JACKSON: Let me ask you this question. Since -- I went out to the boot camp yesterday, this past week. Eighty percent in jail are drug

-positive; a 75 percent return rate. Why is there such a reluctance to focus on treatment for those who are drug

-sick and jobs when they get out as a way to reduce the second and third strike?

SHERIFF BARRETT: I'm not certain why there's that reluctance when we're saying, I'm certainly saying, that that is something that is necessary. A person who comes to me who is incarcerated, who has committed a crime -- but what's driving that is some sort of drug dependency or alcohol dependency -- needs, first and foremost, to get off the drugs, to get off the alcohol, and to be rehabilitated that way so that we don't then have the criminal behavior.

MR. JACKSON: Congressman Barr, as I read this budget, there is almost no commitment to treatment beds for those who are sick and jobs when they are released. Don't you think that would reduce recidivism and re

-arrests?

REP. BARR: I'm not sure, Reverend, what will reduce recidivism. That's one of the most perplexing problems. And we will address that over the long haul. But what's important to realize, Reverend, and the sheriff also, is the monies that will be coming to the local communities under this crime bill, the \$10 billion over five years, if the local community -- and Jackie, I presume, will be heavily involved in this process -- they can use 100 percent of that money for crime prevention programs if she and the other local officials want to use it for that.

So it is absolutely untrue that this is cutting out money for prevention. This gives her and the other local law enforcement officials more flexibility and it gives them the power that they did not have under the 1994 bill to use more money rather than less for prevention.

MR. JACKSON: Sheriff Barrett, do you like this version of the bill?

SHERIFF BARRETT: I can't really say that I do. I don't really see a whole lot wrong with the last version of the bill. I think we look at things and we get involved in rhetoric and we start talking about what's pork and what's bad. We've not given crime prevention programs an opportunity to work in this country. We want immediacy of results.

And it seems to me that in the partisan debate we get caught up on things like incarcerate, and that's supposed to cure our crime problems. We put more money into

prisons. We put more money into putting cops on the street in order to put more people into prison. What we're not doing is sitting down, as any good corporation would do, and prepare for the long haul. And the long haul says you've got to stop the issues at the source. You can't just incarcerate, incarcerate, incarcerate.

MR. JACKSON: I watched one of the congressmen say, "Well, put them in jail; throw away the key." But the fact of the matter is, when people get in the jail, they're there for about two years, the first strike. And while they're there, they're still drug

-sick. So they leave jail, because they have not been treated, sicker and sicker. And then they return, predictably. Does not it make sense, Congressman Barr, to handle those who are the sick victims of the drug war while you have them and provide an alternative of more literacy and a job when they get out? And is that not the heart of this matter?

REP. BARR: It is, Reverend. The heart of the matter is that we have a sickness in our society that is not something that has come up all of a sudden, and it's also not something that's strict limitations, strictly limiting law enforcement to traditional law enforcement will solve. There has to be, as any proper law enforcement. Jackie knows this. I knew this when I was U.S. attorney. There has to be an important part of law enforcement that says -- that recognizes that the problems go much deeper than law enforcement is able to solve. We have to get at the root of illiteracy in our society. We have to get at the root of the breakdown of families and lack of role models and so forth.

MR. JACKSON: But Congressman --

REP. BARR: A very small part but a significant part of that problem is what you put your finger on --

MR. JACKSON: Before we take this break --

REP. BARR: And I anticipate that there will be money spent. I would agree and will work to have monies spent on those programs in the prisons, because the results do show that they can bear an impact.

MR. JACKSON: Before we take this break, in Chicago, Cook County Jail, 13,500 inmates, 80 percent drug

-positive, 700 treatment beds. That means in any given year, six or seven thousand are being put back on the streets drug

-sick, looking forward for them to return. At Lorton in Washington, where you are today, 4,000 at the central detention center, 80 percent on drugs, 118 treatment beds. It seems that there is a resistance to treating them while they're in and to employ them while

they're out as a way for stability and reuniting families.

We'll be right back to talk about this number one critical issue of our time, crime and alternatives. We'll be right back.

(Announcements.)

MR. JACKSON: Welcome back. We're coming to you from Atlanta. We're using the Talk Back Live set here at CNN Center. The subject is crime in America, still the number one concern of the American people. If the Republicans get their way, there will be less emphasis on prevention and more on prisons. But is that the way?

We're talking with Sheriff Jacquelyn Barrett of Fulton County, Georgia, which includes all of the city of Atlanta and more. Also, up on Capitol Hill, one of the congressmen from suburban Atlanta, Bob Barr, who has the -- who was the U.S. attorney here just a few years ago.

How does the audience look at their sides? Questions and comments for our guests about what to do about crime. Just before we go to the audience, Sheriff Barrett, you had one point about the drug --

SHERIFF BARRETT: For Congressman Bob Barr. And I hope you can hear me okay in Washington.

REP. BARR: I can hear you fine, Jackie.

SHERIFF BARRETT: Great. In this whole spirit of coming together and proving that we can, Republican and Democrat, work together to -- I think we're all really trying to get to the same spot. The issue is how we get there. As you just said, you really would like to be supportive of some of those programs that do, in fact, get at prevention. And what I'd like to ask you to do is to really give serious thought to one of those pieces that is on the chopping block, and that's drug court.

As you know, we're trying to get that going here after successful models out of Miami, and we are in the midst of trying to get that funded here in the Atlanta area, which would give treatment options to those who are incarcerated because of drug dependency. And I'd just like to make sure that that doesn't escape you and that we can have your support on that one.

REP. BARR: I appreciate that. We heard from some representatives yesterday and at the subcommittee meeting today, and we'll take that up in the full committee probably the week after next, Jackie.

MR. JACKSON: Very well. Questions from the audience?

Q Yes, two parts. Number one, it seems that there are two powerful emotions. One is fear, and the other powerful tool is the electronic media. It seems that fear is played on so heavily that it creates people to be overly concerned about the problem of crime. And the other question I had was why is it in this country, as opposed to other countries, we have problems that you just don't see the level of crime?

MR. JACKSON: Fear is driving the agenda because crime and violence is real. And when you have easy access to guns and drugs and it's commercialized on TV as a lifestyle, people try to act it out in real life. And so our youth are being oriented in their minds on this drug, killing, gun business. We must break it up.

Q Yes, Reverend Jackson, I'm an Hispanic American. I want to know what your feelings are as far as the Hispanic bloc as attuned to the crime issue, as this gentleman just spoke about, what your thoughts are on that, and also this --

MR. JACKSON: On what? Say it one more time.

Q The Hispanic bloc seems to be lumped together with the blacks as far as the main source of crime, as we see through the media, and also --

MR. JACKSON: One of the factors, you know, is that you look at welfare. It's more white than black and brown, but disproportionately black and brown. Why? Because while unemployment is down to 5.8 & 1/2 percent for the country, it's still double digits for black and brown people. There is some relationship between unemployment and crime. I think that cannot be an excuse for crime, but we certainly ought to fight for jobs, education and health care as an alternative to crime and welfare and despair.

Q (Off mike) -- migration.

MR. JACKSON: My feeling on the migration is that we as a nation must have borders, but we cannot be inhumane and abandon children from schools and deny people access to medicine. We as a country, we are too blessed to become that narrow and mean

-spirited.

Q I'd like to address a question to Sheriff Barrett, please. And I'd like to thank you for coming out today. But I'd like to know, as a lady -- female, rather -- being a sheriff, what have you actually been able to accomplish? Do you feel that as a woman that makes you stand out as sheriff? In other words, like, as far as I'm

concerned, being an American, to me the sheriff seems to me to be a job for a guy who's out to take care of business.

MR. JACKSON: John Wayne.

Q And here you are, you know, being a sheriff. And I'd just like to know -- being open

-minded, of course, you know --

MR. JACKSON: You made your point.

SHERIFF BARRETT: Okay, all right. I'd like to think that the accomplishments that I've made have nothing to do with my gender. If you're asking what we've done, we've accomplished a number of things here in Fulton County that hadn't been done before. We are an agency that is clearly on the move now, getting ready for the Olympics. We will

be right there in the forefront of providing a safe and secure games when they come in 1996. But I'd like to think if there's anything that I've done, I hope that makes my mark here, is that we now have a jail that is run without federal oversight. When I got here, the federal courts really ran the Fulton County jail. We have ended that federal lawsuit. We are now in good control of that.

MR. JACKSON: So a sheriff does not have to be John Wayne is the real point.

SHERIFF BARRETT: That's the real point.

MR. JACKSON: Now, Larry Hurt, you are an official here, something in Stone Mountain called a boot camp. What is that?

LARRY HURT (WARDEN, STONE MOUNTAIN PROBATION BOOT CAMP): At Stone Mountain probation boot camp, judges send young offenders between the ages of 17 and 30 to us as an alternative to going to prison, regular institutions. So we have 90 days to work with them on discipline, the rules and regulations of the facility as it relates to jobs, work activities, leisure skills, education.

MR. JACKSON: What do you make them do? What do you make them do that's different than a regular jail?

MR. HURT: At this point we're more a militaristic style. We're on the military style and we stress discipline most of all; respect for self, respect for others. And at the same time, we have

programs in drugs, education and encourage them to get their GEDs. We work with them on life skills and leisure skills.

MR. JACKSON: Does it work in terms of return? Does it work?

MR. HURT: From our standpoint, we have what we call a 95 percent completion rate of the program.

MR. JACKSON: What about recidivism, those who return?

MR. HURT: At this particular point, the latest statistics say that we have about a 40 percent return rate, as opposed to 53 percent in the regular prisons.

MR. JACKSON: Congressman Barr?

REP. BARR: Yes. Yes, I was just curious if you can get us some information; these are the specific sorts of programs that we're looking at and would like to receive information to see how they are working as you go along, because I think they're very important and can be a valuable asset for us.

MR. JACKSON: Well, one thing is clear, Congressman Barr. If high school dropout is a factor and 80 percent drug use is a factor and then unemployment is a factor in recidivism, we must address high school dropouts, drug use, drug treatment and recidivism.

We'll be right back to continue on this number one critical topic in our country today, our real fears about the pain and agony and experience of crime. We'll be

right back.

(Announcements.)

MR. JACKSON: Welcome back. Attorney Davis, a former chief public defender in Washington, now with the Rainbow Coalition, you say you had a concern about Congressman Barr's idea of money to the local areas.

Q Yeah, I guess I disagree with his interpretation, because he's saying that local governments can do whatever they want with the federal monies that are sent to them. That's not true. In the new Republican version of this crime bill that they're proposing, in fact, local governments are required to keep prisoners in prison for longer periods of time, mandatory sentences, to even get money in the first place.

MR. JACKSON: Congressman Barr, is that true?

REP. BARR: There are two different parts to the crime bill. There are two different funding mechanisms. One block of money goes for prison construction, and that is pegged to keeping people in prison for longer periods of

time than we currently do in Georgia.

And the other portion of the money are the direct grants to law enforcement, and those monies can be used for whatever purpose a local community wants to use them for as long as they are law enforcement, and that includes prevention programs.

MR. JACKSON: Let me ask a question, Sheriff Barrett. In effect, he's saying if local locales pass laws to keep you in jail longer for the same crime, on that basis they get the money. Is that your understanding?

SHERIFF BARRETT: My understanding -- and I don't want us to confuse local with state institutions, which is my understanding of that piece -- is that the Republican version would say that you've got to keep folks at least 85 percent of the time, whereas the Democratic version says that you must have a policy that says they'll serve a substantial portion. So one of the concerns is would more people be able to qualify for the money as it exists now, or are the states going to have to change their laws in order to qualify for the state money?

MR. JACKSON: So it seems that the condition is more time for the crime and more prisons and longer jail sentences.

SHERIFF BARRETT: Exactly. And I guess my concern is I'm not sure the American public yet understands how much it's going to cost us to do all of this.

MR. JACKSON: Well, the crisis continues, and so does our challenge. I want to thank Sheriff Barrett and Congressman Barr --

REP. BARR: Thank you.

MR. JACKSON: -- and especially this wonderful audience on this Talk Back Live set here at CNN Center. Thanks to you for watching this special Both Sides from Atlanta. We'll see you next week from Miami. Can you believe it?

The Super Bowl. Keep hope alive.

END

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CBS "FACE THE NATION"
WITH HOST: BOB SCHIEFFER
JOINED BY GLORIA BORGER
GUEST:
SENATOR ROBERT DOLE (R

-KS), MAJORITY LEADER
SUNDAY, JANUARY 22, 1995

PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS CBS
PROGRAM TO "CBS'S FACE THE NATION."

MR. SCHIEFFER: We start this morning with the "big
bird" in the Senate, the majority leader, Bob Dole of
Kansas. Joining us in the questioning this morning,
Gloria Borger of U.S. News & World Report.

Senator Dole, I cannot recall someone dominating the
news the way Newt Gingrich has been dominating the news.
Now, I know in the beginning when he accepted the \$4

-1/2
million advance, or said he was going to, you said that
that troubled you.

SEN. DOLE: Right.

MR. SCHIEFFER: Then he decided to not accept the
advance and just take a dollar. But what I am wondering
is, with so much attention focused on him, regardless of

whether it's right or wrong, should he set this aside so Congress can get back to work?

SEN. DOLE: Well, I know he's wrestling with it right now. I mean, it -- you know, I probably had the same visit with Murdoch he had, about a 15

-minute visit, probably on the same day. He came by the office, congratulated me, mentioned the NBC thing, and he was out of there. I mean, it happens every day. People just sort of make the rounds. They go to four or five offices. I'd have to believe nothing happened in the meeting with Gingrich. And I thought Newt pretty well addressed the book issue by not taking the advance. And that certainly made it much easier for many of us who had some questions about it. But now the Democrats are piling on, and they're going to continue to pile on, I assume just as we might if things were reversed. But it does take the focus away from the issues, and we need to talk about the ideas and the issues and why we are here, why we won and why we should remain and why we ought to expand our majority.

MR. SCHIEFFER: So you say he is wrestling with putting the whole thing aside?

SEN. DOLE: Well, he must be. I mean, it seems to me he can't avoid it. I mean, you step out, you pick up the paper, you turn on the radio, you watch television -- it's the book deal. And I haven't heard much on the Senate side, I must say, but they say there are some House Republicans who are troubled by it. They're afraid it's going to interfere with the Contract for America and that it's getting in the way of the ideas that brought us here.

Reining in government -- that's the mandate. But maybe it'll go away. And let's see what happens. Maybe he's going to try it another week to see what happens.

MR. SCHIEFFER: But you're saying that perhaps he ought to think about putting it aside, regardless of the rightness or wrongness of it, but for the good of the public concern that --

SEN. DOLE: Well, I must say I don't see a thing wrong with it now. I mean, he's not taking -- he took a dollar, I guess. I thought he had dispelled all the doubts about it as far as I was concerned. And I'd also met with Murdoch, and I know pretty much what the -- what was said. So I don't think there's anything wrong. But he has to make a judgment as the speaker -- not as a member of Congress, but as the speaker -- if this is going to cause his colleagues and his party any problem. And he may have to find some other way to deal with it.

MR. SCHIEFFER: Do you think that the Democrats are out to destroy him, as he says?

SEN. DOLE: Well, as I said before -- and it's been applied to me, too -- you live by the sword and you die by the sword in this town. And I think the Democrats are --

you know, they look back over the past history -- I think they've gone a little far myself. Newt's -- we all make mistakes in politics, we all say things in politics. But I think this piling on may -- in the short term may help the Democrats, but in the long term the American people are going to say, What happened to all the legislation? You may have helped destroy, or at least wounded Newt Gingrich, but nothing else happened. I don't think the American people, whether they like Newt Gingrich or Bob Dole doesn't make any difference. They want us to move forward. And we're not doing it. All the focus is on Newt Gingrich. And on the Senate side the Democrats are filibustering bills they're for, just to hold things up.

MS. BORGER: Senator, just one more quick question. If you were in Newt Gingrich's shoes -- (laughter) -- would you just say, Okay, let's just cut this now and get back to business?

SEN. DOLE: Well, I don't know. I mean, it's -- you know, I'm not privy to anything that happened over there. You know --

MS. BORGER: But what would you do?

SEN. DOLE: Well, I don't know, you know. We had a book contract when I was still in the Senate. We got an advance. I didn't see anything wrong with it. A lot of members write books, including the vice president -- everybody knows. And I think Newt is troubled by this double standard. But I'll let Newt make the judgment. He's capable of deciding what is right, and my view is he's satisfied me. He's already satisfied me, but maybe there's something else he needs to do. Then he ought to do it.

MS. BORGER: Let me just switch subjects then to the Mexico bailout. We're talking about 40 --

SEN. DOLE: I'm not sure about the word "bailout," but --

MS. BORGER: Okay, well, we're talking about \$40 billion in loans, and there is a lot of question about it. You have supported this, but lots of Republicans are against it, as well as Democrats. At this point, do you think that Bill Clinton can pass this bailout?

SEN. DOLE: If he had to send it up tomorrow, the answer would be no. But I don't think we want to send the wrong signal to the markets in Mexico, or anywhere else. It's not -- we're trying to put something together. We're not there yet. We're going back to take another look. Senator Bob Bennett from Utah has sort of been my -- well, my agent in all these different meetings -- had meetings with a lot of people around the country. We think there's a way to do it, to reduce -- what we want to do is make certain there's little, if any, risk to the American taxpayer.

MS. BORGER: So, what -- are there certain conditions, then, you're thinking about placing on this, and what kind of conditions would they be?

SEN. DOLE: Well, collateral. I mean, that's really not a condition. When you get any loan you have collateral.

MS. BORGER: Right.

SEN. DOLE: I think there are some of us feel we ought

to try to get back and peg this back to about 3.5 gradually -- that would be the goal -- pesos to the dollar. And that means we're going to have to put some conditions there. We're going to have to have an accounting, maybe a currency board. But if -- we want to help Mexico, but what we don't want to do is bail out a number of bankers and politicians in Mexico and the United States who may have gotten in trouble when they devalued the peso in the first place, which was a big mistake.

MS. BORGER: Congressman Leach has sent a memo this week, saying that it would be very difficult to pass this agreement for Mexico, if the House Democrats continue their, what he called ad hominem attacks on Gingrich.

SEN. DOLE: Well, I think that's, as I said earlier, you're distracting the focus on the issue. Now, if President Clinton wants to encourage his Democrats to attack Newt Gingrich or anybody else, it's going to slow down legislation. I've said the same thing on the Senate side. I said, Mr. President, the Mexico debate is right behind unfunded mandates. If the Democrats want to filibuster two more weeks, that's fine with me, but you're the President -- they are members of your party. And if you can't give them some guidance, then I can't do much about it.

MS. BORGER: You need to see their votes, right? The Democratic votes?

SEN. DOLE: I want to see -- I want to see somebody stand up over there and say this is something we must do. I'm still with the President. I'm not certain the Democrats are.

MR. SCHIEFFER: Let's talk a little bit about the balanced

-budget amendment, which is coming after unfunded mandates and the Mexico thing. You said yesterday that you now favor a balanced

-budget amendment that would also require three fifths of the House and Senate to approve --

SEN. DOLE: Right.

MR. SCHIEFFER: -- tax raise. My understanding is that there just aren't the votes in the Senate to pass that. Do you think there are?

SEN. DOLE: Right, well, I've always favored that provision, but I don't think there are the votes. I think we may end up with something that Charlie Stenholm, the Democrat from Texas -- you would have to have the majority of those present voting -- a constitutional majority. So it seems to me that we may make the effort on the Senate side, if it passes the House side. A lot of our people feel very strongly about the three fifths. But we've done what we call a "whip check," and we don't have the votes, unless there are a lot of Democrats who would support that provision.

MR. SCHIEFFER: At this point it would appear that with

the three fifths on there it couldn't pass the House either. I mean, is that sort of --

SEN. DOLE: Well, I think we ought to make the effort, and let the American people know we made the effort, because many are fearful that we're not going to cut

spending -- we're going to raise taxes, that would be much easier, with 51 percent. My view is if you can't get that provision we ought to go ahead and still do the balanced-budget amendment without it.

MS. BORGER: There is a lot of talk now among the House Republicans about repealing the ban on assault weapons. Do you think that that would pass in the Senate? And do you think you could override a presidential veto on that?

SEN. DOLE: It would not pass in the Senate. Let's face it, you only need 41 votes in the Senate to stop anything, and there's certainly -- there are probably 51 or 52 votes who voted for assault bans. It would not pass the Senate. Have a long debate -- now, maybe that debate ought to be had, but I'm not certain we want to do it now. We have got a lot of things we need to do. We're looking at telecommunications, Superfund, in addition to all the other areas -- the balanced

-budget amendment. So that may come, but it will come later.

MS. BORGER: So in terms of rewriting the crime bill, repealing this ban on assault weapons is not a high priority for Republicans?

SEN. DOLE: It's a priority with Republicans, but my view is we are going to have the crime bill. We're more interested in illegal immigration, doing some of the things the President reportedly talked about today, getting some of these felons back in their countries who are occupying jails in California -- illegals. We're going to focus on that. And if somebody offers an amendment on the assault weapons, we'll have the debate. But do they have the votes? I'm just saying very honestly the answer is no, they don't have the votes.

MR. SCHIEFFER: I'd like to ask you about a couple of things that there has been a lot of talk over in the House about. And one of them is cutting off benefits to welfare mothers. I don't think I've ever heard you talk about that. Are you in favor of that, of just flat cutting off benefits to welfare mothers under 18 if they don't work?

SEN. DOLE: I don't think it's going to happen. I mean, I've heard Governor Thompson, who is one of the biggest crusaders and outstanding governor -- possible candidate in 1996 -- say that nobody is going to just cut somebody off. You know, somebody still has an obligation. Now, if you can find a job, if you can do every other thing you try to do to find some alternative and you can't find it, somebody has to take care of the child. In this case children -- babies having babies in effect. So I

don't believe we can do that. I wouldn't recommend that.

MS. BORGER: What about --

MR. SCHIEFFER: What about for legal aliens? That's another issue that's going on over in the House right now -- talking about cutting off benefits to legal aliens.

SEN. DOLE: Legal?

MR. SCHIEFFER: Legal aliens.

SEN. DOLE: That's not going to happen.

MR. SCHIEFFER: That's not going to happen?

SEN. DOLE: I mean, maybe there are too many, quote, "legal" immigrants coming in. We can take care of that in other ways. But I'm going to be assured what benefits were being cut off and what effort is being made, again, to find people jobs. But just to say they are legal immigrants, and they are here under our law, then I think we have some obligation. Obviously we want them brought into society, back in the work force. I don't think that will happen either.

MR. SCHIEFFER: And what about minimum wage? Are you going to oppose the President if at the State of the Union message on Tuesday night he says we need to raise the minimum wage?

SEN. DOLE: I think you need to be very careful when you raise the minimum wage, because what happens -- a lot of sort of senior people, middle

-age people in the work force are going to be displaced by college students and by younger people, because you're going to go out and hire the younger people when you raise that minimum wage. I think you do displace the very people who want to make that transition from welfare to work -- are going to be hurt by an increase.

MS. BORGER: Senator, if I could switch quickly to presidential politics, because we have to ask you this question.

SEN. DOLE: Right.

MS. BORGER: Right now you're a pretty popular guy --

SEN. DOLE: (Laughs.) Yeah, really.

MS. BORGER: -- within the Republican Party --

SEN. DOLE: Right.

MS. BORGER: -- and in the country at large. When you're pitted against Democratic candidates, including

this President, you do very well. If you run, and if you get the nomination, would you expect to be running against Bill Clinton?

SEN. DOLE: I think so. My view is that he's resilient. He's -- you know, he's not out of this at all. And I don't know what he is going to say on Tuesday night in his State of the Union message, but my view is he's got -- I don't say a lock on the nomination -- nobody ever has a lock on the nomination -- but I think he's probably on the 30

-yard line, headed for the goal line.

MR. SCHIEFFER: When will you make your formal announcement?

SEN. DOLE: Sometime in April or late March. I mean, we probably made it, but we're going to make it formal.

MR. SCHIEFFER: You're running?

SEN. DOLE: I think so. Last time I checked.

MS. BORGER: Yes? (Laughter.)

MR. SCHIEFFER: Senator Dole, thank you. We'll leave it there.

SEN. DOLE: Thank you.

MR. SCHIEFFER: Appreciate you coming by.

END

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The Federal News Reuter Transcript Service

CNN'S "EVANS & NOVAK"
HOSTS: ROWLAND EVANS AND ROBERT NOVAK
GUEST: HOUSE MAJORITY LEADER DICK ARMEY (R

-TX)
12:30 P.M. (EST)
SATURDAY, JANUARY 21, 1995

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THIS IS A RUSH TRANSCRIPT. -----

MR. EVANS: I'm Rowland Evans. Robert Novak and I will
look at the eruption of partisan warfare in the House of
Representatives by questioning the new House majority leader.

MR. NOVAK: He is Republican Congressman Dick Armey of Texas.

The relative calm of the first weeks of the 104th
Congress ended this week. The House's Republican majority
voted to strike from the record remarks made by
second

-term Congresswoman Carrie Meek of Florida that were
critical of Speaker Newt Gingrich's book deal.

REP. PATRICIA SCHROEDER (D

-CO): (From videotape.) I
am very concerned about how we're going to proceed if we
cannot bring issues to this floor and debate them openly, in the
manner that we have in the past.

REP. JOHN DINGELL (D

-MI): (From videotape.) Members
on this side get the distinct impression that a gag rule
is being imposed.

REP. ROBERT WALKER (R

-PA): (From videotape.) It's
disappointing that what we've had is resorting to
disruptive tactics in order to keep the Contract with
America from coming to the floor.

MR. NOVAK: After two hours of this, the speaker
weighed in the next day with charges that the Democratic
leadership strategy is to destroy Newt Gingrich.

HOUSE SPEAKER NEWT GINGRICH (R

-GA): (From videotape.)

-- a genuine strategy, not looking at issues, not looking
at facts, but having a strategy of personal destruction I
find pretty sobering in America.

MR. NOVAK: Mr. Leader, do you believe there is a Democratic strategy to destroy Newt Gingrich?

REP. ARMEY: Oh, I think they certainly are trying to demonize Newt. The fact of the matter is, what the Democrats want to stop is this book. This is the number three bestseller in America today. And the content of this has an enormous appeal with the American people. They haven't been able to answer it, not through the campaign, not now. And they have focused on Newt. And quite frankly, the attack seems to be just unrelenting. And, yes, I do think that is their strategy because they can't get involved with and wrapped around with a substance in legislation that has an appeal for the American people.

MR. NOVAK: Well, if the Democrats, sir, are trying to achieve or present a distraction from the Contract with America, don't you think that the book contract by the speaker has provided an opening for that distraction?

REP. ARMEY: Well, they've certainly seized it as that. But, you know, the fact of the matter is the speaker has made a perfectly legal and ethical book contract. The Democrats seized this opportunity to feign moral outrage and to make a case out of it. The fact of the matter is, the speaker having participated in this process, shown the American people that we have an affinity for their best hopes and dreams, is now slated to write another book.

And I think the Democrats quite rightly realize that if Newt Gingrich can touch the heartfelt dreams of America in

a subsequent book, as he did with this book, that it is going to be very, very difficult for them. My view is they would do themselves better if they would focus on America and try to get in touch with the best of the aspirations of the American people and bring forward a legislative --

MR. NOVAK: About a week ago, sir, in a telephone conversation that you and I had, I mentioned that Senator Chris Dodd, the new Democratic general chairman, suggested that the speaker should cancel his book contract. And you said to me it might be the best thing to do. Do you no longer feel that way?

REP. ARMEY: No, in fact, when we had that exchange, that was the first I had the question put to me. It is my nature almost always, if somebody says, "Dick, let's go have a cup of coffee," my natural reaction is it might be a good idea. But you prompted me to think this through, and I think to this point the fact is this is not the right thing for the speaker to do.

He has something to say to America. The book can be very important to the American people. It ought to be written. And he's perfectly entitled to have a legitimate contract in the writing of that book. So at this point I'm clear in my own belief that the speaker needs to go forward and write this bill, and we need to get back to our legislative business.

MR. NOVAK: One more brief point. The speaker now has said that he would limit his royalties to the same that Vice President Gore received for his book, about \$800,000. Do you think that's a good idea?

REP. ARMEY: That's a decision the speaker has made. I think this probably is again the speaker's effort to go the long mile, the extra distance, to say, "Let's put an end to this thing. Let's get back to a focus on real public policy issues. I'm tired of being the object of this great debate, and I want to get this thing settled so I can get back to my work without this distraction." It's a decision he made. You know, it is his prerogative to make that decision.

MR. EVANS: Mr. Leader, Speaker Gingrich was talking about revolutionaries and reactionaries on Friday. Let's take a look at what he said.

SPEAKER GINGRICH: (From videotape.) I am a genuine revolutionary. They are the genuine reactionaries. We are going to change their world. They will do anything to stop us. They will use any tool. There is no grotesquery, no distortion, no dishonesty too great for

them to come after us.

MR. EVANS: Mr. Leader, were those words by Newt Gingrich a tirade, or would you call it a carefully calibrated political strategy?

REP. ARMEY: It's hard for me to tell. Newt and I did not discuss the speech before he gave it. But, you know, think about it this way. We are very clearly focused with our attention on a legislative agenda that must be moved quickly. The speaker, who wants to spend his attention on this, is constantly attacked that way.

The fact of the matter is, the Democrat Party, in the House in particular, suffered what for them was a very surprising and bitter disappointment. They haven't handled their disappointment well. They instinctively have understood, "If we're going to recover any of the ground, we've got to stop the contract. And we will be disruptive on the floor. We will do delays on the floor and we will try to get the attention off the legislation in the contract and on to the speaker." And I think the speaker, to a great extent, spoke a -- described a condition that is real.

MR. EVANS: From the heart.

REP. ARMEY: From the heart.

MR. EVANS: Would you have recommended that speech if he'd asked you about it ahead of time, those words?

REP. ARMEY: Oh, I don't know. It's always hard. What's the right words?

MR. EVANS: Yeah.

REP. ARMEY: But the fact is, the speaker does need to clarify the circumstance, and I think he did that.

MR. EVANS: Now, Senator Trent Lott of Mississippi, who's the Senate minority --

MR. NOVAK: Majority.

MR. EVANS: -- majority whip, said two weeks ago, "I don't like referring to us and the Democrats as 'those two sides.' I'd like us to think in terms of a new partnership together. Did what Newt Gingrich say on Friday push that idea ahead or make it impossible?

REP. ARMEY: It's very hard to tell. The Democrats, as I said, have been very much unrelenting. I think there comes a time when you have to call the hand of people who

will not give up an unbiased, unfounded attack. I would like to see the Democrats turn their attention to the legislative agenda and get focused on that. We've got a great many things we can do together, certainly a great many things the president has said that he wanted to do, that we ought to be getting focused on. And I'd like to see us get there, and I know that Newt would like to get there. Newt is, quite frankly, what I would call a happy warrior. He's pretty much after the mode of Hubert Humphrey. He likes to enjoy the process.

MR. EVANS: Now, you mentioned President Clinton. Haley Barbour, the chairman of the Republican National Committee, said the other day that these attacks by the Democrats, on the floor of the House and elsewhere, could only be coming at Newt Gingrich with the express approval, perhaps the strong recommendation, of Bill Clinton. Do you agree with that?

REP. ARMEY: I suspect that is the case. We hear stories about strategy plannings and so forth. But, you know, quite frankly, from my point of view, my own best feeling for the matter is it's time for us to just simply go on. My daddy told me years ago when I was a boy, it's better to be persecuted than ignored. And I think we ought to ignore this and get back to our work.

MR. EVANS: Now, one last question on Newt Gingrich. Newsweek had a poll in the last few days showing that they claim 38 percent of the American people have little or no confidence -- maybe I should add the word "yet" -- in Speaker Gingrich. Do you think he's taking a bit of a chance going into the pit this way, into the trenches with this ferocity, that this may hurt him with the American voters?

REP. ARMEY: Well, it's kind of hard because, first of all, the confidence the American people have shown in Congress as an institution and the House as an institution has really gone up. The speaker has accomplished a great deal. He's brought every member of Congress under the same law as everybody else. America has wanted that. We will soon do something very definitive on unfunded mandates. We can pass a balanced budget amendment. He's doing good work. I think we all need to focus on that work and move on that work and just ignore these kind of tirades that the Democrats keep hurling at the speaker.

MR. NOVAK: Mr. Arme, does the House Republican leadership right now support President Clinton's proposed

\$40 billion bailout of the Mexican financial crisis?

REP. ARMEY: The House Republican leadership, I think, clearly recognizes the need to do something. We have tried to work with the president. He's given us a

bare

-bones bill that is frankly inadequate to the task, particularly with respect to protecting the American taxpayers. We've tried to negotiate with him. But, you know what? Again, what's frustrating to me, when the president and his secretary of the treasury came to us and said, "We've got a real serious problem and we ought to address it in a serious way," we went seriously to the table to work with the president. The president's team in the House went immediately to the floor and started a tirade. And I have to tell you, I don't think our president is being very well served by his party in this instance.

MR. NOVAK: Well, the chairman of the House Banking Committee, Jim Leach, sent a memo to the White House chief of staff, Leon Panetta, which, as I read it, said that "Unless you act more nicely, we won't support this bailout." Isn't there some responsibility, Mr. Arme, for you to take a position on the merits of the bailout and not how nice and polite the Democrats are in dealing with you?

REP. ARMEY: We have taken a position on the merits, but Mr. Leach knows, as I know, that once you define legislation, if you can get it defined, which takes an enormous amount of cooperation which we don't feel that we've got, you've got to get it to the floor and you must pass it. The worst possible thing that could happen would be to bring such important legislation to the floor and fail to pass it. And what Mr. Leach was saying to Mr. Panetta, "We need a greater degree of collegiality in our working environment to pass such a controversial and important piece of legislation."

MR. NOVAK: But as I listen to you, Mr. Arme, I don't think you're for the present substance of it, forgetting about the collegiality. Am I inferring too much from what you say, that you're opposed to the present details of it?

REP. ARMEY: No, I am opposed to the lack of detail with which we received it. I have been wholly supportive of Mr. Leach's efforts and the team's effort to work with the White House, and we've made some progress.

MR. NOVAK: All right --

REP. ARMEY: But we've got to make more progress more quickly, and we've got to put it into an extraordinarily collegial environment if we're going to pass it.

MR. NOVAK: All right, one more point on that. Your amigo, as you call him, Jack Kemp, has said very strongly that you cannot do this unless there is a condition to bring the dollar back to a ratio of one dollar to 3.5 pesos, and therefore alleviate the pressure on the Mexican

people and not give them a huge export advantage. Do you agree with that?

REP. ARMEY: I think that's a very important component and certainly should be a goal that we set in this process.

MR. NOVAK: A condition?

REP. ARMEY: Well, a condition is very -- when you start talking about raising an exchange rate back to an appropriate level or bringing it to it, that's always a difficult thing to achieve. But I think it should be the clearly defined goal that's expressed in the process.

MR. EVANS: Dick Arney, House majority leader, you're in real trouble in your party on the balanced budget amendment because you can't apparently get enough votes to apply a three

-fifths vote for tax increases in the future into this amendment. I want to ask you a very simple question, sir. If you can't get that, will you take a balanced budget amendment without that but that does have three- fifths on spending cuts?

REP. ARMEY: First of all, I believe we can pass a three- fifths on spending cuts in the House.

MR. NOVAK: On tax cuts?

REP. ARMEY: On tax cuts; a balanced budget amendment with a tax limitation of three

-fifths. I believe we can do that, and I'm working for that and I expect to pass that. So if you ask me in the unlikely event, what I consider unlikely event that should happen, will I accept? I will embrace a balanced budget amendment that puts a constraint on Congress, especially in this majority that has written into its rules the three

-fifths requirement for a tax increase vote.

MR. EVANS: So you would take the amendment without the supermajority on raising taxes, if you have to.

REP. ARMEY: If I have to, but I don't expect to have to.

MR. EVANS: And does the speaker agree with you on that?

REP. ARMEY: I think the speaker would agree that the most necessary imperative thing we must do for our children is pass a balanced budget amendment. We want to do it and expect to do it with the three

-fifths tax limitation.

MR. EVANS: But you'll take it without.

REP. ARMEY: You bet, because we've written the tax limitation into our rules and we will not waive those rules.

MR. NOVAK: Representative Arney, your vehicle into history would be the Arney flat tax of 17 percent for all Americans. Can

you enlighten everybody? Is this something we're talking about to be passed by the 104th Congress or to be discussed for the next two years and then debated in the 1996 presidential election? Which is it?

REP. ARMEY: My -- of course, I write what I believe is good public policy, and my hope is to pass it into law as quickly as possible. I believe it is possible to pass the flat tax in this Congress, and I would expect to do that. I want the flat tax, though, to stay in America and out of Washington for another six months while it grows stronger to compete with this very hostile environment it has in Washington. And I think the flat tax can very conceivably be passed into law in this Congress. I expect to make that effort, but I'm not bringing it back to this very dangerous town until it's ready.

MR. NOVAK: Which is when, this next year?

REP. ARMEY: Well, the great thing about the flat tax is America has embraced it with such enthusiasm so quickly. I think it can come to this environment more quickly than I had previously thought.

MR. EVANS: Dick Arme, 20 seconds left before we take a break. National Service Corps, the president thinks it's the cat's pajamas. He's crazy about it; best thing he's done. You're against it. You call it coerced volunteerism. Is there going to be a serious effort to kill that program?

REP. ARMEY: I hope so. We obviously want our committees to work on their product, but I think it's a mistake. I've always thought it was a mistake.

MR. EVANS: Do you have a chance to do that, to repeal that --

REP. ARMEY: Certainly. We have a Republican Congress. We have a whole new chance to do a lot of wonderful things.

MR. EVANS: We've got to take a break. And when we come back after these messages, we'll have the big question for Dick Arme.

(Announcements.)

MR. EVANS: The big question for the House majority leader. Seventy

-three freshmen, Republican freshmen, were elected on November 8th. Most of them, if not all, favor a six

-year term

limit for members of the House. But you and Newt Gingrich, operating from your high pinnacles of power today, want 12 years. Does that mean if you don't get 12 years, if you don't get your freshmen to support you, there will be no term limit amendment?

REP. ARMEY: No, I don't think that necessarily follows. We want 12 years, and we think for very important reasons. But I think our freshmen appreciate the fact they now have a speaker and a majority leader that

are saying, "Bring it to the floor; let's have an open debate and an honest vote," as compared to one that sues his own state over the matter. So I think our freshmen do understand they've got a real genuine, good

-faith effort

here. And we'll step up to the plate. Many people will vote for both versions.

MR. EVANS: But you'll take six if you have to? Will it pass?

REP. ARMEY: I think it's possible it'll pass. It's the toughest vote we have in the contract because it's such a controversial issue.

MR. NOVAK: But it may lose.

REP. ARMEY: Sure. I mean, everything could lose. Our job is to do all the work we can to make it pass.

MR. EVANS: Which would pass easier, 12 years or six years?

REP. ARMEY: I think 12 would pass more easily because it puts the House on a parity with the Senate, and the House has a certain sense of pride about that. We think we do good work in the House and we think that work ought to be recognized to the same degree that the Senate's work is recognized.

MR. NOVAK: Representative Arme, have you endorsed your fellow Texan, Senator Phil Gramm, in his candidacy for president?

REP. ARMEY: It's been my practice since I've been involved in politics, just a little over 10 years, to not endorse in a primary that pits one Republican against the other. I spend very little time on politics, and I like to spend that on Democrats.

MR. NOVAK: I'm going to talk about another friend of yours, Newt Gingrich, who has never said no to running for president. Do you think he should say no, considering all that's on his plate as it is?

REP. ARMEY: I think that's -- every man makes that

decision. I know Newt has a solid commitment to the work of the House. He knows the importance of the first House majority in 40 years. To my -- all conversations I've had with Newt have been focused on "How do we get our job done; let's get the contract done. What can we do beyond that?" And I think Newt clearly has right now made that commitment to that work. I have not heard him raise the point about Newt as president. Others raise the point. I think he's pretty well ignored it.

MR. NOVAK: Thank you very much, Dick Arme.

My partner and I will be back with some comments after these messages.

(Announcements.)

MR. EVANS: Well, Bob, the leader changed his mind on Newt Gingrich's book. He's given him a free pass. He was saying earlier that he thought maybe he should forget the

whole thing. And that's the way it is. Newt Gingrich is going to write his book and let the Democrats scream. That's the last line.

MR. NOVAK: I'm still not entirely certain, Rowly, where the Republicans are on the Mexican bailout. They say they want to negotiate, but they say there has to be a more collegial atmosphere. Most interesting, I think, was that Dick Armey said getting the peso back to a 3.5 dollar ratio was his goal. That's something the Clinton administration is absolutely against.

MR. EVANS: You got, too, that I felt he was much less partisan about the Democrats than the speaker has been. He counseled the speaker to us; he said, "Look, let's let them make the tirades. We're going to do the work that we promised the people to do before November 8th."

MR. NOVAK: The flat tax of Dick Armey, he says that the people around the country like it; the people in Washington don't. He's got to get the public opinion around the country to bear on this city before it can be passed. But he says it might happen in this Congress.

I'm Robert Novak.

MR. EVANS: I'm Rowland Evans. Join us next week when our guest will be California Republican Governor Pete Wilson.

END

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Lawrence J. Sampas (SAMPAS_L) (WHO)

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The Federal News Reuter Transcript Service

FOX "MORNING NEWS" INTERVIEW WITH:
SENATOR ROBERT DOLE (R

-KS)

7:32 A.M. EST
WEDNESDAY, JANUARY 25, 1995

TRANSCRIPT BY: FEDERAL NEWS SERVICE
620 NATIONAL PRESS BUILDING
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THIS IS A RUSH TRANSCRIPT. -----

BRIAN WILSON: Lark has another view on the State of

the Union last night.

LARK MCCARTHY: We're going to go from the White House to Capitol Hill. Standing by is Senator Majority Leader Bob Dole.

Good morning, Senator.

SEN. DOLE: Good morning. How are you doing?

MS. MCCARTHY: Just fine. Let's begin with one area where a battle clearly is joined -- this question of the minimum wage. Should it be a living wage?

SEN. DOLE: Well, it seems to me, we've got to study it very carefully. I voted for increases in minimum wages in the past. But there's always been that argument that we're costing jobs of the very people who are trying to make the transition from welfare to work.

And I know Secretary Reich cites a study, but the study

was done in the Labor Department -- so, it's not very objective. So, we'll have hearings on it. We'll take a good look at it. I don't think anybody's foreclosed that possibility, but we want to make certain, if there is an increase, that it not interfere, not cause a loss of jobs. Right now, I don't think they have the votes to raise the minimum wage, nor do they have the votes, in effect, to do the Mexico deal that we just heard Secretary Rubin talk about.

MS. MCCARTHY: Let's talk about your overall reaction to the speech, because it was sort of the new covenant meets the Contract with America. What's your reaction?

SEN. DOLE: Well, my first reaction was, it was sort of back and forth. I mean, the president landed a few punches on Republicans, then he would talk to the liberals on the other side. He was speaking to two different audiences. He would throw us a little raw meat, and then he'd throw them a little raw meat. And he had a lot of it, because the speech lasted for an hour and 20 minutes. I think I stayed for all of it. I'm not certain.

MS. MCCARTHY: All right. Let's talk about some of the things. He threw down the gauntlet, once again, on lobbying and the gifts. He says, "Okay. Don't wait for legislation. Just stop the business as usual. Stop taking the trips, the gifts." Is that going to happen? Will you be --

SEN. DOLE: That was a cheap shot. He's still collecting money from lobbyist for his defense fund. Is he going to stop taking money from lobbyists for his defense fund? I mean, and all the people who have been in trouble in this administration because of their dealings with lobbyists. I mean, I thought that was probably the worst -- the low point in his speech. I mean, he knows that the American people are concerned about this. But let's face it, Mr. President, have you seen a lobbyist lately? You probably have.

MS. MCCARTHY: All right. What were the high points, in your view -- because you're not a big fan of some of

the aspects of the Contract with America, and you've been widely portrayed as the man who is pouring cold water on getting all of this ambitious agenda done.

SEN. DOLE: Well, not all of it. But I think some -- we have to be realistic. I think -- the president talked about unfunded mandates, which could have been a highlight. I wish he'd have pushed the Democrats a bit more. We've been on that bill for ten days, and the Senate should have passed it a week ago. We have sort of gridlock, because people are filibustering a measure that

Democrats support. I've never known that to happen.

But, I think, probably, the highlight was talking about the strength of our country. And, you know, overall, I mean, the president gives a good speech. He's good at it. He likes to do it. I do think it was a bit unfocused. But he'll get good grades on it. But the proof is always in the follow through. What happens next? Is the president going to deliver? Is he going to work with the Republican Congress? And you know, it'll take three or four months to determine the net result.

MS. MCCARTHY: Yes. Yes, one of the early polls had some very interesting results that showed that, you know, people were saying -- when asked, "Should the Republicans be taking the lead here?" And they said, "Yes." But when asked about specifics of the Clinton ideas, like minimum wage, overwhelming, they supported a lot of the specifics. So, what kind of tension is that going to set up, this year, for what happens here in Washington?

SEN. DOLE: Well, you put the president of the United States on prime time television -- I wish Christy Whitman could have had prime time -- but put him on television for an hour and 25 minutes, it's going to have an impact across the country. I think what he must be concerned about, will it last. Will it last a week, two weeks, 30 days, two months -- because you're going to run into reality here very quickly. He must deal with the Republican Congress. He's opposed to the balanced budget amendment. He didn't talk about -- really, about cutting spending. He talked in general terms about cutting spending. And he did, you know, he was president when we passed the biggest tax increase in the history of the world, I guess.

So, overall, I think he's got a lot of work to do. We've got a lot of work to do. We want to work together where we can. In other areas, we'll just have to battle it out. That's the way it's always been.

MS. MCCARTHY: Yes. Assault weapons ban? Will there be a serious -- any serious movement in the Senate on that --

SEN. DOLE: Pardon?

MS. MCCARTHY: -- to try to repeal it or somehow weaken it? The assault weapons ban?

SEN. DOLE: The assault weapon ban, I think, you know, you look at the Senate -- it only takes 41 votes to block something. And my view is, there are more than 41 votes

to block any -- if anybody made the effort to repeal the assault weapon ban. I mean, that's a fact. That's just the way it is -- whether some agree or not is not really the issue.

And I think the president knew that. I think he thought that was another free throw that he -- you know, a free shot he could make, because there's very little doubt that you're going to have enough senators -- even if it were offered -- to shut off debate. It only takes 41 to stop anything in the Senate.

MS. MCCARTHY: All right. Thank you so much, Kansas Senator Bob Dole, the Senate Majority Leader.

SEN. DOLE: Thank you.

MS. MCCARTHY: We appreciate it.

END

The Federal News Reuter Transcript Service

NBC "TODAY" INTERVIEW WITH:
SENATE MAJORITY LEADER ROBERT DOLE (R

-KS)

NEW JERSEY GOVERNOR CHRISTINE TODD WHITMAN (R)

7:47 A.M. (EST)
WEDNESDAY, JANUARY 25, 1995

TRANSCRIPT BY: FEDERAL NEWS SERVICE
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THIS IS A RUSH TRANSCRIPT. -----

KATIE COURIC: Since they soundly defeated Democrats

for control of both houses of Congress, Republicans have been setting the agenda in Washington. But last night, in the second State of the Union address of his term, President Clinton regained the attention of both the nation and the Republican

-controlled Congress.

For a GOP response we turn to Senate Majority Leader Bob Dole, who this morning is in the Senate radio and TV gallery in Washington, and New Jersey Governor Christine Todd Whitman, who delivered the Republican response last night. She's in the library of the governor's mansion in Princeton.

Good morning to both of you.

GOV. WHITMAN: Good morning.

SEN. DOLE: Good morning.

MS. COURIC: Senator Dole, let me start with you. How do you think the president did last night?

SEN. DOLE: I think he did pretty well. I was seated next to Strom Thurmond, though, and he said it was the longest speech he'd ever heard, and he was here when George Washington was here.

MS. COURIC: (Laughs.) I'm sure he'll appreciate that, Senator. (Laughs.)

SEN. DOLE: But I want to congratulate Christie Whitman. She did a great job.

GOV. WHITMAN: Thank you, Senator.

MS. COURIC: But in the meantime, you thought -- you said he did pretty well?

SEN. DOLE: I'd give the president a B, but I think there were about three different speeches -- one to the liberals, one to the moderates or conservatives, then one to the independents. I think he gave three different political speeches. A lot of it we can agree with; some of it we must disagree with. But I think overall it was a good speech. It was too long. It's hard to keep people's attention. But he touched every base, I think, in the world.

MS. COURIC: What did you disagree with the most that he said?

SEN. DOLE: Well, I take issue first with the lobbying and the gift ban. You know, we're going to work on that. We're going to get that done. But when we have lobbyists contributing to the president's legal defense fund, I

think he'd be a little careful about bringing that up, though he knows it's popular with the American people.

Minimum wage -- I've supported minimum wage increases in the past, not all of them. But I think we need to look very closely because we don't want to cause a loss of jobs. But I think -- overall

I think the governor made the point last night in Trenton that this is the president who increased spending and who gave us the biggest tax increase in the world and who opposes the balanced budget amendment. It was a good opportunity for President Clinton to embrace the balanced

budget amendment. I think he'd have made a lot of friends across the country instead of trying to scare people saying, "Well, we don't want to impact Social Security."

But overall, you know, it's the president's night, whether he's a Democrat or a Republican, he or she's a Democrat or Republican. And they are at liberty to do everything they can. They have a big impact for a while. It's an hour

-and

-20

-minute speech. He got good marks from the American people. But now the hard part comes, working with a new Congress. And we ought to work together where we can. But we'll have our differences.

MS. COURIC: When it comes to the balanced budget amendment -- and Governor Whitman, I'll get to you in just a second -- do you think Social Security should be untouchable, as the president said?

SEN. DOLE: Well, I think that's a scare tactic. What he looked at was the LA Times poll. Where they asked if you're going to affect Social Security, the support goes down. If we don't deal with this budget of ours, Social Security is going to be threatened in any event. My view is we don't have to worry about Social Security. We need to worry about spending and fewer taxes, giving money and power back to the people, as outlined in the Tenth Amendment and as outlined in Governor Whitman's State of the State address just last week.

MS. COURIC: Governor Whitman, you said last night that President Clinton imposed the biggest tax increase in American history. But Democrats say that allowing for inflation, the 1982 tax increase signed by Ronald Reagan was 24 percent higher than that of Bill Clinton. So isn't this just partisan name

-calling once again?

GOV. WHITMAN: Not at all. I believe that if you look at it as far as the people are concerned, what they saw in their pocketbook was, after President Clinton's tax increase, that that was the largest tax increase. But more importantly, he'd been elected saying there wasn't going to be a tax increase; in fact, there'd be a tax cut.

And then he immediately went and raised taxes. That's where he lost a lot of the goodwill and support that he had of the American people coming into office.

MS. COURIC: You told the president to cut taxes and cut spending, but your critics say your tax cuts favor the wealthy rather than the middle class and that you haven't really made the hard cuts necessary to balance the budget in your state. What's your response to that?

GOV. WHITMAN: Well, there are two things I love about that. First of all, the 30 percent tax cut is for those families earning up to \$80,000 in income and individuals earning up to 40 & 1/2 thousand dollars & 3/4. It goes down after that. We're only at about 13 and 9 percent for the next two income brackets. So that's hardly the wealthy. The tax cut is aimed at the middle

-income taxpayer, those earning up to 40 & 1/2 thousand dollars & 3/4 or \$80,000 for a family. And so that's really where it goes. And it's creating jobs. That's the most important thing. That's what we're aiming at, and it's working. So I'm very proud of it, and it is something that goes right to middle income.

MS. COURIC: How do you feel about raising the minimum wage?

GOV. WHITMAN: Well, we in New Jersey already have a minimum wage that's above the national. We're at \$5.05. I think that any further increase in the minimum wage is just something that needs to be looked at very carefully, to look at all across the country, to strike a reasonable wage. Obviously if you -- in this state, if you were to try to live at the national minimum wage, you couldn't do it. It's not a subsistence wage.

MS. COURIC: All right. Christine Todd Whitman, governor of New Jersey, Senator Bob Dole, thank you both for talking with us this morning. We appreciate it.

SEN. DOLE: Thank you.

END

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Theo Lubke (LUBKE_T) (OPD)

CREATION DATE/TIME:26-JAN-1995 14:19:23.33

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Date: 01/26/95 Time: 13:48

House Advances Toward Decision on Balanced Budget Amendment
WASHINGTON (AP) With Democrats leading the opposition, the House tentatively refused today to back a balanced budget amendment contained in the Republican ``Contract With America."

The vote was 253-173, well short of what supporters had hoped for, on a proposal that would prohibit deficit spending and also require a three-fifths majority of Congress to raise taxes.

The proposal was supported by 220 Republicans and 33 Democrats. Voting against were 164 Democrats, eight Republicans and one independent.

The Republican majority then began to methodically defeat four variations of the amendment proposed by Democrats in preparation for a vote on a compromise plan without the tax provision. The measure receiving the most votes goes before the House again for final passage. The first Democratic proposal, that would have waived the balanced budget requirement when the unemployment rate is higher than 4 percent, was defeated 363-64.

As a constitutional amendment, the bill that is finally accepted must receive a two-thirds majority to pass.

``We'll certainly continue this fight," said Rep. Joe Barton, R-Texas, a chief sponsor of the tax limitation bill. He said the GOP leadership had done ``everything they can" to back his legislation, and blamed Democrats for the disappointing vote count.

``The problem's not on the Republican side." They need to convince ``conservative, moderate" Democrats to listen to their constituents back home that tax limitation is the best way to balance the budget, he said.

Rep. Charles Stenholm, D-Texas, co-sponsor of the compromise plan without the tax provision, said he was confident he had the 254 votes needed to beat out the Barton proposal.

Stenholm said he had the needed Democratic support for passage

and that the GOP leadership was asking Republican freshmen, who were almost unanimous in their support of Barton, not to squelch chances for a balanced budget amendment by withholding their votes for Stenholm.

With a long day of debate ahead of them, lawmakers clashed over the importance of the proposal for a so-called "super-majority" to raise taxes.

The super-majority is crucial, said freshman Republican Randy Tate of Washington, because "the American people work hard for their money. We need to make it hard for government to take more of it. This amendment will do what the people have asked for."

But Rep. Melvin Watt, D-N.C., said the proposal was "counter-democratic, it is counter-equal protection, it is counter-majority rule and I encourage my colleagues to get real and defend the constitution rather than amend the constitution."

The two sides agreed that an amendment requiring a balanced budget by 2002 will have profound effects on the relationship between American citizens and their government.

"It's the most important vote you will cast in your career in Congress," said Rep. Gerald Solomon, R-N.Y.

House Speaker Newt Gingrich, R-Ga., said lawmakers had a clear choice. "Are we simply going to pile up debt in peacetime and give to our grandchildren a mountain of debt and an impoverished nation?"

President Clinton, in his State of the Union address Tuesday night, said Congress has an obligation to explain who would be hurt by massive spending cuts needed to balance the budget without higher taxes.

Minority Whip David Bonior, D-Mich., hammered away at that theme Wednesday. "You don't want to come clean with the American people because you don't want them to know the truth," he told Republicans. "The truth is you are going to slash Social Security; you are going to slash Medicare; you are going to slash veterans' benefits; you are going to pick the pockets of our seniors."

Social Security was at the heart of the debate Wednesday, with Democrats reluctantly accepting a non-binding resolution that directs Congress to leave the Social Security trust fund alone when it wrestles with the balanced budget issue.

The resolution passed 412-18, but Democrats complained that without binding legislation, Congress will be tempted to dip into the current Social Security fund surplus to balance the budget.

"It has all the force of a campaign promise," said Rep. Bob Wise, D-W.Va. With the resolution, he said, Republicans "hope to get off the hook."

Several versions of the amendment being offered by Democrats would exempt Social Security from balanced budget calculations.

An amendment to the Constitution must be approved by two-thirds majorities in both chambers and ratified by three-fourths of the states.

With their majorities in both houses of Congress, Republicans expressed optimism they would finally prevail in a struggle that has been waged unsuccessfully in the House and Senate since 1982.

But in the Senate, Majority Leader Bob Dole, R-Kan., has made clear that he doesn't have the votes to pass any bill that contains

the three-fifths majority requirement for tax increases.

Congress has not passed a balanced budget since 1969, and it is estimated that a total of \$1.2 trillion beyond current budget projections will need to be slashed to reach a balanced budget by 2002. The national debt has reached \$4.7 trillion, including an estimated \$176 billion deficit for the current fiscal year.

APNP-01-26-95 1349EST

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Theo Lubke (LUBKE_T) (OPD)

CREATION DATE/TIME:26-JAN-1995 12:18:19.53

SUBJECT: WASHINGTON (AP) WITH DEMOCRATS LEADING THE ...

TO: Elgie Holstein (HOLSTEIN_E) (OPD)

READ:26-JAN-1995 16:40:23.58

TO: Gene B. Sperling (SPERLING_G) Autoforward to: Paul A. Deegan (DEEGAN_P)
(PDONE)

READ:26-JAN-1995 12:25:16.58

TO: Sheryll D. Cashin (CASHIN_S) (OPD)

READ:26-JAN-1995 12:19:34.06

TEXT:

Date: 01/26/95 Time: 11:55

WASHINGTON (AP) With Democrats leading the opposition, the
WASHINGTON (AP) With Democrats leading the opposition, the
House tentatively refused today to back a balanced budget amendment
contained in the Republican ``Contract With America."

The vote was 253-173 on a proposal that would prohibit deficit
spending, and also require a three-fifths majority of Congress to
raise taxes.

A two-thirds majority is required for passage of a
Constitutional amendment.

Republican leaders were expected to call for a vote later in the
day on a measure stripped of the tax provision, and a second
attempt to approve the tax limitation measure was also possible.

MORE

APNP-01-26-95 1157EST

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Lawrence J. Sampas (SAMPAS_L) (WHO)

CREATION DATE/TIME:26-JAN-1995 09:16:40.00

SUBJECT: Fox MN w/Barbour 1/26

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TO: Jill M. Blickstein (BLICKSTEIN_J) (OMB)

READ:26-JAN-1995 09:17:05.45

TO: Robert O. Boorstin (BOORSTIN_R) (WHO)

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TO: Elizabeth C. Bowyer (BOWYER_E) (WHO)

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TO: Lisa M. Caputo (CAPUTO_L) (WHO)

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TO: Steven A. Cohen (COHEN_SA) (WHO)

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TO: Carolyn Curiel (CURIEL_C) (WHO)

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TO: Rahm Emanuel (EMANUEL_R) (WHO)

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TO: Karen Finney (FINNEY_K) (WHO)

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TO: Jeremy M. Gaines READ:NOT READ	(GAINES_J) (WHO)
TO: Mark Gearan READ:NOT READ	(GEARAN_M) (WHO)
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TO: Ernest D. Gipple READ:NOT READ	(GIBBLE_E) (WHO)
TO: Jonathan P. Gill READ:NOT READ	(GILL J) (WHO)
TO: Kukis, Heidi READ:NOT READ	(Heidi Kukis@EOP_OVP@CCGATE@EOPMRX)
TO: Arthur L. Jones READ:NOT READ	(JONES_A) (WHO)
TO: Cerrell, Joseph W. READ:NOT READ	(Joseph W. Cerrell@EOP_OVP@CCGATE@EOPMRX)
TO: Payne, Julia M. READ:NOT READ	(Julia M. Payne@EOP_OVP@CCGATE@EOPMRX)
TO: G. N. Lattimore READ:NOT READ	(LATTIMORE_G) (WHO)
TO: David Leavy READ:NOT READ	(LEAVY_D) (WHO)
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TO: Margaret J. Myers READ:NOT READ	(MYERS_M) (WHO)

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TO: Lawrence J. Sampas (SAMPAS_L) (WHO)
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TO: George Stephanopoulos (STEPHANOPO_G) (WHO)
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TO: Alan J. Stone (STONE_A) (WHO)
READ:NOT READ

TO: Richard Strauss (STRAUSS_R) (WHO)
READ:NOT READ

TO: Aman, Sally J (Sally J. Aman@EOP_OVP@CCGATE@EOPMRX)
READ:NOT READ

TO: Virginia M. Terzano (TERZANO_V) (WHO)
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TO: Marshall Jr., Thurgood (Thurgood Marshall Jr.@EOP_OVP@CCGATE@EOPMRX)
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TO: Lorraine A. Voles (VOLES_L) Autoforward to: Remote Addressee (Lorraine A.
Voles@EOP_OVP@CCGATE@EOPMRX (WHO)
READ:NOT READ

TO: Michael Waldman (WALDMAN_M) (OPD)
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TEXT:
PRINTER FONT 12_POINT_COURIER
FOX "MORNING NEWS" INTERVIEW WITH:
HALEY BARBOUR, REPUBLICAN NATIONAL COMMITTEE CHAIRMAN
7:11 A.M. EST
THURSDAY, JANUARY 26, 1995

TRANSCRIPT BY: FEDERAL NEWS SERVICE
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THIS IS A RUSH TRANSCRIPT. -----

LARK MCCARTHY: President Clinton calls for bipartisan
cooperation on Capitol Hill, but some lawmakers aren't
getting the message. Representative Robert Dornan let
loose with a blistering attack on President Clinton,
saying Mr. Clinton gave aid and comfort to the enemy during

the Vietnam War. Democrats demanded an apology. Dornan refused. His words were stricken from the record.

Joining us now with his perspective on the combative Congress and a look at GOP strategies is Haley Barbour. He's chairman of the Republican National Committee, and he's joining us now from RNC headquarters.

Good morning, Haley.

MR. BARBOUR: Hey, Lark. Good morning.

MS. MCCARTHY: Good morning. Lets to talk about. Let's start, though, with what happened yesterday there on the House floor -- had a Republican member delivering a personal attack. Did he owe Mr. Clinton an apology?

MR. BARBOUR: Well, the remarks were stricken. You know, the other day when Carrie Meeks (sic) really

assassinated the character of Newt Gingrich, impugned his motives, and said, who do you work for the people or some book publisher, the parliamentarian -- who by the way is a Democratic appointee, been there 31 years -- said that should be stricken from the records, because the rules of the House are such that you don't attack people personally. And so, they ruled that it should be stricken, and that's the way it should have been.

MS. MCCARTHY: All right. But as the party leader, though, what's your message to members? Do you want them to stay on policy issues, or are you saying, if you're attacked, go on the attack?

MR. BARBOUR: No, I think the best thing for the Republicans is to stay on issues. That's what we tried to do last year. Nineteen- ninety

-four was the most
nationalized, issue

-oriented campaign of my lifetime -- particularly in the midterm election. And one reason we Republican -- or the main reason we Republicans were successful is that we offered people an alternative. And it was the Republican Contract with America and the other things that were very similar to that that our candidates ran on. And what we need to focus on is keeping our word, staying hard at work on things like changing the way Congress does business -- which we've made a good start on, balanced budget amendment, genuine welfare reform, eliminating the deficit by cutting spending.

MS. MCCARTHY: All right. Let's talk about one of the big issues today -- and that is the debate over the balanced budget amendment. You talked about keeping your word. Are worried that Republicans may torpedo the balanced budget amendment?

MR. BARBOUR: Well, the balanced budget amendment comes up for a vote in the House, and it is crucially important to what we're doing. Eighty percent of the American people are for a balanced budget amendment, according to an

ABC

-Washington Post poll. And we are determined to pass a balanced budget amendment.

Many Republicans, including me -- most Republicans would like that balanced budget amendment to have a three

-fifths super majority requirement in order to raise taxes. We may not be able to pass that, because we may not be able to get enough Democrat votes for it. We're going to push hard for it. We're going to try to.

But I'll tell you, Lark, we will not let pursuit of the perfect be the enemy of the good. If we can only pass a simple balanced budget amendment, the American people want that done. Personally, I'd like to see tax limitation. I'd like to see spending limitation and unfunded mandates

really be in a balanced budget amendment -- unfunded mandates protection. But we can't get 290 votes for that.

And what we have to pass is we must have at least 60 Democratic votes. We have to pass something that can win enough Democratic votes. And, sometimes, you have to take a little bit less than you want.

MS. MCCARTHY: Yes. I mean, yes, you do need Democratic votes, but you also need every Republican vote.

And you have some moderates who are saying that they're not going to vote for that three

-fifths. And some freshman are saying, they only want it with that three

-fifths in there. And the story in the Washington Times today saying that Mr. Gingrich is personally going around trying to lobby the freshman to say -- as you're saying this morning -- don't let the perfect be the enemy of the good. How many Republican votes do you have today?

MR. BARBOUR: I think you will lose virtually no Republicans on the three

-fifths super majority. You know, you won't get 230, but you will get very, very, very close to that. And if we cannot get enough Democrat votes to pass the Barton amendment with the three

-fifths majority, and we see that we cannot get enough, I think, in the end, you will get virtually every Republican to vote for the simple Schaefer

-Stenholm version.

MS. MCCARTHY: Are you going to punish the ones who don't?

MR. BARBOUR: No. There's no reason to punish anybody

here. All of these people are trying to do what the American people voted for. The problem is that a constitutional amendment, as you know, takes a two

-thirds

vote. If every single Republican votes for any constitutional amendment, it still doesn't pass unless we get at least 60 Democrats in the House and at least 14 Democrats in the Senate. So, you have to say to the American people, "We're going to get the absolute strongest we can get," but we're determined to give you the balanced budget amendment that, frankly, Americans have wanted for 30 years, Lark.

MS. MCCARTHY: All right. Just quickly, Haley -- I want to follow up on something from the State of the Union Address. Mr. Clinton, you know, said to Congress, "Don't wait until you pass a law, just stop accepting those gifts." Bob Dole, yesterday, on this program, you know, said, "That was a cheap shot, because Mr. Clinton was taking money from lobbyists for his defense fund." So, yesterday, you know, the White House said, "Okay. No more lobbyist money." What's the GOP going to do?

MR. BARBOUR: Well, it's a real thing here about the president's defense fund and the general propriety of that

at all. I mean, should the president take corporate gifts for it? Should he take gifts from people that have regulatory problems with the government. You know, one of the reasons I try to stay focused on issues, Lark, is I don't want to impugn President Clinton's integrity or anybody's integrity. The fact of the matter is, what the people elected us for is to pass -- to keep our word, to give them smaller government, lower taxes, less spending, fewer regulations, genuine welfare reform, tougher criminal justice system. And that's what we ought to be talking about, instead of some of the things that President Clinton, frankly, brought up in his speech the other night.

MS. MCCARTHY: Okay. But are you saying that the lobbying issue is simply not a big issue for the Republicans right now?

MR. BARBOUR: Well, I don't think it makes a hill of beans to the American people, if we keep our word and do what we said we're going to do.

MS. MCCARTHY: All right. Thank you so much, Haley Barbour. He's the chairman of the Republican National Committee, joining us from his headquarters this morning. We appreciate it.

END

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Lawrence J. Sampas (SAMPAS_L) (WHO)

CREATION DATE/TIME:28-JAN-1995 09:20:00.43

SUBJECT: CNN's NSAT w/Bonior, McCollum 1/28

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The Federal News Reuter Transcript Service

CNN'S "NEWSMAKER SATURDAY"
HOST: CHARLES BIERBAUER
GUESTS:
REP. DAVID BONIOR (D

-MI)
REP. BILL MCCOLLUM (R

-FL)
TO BE AIRED AT 1:30 P.M. (EST)
SATURDAY, JANUARY 28, 1995

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THIS IS A RUSH TRANSCRIPT. -----

MR. BIERBAUER: Congressman Bill McCollum, do
Republicans see President Clinton's State of the Union
message as an offer to cooperate or a challenge?

REP. MCCOLLUM: Well, we see it that he was trying to
be, as often he is, all things to all people. And really,
quite frankly, at times he offered some conciliatory words
and sometimes some challenging words. The bottom line is
he didn't say anything new and he wasn't very challenging.

MR. BIERBAUER: Congressman David Bonior, what is
President Clinton really willing to fight for?

REP. BONIOR: Well, he's going to fight for working
middle- class families, for their jobs, for their incomes,
for their kids' education. And he's going to draw the
line on Social Security.

MR. BIERBAUER: This debate is over the battle lines
between the White House and Congress.

ANNOUNCER: From Washington, this is Newsmaker Saturday
with Charles Bierbauer.

MR. BIERBAUER: Thanks for joining us. There's little
dispute the president's speech was long, but was it
straight? One Republican congressman called it a great
marching speech; it went left, right, left, right. We'll
try to assess where the two branches of government may
march in lockstep and where they may tread on each other
with Congressman David Bonior of Michigan -- he's the
Democrats' minority whip in the House -- and with
Congressman Bill McCollum, a Florida Republican who serves
on the banking and judiciary committees.

But first, Newsmaker's April Oliver sketches those
potential battle lines.

(Videotaped report.)

MS. OLIVER: In a State of the Union speech hailed as
bipartisan but too long, President Clinton drew three
distinct lines in the sand: on assault weapons, Medicare
and national service.

PRESIDENT CLINTON: But a lot of people laid down their
seats in Congress so that police officers and kids
wouldn't have to lay down their lives under a hail of
assault weapon attack, and I will not let that be
repealed.

I will oppose any attempts to pay for tax cuts with Medicare cuts. That's not the right thing to do.

This is citizenship at its best. It's good for the Americorps members, but it's good for the rest of us too. It's the essence of the new covenant, and we shouldn't stop it.

MICHAEL BESCHLOSS (PRESIDENTIAL HISTORIAN): In a way, this was the flip side of 1994. That speech he was absolutely definitive. "I'll veto a health care bill I don't want." And this year was a speech that was so

ambiguous that it'll be very hard for anyone to say that what Bill Clinton set out in his State of the Union, he did not get.

MS. OLIVER: Instant polls suggested that the public liked the speech, but whose speech was it?

MR. BESCHLOSS: This speech in a way was a very large capitulation to the Republicans.

STEPHEN HESS (BROOKINGS INSTITUTION): He's trying to position himself, and presumably the Democratic Party, more toward the middle; that is, more toward the right, which happens to be the direction the Republicans are in.

MS. OLIVER: Promises of cooperation came immediately from across the aisle.

HOUSE SPEAKER NEWT GINGRICH: Every single policy proposal will be looked at. A number of them we support.

MS. OLIVER: But this Congress is already seething in animosity across party lines.

REP. ROBERT DORNAN (R

-CA): But I was offended by Clinton's speech last night on 15 points.

MS. OLIVER: Will Clinton fight to the end over those three lines in the sand?

MR. BESCHLOSS: Bill Clinton can do what Harry Truman did in 1947 and what Gerald Ford did in 1975, and that is, after suffering a big congressional defeat, make his name by veto. Exercising the veto would give the impression of strength and the impression of standing up for certain issues.

MR. HESS: The veto is a very strong tool. And when he starts to veto things, I think it'll be very clear at least what he's against.

MS. OLIVER: President Clinton's lines in the sand may seem few and faintly drawn, but as congressional debate intensifies and the 1996 presidential campaign heats up, President Clinton may pull that veto pen out of his pocket to make those lines harder to cross.

For CNN Newsmaker Saturday, I'm April Oliver in Washington.

(End of videotaped report.)

MR. BIERBAUER: Congressman McCollum, let's take it line by line, and let's start with the crime bill, one

that's already a contentious issue. You chair the subcommittee on crime. And the question seems to be, are you going to go after those assault weapons that were stripped -- or rather to strip them out of the crime bill?

REP. MCCOLLUM: Not as part of the Contract with America. We're going to produce legislation very soon on the floor of the House that's going to end the endless appeals of death row inmates, change the rules of evidence on search and seizure, beef up our prison systems, do something about criminal aliens, and merge the cops

-on

-the

-streets program

and the prevention programs into a local community block grant program. Now, in May, later on, yes, we're going to go back and address that assault weapon question.

MR. BIERBAUER: Why?

REP. MCCOLLUM: Well, we're going to address it because a lot of our members want to. And I think, frankly, that it was something that the majority are going to say, "We don't want to see that." The answer to violent crime in America is not taking guns off the streets but taking the criminals that commit these crimes off the streets. Our judgment is you can never take enough guns off the streets to make a real difference, and instead you're going to simply always have an argument over whether you're invading Second Amendment rights of somebody who wants to bear a particular arm.

MR. BIERBAUER: I'm hearing, Congressman, that the Republican leadership is not absolutely united on going after this gun question. Is there some hesitancy?

REP. MCCOLLUM: There's no hesitancy on the leadership's part. In fact, I had a meeting this past week with our leadership, who very clearly directed us to proceed with this in May; not part of the contract, but after the fact. We're also going to proceed with other matters that relate to violence in America, and I think you'll see us conduct a number of hearings before we produce any piece of legislation directed in this area.

MR. BIERBAUER: Congressman Bonior, we heard the president say that that's an issue, gun control is an issue, that he's going to be adamant about. And yet there are, what, a couple of dozen Democrats who've already asked him to reconsider?

REP. BONIOR: That's right. There's been about 24 who have asked him to reconsider, but I think the vast majority of the Democratic caucus believes firmly that this carnage on our streets is a serious problem in America and we've got to address it. And we're not talking about folks who want to hunt and

engage in recreational sporting gun events. But we're talking about these assault weapons that are on our streets, these guns that do nothing but kill people. That's what we're talking about here.

So the president is emotionally invested into this issue, as I think a lot of Americans are. They understand that it's gotten out of hand. But what we've got to do beyond the gun issue, on the crime issue -- and we hope the Republicans will not try to take away the prevention programs that we instituted in this program and the cops on the beat that we put into the communities across this country.

The prevention programs are critical because they prevent from having people become victims of crime, and they work. And we hope that there won't be a total abdication of them.

MR. BIERBAUER: Are you going to do that?

REP. MCCOLLUM: What we want to do is to give the local communities absolute flexibility. They'll decide whether to use the money for more cops or whether to use it for prevention. And I think in many cases there are wonderful programs we couldn't possibly dictate from Washington, and that's what we did in this bill. We came along and said that what was passed by the Democrat leadership of Mr. Bonior's past year, "Here are certain things you can apply for and here are the things we want you to do."

Some of these were based upon the highest tax rate communities, and so on and so forth. Instead we're going to say to each of the communities, cities and counties, "Here's a certain amount of money out of \$10 billion. You go spend it as you want. If you want it for midnight basketball or you want it for a new police car or you want it for a cop, you want it for some other program of prevention, that's your choice to do that."

REP. BONIOR: But the problem with that is we want to give local communities flexibility. I used to be a probation officer. I worked with juvenile delinquents. I know a little bit about what's happening in these communities. What will happen if this approach is taken is that you'll have a substantial reduction in prevention programs that deal with spousal abuse, that deal with the question of police athletic leagues, which are important and which work.

MR. BIERBAUER: Gentlemen, we could spend a whole show on crime alone, and there are some other things we obviously want to get to. Let me ask you one other thing here, Congressman Bonior. On the question of the guns, of the assault weapons that are in the crime bill passed last year, do you see this as a point that is going to lead to

an insoluble difference between Congress and the president?

REP. BONIOR: I think the president really is very committed on this issue and I think any attempts to override the assault weapon ban will draw the president's veto.

MR. BIERBAUER: The veto pen will come out on that one?

REP. BONIOR: I think he will do that because he wants

to protect police officers in this country and he believes that this will help do that.

MR. BIERBAUER: Let me ask you about the other thing that the president seems very adamant about and purposely went across the country this past week talking about it, and that's the National Service Corps.

REP. BONIOR: Yes.

MR. BIERBAUER: Is that because this is something he takes very personally as his creation?

REP. BONIOR: It is that, but it is also something he spoke with eloquence, I thought, in his speech to the country. He said, in a very emotional way, that you really gain in life by giving. He believes that. And I think a lot of Americans believe the sense of community, that the richest part of one's life is when they contribute, whether it's to their family, whether it's to their neighbor, whether it's to their community.

And so programs like Americorps, which put young people out in the community working on prevention programs for crime, walking the neighborhood, dealing with senior citizens, working on environmental issues, and then giving them a few bucks to go to college, is something that really he's trying to create throughout this society. And I think it's something he'll stand for.

MR. BIERBAUER: Congressman McCollum, this nation has taken pride in the efforts of things such as the Peace Corps, the Job Corps, VISTA and some of the accomplishments those programs over the years have made. Is this such a bad thing? Are the Republicans going to go after the president's program?

REP. MCCOLLUM: Well, volunteerism is a very, very important part of American society, whether that's the community service clubs or the church organizations or the school organizations or boy scouts or whatever. We deeply believed in that all over the years. But when it comes to the federal government directing money at a time when we have this tremendous debt and deficits that are large every year and we're determined to get to a balanced budget by seven years from now, it's difficult to see how

starting a new program and funding it to the fullest extent the president wants is going to be in the best interest to solve all this. Do we want to encourage communities to do these things? Do we want to use federal monies in the large way that we've done in the past? I don't think at this time in our history that it's appropriate for the federal government to be doing that.

MR. BIERBAUER: You mentioned the balanced budget amendment, which passed in the House this week, will be taken up in the Senate. Will it be a tougher go in the Senate?

REP. MCCOLLUM: Well, I think it'll be a very close question in the Senate, but my judgment is it will pass. I think the public is going to rally behind this cause now that it's passed the House for the first time. And I believe it will become something that goes to the states,

and I think ultimately that 38 states will ratify it. But it'll take a great debate.

MR. BIERBAUER: There are a lot of people who think you cannot balance the budget without taking into consideration the enormous cost of Medicare. Can you?

REP. MCCOLLUM: Well, I think you do take into consideration Medicare and everything else except Social Security, and you have to do that. But you do it by limiting the growth of these programs. You do it by selectively eliminating things other than Medicare, which certainly is not going to get eliminated, but you have to take into account changes in some of the qualifications and eligibility of certain people who can afford other things. You have to make alterations in every sector of the federal government to get a balanced budget.

But again, I'd like to emphasize we're going to grow federal spending by 5 percent or better, five and a half percent by most projections, over the next seven years, each and every year. If we simply limit the growth to three and a half percent, you can balance the budget, most economists will say. So it's not necessarily going to be the harsh, draconian thing many of my Democrat colleagues envision.

MR. BIERBAUER: Is anyone ever going to take on Medicare, Congressman Bonior?

REP. BONIOR: Well, the Republicans have already. Gerry Solomon offered a substitute to this issue last year in which he advocated a \$140 million cut in Medicare. And, you know, the question is whether they can balance the budget. They won't tell us how they're going to balance the budget. We challenged them in the debate, "Tell us, how are you --

REP. MCCOLLUM: You're going to see that soon enough, Dave.

MR. BIERBAUER: -- going to balance the budget? Where are you going to make the cuts?" We made the cuts two years ago when the Democrats challenged this issue and took it on. We cut over \$600 billion. We cut \$250 billion in spending and we got our deficit down to a level that was double when President Bush was in power. We have made that effort. We did it specifically. They wouldn't tell us how they're going to do it, and now it's up to them to show us.

MR. BIERBAUER: We have heard this debate on this show and elsewhere over the last couple of weeks. Why can't the Republicans tell us where they're going to balance the budget?

REP. MCCOLLUM: Well, you're going to see that. In fact, we will tell it this spring as we bring forth our budget. You're going to see at least on an incremental basis as they come out of the committees. The way Congress works -- and Dave knows this as well as you do, and most of the public probably doesn't completely understand it -- is by a committee process, by building

consensus within the groups that are there, including our own party. We're in that process right now. It takes several weeks to produce this sort of thing, and it's going to happen. What I see on the Democrat side, though, is an unwillingness to make it as a goal to have an absolute balanced budget by the seven

-year period. Even the president won't commit to that because they think that cutting spending is --

REP. BONIOR: We were on our way to do that.

MR. BIERBAUER: Can you wait till the spring? I mean, are you being unfair? Are you overly --

REP. BONIOR: No, I don't think we're being unfair, because not one Republican voted to reduce that budget when we had it two years ago. Not one voted for it.

REP. MCCOLLUM: We voted for our own version of it, and a lot deeper than yours, Dave.

REP. BONIOR: And let me tell you something. What they want to do is repeat what we did in the 1980s. They want to raise defense spending by \$60 billion. They want to provide tax cuts for the most comfortable people in our society at the expense of everyone else when we have a limited pie and limited resources. And that is going to create the same situation that caused this tremendous deficit problem that we're giving to our kids today.

MR. BIERBAUER: We need to take a break, gentlemen.

When we come back, I want to ask you, Congressman Bonior, if the president's laundry list isn't a little too long. Stay with us. We'll be right back.

(Announcements.)

MR. BIERBAUER: Congressman Bonior, the pundits here in Washington took on the president's speech not just for its length but for what they seem to think was a lack of focus. One columnist added up 36 different proposals. Was this an unfocused sense that the president wants to do so many things that perhaps he won't get the important ones done?

REP. BONIOR: He talked about a lot of issues; I will grant you that. And had I constructed the speech, I may have honed it a little bit more. Where he did become very specific and where I think the emphasis of the speech was on working families, middle

-income families in this country. And his middle class bill of rights, I think, is a good step in the direction of getting middle

-income families' incomes back in a state where they can devote time to their family. I mean, the question of tax cuts for folks making between \$20,000 and \$80,000 the president has addressed very well in his proposal. He wants to provide a \$10,000 tax deduction for people to get an education. He also --

MR. BIERBAUER: He also talked about raising the minimum wage, presumably to \$5 an hour, but he didn't actually specify that. And then over the next couple of days you had the White House saying, "Well, he's not really going to make a proposal and he's not going to pursue it," and then it rolled back to, "Oh, yes, he will." And one has a difficulty --

REP. BONIOR: No, the president --

MR. BIERBAUER: What is he doing?

REP. BONIOR: The president is committed to this minimum wage increase. I mean, look, we've got millions of people in this country who are working people, who have kids, who are making \$4.35 an hour. And, you know, that's less than \$9,000 a year. You can't raise a family on that. And when you raise the minimum wage, you create a surge in the economy in terms of other wages, and that's where a lot of the problem is in terms of the middle class. Wages have been stagnant for the last -- you know, since the late 1980s. So the minimum wage is a good proposal in terms of providing justice for workers in this country, and I think we're going to see it happen.

MR. BIERBAUER: I'll let you respond if you want, but I also want to ask you about Mexican aid here, too.

REP. MCCOLLUM: Well, let me say on the middle

-class
issue, we all are for helping the middle

-class Americans,
middle

-income Americans. Minimum wage, though, doesn't help them. Minimum wage is designed for the lower end of the scale and actually, in our judgment, displaces workers on that end, does very little for job creation. And what the president didn't say in his speech, though -- we agree, Republicans, with a lot of the things he said on some of the tax cuts. He didn't advocate, which I don't think he's going to, cutting the capital gains tax in a broad sense that would create more jobs, that would allow more capital to be formed.

REP. BONIOR: Are you saying you're for the capital gains tax but not for a minimum wage for low

-income workers?

REP. MCCOLLUM: I am not for the minimum wage increase because I think that's going to cost, Dave, jobs rather than help those people. You're going to have a lot of your service industries, like in my area of central Florida, who won't be able to hire as many people.

REP. BONIOR: They will hire as many people. All the recent studies have shown that --

REP. MCCOLLUM: I don't believe that.

REP. BONIOR: -- increases in the minimum wage have

helped employment.

REP. MCCOLLUM: A wonderful debate over those studies, a wonderful debate.

MR. BIERBAUER: Let's jump from helping the minimum wage earner here to helping the Mexicans, the bailout for Mexico. It's going to take Republican votes. Are you going to get them?

REP. MCCOLLUM: I don't see it right now. I don't see the votes for this. It may be persuasive in due course. It's got to take both sides. And you've got Democrats on our banking committee where I serve, as well as Republicans, who I know and respect very well who are suspicious, as I am, that the Mexican government is simply not willing to take the steps necessary to make these loan guarantees work. So I think there is a deep division in our leadership, in our party, although Newt Gingrich certainly supports the loan guarantees. And I suspect you do. I don't remember where that -- no, you don't favor that either, do you?

REP. BONIOR: Well, listen, we had a chance to correct this situation in 1982, and then we didn't do anything in terms of workers in Mexico, in terms of productivity in wages. And as a result of that, there was a total

collapse of the earning ability of workers. We had a chance to do the same thing two years ago, and we did NAFTA -- or a year and a half ago, I should say, when we did NAFTA. We didn't do that. We didn't take up the challenges in that as well. So this is going to be a very, very tough sell, unless he takes into consideration working people on both sides of the border and deals with this wage productivity issue and the basic reforms in the Mexican society with respect to collective bargaining and workers --

REP. MCCOLLUM: And we're also talking about, on our side of the aisle, an awful lot of privatization they have not been willing to do, freeing up of their central bank and a lot of other things that frankly I don't see them yet willing to do.

MR. BIERBAUER: One other subject before we go here, and that is the question of lobbying. The president said to the Republicans, "Just stop taking the money from the lobbyists." And then President Dole -- or not president -- Senator Dole seemed to have a "gotcha" there and revealed that the president, of course, was still taking money from the lobbyists for his defense fund.

REP. BONIOR: Yeah, but --

MR. BIERBAUER: Was that a misstep?

REP. BONIOR: But the president stopped doing that. And, in fact, most Democrats now are coming forward and saying that we have stopped. And we have challenged the Republicans on the gift ban bill. We have had two votes on that where all Democrats basically have moved in line and said we will stop taking gifts from lobbyists. We will stop taking book royalties that exceed a third of our

salary. The Republicans have not. We're challenging them to take this up. This is a basic --

REP. MCCOLLUM: The gift rules and the lobbying and all are wonderful political fodder, and I can assure you it'll continue to be that way until we actually resolve it. Republicans are committed, and our leadership is, to doing a lobbying bill later in this Congress. And it will happen. But --

REP. BONIOR: Do it now. Why do you want to wait?

REP. MCCOLLUM: We're going to do the contract provisions first and we've got to work on the balanced budget and all kinds of things. You know, our agenda is pretty full, and you're busy as I am. But we will do it.

MR. BIERBAUER: All right, our agenda has been very full here, too. Congressman Bill McCollum of Florida, I

thank you for joining us. Congressman David Bonior of Michigan, thank you as well.

I'll be back with a postscript.

(Announcements.)

MR. BIERBAUER: This postscript. Take down this term: "taken down." In wrestling, a take

-down is when you hurl your opponent to the mat. In Congress, if you verbally hurl your opponent to the mat you risk being taken down yourself, your words stricken from the record. Here's an example.

(Videotaped excerpt of House floor debate.)

REP. ROBERT DORNAN (R

-CA): I will not only not apologize. believe the president did give aid and comfort in London to the enemy in Hanoi. I'll accept the discipline of the House.

REP. VIC FAZIO (D

-CA): I ask that the words be taken down.

REP. DORNAN: I'll not speak again today.

REP. FAZIO: I ask that the words of the gentleman from California be taken down.

(End of excerpt.)

MR. BIERBAUER: In the increasingly hostile House these days, the barbs are flying both ways, Republicans criticizing the president, Democrats attacking the speaker, who had pledged there'd be no fudging of the record in the 104th Congress. Taking down, removing the offending words, is not a new process. It just seems to be happening more often, or we're paying more attention to how the realigned Congress acts. And though the words may be expunged from the official record, we've got the videotape.

Nevertheless, we've had an amicable discussion with our two congressmen here. And before we're taken down, for all of us at Newsmaker Saturday, thanks for joining us. In Washington, I'm Charles Bierbauer.

END

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The Federal News Reuter Transcript Service

NBC "MEET THE PRESS"
WITH HOST: TIM RUSSERT
JOINED BY: DAVID BRODER AND LISA MYERS
GUEST: SENATOR PHIL GRAMM (R

-TX)

SUNDAY, JANUARY 29, 1995

PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS NBC
PROGRAM TO "NBC'S MEET THE PRESS."

MR. RUSSERT: We're back with Senator Phil Gramm. Senator,
welcome.

SEN. GRAMM: Thank you, Tim.

MR. RUSSERT: You've won the Arizona straw vote, presidential
preference. Does that make you the front

-runner?

SEN. GRAMM: I don't think so. I think you've got to say Bob
Dole is still the best

-known Republican in the country. He's
earned, I think, the respect of all of our party activists.

Obviously, I'm proud of the fact that in Louisiana and
in Arizona, where you have people who are elected
officials, who are party activists, who are leaders of our
party, when they've stated their preferences, I've done
well. I've piled up very big numbers, gotten more votes
than all the other candidates combined.

So these are small skirmishes in a long war, but
winning is a habit. I'm going to get into the winning

habit.

MR. RUSSERT: Senator Dole last week was asked about two elements of the Contract with America: One, whether or not legal immigrants should be given or entitled to welfare benefits. He said yes. Senator Gramm says --

SEN. GRAMM: I think that we have got to set out a policy. I think it ought to be prospective, but I feel very comfortable saying that we have room in America for people who want to come and work, but we do not have room in America for people who want to come and live off the product of someone else's work.

I would feel very comfortable, on a prospective basis, in saying that anyone who comes to America as an immigrant is not eligible in their lifetime for public welfare.

MR. RUSSERT: The second question for Senator Dole was whether or not unwed mothers under 18 should be removed from welfare. He said no. Senator Gramm says --

SEN. GRAMM: Well, I'd like to see everybody removed from welfare. I'd like to see a mandatory work requirement. I'd like people to go into the private sector and find the best job they can get, and if that job is at \$2.50 an hour, we can supplement their income and help them.

When my mama worked in a cotton mill, she earned more than \$28 a week, she earned self

-respect, and I think we've got to ask the people riding in the wagon to get out. I think we've got to stop giving people more and more money to have more and more children, and I know when we begin welfare reform, you'll have every horror story imaginable brought up. You can't change this mammoth system without hurting some people, but we're denying 40 million of our fellow citizens access to the American dream, and the system has got to change or else our country's going to change, and change in ways that we're not going to like.

MR. RUSSERT: So you differ with Senator Dole. He would not --

SEN. GRAMM: Well, I didn't hear what he said, Tim.

MR. RUSSERT: Well, I'll be specific. He was asked whether or not unwed mothers under 18 should be denied welfare benefits, as proposed by some in Congress.

SEN. GRAMM: Well, I'd like to see reforms where we change the system, provide incentives, set up timetables where we require people to get on the playing field of life and use their God

-given talents.

MR. RUSSERT: Do you think that welfare should remain an entitlement, where every American, based on their qualifications, meeting the criteria that's laid out, will get cash assistance regardless of the number of people or

the cost?

SEN. GRAMM: I think that we have gone too far in creating an entitlement society. I want to create an opportunity society, and the problem is, as we have proven now for 40 years running, if you're going to try to guarantee people a basic standard of living, if you're going to put a safety net under them that becomes a hammock, you're going to begin to fundamentally alter society, and I think we're in a position as Americans where we've got to recognize if we stay on the same road we've been traveling, in 20 years we're not going to be living in the same country that we grew up in.

MR. RUSSERT: No one's suggesting the same road, Senator, but should there be a minimum social provision

provided by the federal government for poor people?

SEN. GRAMM: I'm never going to support a policy that lets people starve to death in America or suffer from exposure, but I want to change the system to make it possible and, in fact, to provide some incentives, both positive and prodding incentives, for people to get out of the wagon and help everybody else pull and join the mainstream of America. Our welfare program has provided a fertile area for child abuse, for hopelessness, for despair, for crime, and I think we owe it to the people who are on welfare, whose lives have been diminished by it, to change it, and I'm absolutely committed to changing it.

MR. RUSSERT: David?

MR. BRODER: One other question in this area, Senator. As you know, two

-thirds of the people in the wagon are children. What should happen as far as the children are concerned?

SEN. GRAMM: I think we're going to help children who are here. I think we're going to try to help them get on life's playing field, but, David, we can't go on and on with two and three and four generations of welfare.

I think also that we have got to change the incentives. Now a teenage girl can get pregnant and qualify for \$13,000 worth of benefits and there's no doubt about the fact that we have changed the fundamental incentive structure in society and that we have got to alter that if we're going to stop this process from occurring.

Half of all the children born in our big cities are born out of wedlock, and it's not an accident.

MR. BRODER: So if I hear you right, you're saying you would continue the guarantees of in cash and foods and so on for children already living, but prospectively future children would not have that guarantee?

SEN. GRAMM: Well, I think basically that we're going to have to say to people, "We are not going to guarantee you benefits for simply having children in the future,

that we will help the children, but we're not going to give the money to you."

I think we're going to have to fundamentally alter the system. I think we have a right to ask able

-bodied people

to work, and I think the key to it is not setting up make

-work government jobs which they will never get off.

What we need to do is to let people go out in the private sector, get jobs. If income is low, we can help them, but

everybody in America ought to be required to help themselves.

MR. BRODER: If the money goes to the children and the children are still with the mother, how do we know whether the mother gets some of the money?

SEN. GRAMM: I think that we have got to set up a system where we end this process whereby you can get a ticket to leave your family with housing subsidies, AFDC, and food stamps simply by conceiving a child.

MR. BRODER: Big switch of subjects. I was asking Senator Nunn about this loan guarantee to Mexico.

SEN. GRAMM: Mm

-hmm (acknowledgement).

MR. BRODER: Are you in favor of that guarantee?

SEN. GRAMM: Well, the president had no difficulty convincing me we have a crisis, that we have a stake. We have 700,000 jobs tied directly to exports to Mexico. We probably have three times that many jobs that are tied indirectly.

Where the president has utterly failed is convincing anybody that we have a coherent program. I think the loan guarantee is going to fail. I think it's going to fail because of lack of presidential leadership. I think we are going to be affected by it, but the bottom line is that while the president has had no difficulty in convincing people that there's a crisis in Mexico, that it is going to spill over to us, he has not presented a coherent plan.

Any country banker would laugh at the proposal the president has made to guarantee that we get our money back, that we get the interest back, and that we have viable collateral.

MR. BRODER: You are a professional economist. Tell us what are the two or three major elements that would make it a coherent plan.

SEN. GRAMM: Okay, first of all, I think we've got to look at why the Mexican bucket is empty. In 1994, the Mexican economy was brimming with liquidity. Now the bucket's empty. They're broke. Why? Because there are big holes in the bucket. They don't have an independent monetary authority and building up to their election, they set off a wave of inflation by printing money. That's got to stop. They need something like a

currency board where the government cannot control the money supply and can't inflate.

If the president really wanted my support, he would end this situation where we've got 10 or 15 different people,

quote, "speaking for the administration," each of them trying to cut a little deal with different groups, basically promising all kinds of things, many of which are in conflict. The president would come out with a real program and would get out and sell it. He hasn't done it and, as a result, I think we're seeing a real failure of presidential leadership, and I think a lot of Americans are going to lose their jobs as a result.

MR. BRODER: Senator Dole and Mr. Gingrich have already endorsed the president's proposal. Was that a mistake in judgment on their parts?

SEN. GRAMM: Well, I don't know exactly what they said and the circumstances under which they said it. There is a crisis, but losing \$40 billion of money we don't have is not going to make me feel better about it.

If I had to vote today based on what I hear the president's plan is -- because neither I nor anyone else has ever seen it -- I'd vote no, and I think the plan would lose today, and I think the reason it is on the verge of losing is because we do not have coherent leadership in the White House on big issues like this.

MR. RUSSERT: Lisa?

MS. MYERS: Senator, the balanced budget amendment. You heard Senator Nunn. He's an eminently fair man, not known for his partisanship. He says Republicans have an obligation to at least come up with an outline of how you would achieve the \$1.2 trillion in spending cuts over the next seven years. Will you provide an outline?

SEN. GRAMM: Well, first of all, let me say that I can provide an outline. I think some Democrats are sincere about that. I think many of them are basically looking for an excuse. Many of them have voted for the balanced budget amendment in the past when it wasn't going to pass. Now we're shooting with real bullets, and I think there are a lot of them who would like to change their vote.

How do you balance the budget? First of all, you can look at it in many ways, but let me just give you the simplest way to look at it. To balance the federal budget, we have to free spending for three years, or we have to limit the growth of spending to two percent a year for seven years. Now, that's not easy, but literally millions of families in America and tens of thousands of businesses deal with tougher problems than that every day.

What I would like to do: Begin with discretionary spending and cut discretionary spending 10 percent and then go through the programs and decide which ones are

higher priorities, fund those, either cut or terminate programs that don't meet the Dickey Flat (ph) test -- that

you couldn't look a working person in the face and say, "It's worth taking your money to pay for this."

We need to go through welfare, reform welfare. I think we can save a minimum of \$75 billion in welfare over the next five years. I think we need to totally remake Medicaid. I think we've got to restructure Medicare. Social Security has its own long

-term solvency problems.

If we don't change something, it's going to be broke in 13 -- in the year 2013. I am not going to mess with Social Security as part of the budget deficit, because Social Security is not part of the problem, but I do think we need to deal with Social Security to guarantee that it's there when people who have paid into it want their benefits.

MS. MYERS: But you clearly are going to mess with Medicare, even though the president says he will oppose further cuts in that program.

SEN. GRAMM: You cannot deal with the deficit if you're not going to deal with the fact that while private health insurance is not rising on average this year because of the competition, the expenditure for Medicare is rising 10

-1/2

percent.

Why is the private sector buying medical care at a flat rate and the government is paying 10

-1/2 percent more?

Because we have a noncompetitive system.

We've got to start telling people the truth, and the truth is that we can get the medical care our senior citizens need and buy it competitively and save them money and save us money.

MS. MYERS: All right, Senator. Assault weapons. Will Republicans try to lift the ban on assault weapons in the Senate, and, if so, will it pass?

SEN. GRAMM: We have always believed that gun bans don't work. The District of Columbia has a gun ban, as we all know, but unfortunately it's the murder capital of the world because we have crime without punishment.

We want 10 years in prison without parole for possessing a firearm during the commission of a violent crime or a drug felony, 20 years for discharging it, life imprisonment for killing somebody, and the death penalty in aggravated cases. If we'll do that, we'll stop these brutal murders with guns.

MS. MYERS: But are Republicans going to try to lift the ban --

SEN. GRAMM: Oh, I think there will be an effort to put the focus on grabbing criminals by the throat instead of denying law

-abiding citizens the right to own guns.

Will we be successful? The president says we won't.

MS. MYERS: What do you say?

SEN. GRAMM: Well, I think that if the president vetoes a bill putting the focus on putting violent criminals in jail, that he can probably sustain a veto. That doesn't mean he's right, and in terms of public policy, I think he's verifiably wrong.

MS. MYERS: Senator Dole says lifting the ban on assault weapons is, a, not even on the Senate's agenda and, b, that the votes aren't there to do it. You clearly disagree.

SEN. GRAMM: Well, we're going to rewrite the crime bill, and part of the crime bill is going to be putting the focus on criminals. Law

-abiding citizens possessing guns in their own homes are not the problem. The problem is when somebody kills somebody in the District of Columbia and they're apprehended and convicted -- two unlikely occurrences -- they're spending about five and a half years in prison, that's the problem.

MR. RUSSERT: Senator, Newt Gingrich said there will be hearings on a national sales tax. Is that the kind of Republican plan you endorse?

SEN. GRAMM: Well, I think that we ought to look at two approaches -- one moving in the long term to a national sales taxes, the other to a flat tax. I'd have to say I'm worried about a sales tax, because I think we'll end up with both a sales tax and an income tax, which I don't want.

But look, we have a contract with America. We need to focus on doing what we have committed to do this year -- cut spending, double the dependent exemption for children so parents can spend their own money on their own children on their own future, we need to reduce the capital gains tax rate and index it to provide incentives for people to create more jobs and growth, and if some people who are rich by putting their money to work get richer, I've had lots of jobs. No poor person has ever hired me in my life.

MR. RUSSERT: Senator Nunn had some advice for Newt Gingrich. What's yours?

SEN. GRAMM: Well, I thought Nunn's advice was good

advice for us all. I think we all from time to time air too many of our thoughts. Every once in a while, we get a two

-by

-four upside the head and that kind of brings everything into focus, and I -- this is a learning experience. Newt Gingrich is one of the smartest people

that has ever come to Washington. He clearly will learn by his experiences, as we all do, and the important thing in the end is not what we say, not the little goof

-ups

when someone's trying to say someone's name, not the comments that are made off the cuff, but do we deliver, do we get the job done? If we do, all these things that are being said won't matter. If we don't, they won't matter, either.

MR. RUSSERT: Someone else had something to say about you. Marilyn Quayle, the wife of the former vice president, said, "Phil Gramm is not very well thought of in the Senate even among Republicans themselves."

SEN. GRAMM: Well, I -- I'm very fond of the former vice president and I'm very fond of Marilyn Quayle, and I'm not going to get into a name

-calling contest.

MR. RUSSERT: But some would say you're blunt, others would say acerbic. Do you think that you have the temperament to be president?

SEN. GRAMM: Well, let me just give you an example. At what I viewed as the darkest moment in the health care debate, when we had had a meeting and the four largest Republican pollsters had told us it was political suicide to take on the Clinton health care bill head on, when 24 Republicans had signed on to a big government compromise, I went out and said, "The president's health care bill is going to pass over my cold, dead political body."

It wasn't very popular. People didn't like it. They knew there'd be a war, they might be a casualty. It looked like an unpopular thing to do, but I did it because it was important. The president's health care plan's deader than Elvis today, and Elvis would be welcomed if he came back and the president's health care plan would not, and it will never be back.

MR. RUSSERT: I guess that answers my question.

(Laughter.)

Senator Gramm, thank you very much for being with us.

END

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ABC "THIS WEEK WITH DAVID BRINKLEY"
WITH HOST: DAVID BRINKLEY
JOINED BY: SAM DONALDSON AND GEORGE WILL
GUEST:
GOVERNOR HOWARD DEAN (D

-VERMONT)
SUNDAY, JANUARY 29, 1995

PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS ABC
PROGRAM TO "ABC'S THIS WEEK WITH DAVID BRINKLEY."

MR. BRINKLEY: Here with us now, Governor Howard Dean,
Democrat, Vermont. Chairman of the Governors' Association.
Welcome. Thank for coming.

GOV. DEAN: Thanks.

MR. BRINKLEY: Nice to have you.

GOV. DEAN: Nice to be here.

MR. BRINKLEY: Here with us in the studio are George
Will and Sam Donaldson.

Now, our figures showed in the election last time that
you had the safest seat in the United States among all
governors, all congress candidates, all Senate
candidates. What's your secret?

GOV. DEAN: Probably be a centrist.

MR. DONALDSON: Don't be modest.

GOV. DEAN: Don't be modest. I know you're not used to
that in politicians.

No, we came in, we had a \$65 million deficit, which is
about ten percent of our budget. We cut that, we cut
taxes and we put in welfare reform which requires people

to work for their benefits and so forth and those things have been very popular.

MR. BRINKLEY: And that was the magic potion that put you in that position?

GOV. DEAN: Well, I don't know what that magic potion was. You know, if I analyze it I wouldn't do as well the next time so we'll have to see.

MR. BRINKLEY: Well, you had a meeting yesterday mainly about welfare.

GOV. DEAN: Mmm Hmm. (Acknowledgment.)

MR. BRINKLEY: And the federal role in it and the states' role in it. Tell us what happened. What's going to happen?

GOV. DEAN: The meeting with the president was excellent. I think we did narrow our differences and we put on the table the big differences between Democrats and Republicans. Or at least the Republican wing that wants to totally give the whole thing to the states.

Democrats have, for a long time, believed that you ought to work and that it ought to be time

-limited

benefits. And I think Bill Clinton laid that out in 1987 before he became president -- when he was a governor.

We're the first state in the country to have a work requirement and time limited benefits in Vermont on a statewide basis.

But where Democrats draw the line is that you've got to have a safety net for poor children. And that's where the block grant to the states gets very difficult because if you sign the money over to the states with absolutely no strings there's no guarantee that in some future date that money won't be used for something else. And that's the difficulty.

I think that's also going to be the difficulty in congress between the right wing of the Republican party and in the moderate Republicans and the centrist Democrats who realize that the system needs to be changed but don't want to go so far as to abolish the safety net, particularly for kids.

MR. WILL: Speaking of the Republican block grant proposal, you said that some of these people, referring I think to your fellow governors, would kick old people out of their houses and starve children and you vowed not to let the extremists take over the National Governors' Association. Were you talking about Thompson and Engler?

GOV. DEAN: Well, you know, I think there's been a lot of fireworks in the NGA and sometimes when people are angry they say all sorts of things and I think the favor's been returned a few times as well.

But I think -- let me just try to lay out the significant differences. The big state Republican governors have a problem. There are some Republican governors -- Tommy Thompson and John Engler being two of

them -- who would like to end the individual entitlement and block grant everything to the states with no strings.

If you're a big state governor, the next time you have a recession you have a huge problem because the federal spending doesn't come in, in a counter

-cyclical way and

try to -- and support children particularly and so they have to either cut their budget or raise taxes and that -- if they cut their budget -- they're not going to raise taxes during a recession. If they cut their budget, people have to come off the welfare rolls.

Our approach is, you ought to make people work. But this is not a device to save tons of money. You make people work by acquiring them to work or cutting their benefits and by giving them the kind of job training they're going to need and the kind of health insurance benefits and so forth in a transitional way. That all costs money.

So, what you've got here is the folks at the federal level, I think, are stuck. They want to cut the budget and they want to do welfare reform. They can't do both so they're going to push the problem off on the states and I think kids are going to be the ultimate people who get hurt. And I'm not willing to do that.

MR. WILL: You're really saying, are you not, that some states -- you're not saying particular ones -- but some states simply can't be trusted not to be cruel.

GOV. DEAN: Well, I think history bears that out. I don't accuse any of the 55 governors of that position at this time. But if you look back, in the 50's one of the reasons the federal government now plays such a big role in our lives -- I think the role that all governors agree is too much -- is because in the 50's in some states there were citizens who were paying taxes who were not allowed to use the facilities that they were paying taxes for because of the color of their skin.

What I don't want to do is go back to a time where people are not allowed to do certain things because they are poor. Particularly if they're children.

MR. WILL: That's what Pat Moynihan calls the "What about Mississippi" response.

GOV. DEAN: Well, I wouldn't focus it on any particular state.

MR. WILL: Well, that's sort of the question. Maybe the states now are more trustworthy. Maybe we're beyond that and that we can really have states' rights without --

GOV. DEAN: George, I think my point would be, if you are beyond -- let's give everybody the benefit of the doubt and say that nobody would such a thing as make poor

people, poor children hungry again. If we are beyond that, why not have a minimum standard of decency in this block grant that says poor children must be taken care of. If

we are beyond that we have no cause to object to that. That's my argument that I would use on my Republican brethren.

MR. DONALDSON: You've been skeptical about the balanced budget amendment now making its way through congress because, among other things, you fear that the states will be left holding the bag.

GOV. DEAN: Right.

MR. DONALDSON: But doesn't the law that is also making its way through congress -- to do away with the unfunded mandate -- take care of that?

GOV. DEAN: No, it doesn't because there's no guarantee that a future congress couldn't undo that. There's a little word we use in the Vermont legislature all the time, much to my chagrin, called notwithstanding. So that's makes us all very nervous.

There's two arguments that we're having about the balanced budget. First of all, you should understand that every governor but one supports the notion of a balanced budget amendment in some way. What many of the Democrats have said is:

A -- We should have guarantees in the Constitution to prevent further unfunded mandates and,

B -- We have to have to be very careful because there's a middle class tax cut that we're going to end up having to pay back by raising taxes at the state level.

And the block granting that's going to go on to balance this budget is going to cause the states to lose huge amounts of money. In New York, for example, there will be about a \$10 billion shortfall if the contract with America is passed.

I'm not saying let's have no tax cut. What I'm saying is, let's reduce the size of the tax cut. I personally think that all the tax cuts ought to be thrown out the window except for one suggested by the president which is to exempt college tuitions. I think that's a good idea. It's the only idea that I agree with in all three tax cuts, Republican, House Democratic or the presidents.

I also think that we ought to put Social Security back on the table. And defense. If you take defense and Social Security off the table, what you've essentially said is, "We're not going to cut any of the controversial

things at the federal level, despite our rhetoric about being courageous in the new day in the American Congress. "We're just going to let the governors do all the cutting."

We'll do the cutting, but they've got to do some cutting here too.

MR. DONALDSON: If congress passes the balanced budget amendment and sends it to the states will you oppose it in Vermont? And what's your guess as to whether it will be ratified.

GOV. DEAN: We want to -- In Vermont, we're going to take the approach that we're going to wait and see what the so

-called glide path looks like. The Republicans in congress have said, "We'll, we're going to have to pass this thing and now we're going to have some budgets."

The next seven years of budgets are going to tell the story. They pass a budget that's consistent with the balanced budget amendment. We want to see what that looks like and then we'll vote next year on whether to ratify or not.

MR. DONALDSON: At the moment in Washington another big fight is over bailing out -- the term by the opponents -- of Mexico with a \$40 billion loan guarantee. Does that matter to the state governors?

GOV. DEAN: I don't think it matters to the state governors. I happen to think it's a good policy. I think that -- I was a very strong supporter of NAFTA. I believe it's going to create jobs in the United States of America. And to let our trading partner go down the tubes I think would be a big mistake.

MR. DONALDSON: But aren't you really just bailing out the speculators and the banks that guessed wrong on the Peso?

GOV. DEAN: Then I think we ought to perhaps figure out a way to make sure that we don't have, perhaps, such a generous bail

-out. But I think the principle of coming to the aid of our economic allies is an important one.

MR. BRINKLEY: Governor, a very broad gauge question. Our polling shows that 70 percent of the American people believe the states could do a better job on almost everything than the federal government.

Isn't that some kind of historic development?

GOV. DEAN: It is. And it's the reason that I've been unwilling to condemn the change in congress. I actually think, despite my broad philosophical disagreements with

this new speaker, that the change in congress is a healthy thing.

This government was fossilized. And, frankly, the House was the area that it was fossilized in. So now we have an opportunity for historic change and the question is how far are we going to go?

I don't think the American people embrace the kind of radical ideas that we see at the top in the House now.

What I'd like to do, I'd liken it to holding a leash on a giant St. Bernard. There have got to be a number of people who are centrists in both the Republican and Democratic party who are going to come in and hold this leash so that the thing doesn't drag us out into the street in front of traffic.

But the direction is not a bad direction -- decentralization, more block grants but not total freedom for the states. There is a national interest in making sure that poor kids are well taken care of and we've got to keep that in mind as we rearrange this big colossus

that's been built up over the last 40 years.

MR. BRINKLEY: Thank you. Governor Dean of Vermont. Thanks very much for being with us today. A pleasure to have you.

GOV. DEAN: Thank you.

MR. BRINKLEY: Coming next, from the other end of the United States, the Republican Governor of California, Pete Wilson. In a moment.

(Announcements.)

MR. BRINKLEY: Governor Wilson, California, thank you very much for coming. You know everybody.

GOV. WILSON: David, thank you. I do indeed.

MR. BRINKLEY: Welcome to Washington.

Now, you have more business with the federal government than most governors, I think. The attorney general is suing you because you're not enforcing a law she thinks should be enforced which allows people to register to vote when they go to not quite a car wash but almost anywhere else.

GOV. WILSON: Don't suggest it.

MR. BRINKLEY: Huh?

GOV. WILSON: Don't suggest it. They'll pick up on it.

MR. BRINKLEY: And you object to having all of the expenses dumped on you for illegal immigrants and some other things.

GOV. WILSON: That's right.

MR. BRINKLEY: What did you accomplish yesterday? You had a meeting yesterday.

GOV. WILSON: Yesterday the meeting, which I was not invited to and did not attend, was at the White House.

That's the meeting you're talking about.

MR. BRINKLEY: Why weren't you invited?

GOV. WILSON: My feelings aren't hurt but, well, I think it's because they wanted to have a sampling of different groups -- governors, mayors, others. But in any case, that was a meeting about welfare reform. There seemed to be surface consensus. I'm not sure that there really is real consensus.

But your comment is absolutely accurate. I am, frankly, outraged by the fact that the federal government, repeatedly, hoists upon the people of my state and other states duties that are not paid for by the federal government.

If the federal government thinks that it is important to have a motor voter registration then let federal agencies implement it. I don't see why my taxpayers should be required either to pay for it or to have to stand longer in lines.

I don't think that it's fair, for example, when the federal government defaults upon its responsibilities to secure the border and then imposes on us duties to provide social services to illegal immigrants as a reward for their having entered the country illegally.

That not only costs state taxpayers money, which is unfair in itself. It is also unfair in that it requires that we deprive needy Californians, who are legal residents, of services which they require and which, in fact, we are denying to them because we are ordered by the federal government -- by federal law -- to supply them instead to illegal immigrants. That's not fair.

MR. BRINKLEY: Well, when you say all of this to the feds what do they reply?

GOV. WILSON: Well, it's very interesting. In some cases, when President Clinton is asked about these things he can articulate the proper response. It's just that he doesn't follow through. And he has described the unfairness of the federal failure to secure the border.

He's absolutely right. I could scarcely put it better although I'm happy to try. But the fact of the matter is he really hasn't followed through. There hasn't been the commitment. There hasn't been any relief for the states of a significant kind.

They're saying they have done something to beef up the border patrol. They haven't done nearly enough. And the result is that the impact falls very unfairly upon Californians. Both those who are taxpayers and those who are deprived of services.

MR. WILL: Okay, now like South Carolina in 1861, California is in open rebellion against federal authority with regard to motor voter.

GOV. WILSON: So Herb Block tells me.

MR. WILL: That's right.

And you're citing the 10th Amendment which says, powers are reserved to the states.

GOV. WILSON: Absolutely. We are suing Ms. Reno back. We are suing the federal government and invoking the 10th Amendment.

MR. WILL: If the 10th Amendment were strictly adhered to, how much of the federal government would remain?

GOV. WILSON: A lot less. It would be a good thing.

MR. WILL: Well, in order to meet --

MR. BRINKLEY: Tell them what the 10th Amendment is.

MR. WILL: Well, the powers not expressly delegated to the federal government are reserved to the states or to the people thereof.

With regard to unfunded mandates, there's now a statute -- not a constitutional amendment but a statute --

GOV. WILSON: Correct.

MR. WILL: -- that says the following: When there are significant costs -- \$50 million on the states -- imposed by federal mandate the cost must be assessed and there must be a separate vote taken to impose them.

Do you think that's a sufficiently rigorous restraint on the federal government's imposition of costs?

GOV. WILSON: It's a good first step. I'd like to see

it go further.

MR. WILL: Would you like to see a constitutional amendment?

GOV. WILSON: I would.

MR. WILL: Now, there is a constitutional amendment that comes along with this now in the same spirit and the balanced budget amendment.

Have you run the numbers to see what that would mean? Assuming -- making so static an assumption that the same number of government functions go on and revenues are basically apportioned the same way. Have you run the numbers to see how that effects California and would California, do you think, ratify the balanced budget amendment.

GOV. WILSON: I think California would and should. And the answer is that I haven't run the numbers. Well, yes I really have. In the first instance they were run by the Treasury -- the U.S. Treasury. But they've done so on false assumptions.

MR. WILL: Like what?

GOV. WILSON: And the assumption is that there will be a static rather than a so

-called dynamic analysis made.

In other words, what they've said is, assume that there is continued growth in spending because there is continued, open

-ended growth in welfare case load, in Medicaid case load and that these numbers just keep swelling up.

I don't assume that. To the contrary, I assume that both the federal government and the state governments must change the way they do business as, in fact, we have in California.

When I was running for this office in 1990, a similar projection was made. They projected, at a state agency, that the general fund budget for the state of California in 1994 would attain \$60 billion. Well, it didn't. It was only two

-thirds of that because of the spending cuts which we made over the preceding four years. And that's not easy to do but it is possible and it is exactly what must occur at both the federal and the state level.

So, the analysis that has been run, and that Governor Dean refers to when he says that the passage of the balanced budget amendment and the passage of the contract

with America -- which I think is a very good contract, by the way -- when he says that will necessitate tax increases in California I don't agree.

To the contrary. It requires spending cuts.

MR. DONALDSON: Governor, apart from your objections to the motor voter registration law, how can you get away with not obeying it?

GOV. WILSON: Well, I think that what you do is you challenge something that you believe, in good faith, to be unconstitutional. I'm not suggesting anybody be a scofflaw.

MR. DONALDSON: But you're not obeying it are you?

GOV. WILSON: No, because, in fact, I think that it is flatly unconstitutional.

MR. DONALDSON: Well, if I don't like the paying of my income taxes I can challenge it but they make me give the money and then if I win in court I guess they'll give it back.

What you're saying is, we don't like the law, we won't obey it.

GOV. WILSON: We have sought injunctive relieve and if we lose we lose.

MR. DONALDSON: Well, what kind of example to the country is this, Governor? What about the law, for instance?

GOV. WILSON: I think it's very good because, listen Sam. There comes a time when law abiding citizens, who are not scofflaws, have to challenge the law and have to be a little bit impatient about doing so.

We are being compelled to deny services to Californians because of federal mandates. I think that's terribly wrong. I think it's terribly unfair.

MR. DONALDSON: Well, Governor, your position may be widely supported. But as long as it's the law -- what I'm asking you is, why you think you can pick and choose among laws as to which to obey. The average citizen certainly can't do that.

GOV. WILSON: When the federal government imposes a duty and failed to pay for it because they think that it is a priority, I say to them if you think this is a priority fine. Let IRS do it. Let the Postal Service do it. Don't ask the states to do it. And, in fact, if they send the money then I would agree with your point. If

they had sent the money.

Then, even though I don't think this is an urgent priority -- because we've got all kinds of people who are registered who don't vote -- then I would say go ahead and do it. And, in fact, with the one office that is included in law that is entirely federally funded, they are in fact implementing the law.

MR. DONALDSON: Let me move over to welfare reform. Would you do away with the so

-called entitlement requirements? That is, at any level, whether you do it at the state or whether the federal government continues to do it, whether they give you a block grant, would you have the law so constructed so that a particular class of people, if they meet the requirements, are in fact eligible to receive the money?

GOV. WILSON: Well, what I think we ought to do, and

what the Republican position is on welfare reform under the so

-called devolution idea is that there ought to be an entitlement not by individual but by the states. The states ought to receive block grant. We ought to determine how to administer that and I think that -- your previous segment, with Governor Dean -- There's a basic distrust on the part of Democrats. They don't want to trust the governors and yet he said he trusted all 55.

I think we've gone a long way from the 50's. I think there is political pressure to see to it that children are not short changed. That those who are in need have adequate services.

But I don't think there ought to be individual entitlements.

MR. DONALDSON: Speaking of Democrats --

MR. BRINKLEY: We have a few seconds left, Sam.

MR. DONALDSON: Well, if I could just ask how you're getting along with the speaker.

Willie Brown, who is still speaker --

GOV. WILSON: Yes he is.

MR. DONALDSON: Are you working with him?

GOV. WILSON: Well, we are compelled to work together as we have in the past and will in the future.

MR. DONALDSON: How did he pull that off, Governor?

MR. BRINKLEY: About out of time. George?

MR. WILL: I think he did something that was probably illegal but it may take the courts awhile to intervene and by that time there probably will have been a political change.

MR. WILL: Two very quick questions.

California civil rights initiative is an initiative that may, almost certainly would be on the ballot in 96, essentially mandating color blind government and doing away with affirmative action.

Do you support that?

GOV. WILSON: I certainly support the concept. I have not given close analysis to the initiative. But yes I do.

I think that we should have both education, employment -- spaces in graduate schools and public universities -- awarded on the basis of merit. I think it ought to be color blind and essentially that is what I understand the initiative to offer.

MR. BRINKLEY: George, one more.

MR. WILL: I'm wearing my Chargers colors here. I want to know how the former mayor of San Diego is rooting today.

GOV. WILSON: With two California teams I predict a California win. If there isn't one, I'll be blamed for it I'm sure. At least by the Democrats.

MR. BRINKLEY: California's bound to win.

GOV. WILSON: That's right.

MR. BRINKLEY: Governor, thank you. Thanks very much for coming. Pleased to have you. Good luck to you.

GOV. WILSON: Thank you.

END

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HOSTS: ROWLAND EVANS AND ROBERT NOVAK
GUEST: CALIFORNIA GOVERNOR PETE WILSON (R)
12:30 P.M. (EST)
SATURDAY, JANUARY 28, 1995

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THIS IS A RUSH TRANSCRIPT. -----

MR. EVANS: I'm Rowland Evans. Robert Novak and I will
question one of the major figures in the Republican Party.

MR. NOVAK: He is Governor Pete Wilson of California.

As a 33

-year

-old ex

-Marine, Pete Wilson was elected to
the California assembly in 1966 as a moderate Republican.
He followed that with 12 years as mayor of San Diego and
eight years in the U.S. Senate. After his election as
governor of California in 1990, his popularity was
demolished by a massive tax increase. He campaigned last
year with a hard line on crime and immigration, and came
from far behind to win re

-election. This year Governor Wilson's

State of the State address was conservative on crime, tort
reform, privatization and taxes.

GOV. WILSON: (From videotape.) So tonight I propose a
dramatic cut in California taxes for all individuals and
businesses in our state. (Applause.) I propose a 15
percent reduction across the board over the next three years.

MR. NOVAK: Governor Wilson, the late Richard Nixon
predicted that if you won re

-election in 1994, which you
did, you would be the Republican nominee for president of
the United States in 1996. Is there any chance of that
happening?

GOV. WILSON: Bob, I have no new ground to break on
that. I am happy with my re

-election, working hard at it,
offered plenty of challenges by that job. And I am
pleased that a lot of people have made the flattering
assumption that I should think seriously about it. And I
think California clearly has been offered a lot of
challenges which we've met in a way that I think probably
does augur for continuing national attention. I think
probably it should.

MR. NOVAK: Is it conceivable, sir, that you could, if
you were elected president or vice president, leave the
state in the hands of your lieutenant governor, Democrat
Greg Davis, who was former chief of staff to former
Governor Jerry Brown?

GOV. WILSON: That is a thought that puts some of the

chill upon the otherwise flattering assumption.

MR. EVANS: Well, you said the other day, about three weeks ago, Governor, and I quote you, "I would like it" -- the presidency -- "at some point," unquote.

GOV. WILSON: At some point.

MR. EVANS: That's virtually an invitation to us to ask you when are you going to make up your mind?

GOV. WILSON: Well, it's a perfectly legitimate question. But the answer is, as I said, I really have nothing to break in the way of news on that. I am working very hard on problems that I think probably do attract attention, national attention, because, in fact, California has been sort of a microcosm of the country. And a lot of the things which we have achieved as reforms are currently, for example, part of the Republican Contract with America.

MR. NOVAK: Let me just pin down one question and then we'll leave that subject, sir. There's rumors around

Washington that you might run with Senator Dole as a vice presidential candidate, the way Senator Schweicker did with Ronald Reagan in 1976. Has anybody approached you on that?

GOV. WILSON: No.

MR. EVANS: Governor, let's turn to something you can answer. You're asking -- you're promising the voters of California a 15 percent income tax cut over the next three years.

GOV. WILSON: Yes, sir.

MR. EVANS: Your hand is out to the federal government on unfunded mandates. You want Congress to vote all the money you need to enforce --

GOV. WILSON: (Laughs.) Yes, I do, Rowly.

MR. EVANS: -- to enforce mandates that are approved by Congress -- clean air, clean water, et cetera. You haven't even paid the state of California's debt to Washington for this tremendous amount of flood and earthquake relief.

GOV. WILSON: Rowly, come on, now. Come on.

MR. EVANS: Is that not true? How much do you owe?

GOV. WILSON: The hand is out on unfunded mandates? Now, come on. That's a stretch. That is a huge stretch, in fact, to the breaking point. Unfunded mandates by definition are mandates, orders that the federal government has placed upon the states and provided no money for the performance of whatever duty is imposed. That's immoral, in my judgment.

We've raised all kinds of hell about it and we'll continue to until it actually becomes changed, as I think clearly it will be. The Senate acted upon it just this week. We expect that next week the Congress or the House will follow suit. And I must say that I think that the actions that are being taken by Speaker Gingrich and Senator Dole in pushing aggressively on this is not just

music to the ears of Republican governors, but it should be to everyone.

MR. EVANS: So your hand is not out. How much money do you owe the American taxpayers (ex?) California for the aid, the billions and billions that have to go to California on these natural catastrophes? Isn't there a provision in the law --

GOV. WILSON: Let me --

MR. EVANS: -- that says you pay one

-tenth back?

GOV. WILSON: Let me ask a question in response. How much are we owed if you offset the net in terms of California being a donor state to the United States? And the answer is that neither you nor I know the answer, although it is something that can be calculated. The fact of the matter is, California is a donor state. The fact is, California has been hard hit by natural disasters, as have the midwestern states, which lay under flood waters last year; South Carolina, Hawaii, Florida, all have been the victims of massive hurricane damage. And I think that when you look at that, you can compartmentalize it, but basically it's been federal policy to assist people who have been afflicted, through no fault of their own, by natural disasters.

MR. EVANS: Are you going to make good the amount of money that the law asks you to take care of by your own devices in California?

GOV. WILSON: Oh, yeah.

MR. EVANS: How much is it?

GOV. WILSON: Well, we are required to -- I assume you're talking about the agreement that we made with the federal government --

MR. EVANS: Yeah.

GOV. WILSON: -- to repay in advance --

MR. EVANS: Yes.

GOV. WILSON: -- of the kind they made to Florida. We are in the process of paying that off. We have paid that installment.

MR. EVANS: How much?

GOV. WILSON: It's about \$120 million over a three

-year period, I believe.

MR. EVANS: And your tax cut is going to be how much in the first year?

GOV. WILSON: Well, it will be 5 percent. And overall, when we have fully achieved it, it will be about six and a half billion dollars.

MR. EVANS: Now, Governor, on motor voter, do you favor that as a law?

GOV. WILSON: You know I don't. I am bitterly opposed

MR. EVANS: Even if it were funded by Washington?

GOV. WILSON: Well, that's an if.

MR. EVANS: Well, I'm saying if.

GOV. WILSON: I would have to say that I would not have voted for it as a member of the Congress. I don't think it's an urgent priority. It's easy enough to register and vote now. And the people who are registered, many do not vote. So to me it is hardly a priority for needed tax dollars. I think there are far more urgent priorities. But as it turns out, it's the most recent exhibit of unfunded mandates and it's an expensive one.

MR. EVANS: Well, how do you explain Florida, which is adding 3,000 new voters to the voting lists every day under the motor voter legislation? Do you think that's bad? Would you like to do that in California?

GOV. WILSON: No. If the federal government thinks that's good, then let them pay for it.

MR. EVANS: So it is needed.

GOV. WILSON: Well, I don't know that it's needed. I would ask you how many of the people who are registered in the state of Florida failed to vote even though they were registered?

MR. NOVAK: Governor, on the question -- I just have one follow

-up on the tax question. Can you say now -- everybody makes mistakes in politics. And the one thing that --

GOV. WILSON: Yes, I can say that.

MR. NOVAK: The one thing that people really feel about you -- I think you would be maybe a frontrunner for the nomination if it weren't for the tax increase that you put into effect four years ago. Do you think you made a mistake on that?

GOV. WILSON: Well, Bob, at the time I said that it was a mistake in terms of making California competitive with other states for jobs. But what it was was making a deal with the devil. And the devil in that case were heavy Democratic majorities in both houses of the legislature who had been asked by me to make massive cuts in spending when the bottom fell out of our economy. We lost overnight, literally, one

-third of the revenues, the tax revenues, to

the state of California.

MR. NOVAK: So no regrets.

GOV. WILSON: Oh, I have deep regrets and had them then. There's no question about that.

MR. NOVAK: You're in town --

GOV. WILSON: But what we did get as a result -- when I said we made a deal with the devil, I think I ought to tell you what the deal was. The deal was that they would agree to the kind of spending cuts that allowed us, over the period of

the next three years, to reduce state spending by fully a third from what it was projected to be.

MR. NOVAK: Which they didn't do.

GOV. WILSON: Oh, no, they did. They did.

MR. NOVAK: They did.

GOV. WILSON: We reduced in California a budget that was projected, when I was running, projected to be \$60 billion, was \$40 billion.

MR. NOVAK: Okay.

GOV. WILSON: That's frankly a rather remarkable record in spending cuts.

MR. NOVAK: Governor, you're here in Washington this week for the National Governors Association meeting. And Governor Dean, the head of your organization from Vermont, has said that the Republican welfare reform as contained in the House Republican Contract with America would throw poor people out in the street. Do you agree with the head of the Governors Association on this --

GOV. WILSON: No, I do not.

MR. NOVAK: -- that this is not the formula to go; this is not the way to go?

GOV. WILSON: I do not. I think that Governor Dean is expressing a little frustration because he has found, I think not surprisingly, that Republicans, who now number 30 of the 50, have been consulting with the Republican majority in both the House and in the Senate in order to get reforms that are about 50 years overdue. And what he's unhappy about, I think, is that reforms go beyond what most Democratic governors would agree are necessary, although I can point out a number who think that they make great sense, because, in fact, they do.

MR. NOVAK: Now, would you prefer, Governor, instead of having your fellow Republicans -- Speaker Gingrich, Senator Dole -- rewrite the welfare rules in a more draconian way, would you rather have this all go back to the states? You prefer the so

-called devolution theory?

GOV. WILSON: I would -- yeah, I would prefer that. But frankly, whether it occurs that way or with sufficient latitude so that we can achieve the kind of reforms which we have made in California, that's what's necessary.

MR. NOVAK: What's your preference? Which way?

GOV. WILSON: I think my preference would be for so

-called devolution. But I could easily live with the kind of autonomy that I think they are prepared to give, with only audits on very large, generalized criteria.

MR. NOVAK: Just for people who may think we're talking about revolution, devolution is that the rules of welfare are transferred from Washington to the 50 state capitals.

GOV. WILSON: That's exactly right, so that we wouldn't

have to come back and ask for waivers from the federal government.

MR. EVANS: The revolution is here in Washington,

GOV. WILSON: It is a revolution, by the way.

MR. EVANS: And the contract that was just mentioned, and you said you supported your Republican confreres here on the contract on that question, what about welfare being denied legal immigrants? For or against?

GOV. WILSON: Well, I think that we ought to hold the sponsors to the obligation that they undertake when they serve as a sponsor -- and I have served as a sponsor -- for people entering the country, some who are already in the country as legal residents, who seek to become citizens. It seems to me that we ought to hold sponsors to that. It is little enough every other civilized democracy is quite unabashedly self

-interested in imposing immigration criteria.

MR. EVANS: So you're against the contract on that issue, on that one point.

GOV. WILSON: I would -- no, I think, if I understand the contract, they also would say that we ought to hold people who are sponsors, not the taxpayers, to --

MR. EVANS: They want to take them off the rolls, legal immigrants.

GOV. WILSON: Altogether? Well, what I'd say is that I think probably you're going to have difficulty doing that from a legal standpoint once people become citizens.

MR. EVANS: Now, Governor, one of the hottest issues last summer and fall in your state was the question of illegal immigrants. Then you were very forthright, some people would say statesmanlike, in your position.

GOV. WILSON: I would say so. (Laughs.)

MR. EVANS: And that may have been the issue that carried you over against what looked like overwhelming odds. Do you think we should have congressional legislation here in Washington dealing with this question today?

GOV. WILSON: Absolutely.

MR. EVANS: What should it say?

GOV. WILSON: I would say they should make clear, as both Speaker Gingrich and Senator Dole have, that immigration is a federal responsibility, and that imposes upon the Congress and the executive branch the duty first, I'd say, to eliminate, as a burden on federal as well as state taxpayers, the cost of providing services to people who are in the country illegally. Why reward those who have violated the rule of law? Secondly, for as long as they're going to continue these services, they should be paid for by the federal government and not by the state taxpayers.

MR. EVANS: Have you discussed this with Newt and Bob? That would be Newt Gingrich and Bob Dole.

GOV. WILSON: Yes, sir.

MR. EVANS: And what do they say?

GOV. WILSON: They agree.

MR. EVANS: So you're going to --

GOV. WILSON: They've said so publicly.

MR. EVANS: So you're going to have -- you think there's a chance for legislation to pass this Congress on that issue?

GOV. WILSON: I certainly hope so, because if you're interested in talking about unfunded federal mandates, it is the most egregious example I can think of.

MR. EVANS: Finally on this question, do you think that

the Mexican \$40 billion -- it's not a loan, it's a --

MR. NOVAK: Loan guarantee.

MR. EVANS: -- loan guarantee -- is a bailout for Mexico that's going to help you keep immigrants out? Is that why you're so much for it?

MR. NOVAK: Are you for it?

GOV. WILSON: I'm not so much for it.

MR. EVANS: Are you against it?

GOV. WILSON: I am at this point. It's not very well baked, as nearly as I can see. And I think what we ought to do is do whatever is in the U.S. national interest. At this point it seems to me that it isn't clear that it is in the interest of the taxpayers. Obviously we'll want to see a healthy and prospering Mexico. We want to make full use of NAFTA.

But the real question, I think, has to be is it fair to ask American taxpayers to engage in a bailout that may, in fact, be more than a guarantee if there is default? Guarantee doesn't prevent default. And by the way, we're not the only huge investors in Mexico; the United Kingdom, Canada, Japan. It would seem to me that if anything is going to be done, there should be a sharing of that burden.

MR. NOVAK: Do you support Senator Dole and Jack Kemp and others who want to revalue the peso back to its former place?

GOV. WILSON: Yes.

MR. NOVAK: You do support that?

GOV. WILSON: Absolutely. I think this was a tragic mistake. I think that it was a misstep of unbelievable proportions, and they are suffering grave jeopardy as a result.

MR. NOVAK: Governor, when you were inaugurated, at your inaugural party you and your wife did a little ditty, a little song. Let's take a look at it.

(Videotaped excerpt of song by Gov. and Mrs. Wilson at inaugural gala.)

MR. NOVAK: Just briefly, since you're singing the California blues, does that mean that the best days of the golden state are behind it?

GOV. WILSON: Oh, no, far from that. I think they're improving daily. If you can get through the last four

years, as we have, I think there is much to be optimistic about, and indeed I am, very much so.

MR. EVANS: Governor, unfortunately we've got to take a break for messages, commercial messages.

We'll have the big question for Governor Pete Wilson in a moment.

(Announcements.)

MR. EVANS: The big question for Governor Pete Wilson of California. California is one of only 18 states that has never passed a balanced budget -- a federal constitutional -- balanced budget amendment to the Constitution. Now that Congress here is about to send the states a balanced budget amendment, will the state of California ratify it?

GOV. WILSON: I would certainly hope so, and worked for it when I in the Senate. I was the chairman of the then

-balanced budget caucus. And the problem with California has been that we've had, like Congress, heavily Democratic majorities in the legislature during the period that you described.

MR. EVANS: You are for a constitutional balanced budget amendment?

GOV. WILSON: Absolutely.

MR. EVANS: And you've been on record that way?

GOV. WILSON: For a long time.

MR. NOVAK: But your prediction? You say you hope. What's your prediction on California?

GOV. WILSON: I think that California would.

MR. NOVAK: Now, the Republican leadership in the House, in order to bring along the freshmen members, said that next year they'll go for a constitutional amendment for a tax limitation, requiring a three

-fifths majority in Congress to increase taxes. Would you go for that?

GOV. WILSON: I would personally.

MR. NOVAK: Do you think the state of California would also endorse that?

GOV. WILSON: We have a requirement now for a budget to pass by a two

-thirds majority. Whether they would be

willing to go for a tax -- I think probably they would. Historically they've been pretty hostile.

MR. EVANS: Governor, 25 --

GOV. WILSON: And they're also heavily taxed, which is why I'm trying to get a tax cut.

MR. EVANS: Twenty

-five seconds left. The president went out on a limb against your Proposition 187 on illegal

immigrants in California. Do you think that would hurt him in his reach for the nomination, Democratic presidential nomination, in 1996 in California?

MR. NOVAK: The election. You mean the election.

MR. EVANS: Yeah, I mean the election.

GOV. WILSON: Election or nomination?

MR. EVANS: The election. The election.

GOV. WILSON: Yeah, I do, and it should.

MR. EVANS: You think it would. How much?

GOV. WILSON: Well, I think there are a lot of people, Democrats as well as Republicans, who think it's just terribly wrong and unfair. He's even said so. He doesn't do anything about it.

MR. NOVAK: Thank you very much, Governor Pete Wilson.

GOV. WILSON: A pleasure to be with you.

MR. NOVAK: My partner and I will be back with a comment after these messages.

(Announcements.)

MR. EVANS: Bob, Pete Wilson is a cool customer. He would not say no, that he wouldn't run for president in 1996. In fact, I think he said almost "Yes, if I'd just get asked enough times," because California is in the fulcrum. He is the governor of California, and here is where emanates all the great events that come out of American politics. I think he wants to run, and probably will.

MR. NOVAK: But he's not too happy about the prospect of being succeeded by a Democratic lieutenant governor. I thought he was interesting, Rowly, too, on the welfare question, that he said it didn't really matter to him whether they give all the authority to the states or they

really just revise the views in Washington. I had thought sure he would say devolve everything to the states.

MR. EVANS: Also, on the Mexican bailout, Bob, he surprised me because he's against it as it's now written. And yet the Mexican bailout, everybody says out in California, is needed to reduce immigration into California. But he says it's not buttoned down yet. He may in the end be for it, but right now he's against it.

MR. NOVAK: But he says he's for a revaluation of the peso, as Kemp and Dole are. Of course, and you know, many years ago people, when they'd think of one word to describe Pete Wilson, they would say bland. Now I think the new word used to describe Pete Wilson is tough. He is a tough character, and I think all the Republican presidential aspirants are taking a hard look at him.

I'm Robert Novak.

MR. EVANS: I'm Rowland Evans.

END

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TEXT:
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The Federal News Reuter Transcript Service

ABC "THIS WEEK WITH DAVID BRINKLEY"
WITH HOST: DAVID BRINKLEY
JOINED BY: SAM DONALDSON AND GEORGE WILL
GUEST:
GOVERNOR PETE WILSON (R

-CALIFORNIA)
SUNDAY, JANUARY 29, 1995

PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS ABC
PROGRAM TO "ABC'S THIS WEEK WITH DAVID BRINKLEY."

MR. BRINKLEY: Governor Wilson, California, thank you
very much for coming. You know everybody.

GOV. WILSON: David, thank you. I do indeed.

MR. BRINKLEY: Welcome to Washington.

Now, you have more business with the federal government
than most governors, I think. The attorney general is
suing you because you're not enforcing a law she thinks
should be enforced which allows people to register to vote
when they go to not quite a carwash but almost anywhere
else.

GOV. WILSON: Don't suggest it.

MR. BRINKLEY: Huh?

GOV. WILSON: Don't suggest it. They'll pick up on it.

MR. BRINKLEY: And you object to having all of the
expenses dumped on you for illegal immigrants and some
other things.

GOV. WILSON: That's right.

MR. BRINKLEY: What did you accomplish yesterday? You
had a meeting yesterday.

GOV. WILSON: Yesterday the meeting, which I was not invited to and did not attend, was at the White House. That's the meeting you're talking about.

MR. BRINKLEY: Why weren't you invited?

GOV. WILSON: My feelings aren't hurt but, well, I think it's because they wanted to have a sampling of different groups -- governors, mayors, others. But in any case, that was a meeting about welfare reform. There seemed to be surface consensus. I'm not sure that there really is real consensus.

But your comment is absolutely accurate. I am, frankly, outraged by the fact that the federal government, repeatedly, hoists upon the people of my state and other states duties that are not paid for by the federal government.

If the federal government thinks that it is important to have a motor voter registration then let federal agencies implement it. I don't see why my taxpayers should be required either to pay for it or to have to stand longer in lines.

I don't think that it's fair, for example, when the federal government defaults upon its responsibilities to secure the border and then imposes on us duties to provide social services to illegal immigrants as a reward for their having entered the country illegally.

That not only costs state taxpayers money, which is unfair in itself. It is also unfair in that it requires that we deprive needy Californians, who are legal residents, of services which they require and which, in fact, we are denying to them because we are ordered by the federal government -- by federal law -- to supply them instead to illegal immigrants. That's not fair.

MR. BRINKLEY: Well, when you say all of this to the feds what do they reply?

GOV. WILSON: Well, it's very interesting. In some cases, when President Clinton is asked about these things he can articulate the proper response. It's just that he doesn't follow through. And he has described the unfairness of the federal failure to secure the border.

He's absolutely right. I could scarcely put it better although I'm happy to try. But the fact of the matter is he really hasn't followed through. There hasn't been the commitment. There hasn't been any relief for the states of a significant kind.

They're saying they have done something to beef up the border patrol. They haven't done nearly enough. And the result is that the impact falls very unfairly upon Californians. Both those who are taxpayers and those who are deprived of services.

MR. WILL: Okay, now like South Carolina in 1861, California is in open rebellion against federal authority with regard to motor voter.

GOV. WILSON: So Herb Block tells me.

MR. WILL: That's right.

And you're citing the 10th Amendment which says, powers are reserved to the states.

GOV. WILSON: Absolutely. We are suing Ms. Reno back. We are suing the federal government and invoking the 10th Amendment.

MR. WILL: If the 10th Amendment were strictly adhered to, how much of the federal government would remain?

GOV. WILSON: A lot less. It would be a good thing.

MR. WILL: Well, in order to meet --

MR. BRINKLEY: Tell them what the 10th Amendment is.

MR. WILL: Well, the powers not expressly delegated to the federal government are reserved to the states or to the people thereof.

With regard to unfunded mandates, there's now a statute -- not a constitutional amendment but a statute --

GOV. WILSON: Correct.

MR. WILL: -- that says the following: When there are significant costs -- \$50 million on the states -- imposed by federal mandate the cost must be assessed and there must be a separate vote taken to impose them.

Do you think that's a sufficiently rigorous restraint on the federal government's imposition of costs?

GOV. WILSON: It's a good first step. I'd like to see it go further.

MR. WILL: Would you like to see a constitutional amendment?

GOV. WILSON: I would.

MR. WILL: Now, there is a constitutional amendment that comes along with this now in the same spirit and the balanced budget amendment.

Have you run the numbers to see what that would mean? Assuming -- making so static an assumption that the same number of government functions go on and revenues are basically apportioned the same way. Have you run the numbers to see how that affects California and would California, do you think, ratify the balanced budget amendment.

GOV. WILSON: I think California would and should. And the answer is that I haven't run the numbers. Well, yes I really have. In the first instance they were run by the

Treasury -- the U.S. Treasury. But they've done so on false assumptions.

MR. WILL: Like what?

GOV. WILSON: And the assumption is that there will be a static rather than a so

-called dynamic analysis made.

In other words, what they've said is, assume that there is continued growth in spending because there is continued, open

-ended growth in welfare case load, in Medicaid case load and that these numbers just keep swelling up.

I don't assume that. To the contrary, I assume that both the federal government and the state governments must

change the way they do business as, in fact, we have in California.

When I was running for this office in 1990, a similar projection was made. They projected, at a state agency, that the general fund budget for the state of California in 1994 would attain \$60 billion. Well, it didn't. It was only two

-thirds of that because of the spending cuts which we made over the preceding four years. And that's not easy to do but it is exactly what must occur at both the federal and the state level.

So, the analysis that has been run, and that Governor Dean refers to when he says that the passage of the balanced budget amendment and the passage of the contract with America -- which I think is a very good contract, by the way -- when he says that will necessitate tax increases in California I don't agree.

To the contrary. It requires spending cuts.

MR. DONALDSON: Governor, apart from your objections to the motor voter registration law, how can you get away with not obeying it?

GOV. WILSON: Well, I think that what you do is you challenge something that you believe, in good faith, to be unconstitutional. I'm not suggesting anybody be a scofflaw.

MR. DONALDSON: But you're not obeying it are you?

GOV. WILSON: No, because, in fact, I think that it is flatly unconstitutional.

MR. DONALDSON: Well, if I don't like the paying of my income taxes I can challenge it but they make me give the money and then if I win in court I guess they'll give it back.

What you're saying is, we don't like the law, we won't obey it.

GOV. WILSON: We have sought injunctive relieve and if we lose we lose.

MR. DONALDSON: Well, what kind of example to the country is this, Governor? What about the law, for instance?

GOV. WILSON: I think it's very good because, listen Sam. There comes a time when law abiding citizens, who are not scofflaws, have to challenge the law and have to be a little bit impatient about doing so.

We are being compelled to deny services to Californians because of federal mandates. I think that's terribly wrong. I think it's terribly unfair.

MR. DONALDSON: Well, Governor, your position may be widely supported. But as long as it's the law -- what I'm asking you is, why you think you can pick and choose among laws as to which to obey. The average citizen certainly can't do that.

GOV. WILSON: When the federal government imposes a duty and failed to pay for it because they think that it is a priority, I say to them if you think this is a

priority fine. Let IRS do it. Let the Postal Service do it. Don't ask the states to do it. And, in fact, if they send the money then I would agree with your point. If they had sent the money.

Then, even though I don't think this is an urgent priority -- because we've got all kinds of people who are registered who don't vote -- then I would say go ahead and do it. And, in fact, with the one office that is included in law that is entirely federally funded, they are in fact implementing the law.

MR. DONALDSON: Let me move over to welfare reform. Would you do away with the so

-called entitlement requirements? That is, at any level, whether you do it at the state or whether the federal government continues to do it, whether they give you a block grant, would you have the law so constructed so that a particular class of people, if they meet the requirements, are in fact eligible to receive the money?

GOV. WILSON: Well, what I think we ought to do, and what the Republican position is on welfare reform under the so

-called devolution idea is that there ought to be an entitlement not by individual but by the states. The states ought to receive block grant. We ought to determine how to administer that and I think that -- your previous segment, with Governor Dean -- There's a basic distrust on the part of Democrats. They don't want to trust the governors and yet he said he trusted all 55.

I think we've gone a long way from the 50's. I think there is political pressure to see to it that children are not short changed. That those who are in need have adequate services.

But I don't think there ought to be individual entitlements.

MR. DONALDSON: Speaking of Democrats --

MR. BRINKLEY: We have a few seconds left, Sam.

MR. DONALDSON: Well, if I could just ask how you're getting along with the speaker.

Willie Brown, who is still speaker --

GOV. WILSON: Yes he is.

MR. DONALDSON: Are you working with him?

GOV. WILSON: Well, we are compelled to work together as we have in the past and will in the future.

MR. DONALDSON: How did he pull that off, Governor?

MR. BRINKLEY: About out of time. George?

MR. WILL: I think he did something that was probably illegal but it may take the courts awhile to intervene and by that time there probably will have been a political change.

MR. WILL: Two very quick questions.

California civil rights initiative is an initiative

that may, almost certainly would be on the ballot in 96, essentially mandating color blind government and doing away with affirmative action.

Do you support that?

GOV. WILSON: I certainly support the concept. I have not given close analysis to the initiative. But yes I do.

I think that we should have both education, employment -- spaces in graduate schools and public universities -- awarded on the basis of merit. I think it ought to be color blind and essentially that is what I understand the initiative to offer.

MR. BRINKLEY: George, one more.

MR. WILL: I'm wearing my Chargers colors here. I want to know how the former mayor of San Diego is rooting today.

GOV. WILSON: With two California teams I predict a California win. If there isn't one, I'll be blamed for it I'm sure. At least by the Democrats.

MR. BRINKLEY: California's bound to win.

GOV. WILSON: That's right.

MR. BRINKLEY: Governor, thank you. Thanks very much for coming. Pleased to have you. Good luck to you.

GOV. WILSON: Thank you.

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

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TO: A. Victoria Rivas-Vazquez (RIVASVAZQU_A) (WHO)
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TO: Rica F. Rodman (RODMAN_R) (WHO)
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TO: Joshua Silverman (SILVERMAN_J) (WHO)
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TO: Aman, Sally J (Sally J. Aman@EOP_OVP@CCGATE@EOPMRX)
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TO: Virginia M. Terzano (TERZANO_V) (WHO)
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TO: Marshall Jr., Thurgood (Thurgood Marshall Jr.@EOP_OVP@CCGATE@EOPMRX)
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TO: Lorraine A. Voles (VOLES_L) Autoforward to: Remote Addressee (Lorraine A.
Voles@EOP_OVP@CCGATE@EOPMRX (WHO)
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TO: Michael Waldman (WALDMAN_M) (OPD)
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TO: Ann Walker (WALKER_A) (WHO)
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TO: Gene B. Sperling (SPERLING_G) Autoforward to: Paul A. Deegan (DEEGAN_P)
(PDONE)
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The Federal News Reuter Transcript Service

CNN'S "LATE EDITION"
HOST: JEANNE MESERVE
GUESTS:

DONNA SHALALA, SECRETARY OF HEALTH AND HUMAN SERVICES
REP. JAN MEYERS (R

-KS)
WISCONSIN GOVERNOR TOMMY THOMPSON (R)
JUAN WILLIAMS, THE WASHINGTON POST
MARA LIASSON, NATIONAL PUBLIC RADIO
PAUL GIGOT, THE WALL STREET JOURNAL
5:00 P.M. (EST)
SUNDAY, JANUARY 29, 1995

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THIS IS A RUSH TRANSCRIPT. -----

MS. MESERVE: By the way, those of you looking for Frank Sesno, he's at home today enjoying the Super Bowl. But with me here today, sacrificing this television viewing, is HHS Secretary Donna Shalala, Governor Tommy Thompson of Wisconsin and Representative Jan Meyers of Kansas.

Again, thank you all for coming in.

GOV. THOMPSON: It's a pleasure to be on your program.

MS. MESERVE: Well, thank you.

SEC. SHALALA: We're happy to be here.

MS. MESERVE: Oh, I'm so glad to hear this. We're going to get into the specifics of welfare reform in just a moment, but I wanted to talk to you about some of the underlying assumptions of welfare reform. One of the things that, as I understand it, the three of you would agree on is that one of the basic ideas is to get people off welfare and back to work. But there are a number of people now receiving public assistance who can't read, who can't write, who may have disabilities, who may have substance abuse problems, who have no work experience and perhaps no work ethic. My question is, is it pie in the sky to believe that for a certain number of years you're going to get all these people off of welfare and into jobs? Governor?

GOV. THOMPSON: I think it's entirely possible that we can do this. The problem is the system is so broken right now that it's beyond repair. And what we have to do is we have to replace the current welfare system with a system that works, which requires individuals to take training, stay in school, and requires parents to learn how to take care of their children, requires fathers to pay for child support. It requires individuals who are receiving assistance to take job training. And it requires the state and federal government to work together in a collaborative manner in order to allow for that training, give the training so people really have an opportunity to gain independence.

MS. MESERVE: Are these people employable, all of them?

SEC. SHALALA: Most of them are. They may need some education and training. They may need substance abuse

treatment, and that ought to be provided on the front end.

But the point is to change the culture of welfare. The president's own bill, introduced last year, has all the elements that Governor Thompson talked about. In addition to that, it has a real up

-front investment to get people ready to go to work. The important thing is to fundamentally change the welfare system, and that means the welfare office can't just be there to write checks and decide your eligibility. It has to be there from the moment you go in to apply to get you ready to go to work. And there has to be a time limit on your preparation.

MS. MESERVE: There has been job training for decades.

Is it going to work this time?

REP. MEYERS: Well, this is one reason I really disagreed with the president's plan last year is because it added another \$10 billion to the system and suggested a number of massive federal job programs -- job search, job training, day care and so forth.

MS. MESERVE: Why do you object to them?

REP. MEYERS: Because we tried it in '88. We said, "Let's add another \$10 billion and have all of these federal programs." But we said it would only really cost \$3 billion because so many people would leave the welfare rolls. Well, it cost \$13 billion and less than 1 percent of the welfare population is working. In other words, everybody took the job search, the job training, they took advantage of the day care money, and nobody went to work.

MS. MESERVE: Is it going to work any differently this time?

REP. MEYERS: Well, I think it is not going to work differently, and I think you cannot cure the problem as far as I am concerned, at least as far as the AFDC population is concerned. You have to prevent it. And in order to prevent it, you've got to work with the mindset of people who are 13 years old. We have been altering thinking in this country. We've been altering behavior by telling people we would give them \$18,000 a year to have two children with no man in the house.

MS. MESERVE: Can government policy change private behavior?

SEC. SHALALA: It certainly can have an influence on private behavior, depending on how the incentives are organized. The programs that Representative Meyers talked about, in fact, in the president's plan leaves it to the governor, to the governors across the country, to decide what kind of a package, working with the individual, makes sense. For women with young children going into the workforce, I'm sure that Congresswoman Meyers would agree they may need some child care.

Many people go immediately into the workforce. In fact, over 70 percent of the population that enters welfare this year will get off in two years. But they need some things to help them stay off. It's up to the

governors redoing the entire welfare system to decide what the package of support system that are needed. And that's what the president's plan does. It combines all the jobs programs. It combines the job search programs, and it leaves it at the appropriate place in government, in the states, to make the determination on what's appropriate.

MS. MESERVE: But do the jobs exist?

GOV. THOMPSON: Yes, they do, Jeanne. And take Wisconsin, for example. I've been on welfare reform and have been initiating some fairly dramatic plans, and we've been able to reduce the welfare caseload by 25 percent. Now, when you look at the rest of the country, it's gone up by 35 percent. Wisconsin's gone down by 25 percent. And these individuals now are independent. They're working, and they feel much better about themselves.

And what governors are asking for is, give us the opportunity. Give us a block grant. Give us the flexibility so we don't have these 300 programs that we have to administer. Give us maybe one or two with some broad guidelines, some standards, and I can assure you that the 50 governors, Republicans and Democrats alike, will be able to come up with a more innovative, more compassionate and a better, comprehensive program than what Washington does.

MS. MESERVE: Job training costs money.

GOV. THOMPSON: Yes.

MS. MESERVE: You're going to have to front

-load this

with money to train these people. Doesn't that conflict --

GOV. THOMPSON: But there are --

MS. MESERVE: Doesn't that conflict with the second goal, which is to cut costs?

GOV. THOMPSON: No, there are 110 programs right now just in job training -- 110 federal programs. Why don't we just reduce that down to five? Give the flexibility to the states. And if you do that, you'll save money at the federal level. It'll be easier for us to administer at the state level. And you know something? We will give better services at less cost to the taxpayers, and everybody will be better off.

MS. MESERVE: We'll get back to that debate a little bit later. But another one of the underlying principles here is that if you stop a check to a teenager, it's going to stop that teenager from having babies. Do you really believe it will work that way?

REP. MEYERS: I think it's not simplistic. There are a lot of pressures on young women. There's boyfriend pressure, peer pressure. They want to get out of the house. They don't like their parents right then. There's a lot of pressures. But then along comes the federal government and says, "We'll give you \$500 a month AFDC,

\$300 a month food stamps. We'll pay all your medical bills. We'll find you a place to live and pay for it. We'll send you to a college or a training school. We'll give you \$200 a month child care. We'll give you \$25 a month transportation." All of that together is \$18,000 a year, and it enables them, it encourages them, to do something they want to do.

MS. MESERVE: Aren't there other reasons teenagers are having babies?

SEC. SHALALA: Well, certainly there are other reasons. In fact, most of the very young teenagers that have babies have been preyed upon by older men. But let's get to this point. What the congresswoman has described here is the status quo. The president believes that the status quo ought to be walked away from and we ought to have major welfare reform. He believes that teenagers, if they decide to have a child, ought to stay at home, finish high school, identify the father of the child so we can collect child support, finish school and get to work. And that's the president's proposal -- very different from the current system.

MS. MESERVE: But it's also different from what the Congress

REP. MEYERS: I strongly support what Tommy Thompson has done and I strongly believe that we should give flexibility to the states. The only place I think we're in disagreement is if you continue to give a young woman, if you continue to promise a young woman, so that a young woman, when she's 13 years old, knows this will happen, \$18,000 a year, I think that's too much pressure. That's too much encouragement. That's too much incentive for her to take advantage of that program.

I think we should give total flexibility to the governors, but I think we should make a strong national statement with this one national mandate or two national mandates -- no AFDC monthly cash grants unless both parents are 18 and none at any age until the father is identified. They would both be prospective. They would both be forward

-looking.

SEC. SHALALA: Congresswoman, what's --

MS. MESERVE: And we have to take a break there. We'll get back to it in just a second. Up next, more Q&A with Secretary Shalala, Governor Thompson and Representative Meyers. (Announcements.)

PRESIDENT CLINTON: (From videotape.) We have to make welfare what it was meant to be -- a second chance, not a way of life. We have to help those on welfare move to work as quickly as possible, to provide child care and teach them skills, if that's what they need, for up to two years. After that, there ought to be a simple, hard rule: Anyone who can work must go to work.

MS. MESERVE: And welcome back to Late Edition. Before the break, Congresswoman Meyers was spelling out why she thinks AFDC benefits to children under 18, to mothers under 18, should be discontinued. Secretary Shalala, good idea? Bad idea?

SEC. SHALALA: Ultimately welfare reform is about values. And listen to the message of this one. What we're saying is that a baby born to a teenage mother should be banned for their entire childhood from getting any kind of cash assistance to help them grow up. And I would argue this is not a family value we want to express. Welfare reform must be about responsibility of both parents. It also must not punish poor children.

REP. MEYERS: I'm not sure that's accurate, Donna. I think it denies benefits, the PRA currently, which is a work in progress and is changing. It's the only one of the contract issues where I think you're going to see a lot of change because they begin to work with the governors. But I think what it says is that AFDC benefits will be denied until those parents -- unless and until those parents are 18. And then it goes on and says the states can deny them until they're 21 if they wish.

SEC. SHALALA: But ultimately it makes a child poorer, and that's not what we're about in this country.

REP. MEYERS: What we are about in the PRA, and in my thinking, we've altered behavior dramatically in the last 30 years. And that escalation in illegitimacy and teenage pregnancy is especially dramatic in the last five or 10 years. If we don't change what we're doing, in just five years 80 percent of minority children and 40 percent of all children in this country are going to be born out of wedlock.

SEC. SHALALA: And that's why --

REP. MEYERS: Forty percent.

SEC. SHALALA: And that's why we must reform the welfare system, the entire welfare system. But it makes no sense to make babies born to teenage mothers poorer in the process of reforming the welfare system. And that's the only point I'm making, and that's where we disagree.

MS. MESERVE: You mentioned minorities, and this brings another question to my mind. Is this issue playing upon racial fears and tensions in this country? And is it making them worse? Governor?

GOV. THOMPSON: I don't think so, because when you really look at the figures, there are more white Americans that receive AFDC than ethnic groups, minority groups. But really what it gets down to is everybody in this country -- and you said it during the intermission -- everybody's got some strong opinions on this, and people on welfare have strong opinions, the taxpayers, Democrats and Republicans.

The wonderful nice thing about this debate is there actually is more things that we all agree upon than we

disagree about. And there are certain things you know we can all agree upon, that fathers that bring children into this world should be responsible for taking care of them, that teenagers should have parenting courses to take care of children, that states need more flexibility, that we need some kind of national standards. And all of these things we can reach and agree upon, and we've never had this.

The welfare system is so broken that it needs to be replaced, and the wonderful thing that's happening is that people on all sides of this political spectrum are talking about it and the need for change, and I am so optimistic that this is the year, Jeanne, that we're actually going to make some positive progress in this area.

MS. MESERVE: Last year everybody talked that way about health care reform. Look what happened -- nothing.

SEC. SHALALA: I think we're much further ahead in welfare reform in terms of building a consensus. And, in fact, in the president's own bill last year, the Work and Responsibility Act, these major elements were the centerpiece. And if you go out and poll and ask the American people what they want, they want able-bodied people to go to work. They want both parents to take responsibility. And they want an enormous effort to reduce teenage pregnancy. They want time limits. They want paternity established so that we can get after men who refuse to support their families.

REP. MEYERS: But shouldn't those be established at the state level? I think we're trying to spell out too much at the federal level. And besides that, the president's plan costs more. If you add another \$10 billion --

GOV. THOMPSON: Jan, I agree with you.

REP. MEYERS: -- it's not welfare reform; it's welfare expansion.

SEC. SHALALA: In fact, Jan --

REP. MEYERS: It should go to the states. It should cost less. There should be just two national mandates.

SEC. SHALALA: In fact, Jan, the president's plan is budget-neutral. What we did was we reorganized existing programs in the process of reforming the welfare system. And the extra expense in the president's plan is to provide child care, not just for welfare recipients, but for low

-income working Americans who have a tough time paying for child care, many of them single moms who need to work to support their families but need some child care. And you've been a strong supporter of child care.

REP. MEYERS: I'm a strong supporter of child care, but in 1988 we had a child care component of that and a college component, work training, all of those things. And at the end it cost \$13 billion over five years, and less than 1 percent of the welfare population was working,

because what works in New Jersey won't work in Kansas. We've got to leave it to the states and have it cost less.

MS. MESERVE: There's another issue I want to talk about, and that's whether the money should go as block grants or whether welfare should remain as an entitlement.

To explain to the audience briefly -- correct me if I'm incorrect -- right now if you meet certain guidelines, you will get payments. But under the block grant system, states would get the money. There might be people in those states who would qualify, but the state would be out of money and therefore they would not get any benefits. Am I correct?

GOV. THOMPSON: That is a simplistic kind of definition.

MS. MESERVE: But is it accurate?

GOV. THOMPSON: No, I don't think it is, because what you're saying is that the states wouldn't take up the issue and take care of poor people themselves.

MS. MESERVE: Will it?

GOV. THOMPSON: And yes, they will. All the states want to do is, if you spent \$115 billion on over 300 programs, consolidate it. Give us the flexibility to develop a program in Wisconsin as in Michigan, California, Kansas. And we'll be able to do a much better job and we'll be able to get the services, the training, and get people to move from welfare dependency into a job market

for independence. And the truth of the matter is we can do it better, at less money, if we don't have all the bureaucratic rules and regulations.

MS. MESERVE: And we have to take a break right there. Up next we go to the phones for your questions to Secretary Shalala, Governor Thompson and Representative Meyers, just ahead on Late Edition.

(Announcements.)

MS. MESERVE: And welcome back to Late Edition. Now we go to the phones. The first call is from Bayonne, New Jersey. Go right ahead.

CALLER: Yes, I want to pose a question to the governor of Wisconsin.

GOV. THOMPSON: Yes.

CALLER: I want to know -- I'm on welfare. I'm a political science major, too. I'm also in college.

GOV. THOMPSON: Sure.

CALLER: I have three children and a wife. And I just want to know, just because Wisconsin may have jobs in their state, does that mean that New Jersey has to have jobs in their state? I mean, I'm from New Jersey and there are no jobs here.

GOV. THOMPSON: Well, first off, I think that every welfare program has got to have a work component. I think that everybody has come to that realization that you just cannot send a check and have people not have to be in either some kind of an educational establishment, some kind of job training, some kind of transition. And there has to

be some kind of time limit. I think everybody has now come to the conclusion that unlimited benefits is not the way to go. And I would have to say that you would take training, and I think Wisconsin is setting the example, and I think a lot of other states are going to follow through.

MS. MESERVE: Would you support subsidizing private industry to create jobs?

GOV. THOMPSON: What I'm trying to do is set up a contract between people on welfare and the government and the private sector. And I'm asking the private sector to hire people off of AFDC, also to come in and help us set up the training. The state's responsibility is to set up the training, allow for the transportation from the home to a job training site or day care. And the individual person on welfare has got to sign up for work, has got to

sign up for education, and has also got to make sure that children are in school or in a day care center.

MS. MESERVE: But at the end of the line, if there's no job --

SEC. SHALALA: The president's proposal would focus on private

-sector jobs and encourage the governors to focus on private-sector jobs. If that job is not available, then the governors would be able to set up short

-term assignments. They could subsidize a private

-sector job. They could set up something in the public sector. They could send the person to work in a non

-profit center. But that would be short term, because the purpose of the president's proposal is to get people into private

-sector jobs.

MS. MESERVE: Okay, we have another call on the line. This one is from Savannah, Georgia. What's your question, please?

CALLER: This is for Representative Meyers.

REP. MEYERS: Yes.

CALLER: The Republicans want to kick people off of welfare after some point of time. What happens when they don't have a job? Will they take the president's proposal?

REP. MEYERS: Well, I think if we block

-grant this money to the states, the states will have a great deal more flexibility and they're much closer to the situation. For instance, Governor Thompson in Wisconsin has had an extremely interesting program where he says -- we should let him explain this -- where he says if you can't have a

job, you can work for the city or the county or the state and perform some kind of work, whether it's cleaning out ditches or painting park benches, or I don't know what all of the different programs are. But you don't get paid for it. You simply are working for your benefits. And after doing that for a short period of time, a lot of times people do find a job.

Now, I'm sure that you're not one of them, sir, but I think a lot of people don't look very hard for a job when they are able to stay at home and where they are getting paid for staying at home. That certainly is not a put

-down

of all welfare recipients. Some of them are there because they've had a very hard time. But I think some of them don't look as hard for a job, are not as willing to accept a job as maybe they should be. And I thought Governor Thompson's program was excellent.

MS. MESERVE: Fairfax, Virginia is also on the line with a question. Go right ahead.

CALLER: Good afternoon. My question for your guests -- I can somewhat understand the job training programs, but I feel they're inappropriate. Number one, public education is free and there are a lot of people that have full

-time jobs that gain an education while they are working, regardless of the financial hardships. The other thing is, don't you feel that some of these job training programs are basically ripoffs to the taxpayer? A company will take money to train a person and then fire them six months down the road; they've already got the money from the government.

SEC. SHALALA: That's why we need flexibility, as the president has recommended. In fact, some people don't need job training. They're job

-ready. They just need a little shove to get them out there to get a private

-sector job. Some people need some education and training, some job readiness. The president met on Friday with four welfare recipients. Each of them needed some help and searched desperately for some program that would help them get into a private

-sector job. All of them eventually found that opportunity, but it took some confidence

-building as part of that; very short term, but it helped and made the difference in terms of getting them permanently into the workforce.

MS. MESERVE: That caller mentioned public education, and it leads me back to my initial questions about underlying causes. We talked about how many recipients cannot read and cannot write. Why aren't we hearing more talk from you welfare reform advocates about improving public education, to give those people the basic building blocks they need?

SEC. SHALALA: We've been talking about that for years, including work study.

MS. MESERVE: Meantime, what's happening to the quality of our public education? It's not improving.

REP. MEYERS: I think, again, if you have children who are having children, you have children who are born; they have very little structure in their life. They have no father. Sometimes they don't even have enough food and clothing. And this is the kind of start that they get in life. It is no wonder to me that they have a very hard time performing when they get to school and performing later on in life. And this is our third generation in welfare.

MS. MESERVE: And we're going to have another if public education, for one thing, doesn't improve.

SEC. SHALALA: There is a percentage of the population on welfare that is long term, as described by Representative Meyers. Much of the welfare load in this country is more temporary and

needs a shove, needs some short

-term education and needs some child care to get off.

MS. MESERVE: And we've got to take a break right here.

Up next, final thoughts from our guests. And later, Bruce Morton has our last word. The nation's capital was covered in a blanket of snow last night, but some DC residents think they get the cold shoulder from the federal government every day. Stay with us.

(Announcements.)

MS. MESERVE: And welcome back to Late Edition for some final thoughts from our guests. I want to ask each one of you, what is the most important thing to you in welfare reform legislation? I'll just go right around. Governor, we'll start with you.

GOV. THOMPSON: Block grants, flexibility for the states and a national standard on child support and collections.

SEC. SHALALA: Every able

-bodied recipient must go to work. We must have time limits. We must have child support enforcement. That's what the president proposed. And in addition to that, the president said last night something that's very important. This debate is about values. He quoted FDR. "A nation does not have to be cruel to be tough."

REP. MEYERS: I think it should cost less. It should contain great flexibility for the states. It should have only two mandates -- no AFDC unless both parents are 18,

no AFDC at any age until the father is absolutely identified. We're not taking away food stamps, not taking away Medicaid. They're prospective. They're forward-looking. But we should deny AFDC to under 18 and until the father is identified.

MS. MESERVE: We have a strong disagreement right here. Are the disagreements going to derail welfare reform?

GOV. THOMPSON: Absolutely not. I have never been so excited and optimistic about a bill getting through Congress as I am about welfare reform. They --

MS. MESERVE: But will it get signed by the president when it gets through the Congress?

GOV. THOMPSON: Yes, it will. I am confident that it is going to be --

SEC. SHALALA: The president is committed to major reform, and that means state flexibility. It means everyone going to work. It means time limits. It means child support enforcement. It means responsibility by

welfare recipients and by the states and by the other governments who administer the programs.

GOV. THOMPSON: There are more things that we agree upon than disagree. You've got to remember that.

MS. MESERVE: Okay, we're going to have to leave it there. Governor Thompson, thanks for coming in.

GOV. THOMPSON: Thank you.

MS. MESERVE: Secretary Shalala and Congresswoman Meyers.

REP. MEYERS: Thank you, Jeanne.

MS. MESERVE: Thank you.

And a program note: Tonight on CNN, a special report on welfare reform reported by our senior Washington correspondent, Charles Bierbauer; "Welfare: Breaking the Cycle," tonight at 10:30 p.m. eastern. That's 7:30 Pacific.

When we come back, we'll go 'round the table with our panel of veteran journalists on the president's State of the Union that kept going and going and going. But just what was it all about? That's next on Late Edition.

(Announcements.)

MS. MESERVE: And welcome back to Late Edition; time to go 'round the table with our panel of veteran Washington journalists. Joining us: Paul Gigot, political columnist for the Wall Street Journal; Juan Williams, columnist for the Washington Post; and Mara Liasson, White House correspondent for National Public Radio.

Let's start with the most significant political story this week, the president's State of the Union address. And in typical Bill Clinton style, Tuesday night's speech was one of the longest State of the Union addresses in American history.

PRESIDENT CLINTON: (From videotape.) This is a very, very great country, and our best days are still to come. Thank you, and God bless you all. (Applause.)

MS. MESERVE: It was a long one. Juan, too long?

MR. WILLIAMS: I think it was too long, and I think that's why he took such a beating in the papers this week. It was sort of a different reaction in and outside the beltway on this one. Inside the beltway, among the columnists and sort of political insiders, there was just

general thumbs down, that this was too long, too diffuse. And I thought David Broder in the Post had the best one. He said that there's an old Jewish saying. It says, "Be a man. Stand for something. Define yourself." And he didn't think that the president did that with this speech.

MS. LIASSON: You know, I think that people outside the beltway were really responding to different criteria, and certainly the polls didn't say, "Did you think it was too long?" They said if you agreed with the president's ideas. "Did you leave during the speech?" And they didn't. The people liked what they heard. President Clinton didn't say anything offensive. He positioned himself right where he should.

I think the people inside the beltway -- and this is a speech where what people inside the beltway think counts more than others -- they felt he didn't project an aura of strength or authority. That's what they were looking for. "Does this guy have what it takes to lead?" And I think you saw the old Bill Clinton. "If I only say another paragraph, maybe I'll convince one more person to like me." (Laughter.)

MS. MESERVE: Trying to be all things to all people, Paul?

MR. GIGOT: Well, I think that's right. And the length played into the perception that a lot of people have on Capitol Hill of a self

-indulgent president, somebody who's ill

-disciplined. You know, Leon Panetta was brought to the White House to try to project discipline to that kind of crazy place, get people speaking from the same phone book. And Bill Clinton just went off on his own.

MR. WILLIAMS: You know, though, I would say that the president has a legitimate complaint when he feels that people don't give him credit for the good that he's done. And I think that was part of the instinct in that speech was "I'm going to lay it out and let everybody know exactly what I've accomplished," remind them about the economy, remind them about NAFTA, GATT, on and on.

MS. MESERVE: If it wasn't a great week for Bill Clinton, Newt Gingrich got the balanced budget amendment through the House. Is this an indicator of how the rest of the Contract with America is going to go, Paul?

MR. GIGOT: Yeah, so much for the do

-nothing Congress
notion.

I mean, I think it's going to be a substantial Congress.

The Republicans feel that this is a historic moment. They've got the momentum. There's a surprising amount of cohesion right now amongst conservatives.

MS. MESERVE: Is it going to last?

MR. GIGOT: I think it's going to last for a surprisingly long time, considering this town. I mean, it tends to break down on January 4th in most years. But I think we're going to see an awful lot of legislation presented to Bill Clinton.

MS. LIASSON: Yeah, I think that's true. I think even on welfare reform they're going to get something done. And one of the reasons is because they were very smart when they designed the Contract with America. These are things that not only are popular and that kind of respond to what the public wants, but they're doable. Welfare reform is 3 percent of the federal budget. It affects a very small group of people. They barely vote. They certainly don't vote for Republicans. It doesn't have a whole array of interest groups like health care reform did. And it also doesn't affect every single middle

-class

American. I mean, welfare reform, although it's a very pressing social issue, is something that you can bite off and take care of.

MR. WILLIAMS: Yeah, I think they might get something on welfare reform. But when it comes to the balanced budget amendment, for example, I think that's a phantom. I think that, you know, there's a question as to whether or not the Senate will approve it. But even if it does, I don't think you're going to have a constitutional amendment. The states will never buy it. So the Republicans get away with that, and they certainly haven't specified any cuts.

MS. MESERVE: Twenty

-seven constitutional amendments

have passed. More than 10,000 have never made it.

MR. WILLIAMS: I think that's the telling factor, unless Paul wants to tell us otherwise. (Laughter.)

MS. MESERVE: Well, do you?

MS. LIASSON: That's all it takes is 12 states.

MR. GIGOT: Look, the Republicans had to pass this in the House. They got a lot of short

-term momentum. That's

very helpful to them. In the long run it may be more difficult, because once you pass something like this, you have to balance the budget. (Laughs.)

MR. WILLIAMS: Well, that's the point.

MS. MESERVE: Do you think that the president is positioning himself correctly vis

-vis the Congress?

MS. LIASSON: I think he's trying. I don't think there's a whole lot that he can do right now. He is very marginalized and he's very weak, but I think he is trying

to say, "Here's where I'll cooperate with you and here is where, if you go over the line, if you're too extreme in welfare reform, if you send me a repeal of the assault weapons ban, I'll veto it." But I don't know if he's going to get the chance to veto the things he wants to.

MR. GIGOT: He's going to have to sign an awful lot of things, and I think that was the main message out of the State of the Union, that he really is in the back seat and he's following the lead of the Republicans because they sent -- this election just was a big thunder bolt, and he's going to have to follow.

MR. WILLIAMS: Well, I think one of the things that he's going to define, as Mara was saying, is where he will not go along, where he will not. Now, this week he went forward on that minimum wage as part of the State of the Union.

MR. GIGOT: He sort of went forward on it. (Laughs.)

MR. WILLIAMS: But he never quite -- and what he was going to do afterwards, and I don't know if that means he backed off or whatever, but it was a kind of signal, I think, to his core constituency that, "Hey, listen, guys, I'm still with you. I'm still a Democrat and have some liberal traditions." And I think that's an important message, given that all we in the press that we've been talking about is Bill Clinton moving to the middle, and maybe even a little bit to the right.

MR. GIGOT: But I think, actually, the minimum wage backfired on him for precisely the reason that by not mentioning \$5 or \$5.25 or some figure and seeming to do it in such a passive, halfhearted way, I think he upset the liberals because they said, "There's no conviction." And meanwhile, the Republicans are saying, "We're not going to help you."

MS. LIASSON: You know, I think that was a small point. I agree with you, maybe it wasn't great to specify a number. But Bill Clinton learned something from the health care reform fight, and I think it stood him in good stead on the minimum wage. Why mention a number? And then, all of a sudden, the president's plan is the target.

"Is it going to be \$5 like the president wants, or are we going to come up with something else?" There are plenty of plans up there right now. Kennedy has a bill to raise the minimum wage. Let Congress figure it out, and then Bill Clinton can campaign for it when it gathers some steam.

MS. MESERVE: The outrageous statement of the week did not come from Newt Gingrich this week but from Dick Armey, who, he says, in a slip of the tongue, called Barney Frank, who is a homosexual, "Barney Fag." Was this, in fact, a slip of the tongue? What do you think, Juan?

MR. WILLIAMS: I think Barney Frank's on target when he says, "You don't say things like that unless they're in your head. They don't come out of nowhere." But I think Barney Frank came off as a pretty classy guy in the way he handled it. He certainly didn't hammer Dick Armey. He just said, you know, "We have to work this out."

MR. GIGOT: He shouldn't have said it, obviously. But I've known Dick Armey for a while, and he's actually one of the more decent members up there. When Bob Dornan, the Republican from California, went after Steve Gunderson, a homosexual Republican, Dick Armey sent a letter on Gunderson's behalf to his constituents. And Armey also earlier had voted against expelling Barney Frank when he had troubles two or three years ago. So I think this was a slip of the tongue, but not with malice aforethought.

MS. LIASSON: Well, I think the Democrats would like to roll all of these things -- Dornan and Gingrich and Armey's statements -- into one big indictment of the Republicans. Some of them aren't ready for prime time yet.

They're not the kind of dignified, gracious leaders that maybe the public would want. But I think that the Democrats will be making a mistake if they think that's the way they can bring Republicans down, because the public seems to make a big distinction between Republican programs, which they really like, and the Republican leaders, which some of them they're not too sure of.

MR. WILLIAMS: Makes Bob Dole look good. (Laughs.)

MS. MESERVE: It sure does. And we're going to take another trip around the table when we come back.

(Announcements.)

MS. MESERVE: And welcome back to Late Edition for our final trip around the table. The Mexican aid package; Paul, this morning Senator Gramm said it was dead. Is it?

MR. GIGOT: It's on life support. It's going to take some new event, I think. The president barely mentioned it in the State of the Union. Maybe some kind of real financial crisis; again, markets moving south in Mexico or elsewhere to give it some kind of momentum. This is really a story, in my view, of presidential weakness. I mean, he has no -- he cannot deliver anything among his own party, Democrats. And the Republicans are not going to step forward unless there's some Democrats saying, "We'll hold your hands to jump off the cliff" on something which is not very popular.

MS. MESERVE: Does the president deserve the blame on this one?

MS. LIASSON: Well, I think he deserves a fair amount of it. I think Republicans, if they are pro

-trade internationalists, should be doing their share. But I think it says more about what this election did. It decimated the pro

-trade center. You've got a lot of Republicans who were elected with Perot votes and you've got a lot of liberal, anti

-NAFTA Democrats left. And there's not a constituency for this.

MR. WILLIAMS: And I think it's important, though, to move away from the policy for a second and say that after we've made the investment, substantial investment that we've made in Mexico -- and talking here about NAFTA, GATT, and other kinds of issues -- it's kind of tragic that we would then somehow say our neighbor to the south is going to be allowed to slip into this kind of dysfunctional economic state. That is not going to help the border states. Gramm's own state of Texas, I think, would be damaged by it. And I think ultimately he's going to have to come around.

MR. GIGOT: Well, Gramm said he would support something, but he said not something that doesn't fix the problem. And I disagree a little bit with Mara, because this isn't a trade problem per se. This is really a question of monetary policy. They printed pesos like crazy. If we're going to give them dollars to buck up the peso, well, they ought to stop printing pesos. And there's nothing in this deal that I've seen that would do that.

MS. MESERVE: Quickly, Ron Brown is in some more trouble, the commerce secretary. How deep are his troubles?

MR. WILLIAMS: Well, at the moment Ron Brown is able to sort of deflect it by pointing out that most of the charges are coming from Republicans and it may be something that's sort of factional and intended to sort of discredit the president; more evidence of the president's weakness that he hasn't stepped out to defend Ron Brown.

MS. MESERVE: And we have to leave it there. Juan Williams, Paul Gigot, Mara Liasson, thank you all for joining us.

And I'll be right back. Bruce Morton and the last word are still ahead.

(Announcements.)

MS. MESERVE: And now Bruce Morton is here with the last word. Bruce?

MR. MORTON: This week about colonialism, Jeanne, right here in the good old USA.

Washington DC gets described in a lot of ways. When

Americans feel good about it, which isn't often, it's our nation's capital. When they feel bad about it, which is often, it's "inside the beltway," that terrible place where the terrible politicians and the terrible media live.

It would be at least as accurate, though, to describe it as a colony inhabited by people who are not, in a fundamental sense, citizens of the United States. They get U.S. passports when they want to leave the country, but they do not govern themselves, and so they are a colony.

Washington residents have an elected mayor, but

Congress can overturn anything the mayor does. DC residents do not have members of Congress. They have a non

-voting delegate to the Congress, like the other colonies -- Guam, Puerto Rico and the Virgin Islands. Washingtonians do pay federal taxes. That is taxation without representation, and that was one of the principal causes of the Revolutionary War.

If that is unjust, could it be fixed? Well, Congress could make DC a state, but it won't. It could make DC part of Maryland, but it doesn't seem to want to do that either. So if the District can't have representation, maybe it shouldn't have to pay federal taxes either. That would make it like Puerto Rico. It would also, of course, make many people anxious to live in this colony. Property values would shoot up, the tax base would improve, the city could get out of debt, and everything would be swell.

Guam and the Virgin Islands would still be paying taxes without representation, but they have wonderful beaches and nothing's perfect. Washington DC would be very happy. You could buy my house.

MS. MESERVE: As a homeowner and taxpayer in the District of Columbia, I think it's a great idea. But does it have a chance on Capitol Hill?

MR. MORTON: I don't think so, no. I mean, you know, it never has. There is something wrong about it, though. I mean, if you're an American, you ought to be an American. You ought to have a congressman, a senator, to complain to or to praise. And we don't.

MS. MESERVE: In fact, our representatives' voting rights were limited, but even those have recently been taken away.

MR. MORTON: Well, that was one of those wonderful congressional compromises. The non

-voting delegates could vote if it didn't make any difference. If the vote was close enough to matter, you couldn't.

MS. MESERVE: What is the Congress going to do about the District? It is in a terrible fiscal situation.

MR. MORTON: Well, in the short term it's going to appropriate some money because it can't stand for the cities simply to collapse. In the long term it may decide to take away some of the home rule the District has.

MS. MESERVE: A serious threat?

MR. MORTON: A real possibility, I think.

MS. MESERVE: And what are the repercussions of that?

MR. MORTON: Then we'd be even more of a colony than we are now.

MS. MESERVE: Okay, Bruce Morton, we'll leave it there. Thanks so much.

It's time now to go to the news desk and Jill Dougherty for a look at what's ahead on The World Today. Jill?

MS. DOUGHERTY: Thanks, Jeanne.

The man nominated to be chaplain of the U.S. Senate gets sued, and O.J. Simpson faces a critical week in court. Those stories and much more just ahead.

MS. MESERVE: Jill, thanks.

And that's it for this Late Edition. I'm Jeanne Meserve in Washington. From all of us at the program, thanks very much for joining us today. Enjoy the rest of your weekend.

END

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Theo Lubke (LUBKE T) (OPD)

CREATION DATE/TIME: 3-FEB-1995 16:28:22.10

SUBJECT: WASHINGTON TODAY: BUDGET CHIEFS KASICH AND DOMENICI

TO: Gene B. Sperling (SPERLING_G) Autoforward to: Paul A. Deegan (DEEGAN_P)
(PDONE)
READ: 3-FEB-1995 16:46:23.83

TEXT:

Date: 02/03/95 Time: 08:51

WASHINGTON TODAY: Budget Chiefs Kasich and Domenici On the Brink

WASHINGTON (AP) The Republican Party's premier budget-cutters strolled out on a Capitol balcony overlooking the National Mall. "Should we get up on the rail like we're going to jump off?" one joked to the other.

Not a chance. Sen. Pete Domenici and Rep. John Kasich, chairmen of the Senate and House budget committees, respectively, have waited years for this moment.

The Republican revolution is at hand and they are the battlefield strategists. Their budgets will be tantamount to marching orders as the new Republican House and Senate majorities ponder which agencies to kill, which programs to send packing to the states, which Americans should get tax cuts.

As President Clinton prepares to send his budget to Congress on Monday, Domenici and Kasich are working together closely and spoofing their respective images as staid veteran and youthful fiscal radical.

"He's slick as a whistle today," Domenici, 62, said Thursday at a photo session while straightening Kasich's lapels.

"I wore my best suit to stand next to you," replied Kasich, 42.

"I'm the old grandpa and he's the mover and shaker," Domenici said later with good humor.

Kasich, elected in his central Ohio district in 1982, is a close ally of House Speaker Newt Gingrich, R-Ga., and a firebrand in the Gingrich mold on fiscal matters. His biggest splash was in 1993 when he teamed up with conservative Minnesota Democrat Tim Penny and nearly got the House to pass \$90 billion in spending cuts.

"He's a hard-charger," said Penny, who retired last year. "John comes straight at you. And he's willing to raise issues that others would just as soon avoid."

In past years Kasich has irritated his party by proposing to cut congressional pensions and working to kill the B-2 bomber. He's also insisted on offering detailed GOP alternatives to Democratic budgets when others favored an attack-and-generalize approach.

Already this year Kasich is stirring controversy with plans to put defense spending under a microscope and issue a more detailed long-term spending scenario than some party elders believe is politically wise.

“I know that John wants to develop an honest budget,” Penny said. “I also know that there are many leaders in his caucus who are trying to undercut that effort.”

Domenici, like Senate Majority Leader Bob Dole, R-Kan., is identified with the pragmatic wing of his party. The New Mexico Republican, elected in 1972, was budget chairman for six years in the 1980s when the GOP ran the Senate and Ronald Reagan was in the White House.

Like Kasich, Domenici has sometimes bucked prevailing GOP winds.

He was skeptical from the start about the supply-side economics Reagan espoused. In the mid-80s, concerned about swelling deficits, he and other Senate Republicans went on record in favor of cutting Social Security cost-of-living adjustments and other sensitive programs.

“Domenici had very grave reservations about the Reagan tax cuts in 1981,” said former Senate Budget Committee Chairman Jim Sasser, D-Tenn., who was defeated in November. “Later on he had to look for Democrats to help him pass budgets and try to stop some of the massive hemorrhaging of the federal deficit.”

So far this year, Domenici has disagreed with Kasich on at least one tenet of the House GOP “Contract With America” a highly controversial proposal to require three-fifths majority votes in the House and Senate to raise income taxes. Domenici is against it.

But the two agree completely on a couple of fundamentals: The federal government must be severely reduced in size and Congress must cut spending before cutting taxes in order not to aggravate the deficit.

“We are on the same wavelength,” Kasich said during a joint interview. “We’re going to be working together on all this. We’re going to be coordinating everything we do.”

“That does not mean on everything ... we’ll be in lockstep,” Domenici added quickly. “But we can assure you we’ll be in lockstep in terms of where we’re trying to get, and what the trends are, and basic principles.”

The pair takes a first crack at the Clinton budget in pre-game commentary on a weekend television talk show. Sasser grudgingly conceded that the team was acceptable for Republicans.

“I view Domenici as a mature voice of reason. Kasich brings some energy and enthusiasm,” he said. “That works well together.”

EDITOR'S NOTE Jill Lawrence covers Congress and politics for The Associated Press.

APNP-02-03-95 0853EST

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Theo Lubke (LUBKE T) (OPD)

CREATION DATE/TIME:14-FEB-1995 17:36:01.97

SUBJECT: GINGRICH EXPECTS TOUGH BATTLES OVER PENDING `CONTRACT' ...

TO: Gene B. Sperling (SPERLING_G) Autoforward to: Paul A. Deegan (DEEGAN P)
(PDONE)
READ:14-FEB-1995 17:38:44.05

TEXT:

Date: 02/14/95 Time: 17:23

Gingrich Expects Tough Battles Over Pending `Contract' Provisions

WASHINGTON (AP) The Republican ``Contract with America," off to a racing start in the 104th Congress, is bound to bog down in the days ahead, House Speaker Newt Gingrich said Tuesday. He acknowledged portions of it may not be enacted by this Congress.

Term limits, tax cuts and litigation reform will be tougher to get through the House than the first few measures, Gingrich said, while the balanced-budget amendment and welfare reform face opponents from both parties in the Senate.

``It's been sort of a shakedown cruise," Gingrich told reporters as the House prepared its final round of votes on anti-crime legislation. ``We have several very, very big issues coming down the road and nobody should have any doubts about that."

Hundreds of GOP House candidates signed and ran on the ``Contract," a list of 10 legislative priority areas, some encompassing several separate measures. It became the House agenda when Republicans took over the chamber this year.

Nearly lost in the election hubbub was the fine print: the contract promised votes on all 10 areas in the first 100 days, but did not promise they'd be passed. The House will be halfway through its first 100 days by the middle of next week.

``We have a ton of work to do when you talk about welfare reform, if you talk about litigation reform, you talk about term limits, you talk about the tax bill, you talk about regulatory reform," Gingrich said.

The ``Contract With America" provision to limit punitive damages in product liability cases is in question, he said, ``because the trial lawyers have already indicated how harshly they're going to oppose us." Term-limits legislation ``is going to be complicated," he said. ``We're not there yet."

While Gingrich proudly makes almost daily announcements of progress in pushing through the GOP agenda, he acknowledged that when the 104th Congress concludes next year, some ``Contract" provisions may not yet be written into law.

Turning the rapid-fire House action into law likely will require a filibuster-proof majority in the Senate, he said: ``My answer would be you need seven more Republican senators."

That would give Republicans a 60-40 majority in the Senate, the

magic number needed to end a filibuster and bring an issue to a vote. Without that, as the Republicans are already seeing this year, skilled parliamentarians like Sen. Robert Byrd, D-W.Va., can tie up the Senate indefinitely, effectively killing legislation.

Dole filed a petition Tuesday that could force the Senate to vote Thursday on limiting debate on the balanced-budget amendment, the controversial constitutional initiative to require that federal spending match revenues in 2002. The House approved the amendment last month.

Two items in the ``Contract With America'' subjecting Congress to the same labor laws that govern private employers and reducing congressional staff are now law. The House also has passed measures to balance the budget, restrict unfunded mandates on state and local governments and give the president the line-item veto.

APNP-02-14-95 1725EST

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Theo Lubke (LUBKE_T) (OPD)

CREATION DATE/TIME:16-FEB-1995 16:32:04.32

SUBJECT: REICH CALLS REPUBLICANS `ROBIN HOOD ON REWIND

TO: Gene B. Sperling (SPERLING_G) Autoforward to: Paul A. Deegan (DEEGAN_P)
(PDONE)
READ:16-FEB-1995 16:33:32.81

TEXT:

Date: 02/16/95 Time: 15:31

Reich Calls Republicans `Robin Hood on Rewind

WASHINGTON (AP) Labor Secretary Robert Reich accused congressional Republicans of being Robin Hoods in reverse Thursday and challenged their House leader to a debate over raising the minimum wage.

Reich claimed that the House Republicans' ``Contract With America" ignores working Americans and that almost half of its proposed \$725 billion tax cut would go to families earning more than \$100,000 a year.

``Republicans are now behaving like Robin Hood on rewind," he told a Labor Department Low Wage Workers Conference. ``They're picking the pockets of the poor to pump up the purses of the prosperous."

Saying there are ``tens of millions" of Americans working harder than ever before and barely making it, Reich urged adoption of President Clinton's proposal to boost the \$4.25 hourly minimum wage to \$5.15 over two years.

``Eleven million (workers) earn less than \$5.15 an hour," Reich told the conference. ``Yet some Republicans ... still claim that they don't need a raise."

Opponents contend an increase would cause businesses to cut their work forces and thus result in lost jobs rather than greater incomes.

Among them are House Majority Leader Dick Armey, R-Texas, who has said he would fight any increase ``with every fiber in my being" and who has suggested eliminating the wage altogether.

``He's bigger than me, and has more fibers in his being than I do," said the 4-foot-10 labor secretary, ``but I'm ready to take him on about the minimum wage. ...

``Mr. Armey, I challenge you to a debate ... over the airwaves so every American can watch."

Armey, who stands 6-foot-3, declined the invitation, saying through a spokeswoman, ``We've got a `Contract With America' to deal with over 100 days, so our agenda is pretty full."

But he repeated, ``This Congress will not enact legislation that will kill jobs."

Reich denied that raising the minimum wage would result in job losses, saying ``more than a dozen independent studies have shown that moderate minimum wage increases have almost no effect on

employment."
APNP-02-16-95 1534EST

RECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Theo Lubke (LUBKE_T) (OPD)

CREATION DATE/TIME:21-FEB-1995 13:27:31.85

SUBJECT: GINGRICH BLASTS CLINTON ON BALANCED BUDGET STANCE

TO: Gene B. Sperling (SPERLING_G) Autoforward to: Paul A. Deegan (DEEGAN_P)
(PDONE)

READ:21-FEB-1995 13:28:31.66

TEXT:

Date: 02/21/95 Time: 10:10

Gingrich Blasts Clinton On Balanced Budget Stance

WASHINGTON (AP) House Speaker Newt Gingrich today accused President Clinton of "doing everything he can" to defeat a proposed balanced budget amendment to the Constitution.

"This is astonishing when you recognize that over 80 percent of the country wants a balanced budget amendment," Gingrich said in a satellite broadcast to some 200 tobacco industry executives.

In some of his harshest criticism of Clinton in recent weeks, the Georgia Republican said the president now represents the major stumbling block to various initiatives in the "Contract With America."

"His administration is now actively opposing us from crime bills to regulatory reform to capital gains tax cuts to a whole range of other issues," Gingrich said. "The president is locked into sort of a left-wing, big government approach that we are convinced will not work."

Gingrich predicted that about two-thirds of the "Contract" would pass both the House and Senate. Wednesday marks the halfway point of the first 100 days during which House Republicans pledged to vote on all the items in their campaign document.

Gingrich particularly questioned Clinton's opposition to the balanced budget amendment to the Constitution, which passed the House and is awaiting action in the Senate.

He said the president "is doing everything he can to beat it."

In fact, while Clinton opposes the amendment, he has been low-key in his opposition.

Gingrich also said that Clinton has chosen to cooperate with Republicans only on a few, fairly narrow and non-controversial bills such as elimination of unfunded federal mandates on local governments and the line-item veto.

Gingrich also said that Republicans are certain to reject Clinton's call for a two-year 90-cent increase in the minimum wage.

He said he was "surprised" that Clinton had gotten behind the proposal and suggested it may have been to please organized labor.

"There's an overwhelming consensus that an artificially created minimum wage is in fact a minority teen-age unemployment bill that will lead to several hundred thousand young people not having a work experience," he said.

APNP-02-21-95 1013EST