

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:20-DEC-1993 10:58:00.00

SUBJECT: This Week w/David Brinkley transcript

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: George Stephanopoulos (STEPHANOPO_G) (WHO)
READ: UNKNOWN

TO: Margaret J. Myers (MYERS_M) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Amanda Crumley (CRUMLEY_A) (WHO)
READ: UNKNOWN

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Keith Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Robert O. Boorstin (BOORSTIN_R) (WHO)
READ: UNKNOWN

TO: Michael Waldman (WALDMAN_M) (WHO)
READ: UNKNOWN

TO: David Dreyer (DREYER_D) (WHO)
READ: UNKNOWN

TO: Jason Solomon (SOLOMON_J) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
READ: UNKNOWN

TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Joshua Silverman (SILVERMAN_J) (WHO)
READ: UNKNOWN

TO: Jonathan P. Gill READ: UNKNOWN	(GILL_J) (WHO)
TO: Ann Walker READ: UNKNOWN	(WALKER_A) (WHO)
TO: Meeghan E. Prunty READ: UNKNOWN	(PRUNTY_M) (WHO)
TO: Rahm Emanuel READ: UNKNOWN	(EMANUEL_R) (WHO)
TO: Kimberly Tilley READ: UNKNOWN	(TILLEY_K) (WHO)
TO: Kimberly S. Hopper READ: UNKNOWN	(HOPPER_K) (WHO)
TO: Ernest D. Gibble READ: UNKNOWN	(GIBBLE_E) (WHO)
TO: Richard Strauss READ: UNKNOWN	(STRAUSS_R) (WHO)
TO: Carter Wilkie READ: UNKNOWN	(WILKIE_C) (WHO)
TO: Lisa Mortman READ: UNKNOWN	(MORTMAN_L) (WHO)
TO: David Kusnet READ: UNKNOWN	(KUSNET_D) (WHO)
TO: Steven A. Cohen READ: UNKNOWN	(COHEN_SA) (WHO)
TO: Julia Moffett READ: UNKNOWN	(MOFFETT_J) (WHO)
TO: Arthur L. Jones READ: UNKNOWN	(JONES_A) (WHO)
TO: Alan J. Stone READ: UNKNOWN	(STONE_A) (WHO)
TO: Carolyn Curiel READ: UNKNOWN	(CURIEL_C) (WHO)
TO: Elizabeth C. Bowyer READ: UNKNOWN	(BOWYER_E) (WHO)
TO: Jonathan M. Prince READ: UNKNOWN	(PRINCE_J) (WHO)

TO: Kathy McKiernan READ: UNKNOWN	(MCKIERNAN_K) (WHO)
TO: Anne M. Edwards READ: UNKNOWN	(EDWARDS_A) (WHO)
TO: Dawn A. Alexander READ: UNKNOWN	(ALEXANDER_DA) (WHO)
TO: A. Victoria Rivas-Vazquez READ: UNKNOWN	(RIVASVAZQU_A) (WHO)
TO: David Seldin READ: UNKNOWN	(SELDIN_D) (WHO)
TO: Carola McGiffert READ: UNKNOWN	(MCGIFFERT_C) (WHO)
TO: Chad H. Griffin READ: UNKNOWN	(GRIFFIN_C) (WHO)
TO: David B. Anderson READ: UNKNOWN	(ANDERSON_D) (WHO)
TO: Jessamyn Sarmiento READ: UNKNOWN	(SARMIENTO_J) (WHO)
TO: Aman, Sally J READ: UNKNOWN	(SALLY J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
TO: Karen Finney READ: UNKNOWN	(FINNEY_K) (WHO)
TO: Kukis, Heidi READ: UNKNOWN	(HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
TO: G. N. Lattimore READ: UNKNOWN	(LATTIMORE_G) (WHO)
TO: Jeremy M. Gaines READ: UNKNOWN	(GAINES_J) (WHO)
TO: Alison Muscatine READ: UNKNOWN	(MUSCATINE_A) (WHO)
TO: Cerrell, Joseph W. READ: UNKNOWN	(JOSEPH W. CERREIL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
TO: Mark Gearan READ: UNKNOWN	(GEARAN_M) (WHO)
TO: David R. Gergen READ: UNKNOWN	(GERGEN_D) (WHO)

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Lawrence J. Sampas (SAMPAS_L) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
THE REUTER TRANSCRIPT REPORT
"THIS WEEK WITH DAVID BRINKLEY"
HOST: DAVID BRINKLEY
JOINED BY: GEORGE WILL AND SAM DONALADSON

INTERVIEW WITH:
SENATOR JOHN MCCAIN (R

-AZ)
SENATOR CARL LEVIN (D

-MI)

MR. BRINKLEY: Thank you very much for coming,
Senator Levin; Senator McCain in Arizona. We're happy to
have you.

Now, you, Senator McCain, have just come back from
Russia. What did you see there and what do you think about
it? And should we be worried about it, in view of the
election they just held?

SEN. MCCAIN: David, I think we should be worried. We
had observers all over Russia. The people are very
unhappy. Over a third of the people of Russia live in
poverty. The good news is that the constitution was
ratified, which gives a legal basis for the government to
function. If it had not been ratified, I think the
conditions would have been much more serious. Mr.
Zhirinovsky was, in my view, the subject of a protest vote
and a very loud and clear one. I think that we also ought
to remember that campaigns are won and lost by -- to some
degree, by good or bad campaigns, and the pro

-government
forces ran a lousy campaign.

But I think that this should tell us two things. One
is that they'd better accelerate the pace of economic
change in Russia,
otherwise there will be more serious problems. And we in
the United States had better not continue this dismantling
of our defense establishment because we live in a very
unstable situation, and it takes us a long time to recover
if we continue these drastic cuts in defense which seem to
be the object -- the continuing policy of the Clinton

administration.

MR. BRINKLEY: Senator Levin, do you agree with that?

SEN. LEVIN: Well, I agree there's new threats in the world, very definitely, and I think we have to be very cautious as to how we approach the defense budget. But we have not made drastic cuts in defense. We've made sensible cuts, sensible downsizing. The Bush, so

-called, base force of 1.6 million people, was put into place before the end of the Cold War. The Clinton base force is 1.4 million.

That is not a massive slashing in defense. That's a sensible downsizing.

There are threats out there, mainly nuclear proliferation in Third World countries, and we've got to meet the new threats instead of focusing on the old threats which was a massive invasion of a Russian or a Soviet armed force through Central Europe. That is not the current threat, although it is a possible, I guess, a possible future contingency, pretty unlikely.

MR. WILL: Senator Levin --

SEN. MCCAIN: David, could I just say, if you seize the opportunity to talk to our military leaders, the men and women in uniform, they're very worried, they're very concerned. We're losing some of the best people we have. Our recruiting is starting to suffer, and all the signs are there of a return to the hollow forces of the 1970s. And that doesn't come from me, it comes from our military leadership.

MR. WILL: Senator Levin, this week, Les Aspin took the fall. Let's review the record. There was mission creep in Somalia, where we didn't seem to know what we were there for and, hence, what forces we needed. Some armed thugs on the docks of Haiti turned away the United States Navy. Threats have been made with regard to Bosnia and the Serbians that the Serbians seem utterly indifferent to. North Korea seems equally indifferent to our blandishments, our carrots and our sticks, and the Pentagon doesn't seem to know within \$31 billion how much money it has or may need.

Whose -- is that really Les Aspin's fault or is the problem higher up?

SEN. LEVIN: Well, I think there were some bumps on the road this year, and the replacement of Aspin with Bobby Inman allows us to focus on the future, which is a good thing. There were also some real successes, including the partnerships for peace proposal, which I think is now the current focus. There is going to be a summit in January in Europe, and it is going to be a very successful summit for NATO.

And the change from Aspin to Inman allows us to focus

on the positives now, on the future, rather than a constant rehash of some of those bumps and rough edges during the last year. So I think it was a sensible move and will be very positive for the president. And I predict, and I've just come back from Europe, a very positive, successful NATO summit for the president.

MR. WILL: Senator McCain, rehash the bumps, if you will, and tell us, how important do you think it is that they've changed secretaries of defense.

SEN. MCCAIN: Well, I think clearly a change was called for, although all of us respected and appreciated the job that Secretary Aspin did. To some degree, I think he is the fall guy and, frankly, the way that it was orchestrated increases one's cynicism about the way things work in Washington.

But I think one of the litmus tests here as far as Admiral Inman is concerned, a person whom I've known for many years and admire enormously, is this \$50 billion shortfall. It's there, it's the fault of the White House that it was there because they figured that they would not have any pay raises for the men and women in an all-volunteer force, which is ludicrous, and I think that Admiral Inman, to have credibility, is going to have to stand up to make up for that \$50 billion shortfall or he's going to have a problem. As far as --

MR. WILL: Let me ask you each of this in the context of the budget cutting. If the United States needed to conduct a Desert Storm

-scale operation, could it do so three years from now given the current budget cuts? First Senator Levin.

SEN. LEVIN: It could do so three years --

SEN. MCCAIN: I asked that --

SEN. LEVIN: -- from now, definitely under the proposed budget. But let me put the \$50 billion shortfall in context. That is \$50 billion out of \$1.2 trillion over the next five years. Is \$50 billion a lot of money? Of course it is. But it is a 3 percent problem in a \$1.2 trillion budget.

SEN. MCCAIN: If it's --

SEN. LEVIN: And I think that we've got to put that in context. It is not a major downsizing at all, a major problem for the Pentagon --

MR. WILL: Senator McCain?

SEN. LEVIN: And by the way, we just -- let me just give you an example. We have more than 400 F

-16s more than we need. We don't need that many F

-16s. And so what was in the Air Force budget this

year? Another \$700 million for F

-16s that we don't need.

That's the kind of cut we can make. We're not going towards a hollow force. We cannot go towards a hollow

force. We can eliminate some of the waste, and I'm glad that Inman's focus was on getting a dollar's worth for a dollar spent.

MR. WILL: Senator McCain?

SEN. MCCAIN: First of all, if it's only \$50 billion, it shouldn't be a problem then, if it's as Carl says. Second of all, clearly, every single chairman of -- staff -- chief of staff of every military service, when asked by me at hearings last year whether we could repeat Desert Storm or not three years from now, the answer was no. And finally, I think that it's very important for us to recognize that the morale and the readiness of our military is suffering enormously.

MR. DONALDSON: Let me see if I understand your two positions correctly. Whether it's \$50 billion, whether it's \$31 billion, do you think that what we ought to do is find the money to fund what is now the projected force levels and spending, or cut back whatever the appropriate billion figure is so that we reach the deficit reduction target?

SEN. LEVIN: I think we have to avoid a hollow force first and foremost. I would rather have a slightly smaller force, for instance, 1.3 million active duty men and women, rather than 1.4 million, as is now projected, and not have a hollow force. We need a force that is ready, that is mobile, that is high morale, that is modernized. We cannot afford the hollow force and we will not have a hollow force.

MR. DONALDSON: So you would cut back in order to reach the figure that was agreed on last August?

SEN. LEVIN: If necessary, but I'm not sure it's necessary and no one knows yet for sure because the inflation rate is changing. That jumped down from \$50 billion to \$30 billion just this week in terms of the shortfall because of an adjustment in inflation rates.

MR. DONALDSON: Senator McCain, what's your answer to that question?

SEN. MCCAIN: Well, first of all, I -- we've got to understand that the majority of it is simple pay raises to keep up with the cost of living for the men and women in an all

-volunteer force. That's why so much of it is critical.

Second of all, as far as spending is concerned, we can cut the \$5 billion for the Sea Wolf submarine which everybody knows we don't need, stop the congressional pork

barreling, which continues to grow as this defense budget is shrinking in the most obscene fashion. And also I think we've got to understand that in an all

-volunteer force, we've got to keep the standard of living up, otherwise the quality of the force deteriorates.

MR. DONALDSON: Senator McCain, where do you come down on the basic question? If you -- to make the cuts, to reach the agreed on previous level or to come up with more money to reach the agreed on previous force level?

SEN. MCCAIN: I would come up with the additional funds, even if it means taking money from some program, such as our new ?national?service program, which will cost billions of dollars, in my view, unnecessarily.

SEN. LEVIN: And we could take those cuts from the exact pork barrel programs that Senator McCain talked about, the museums that we don't need, the F

-16s that we have a surplus of, the inventory in the warehouses which are bulging with inventory --

MR. DONALDSON: But not the Sea Wolf, because that was something --

SEN. LEVIN: No, I think that is a --

MR. DONALDSON: --?President?Clinton promised the voters of Connecticut, as I recall, in order to secure their votes.

SEN. LEVIN: Whatever is unnecessary, be it the F

-16s

--

SEN. MCCAIN: Including --

SEN. LEVIN: -- or the purchases of inventory we don't need.

MR. DONALDSON: Let me move to what happened in the Soviet Union. Expand on that. Do you think this is a ``bump," to use a phrase we've used already today, on the road toward eventual democracy and freedom there, or do you fear that we really are going back to a fascist state which, armed to the teeth, will return us to the Cold War?

SEN. LEVIN: I think it could be either and we have to take precautions against either possibility, and that's why the way in which we expand NATO is so critical. And the president's proposal, which is going to be a success in January, is a real coup for the president. It shows leadership, that he's able to get Eastern Europe, the

Baltic nations and Western Europe together --

MR. DONALDSON: Should Russia be in NATO?

SEN. LEVIN: I don't think Russia can be in NATO,

consistent with its -- but there should be a special agreement between Russia and NATO --

SEN. MCCAIN: Sam, I think --

SEN. LEVIN: -- an expanded NATO and we have to do it cautiously, carefully, but we've got to do it to incorporate gradually over time Eastern Europe, Baltic nations --

MR. DONALDSON: Senator McCain, how dangerous is this?

SEN. MCCAIN: Well, I don't think we can overdraw comparisons with what happened in Nazi Germany in the '20s and the '30s. Clearly, there's a period of transition in Russia today and the people need to have a better life and they need to have a hope for a better life.

One thing that's especially alarming, Sam, is that the overwhelming majority in the military in Russia voted for Mr. Zhirinovsky. Clearly, in some ways it's a protest vote, in some ways you could compare it to the Perot vote here in the last presidential election. But it's far, far more serious than that, and I think it's all going to come out as to whether or not economic reforms and hope for a better future is extended to the Russian people, which right now, unfortunately, they don't have.

MR. BRINKLEY: We also look at a threat in North Korea. What should we do about that?

SEN. MCCAIN: Well, in my view, the key to it, to a large degree, is China. China is the only nation that has any leverage over North Korea. I think we should make it very clear that the presence of nuclear weapons is unacceptable in Korea. If it is accepted, then Japan has no choice but to nuclear arm. And we ought to make it very clear and stop sending them mixed signals, which seem to come out, about a different position, about once a week.

MR. BRINKLEY: Senator Levin?

SEN. LEVIN: I think we have to take a strong position in North Korea, and we have now a strong hand at the Pentagon. That is what this new move at the Pentagon means, a stronger hand at the Pentagon --

(Mixed voices.)

MR. BRINKLEY: What is this stronger hand going to do about --

SEN. LEVIN: The stronger hand will send a single, strong message to North Korea that nuclear weapons in North Korea are unacceptable and a threat to world peace.

MR. WILL: Senator McCain, now both you and Senator Levin have used the word "unacceptable." That means we will not accept it, regardless, I assume at the end of the day what the Chinese do. Do we have a military option?

SEN. MCCAIN: I don't think at the present time we do until all others are exhausted, and I think embargoes would be a logical next step, including from the United Nations, but again, I go back to the Chinese, because I

know of no one who has any particular influence over that incredible Orwellian situation that has existed in Korea for so long.

SEN. LEVIN: Well, the Chinese are critical, but so are the South Koreans, by the way. They've got twice the population, ten times the economy of North Korea. And their participation in this is absolutely critical. We cannot lead against the wishes of our own allies in South Korea. They, it seems to me, should set the pace economically, they are now a strong economy, again with twice the population and 10 times the economic strength of North Korea.

MR. BRINKLEY: Well, North Korea --

SEN. MCCAIN: The South Koreans have no influence over the North Koreans. We all know that.

SEN. LEVIN: Well, I know that, but they're the ones who have to carry the major brunt of the fight, not us.

MR. BRINKLEY: North Korea, knowing there is a military power immediately to the South has gone ahead with building nuclear weapons, or trying to.

SEN. LEVIN: Well, they seem to be on that road and we've got to use whatever economic pressure we can through the world community, at the U.N., to try to stop them from doing it. I view it as unacceptable that North Korea would have nuclear weapons. I think the world must act cohesively in order to stop it.

MR. BRINKLEY: We've run out of time. Senator McCain, I'll give you the last word.

SEN. MCCAIN: Well, I agree with Carl, but I also think that it's very important that we develop and implement a cohesive foreign policy so we don't repeat the mistakes of the past and we work in a more bipartisan fashion than we have in the past. And I know all of us Republicans stand ready to work with the president, the new secretary of defense, and all of the others in the Clinton administration.

SEN. LEVIN: Can I end by saying amen on that one?

MR. BRINKLEY: Well, that's fine, and that will use up the remaining time. But thank you very much. Thank you both for coming. Been a pleasure to have you.

Coming next, the chief of staff at the White House, Thomas ``Mack'' McLarty. In a moment.

(Announcements.)

INTERVIEW WITH: WHITE HOUSE CHIEF OF STAFF THOMAS F. "MACK" MCLARTY

MR. BRINKLEY: Mr. McLarty, thank you for coming.

MR. MCLARTY: David, nice to be here.

MR. BRINKLEY: Nice to have you here. You know everybody here.

MR. MCLARTY: I do.

MR. BRINKLEY: Now, when it was decided that the

secretary of defense had to be changed, you were appointed, along with a couple of others, I think, to look for a replacement. Tell us, where did you look and whom did you talk to? Tell us about that.

MR. MCLARTY: Well, the president, David, asked me several weeks ago, as he had some very direct and personal discussions with Secretary Aspin, to put together a possible list of successors for him to review. He emphasized to me at that point he had not reached a decision and wanted to continue those discussions with Secretary Aspin.

The principal person I talked with was the president and the vice president. He had met Admiral Inman about this same time, was quite impressed with him, and as the discussions developed, it was clear to me that was the person that he felt was the best person --

MR. BRINKLEY: How many names were on your list?

MR. MCLARTY: Well, David, I don't think it's appropriate to go into --

MR. BRINKLEY: (Laughs) -- Come on, it may not be appropriate, but --

MR. MCLARTY: -- a long discussion of the process here. I think a good decision was made, and I think Les Aspin did an excellent job the first year and Admiral Inman will be an able secretary of defense.

MR. DONALDSON: Excuse me, if Les Aspin did an excellent job the first year, why replace him?

MR. MCLARTY: Well, Sam, my point is -- I think Admiral Inman suggested this in his comments, that he was going to build on what Secretary Aspin had done, and I think any of us would -- can quickly see the rather tedious issues, the bottoms up review, the gays in the military issue, the combat issue that Secretary Aspin worked through this year. I think that's a good base to start from for Admiral Inman.

MR. DONALDSON: I guess a lot of people watching would say, if someone laid hands on and told they've done an excellent job and then shown the door, that doesn't square.

MR. MCLARTY: Well, Secretary Aspin, I think, made a real contribution, Sam, and that's the way the president looked at it and those were the tenor of his discussions with Les.

MR. WILL: Well, I'll leave that aside then, and let's ask a few specific questions about foreign policy. What is the difference morally between the Serbians starving Bosnians for their political objectives and the United States starving Haitian children for our political objectives?

MR. MCLARTY: Well, George, I think the facts are that there is substantial humanitarian aid going to the people of Haiti and that are providing food and medical supplies to the people of Haiti; over 700,000 Haitians are

being served in that manner.

MR. WILL: You do not credit the reports of starving children.

MR. MCLARTY: Well, we are very concerned about the situation there, as I think so many others of the world community are. And that's why we believe that the steps

we've taken are beginning to bite, have a real effect in terms of freezing assets, visas, other steps we've taken, including the embargo, and as you are aware, a number of nations -- Canada, Venezuela, France, and the United States, are sending a delegation shortly to meet with Mr. Cedras.

MR. WILL: Now, North Korea -- we've heard the word "unacceptable" used by Senator Levin, Senator McCain, and the president has used it with regard to North Korea's bomb. That doesn't mean, I assume, that it's acceptable to us unless we can get the Chinese or someone else to put together an effective series of sanctions or something. We're saying we won't accept it. Does that mean that if the Chinese will not go along and if the U.N. cannot get it done and if peaceful measures cannot accomplish it, we have a military option?

MR. MCLARTY: Well, George, you took several steps there in advance, I think, of the process. You are correct in your basic premise that our objectives in North Korea are for the North Koreans to comply to international review concerning their nuclear weapons. That's an absolute criterion. The denuclearization of North Korea is essential for a safe world, and particularly for the South Koreans.

We're going to pursue that, are pursuing it with discussions, and hopefully those discussions will produce a satisfactory result. I think Senator Levin and Senator McCain said it well. The next step, I think, would be on the economic front, would be consideration of certain embargoes, particularly petroleum. It will take U.N. approval, as you know, and the Chinese are not sanguineous, as we see it, about North Korea having a nuclear threat. That's one reason we feel our engagement with China at the APEC conference was helpful.

MR. WILL: The defense budget came up a moment ago, but I'd like to expand that into the question of the larger budget. As the last session of Congress came to an end, the administration pulled out all stops to defeat, barely, the Penny

-Kasich bill in the House that would have substantially cut the budget further. Senators Kerrey and Brown have another run at cutting the budget, and the administration no doubt will be as adamantly opposed to that. Whatever happened to the passion for cutting the budget, the passion for balancing the budget, and something

called the deficit reduction trust fund that was going to advance those ends?

MR. MCLARTY: Well, George, what has happened is for the first time in many, many years, we see a deficit that

has come in below or under projections, not above projections. The financial markets clearly reflect that in terms of the interest rates. So I think the president started this debate and discussion with a comprehensive economic plan that did include specific cuts and a credible deficit --

(Mixed voices.)

MR. WILL: So the current budget level being under projections is now considered satisfactory by the administration?

MR. MCLARTY: Well, I think it's certainly encouraging and I think the economic indicators reflect that --

MR. WILL: But you don't want it cut further?

MR. MCLARTY: Well, I think we want to make -- to get this deficit down as quickly and as low as we can. But that needs to be consistent, George, with a number of other factors. For example, we talked about defense spending and you talked about it earlier in your segment --

MR. DONALDSON: Well, I'd like to --

MR. MCLARTY: Part of the reason you want to show the proper balance there, and it's also related to health care reform and doing that in a context. Sam?

MR. DONALDSON: Okay, let me build on that. First of all, as we all understand, no one's cutting the budget. We're trying to reduce the rate of increase --

MR. MCLARTY: It's the first time that's been done, though, in many years in Washington --

MR. DONALDSON: That's right --

MR. MCLARTY: -- Sam, as you concede -- would you concede that?

MR. DONALDSON: That's right. But the budget is still running way out of control.

On August 4th --

MR. MCLARTY: The deficit is in the right trend line, but go ahead.

MR. DONALDSON: Well, on August 4th, the president said this to the nation: "All the money saved will be

locked away in a deficit reduction trust fund so the savings will not be spent on politicians' pet projects." Is that still a pledge he intends to keep?

MR. MCLARTY: Well, I think certainly it is, and I think, Sam, again, coming from the private sector, what we see in terms of the deficit trend line, we didn't get this deficit overnight. It's built up over a number of years. And that's not meant as criticism.

MR. DONALDSON: I ask the question, Mr. McLarty,

because in other words, all this talk around town, most of it on background, about we've got to save the money here in order to pay for health care, that's nonsense as far as the president's concerned. He will put every dollar of savings into a deficit reduction trust fund. He will not want to divert it to health care reform or anything else. Right?

MR. MCLARTY: I think the trust fund or the deficit reduction really is straightforward. I think you see the deficit trend line, you see an ability to get our fiscal household in order --

MR. DONALDSON: Well, the deficit's not going down, sir. I mean, it's the rate of increase that you're attempting to slow.

MR. MCLARTY: No, Sam, no, no. Now, the deficit itself is going down. The way we accomplished that in part was because the rate of the increase is much slower. But the deficit, Sam, is considerably below where it's been.

MR. DONALDSON: Well, the yearly deficits -- but the rate of increase continues --

(Mixed voices.)

MR. DONALDSON: Let me ask you about the military. Whether it's \$50 billion or \$31 billion --

MR. MCLARTY: Sam, let me just, if I may, just go back to health care just for a moment, because that was part your question.

MR. DONALDSON: Absolutely.

MR. MCLARTY: And I think that the way the president has approached this, properly, is to look at these major issues in an overall context, and our health care plan, other than tobacco tax and the 1 percent corporate assessment, is self

-financing, and I think there's a recent study that confirms that.

MR. DONALDSON: All right, let me ask you about the military, \$50 billion to \$31 billion. Would the president prefer to cut back slightly the projected force level in order to reach that agreed budget figure, or would he prefer to find whatever additional money is needed?

MR. MCLARTY: Well, those are decisions we'll probably be making this week or certainly over the course of the next two or three weeks as we complete the budget cycle.

The budget process has gone, I think, very orderly, and I credit a number of people, particularly Leon Panetta, in that regard. And as we've gone through each individual budget, we now, so to speak, have to add them all up and see how they come together.

Whether the president --

MR. DONALDSON: So he could go either way?

MR. MCLARTY: I think he may not be faced with quite the choice as you outline it. I do think both Senator

Levin and Senator McCain stated it very well, and Admiral Inman suggested it in an interview he recently had, that a leaner force, a ready force, is the real critical item, if you have to make that choice. You have to be militarily ready. The president's committed to that as commander

-in

-chief and Admiral Inman is, too.

MR. WILL: Coming up on a year in office and the president who campaigned saying the Reagan

-Bush years of lax civil rights enforcement must be reversed, this administration still does not have a head of the Civil Rights Division of the Justice Department. The person who was under consideration, or one person withdrew his name.

And this week, a report came out saying that racial isolation in schools is now on the increase again. Something like 70 percent of blacks and Hispanics are in classrooms that are now minority- dominated. Is that a bad thing and what do you propose to do about it? Specifically, do you think that there should be more busing to achieve racial balance?

MR. MCLARTY: Well, George, public education is something that both the president and Hillary Clinton have been deeply involved in, as you know. And we saw just this week with the Annenberg gift the commitment there. The president is committed to enforcing the civil rights laws of this country, and most importantly, he is committed to strengthening the public education system.

MR. WILL: But one of the criticisms of the Reagan

-Bush years was that Reagan and Bush sought to end busing. Do you think there should be more busing than there is now? Do you think that busing that's now going on should continue?

MR. MCLARTY: George, I think the president will be very vigilant in his enforcing the civil rights laws, but I think you're really speaking of public education and the priority and the strength of public education. That's what we are committed to. In many cases, as you also know, busing is a very local situation, but the president, make no mistake about it, is committed to enforcing the civil rights laws of this country.

MR. DONALDSON: Mr. McLarty, the president and Mrs. Clinton have said that they lost money in a passive real estate venture in Arkansas in the White Water Land Development Company. But this morning's ``Washington Post" quotes a real estate agent named Chris Wade who was

instrumental in collecting rents and all of that, saying, I don't see how they could possibly have lost money.

What are the facts here?

MR. MCLARTY: Well, I'm not intimately familiar with all of the facts, but I think it's really relatively easy to see, Sam. When land prices go down, it's pretty easy to lose money in a real estate investment. I think all that was discussed and documented by an outside accounting firm during the campaign, and those reports, to the best of my knowledge, are accurate, and I think the president and his wife did lose money on this venture, and I think that's been documented. I think it's really old news.

MR. DONALDSON: Well, I think the figure was about \$68,000 --

MR. MCLARTY: Around \$70,000, I think that's right.

MR. DONALDSON: But apparently they didn't take it, the losses on their income taxes. Now, I know you can't take passive losses except against passive income, but as I understand it, they actually declared that they had a \$1,000 capital gain.

MR. MCLARTY: Well, I don't know about the intricacies of a particular filing, but I don't think there's much question that the president and Clinton kept investing in this particular endeavor. It was based on land prices escalating. It didn't happen that way, and I think there was a loss to them and other investors, apparently, in this project. That's not unusual in the '70s or '80s.

MR. DONALDSON: Well, at this point, Mr. McLarty, would they be adverse to a reopening of the discussion and making available all of their records on this?

MR. MCLARTY: Well, Sam, as you know, there's been a lot of information made available on this. It was a topic for some period of weeks in the campaign, and I think it's a personal investment and the documentation is quite clear.

MR. DONALDSON: But the RTC has now opened an investigation into the savings and loan company that the McDougals owned, the friends of the Clintons who also were their partners, ran this White Water Land Development Company. Under these circumstances, ought you not to reopen it from your standpoint and say, Look, folks, we have nothing to hide and here are the facts and here are the papers?

MR. MCLARTY: A lot of documentation has been provided. I'm sure if there is any type of litigation, full cooperation will be forthcoming. But this is an old topic, Sam, as you know.

MR. BRINKLEY: George?

MR. WILL: I'd like to recur to the question of Mr. Aspin and perhaps his future. The president said he'd like him to serve in some other capacity. Any truth to the stories that he might be sent to China as ambassador?

MR. MCLARTY: I think, George, you're correct and there is truth to the fact that the president and Secretary Aspin discussed the contribution he had made, which we discussed earlier, and the fact he has experience in the foreign policy area, one of the best minds, and I think that door is open, particularly after Secretary Aspin takes, as he put it, a rest --

MR. WILL: The door to China is open?

MR. MCLARTY: A door to a number of opportunities in this administration, perhaps including that one. That'll be a decision between the president and --

MR. DONALDSON: Could we just ask you if the president is now contemplating replacing any other of his Cabinet people?

MR. MCLARTY: Well, the president, I suppose, always has that prerogative and ability, Sam, but I think we have a very able Cabinet, and I think we're going forward this year after a good beginning --

MR. DONALDSON: You are not now searching for a replacement for, say, attorney general?

MR. MCLARTY: No, I'm not compiling any -- (laughter) -- candidates for attorney general or any other Cabinet office.

MR. BRINKLEY: Mr. McLarty, thank you.

MR. MCLARTY: Thank you, David.

MR. BRINKLEY: Thank you very much for coming.

MR. MCLARTY: Nice to be with you.

END

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:20-DEC-1993 11:09:00.00

SUBJECT: Face the Nation transcript

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: George Stephanopoulos (STEPHANOPO_G) (WHO)
READ: UNKNOWN

TO: Margaret J. Myers (MYERS_M) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Amanda Crumley (CRUMLEY_A) (WHO)
READ: UNKNOWN

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Keith Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Robert O. Boorstin (BOORSTIN_R) (WHO)
READ: UNKNOWN

TO: Michael Waldman (WALDMAN_M) (WHO)
READ: UNKNOWN

TO: David Dreyer (DREYER_D) (WHO)
READ: UNKNOWN

TO: Jason Solomon (SOLOMON_J) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
READ: UNKNOWN

TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Joshua Silverman (SILVERMAN_J) (WHO)
READ: UNKNOWN

TO: Jonathan P. Gill READ: UNKNOWN	(GILL_J) (WHO)
TO: Ann Walker READ: UNKNOWN	(WALKER_A) (WHO)
TO: Meeghan E. Prunty READ: UNKNOWN	(PRUNTY_M) (WHO)
TO: Rahm Emanuel READ: UNKNOWN	(EMANUEL_R) (WHO)
TO: Kimberly Tilley READ: UNKNOWN	(TILLEY_K) (WHO)
TO: Kimberly S. Hopper READ: UNKNOWN	(HOPPER_K) (WHO)
TO: Ernest D. Gibble READ: UNKNOWN	(GIBBLE_E) (WHO)
TO: Richard Strauss READ: UNKNOWN	(STRAUSS_R) (WHO)
TO: Carter Wilkie READ: UNKNOWN	(WILKIE_C) (WHO)
TO: Lisa Mortman READ: UNKNOWN	(MORTMAN_L) (WHO)
TO: David Kusnet READ: UNKNOWN	(KUSNET_D) (WHO)
TO: Steven A. Cohen READ: UNKNOWN	(COHEN_SA) (WHO)
TO: Julia Moffett READ: UNKNOWN	(MOFFETT_J) (WHO)
TO: Arthur L. Jones READ: UNKNOWN	(JONES_A) (WHO)
TO: Alan J. Stone READ: UNKNOWN	(STONE_A) (WHO)
TO: Carolyn Curiel READ: UNKNOWN	(CURIEL_C) (WHO)
TO: Elizabeth C. Bowyer READ: UNKNOWN	(BOWYER_E) (WHO)
TO: Jonathan M. Prince READ: UNKNOWN	(PRINCE_J) (WHO)

TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
READ: UNKNOWN

TO: Anne M. Edwards (EDWARDS_A) (WHO)
READ: UNKNOWN

TO: Dawn A. Alexander (ALEXANDER_DA) (WHO)
READ: UNKNOWN

TO: A. Victoria Rivas-Vazquez (RIVASVAZQU_A) (WHO)
READ: UNKNOWN

TO: David Seldin (SELDIN_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
READ: UNKNOWN

TO: Chad H. Griffin (GRIFFIN_C) (WHO)
READ: UNKNOWN

TO: David B. Anderson (ANDERSON_D) (WHO)
READ: UNKNOWN

TO: Jessamyn Sarmiento (SARMIENTO_J) (WHO)
READ: UNKNOWN

TO: Aman, Sally J (SALLy J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Karen Finney (FINNEY_K) (WHO)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: G. N. Lattimore (LATTIMORE_G) (WHO)
READ: UNKNOWN

TO: Jeremy M. Gaines (GAINES_J) (WHO)
READ: UNKNOWN

TO: Alison Muscatine (MUSCATINE_A) (WHO)
READ: UNKNOWN

TO: Cerrell, Joseph W. (JOSEPH W. CERREIL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Mark Gearan (GEARAN_M) (WHO)
READ: UNKNOWN

TO: David R. Gergen (GERGEN_D) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Lawrence J. Sompas (SAMPAS_L) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
THE REUTER TRANSCRIPT REPORT
CBS ``FACE THE NATION" INTERVIEW WITH:
SENATOR SAM NUNN, D

-GA

SUNDAY, DECEMBER 19, 1993

BOB SCHIEFFER: Today on ``Face the Nation," suddenly it is the season for change. In a surprise Washington shuffle, Bobby Inman, the former intelligence operative, replaces Les Aspin as Pentagon chief. In Moscow, a real shocker -- followers of Vladimir Zhirinovsky, an extreme nationalist, capture almost a quarter of the vote in the parliamentary elections. Should U.S. policy now change toward Russia? And how will Bobby Inman change the Pentagon?

We'll talk today with the chairman of the Armed Services Committee, Senator Sam Nunn of Georgia. Then we'll broaden the discussion with CBS News national security correspondent David Martin and ``New York Times" White House correspondent, Thomas Friedman.

ANNOUNCER: ``Face the Nation," with chief Washington correspondent Bob Schieffer.

And now, from CBS News in Washington, Bob Schieffer.

MR. SCHIEFFER: And welcome again to the broadcast. Senator Nunn joins us in our Washington studio this morning. Senator Nunn, thank you for coming.

First, let's talk about the change at the Pentagon. What did Les Aspin do wrong?

SEN. NUNN: I'd prefer to start with what he did right. He was an outstanding chairman of the Armed Services Committee in the House for a long time and he was caught between a Democratic caucus that was putting a lot of pressure on him in one direction and his own committee that was putting pressure on him in another direction. He handled that with skill. He took a lot of stands that were for the military when it was unpopular to be against them, and, as Secretary of Defense, I think he got the administration off to a good foundation in terms of the bottoms

-up review, which looked at the post

-Cold War type expenditures. So he did a lot of things right.

He had a lot of difficulty at the beginning of this administration for two or three reasons. One reason was he was dealt some very tough issues. Second reason was his

health. He had a very hard time at the beginning because he had heart problems, and that's a very tough job to take on when you've got that kind of problem. And, third, he had trouble getting his own personnel, his own team in place.

On top of that came Somalia. The secretary himself admitted that, looking back on it, he made a mistake in not giving more armor to the U.S. military there, so all of those things kind of accumulated, and I think that, frankly, the president and secretary made the right decision, both from the administration's point of view and from Secretary Aspin's point of view. He has a very bright future in whatever he decides to do, and I wish him well.

MR. SCHIEFFER: Well, one of the things that is being talked about now, stories are being floated around in Washington that the administration may consider him to be the next ambassador to China. Does that strike you as a good idea?

SEN. NUNN: I think he'd be excellent. I think he would bring to it a lot of skill and a lot of knowledge of America and a lot of knowledge of foreign policy, as well as defense policy.

MR. SCHIEFFER: I want to ask you about one of the things that he apparently had some difficulty with with the White House and the Office of Management and Budget Director Leon Panetta was this business of the Pentagon being \$50 billion short over the next five years in being able to carry out the force structure and so forth that the president has approved. I think now they've refigured it and, what is it, they now say that it's \$31 billion short, but basically what you're talking about is having to cut the Pentagon budget by that much over the next five years.

Would you be satisfied or would you feel comfortable with a cut of that size in the defense budget?

SEN. NUNN: I agree with Secretary Aspin's position on that, and I've talked to the president about it personally. I don't want to get bogged down in numbers, Bob, but the president, when he campaigned, before he was president, said he was going to cut \$60 billion from the Bush baseline, \$60 billion below the Bush baseline. When he came in, his budget showed a cut of \$123 billion below the Bush baseline -- about twice what he had said in the campaign -- but that was composed of an assumption on inflation which was lower. So they took money out of the

Bush budget for an inflation assumption which was lower, and then they also took money out because they assumed a

freeze on pay, military pay, the first year and for the next two years one percent below the cost of living. So those were two big assumptions.

The first assumption in pay didn't come about because the Congress, with the tacit approval of the administration, decided the military needed a pay raise as well as the government, at least a modest pay raise, so that's \$15 billion there. The inflation assumption that we're talking about now was off in the sense that we're going to have a stronger growth than was anticipated. Therefore, inflation's going to be slightly higher. Therefore, with the Department of Defense budget, that's \$35 billion, at least by the numbers that were there last week. So the two add up to \$50 billion, and the question is whether to restore that \$50 billion, because if you don't, then the program cut is much more than candidate Clinton anticipated and that President Clinton anticipated.

MR. SCHIEFFER: But it sounds to me like you're going to be fighting the White House on this. It sounds to me like you're going to tell the White House, "I'm not going to be with you if you want to cut the budget this much."

SEN. NUNN: Well, I have already said that, but the president has not made his decision yet. They're now looking at the inflation numbers again, and it looks like \$31 billion, but whatever the inflation numbers are, they are not supposed to be taken out of the program. If you take money out when you anticipate lower inflation, then if you want a sound defense budget, you have to put it back if inflation looks higher. It's the principle that I think is very important here, as well as the effect on the program.

I hope the president will make a decision based on the Aspin recommendation.

MR. SCHIEFFER: You said earlier this week that you had talked to the president about making some changes in his national security team a couple of weeks, I think you said, before all of this took place. Some people took that to mean that there may have also been some discussions about replacing other members of the team -- Secretary of State Christopher, perhaps the national security adviser at the White House. Can you tell us anything about that?

SEN. NUNN: No, I tried to make that very clear in my press conference the other day. We talked about the broad array of national security issues. We did not talk, and the president did not say anything to me whatsoever about replacing anyone

other than a replacement in the Department of Defense. That's all we talked about.

MR. SCHIEFFER: So you don't expect any other personnel changes?

SEN. NUNN: Well, not to my knowledge. I think that the team that you see now is the team you're going to have for the foreseeable future, as far as I know.

MR. SCHIEFFER: Let's talk a little bit about the coming NATO summit. The president goes to a summit of all NATO nations next year. Some people are saying in light of what has just happened with the Russian elections, this could well be the most important international conference that he's attended.

What do you anticipate the agenda there will be? One of the things that's going to be a very hard choice, it seems to me -- you have Poland and some of the other former Eastern bloc nations who are now saying they want to be members of NATO. Do you think that would be a good idea and would you support that?

SEN. NUNN: Well, it's going to be a very interesting summit with the background being the Russian elections. We had thought the background was going to be the successful GATT agreement, and that will be a positive feature, but the Russian elections I think will probably dominate this summit, and the key question will be what you've just alluded to: What will be the relationship in the future between NATO and the former Warsaw Pact, particularly Eastern Europe, the Baltics, but also Russia and the Ukraine and the other countries that were a part of the Warsaw Pact? That will dominate the question.

I think the summit conference will focus on what has been called the partnership for peace proposal that has been put down by the Clinton administration. That proposal, in effect, I think gives NATO time. I think it's a good proposal. It gives NATO time and flexibility to deal with these questions about when and how to expand eastward to take in other countries, which countries to take in, what the criteria would be -- all of those key questions that have to be answered. It also makes it clear that this is not being done in opposition to Russia.

But I think the partnership for peace proposal has to be fleshed out. It's a good starting point, a good framework. I think there are a lot of enormously important questions that have to be put on the agenda.

For instance, Bob, some people say we ought to expand eastward immediately, taking in -- they never say quite

which countries, because that would imply that we would exclude others, and that's always a question -- if you exclude a country, does that mean you no longer believe that it is important? And that has all sorts of implications.

But the thing that I think has got to be brought to bear in this discussion is that NATO is a security alliance. The core is not political or economic, even though those are collateral benefits from membership. The

core is security. We have had a NATO military strategy for years. We've had the resources there, and that's why NATO's been successful.

The discussion so far on expanding east has not talked about either resources or military strategy, and I think that has to be the core of the decision making. We can't pretend that NATO simply takes someone in and all of a sudden their borders are secure, so we have to have that kind of two

-way discussion within the alliance and also with the East European countries and the Baltics and the others.

The other thing about partnership for peace now, even though I applaud the initiative, it's rather amorphous and vague, and I think we've got to start defining terms. For instance, it's broad enough now to include Russia and the Ukraine, saying, in fact, that we may take in Russia at some point in the future in NATO. I think that's sort of like we call down South a ``y'all come" party. It's so broad that it doesn't get down to reality.

Reality is if we get to the point where Russia is about to be taken into NATO, there probably is no longer a need for NATO as a threat

-based security alliance. It would be another kind of organization altogether, so I think we shouldn't pretend that that card is on the table now, but we ought to try to renew our efforts to form a partnership with those in Russia that are reformers, that are believers in democracy, and that are pushing Russia to be part of a responsible international community.

MR. SCHIEFFER: All right. We're going to take a break here. When we come back, I do want to talk some more about Russia and how we ought to deal with them, but I want to make sure I understand your position here. You're saying, as of now, you see no role for Russia in NATO at the present time --

SEN. NUNN: Right.

MR. SCHIEFFER: -- but you're saying you go along with the idea or the plan to give some thought and give some study to whether the other Eastern bloc nations --

former Eastern bloc nations -- ought to eventually be members of NATO?

SEN. NUNN: Right. As long as we bring into the discussion military strategy and resources, which is an essential part of it.

MR. SCHIEFFER: All right. When we come back, we'll talk some more about Russia. In a minute.

(Announcements.)

MR. SCHIEFFER: And we're back now with the chairman of the Senate Armed Services Committee, Sam Nunn of Georgia. Senator Nunn, let me ask you about these Russian

elections. Vladimir Zhirinovsky, this extreme nationalist -- some people would say a fascist, and perhaps that's not too strong a term -- who captured 24 percent of the vote over there, is this person as scary as he sounds?

SEN. NUNN: I think we have to take someone's words seriously. History tells us when someone says radical things, that we can't dismiss it. He's probably somewhere between Adolph Hitler and Charlie Chaplin, but we don't know which way he tilts, and right now I think he's in a position of a complete demagogue, saying whatever the people want to hear, and that's very dangerous for Russia at this stage.

I don't see him in a position of governing or directly affecting policy in the short term. The danger is if the economy doesn't get better in Russia, he could pose a real threat, or his type of leadership could pose a real threat in the 1996 elections.

In the short run, the main adverse effect is that I'm afraid that there may be some frightening aspect to his statements and his vote that could cause less Western investment, and the key to Russian development now is Western investment. They have to prepare the groundwork for Western investment, and I think the reformers are trying to do that, but we have to, I think, have some real encouragement of Western investment there, including but not limited to U.S. investment, if we're going to avoid the nightmare of having another imperialistic, nationalistic, expansive Russia. That could be something that would plague our children and our grandchildren for years to come.

MR. SCHIEFFER: When Mr. Clinton goes to Russia after the NATO summit, do you think it would be wise for him to meet with Mr. Zhirinovsky?

SEN. NUNN: I think we ought to have American contact with him, because I think we ought to have American contact with all factions in countries as important as Russia, but I do not think the president should meet with him. He is the leader of only a small minority group, although a potent group, perhaps, and maybe a growing group in Russia, and I think the president himself should not meet with Zhirinovsky.

MR. SCHIEFFER: This clearly presents a problem for Mr. Yeltsin, who the United States at this point has thrown its support behind. The columnist Anthony Lewis said the other day that he will have to -- Mr. Yeltsin will have to make some gesture to Mr. Zhirinovsky, that this may limit his ability to get certain things passed. How does the United States deal with Mr. Yeltsin now? What should be our policy toward him? I mean, he may try to move to the right in order to appease some of these supporters just for his own political purposes, because Mr. Zhirinovsky says he's going to run against him in 1996.

So what does the United States do from here on in, Senator Nunn?

SEN. NUNN: Well, I think our principles ought to be based on supporting democracy and market reform, not one individual, even Yeltsin -- although I think we should certainly help Yeltsin where we can.

I think our investment ought to be mainly in the form of helping American private business through political risk insurance, through export

-import guarantees. We may have to invest several billion dollars in backing up American investment over there. That's what they really need is private sector investment.

I think we ought to also have projects that help people, and visibly help people -- for instance, medical equipment. Just the military units right now coming back from Russia desperately need medical equipment. The foreign minister's wife is right here in this country, the Russian foreign minister's wife, now, pushing that cause. Those are the kind of visible things we can do to help.

But we're going to affect this at the margin. The real outcome will be the Russians themselves. They'll have to decide that.

The good news out of this election is the constitution passed, and it does provide for private property. Private property ownership I think can go a long way towards helping the economy and giving people a stake in the outcome of democracy there.

MR. SCHIEFFER: If President Yeltsin should move more to the right and say he wants to establish -- re

-establish imperial Russia, as Mr. Zhirinovsky is saying, would you come back and say, yes, and we're going to put Poland and some of those other former Eastern bloc countries into NATO?

SEN. NUNN: That's exactly the kind of message I think we need to send. We want to be a partner with Russia, we have a lot of things to work with Russia on. We want to work with Russia as long as it has responsible leadership moving toward democracy, market reform, and responsible internationally, and that means respecting the borders of the neighboring countries -- all of them, not simply those that may be candidates for membership in NATO, all the borders, and we ought to say that we're prepared to go either way. A partnership, but we're also prepared to take steps to help preserve democracy and freedom in those countries that have it, including NATO membership. In effect, to the imperialists in Russia -- not to Yeltsin, but to the imperialists -- our message ought to be the pace and scope of NATO expansion can well depend on Russian behavior.

MR. SCHIEFFER: All right. Let's shift to North Korea. Maybe you can clear something up for us. President Clinton said earlier this year that we would not tolerate North Korea having a nuclear weapon. If I understood what Secretary Aspin was saying earlier this week or last week, it was that they may indeed have a nuclear device of some sort. Can you tell us, do they have nuclear weapons?

SEN. NUNN: I don't think anyone can answer that. I think the best assessment the intelligence community has, and they've said this, is that North Korea has produced enough material to have a nuclear weapon now. It's possible. They do not say it's certain. We really do not know.

I think our message to North Korea ought to be we do not want you to have any nuclear weapons. If you insist on having or retaining nuclear weapons, you're going to be isolated economically and politically, and the isolation will be so severe over a period of time that your own economy and your own system is bound to disintegrate. It ought to be a very strong message, but we should not give the impression that we are planning an imminent attack on North Korea. We can prevail in that kind of an attack, but it would be very severe damage to South Korea, and I think we need to march very closely in lockstep with South Koreans and Japanese in conveying this firm but calm message.

MR. SCHIEFFER: All right. Quickly, because we're out of time. Would you, at some point, see increasing the U.S. troop commitment in South Korea?

SEN. NUNN: If it's needed, but we have to go by our military commanders. Now they assure us they have enough to be able to take care of any threat.

MR. SCHIEFFER: Senator Nunn, we have to leave it there. Thank you for joining us this morning.

When we come back, we'll talk some more about all of this on our roundtable.

(Announcements.)

BOB SCHIEFFER: Joining us now with some perspective on all this, the week's changes at the Pentagon and the other national security issues, Tom Friedman of "The New York Times" -- he is joining us this morning from our studio in New York; Tom, hi -- and?David?Martin, CBS News national security correspondent.

Tom, let me go first to you. This was a kind of -- a lot of people -- there'd been talk for some time that the president might be going to make some changes, but I think when it happened at the Pentagon, it was something of a surprise. You heard what Senator Nunn said. What do you think that Secretary Aspin did wrong?

MR. FRIEDMAN: Well, I think that -- I agree with Senator Nunn that Secretary Aspin really inherited a very difficult agenda -- gays in the military, Somalia, Bosnia, Haiti, et cetera.

I think the important thing to keep in mind in this change with bringing Bobby Ray Inman in is this question: If President Clinton is bringing Bobby Ray Inman in because he thinks he'll be a better manager at the Pentagon and that will then allow the president to get more involved in national security policy than he's been up to now and not be putting out brushfires, I think that's a good thing. But if he's bringing Bobby Ray Inman in so -- he thinks he's bringing in an establishment figure so he won't have to think about the Pentagon and will continue to remain, I think, a little bit aloof from a lot of this national security policy, I think that's a bad thing, and that he could get into the same kind of trouble he got in with Secretary Aspin.

MR. SCHIEFFER: Well, you know, David Martin, you've seen changes at the Pentagon before, and in some ways, this was rather extraordinary -- especially the speech that Bobby Inman made when he accepted. I did not hear him say he was honored or flattered to get the job, he said,

"I had to work a little bit to see what my comfort level was going to be with the secretary of Defense." What was that all about?

MR. MARTIN: Yeah, he was almost saying, "Congratulations, Mr. President, you passed the audition." (Laughter) I think it was a message to the military: "Hey, I checked this guy out and we can work with him." And almost every senior military officer at least that I've talked to that has had one

-on

-one dealings with the president comes away impressed. This guy understands the issues and he's willing to engage them.

I think that the problem is what Tom referred to, is this episodic engagement when things get -- start going bad. I mean, you had -- on October 3, you had that firefight in Somalia where 18 soldiers were killed, and then for the next two days, the president meets almost nonstop with his military advisers trying to come up with a new policy and then announces it, but then he's off on other things, and I don't know if he's had a meeting on Somalia since.

And I think the point is exactly this: The failings of Les Aspin were multitudinous, but he was not responsible solely for all the problems in foreign policy. That is the president's responsibility, and he's got to pay attention to it, not just the secretary of Defense.

MR. SCHIEFFER: Well, one of the big things he's going to have to deal with is one of the things Senator Nunn talked about, and that is this big NATO summit conference. I can't recall a NATO summit that has taken on kind of the importance that this one has in light of what

happened in the Soviet -- in Russia. I keep wanting to call it the Soviet Union. Old habits die hard.

But, Tom, how does the president -- what does he do when he goes to this summit, and what will be the problems before him?

He's got to try to, on the one hand, it seems to me, say to Poland and some of those emerging democracies on the order of the old Soviet Union, ``Look, we understand what you're saying. You want to be in NATO," but on the other hand, he's got to think about Boris Yeltsin, it seems to me.

MR. FRIEDMAN: Well, Bob, you know, one of the things I'm impressed with so far in the president's reaction on Russia is that it's been very cool. There's been no sense of panic. You know, I lived in Beirut for five years, remember, and there were many days that things got so crazy in Beirut I wanted to sit down in front of my

typewriter and say, ``Beirut ended today," period, paragraph, good

-bye, okay? (Laughter)

And then you wake up the next morning, and the sky clears and people are out on the streets and things don't look quite as bad. So I admire the president's restraint so far.

At the same time, I think Senator Nunn really had it right. Our ability to influence what's going on in Russia right now is very limited. This is a country going through an identity crisis. Our job right now is to frame the choices out there. If you proceed down the path Yeltsin is proceeding on, then economic assistance awaits you and a working relationship with NATO that you, Russia, can live with awaits you. If you go down the path charted by Zhirinovsky, then it is a path that will be eliminating economic assistance from abroad and will face you with a NATO that's going to include some of your closest neighbors.

MR. MARTIN: Well, I think the policy of just waiting and seeing is a good one for now, because for one, you don't know how much power Zhirinovsky is really going to wield once this new parliament is formed. You also don't know whether all the things he's said on the campaign trail are going to be statements that he really tries to deliver on once he gets whatever power he gets in the Soviet Union.

So -- oh, excuse me. Russia. But I think you've got to stick with Yeltsin and that whole process of democracy.

MR. SCHIEFFER: And one other thing -- North Korea. Senator Nunn seemed to suggest today that perhaps the North Koreans do have some sort of nuclear weapon.

MR. MARTIN: You know, it almost doesn't matter. They've got the capability to make a nuclear weapon. Well,

in the first place, they've got the capability to make a nuclear device. Then you've got to be able to deliver it. The ability to deliver a nuclear weapon is still some ways away, but they've got the capability. The problem is just not going to go away. You've got to solve it.

MR. SCHIEFFER: All right. Gentleman, we have to leave it there.

That's it for this week. I will not be here next Sunday, but CBS News White House correspondent Rita Braver will be sitting in, and she'll be talking with the new head of the National Endowment for the Arts, Jane Alexander, who'll be making her first Sunday talk show

interview appearance. We hope you'll tune in for that.

Until then, for everyone here at ``Face the Nation," thanks for watching and happy holidays.

(Announcements.)

END

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:20-DEC-1993 11:10:00.00

SUBJECT: CNN Late Edition transcript

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: George Stephanopoulos (STEPHANOPO_G) (WHO)
READ: UNKNOWN

TO: Margaret J. Myers (MYERS_M) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Amanda Crumley (CRUMLEY_A) (WHO)
READ: UNKNOWN

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Keith Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Robert O. Boorstin (BOORSTIN_R) (WHO)
READ: UNKNOWN

TO: Michael Waldman (WALDMAN_M) (WHO)
READ: UNKNOWN

TO: David Dreyer (DREYER_D) (WHO)
READ: UNKNOWN

TO: Jason Solomon (SOLOMON_J) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
READ: UNKNOWN

TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Joshua Silverman (SILVERMAN_J) (WHO)
READ: UNKNOWN

TO: Jonathan P. Gill READ: UNKNOWN	(GILL_J) (WHO)
TO: Ann Walker READ: UNKNOWN	(WALKER_A) (WHO)
TO: Meeghan E. Prunty READ: UNKNOWN	(PRUNTY_M) (WHO)
TO: Rahm Emanuel READ: UNKNOWN	(EMANUEL_R) (WHO)
TO: Kimberly Tilley READ: UNKNOWN	(TILLEY_K) (WHO)
TO: Kimberly S. Hopper READ: UNKNOWN	(HOPPER_K) (WHO)
TO: Ernest D. Gibble READ: UNKNOWN	(GIBBLE_E) (WHO)
TO: Richard Strauss READ: UNKNOWN	(STRAUSS_R) (WHO)
TO: Carter Wilkie READ: UNKNOWN	(WILKIE_C) (WHO)
TO: Lisa Mortman READ: UNKNOWN	(MORTMAN_L) (WHO)
TO: David Kusnet READ: UNKNOWN	(KUSNET_D) (WHO)
TO: Steven A. Cohen READ: UNKNOWN	(COHEN_SA) (WHO)
TO: Julia Moffett READ: UNKNOWN	(MOFFETT_J) (WHO)
TO: Arthur L. Jones READ: UNKNOWN	(JONES_A) (WHO)
TO: Alan J. Stone READ: UNKNOWN	(STONE_A) (WHO)
TO: Carolyn Curiel READ: UNKNOWN	(CURIEL_C) (WHO)
TO: Elizabeth C. Bowyer READ: UNKNOWN	(BOWYER_E) (WHO)
TO: Jonathan M. Prince READ: UNKNOWN	(PRINCE_J) (WHO)

TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
READ: UNKNOWN

TO: Anne M. Edwards (EDWARDS_A) (WHO)
READ: UNKNOWN

TO: Dawn A. Alexander (ALEXANDER_DA) (WHO)
READ: UNKNOWN

TO: A. Victoria Rivas-Vazquez (RIVASVAZQU_A) (WHO)
READ: UNKNOWN

TO: David Seldin (SELDIN_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
READ: UNKNOWN

TO: Chad H. Griffin (GRIFFIN_C) (WHO)
READ: UNKNOWN

TO: David B. Anderson (ANDERSON_D) (WHO)
READ: UNKNOWN

TO: Jessamyn Sarmiento (SARMIENTO_J) (WHO)
READ: UNKNOWN

TO: Aman, Sally J (SALLY J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Karen Finney (FINNEY_K) (WHO)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: G. N. Lattimore (LATTIMORE_G) (WHO)
READ: UNKNOWN

TO: Jeremy M. Gaines (GAINES_J) (WHO)
READ: UNKNOWN

TO: Alison Muscatine (MUSCATINE_A) (WHO)
READ: UNKNOWN

TO: Cerrell, Joseph W. (JOSEPH W. CERREIL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Mark Gearan (GEARAN_M) (WHO)
READ: UNKNOWN

TO: David R. Gergen (GERGEN_D) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Lawrence J. Samps (SAMPAS_L) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
THE REUTER TRANSCRIPT REPORT
CNN'S ``LATE EDITION"
GUESTS:
REPRESENTATIVE PATRICIA SCHROEDER (D

-CO)
REPRESENTATIVE JOHN KASICH (R

-OH)
ROBERT GATES, FORMER FBI DIRECTOR
SUSAN PAGE, NEWSDAY
TONY SNOW, DETROIT NEWS
SIDNEY BLUMENTHAL, THE NEW YORKER
HOST: FRANK SESNO
5:00 P.M. (EST)
SUNDAY, DECEMBER 19, 1993

MR. SESNO: Hundreds of American troops return from Somalia just in time for the holidays.
JEANNE MESERVE: And a homecoming in New Hampshire for a former prisoner of war, Army helicopter pilot Michael Durant. I'm Jeanne Meserve, and I'll have those stories in our news update just ahead.
MR. SESNO: And I'm Frank Sesno. Today, new leadership at the Pentagon. Just who is this man President Clinton has nominated as his defense secretary? And what problems will he face? Ahead on Late Edition.
ANNOUNCER: Live from CNN in Washington, this is Late Edition with Frank Sesno.
MR. SESNO: It's Sunday, December 19th, 1993. This is Late Edition, where we talk to people at the top of the news and take your phone calls. Today, the shakeup at the Pentagon. Les Aspin is out. Bill Clinton's new defense secretary nominee has a tough task ahead. Tightening budgets come at the same time new threats to American security appear on the horizon.
Q&A today with Representative Patricia Schroeder, Democrat of Colorado and a member of the Armed Services Committee; Congressman John Kasich, Republican of Ohio, also a member of the Armed Services Committee and ranking Republican on the House Budget Committee; and Robert Gates, director of the CIA during the Bush Administration. Later, Bill

Clinton ends the year with higher approval ratings but lingering problems. We'll go 'round the table with our panel of veteran journalists. And finally, Bruce Morton and the last word on the crime wave everyone keeps talking about. Why do we feel so insecure?

But first to the news desk and Jeanne Meserve for a look

at today's top stories. Jeanne?

MS. MESERVE: Frank, home for the holidays and happy about it. Three hundred and ninety

-five soldiers from the U.S.

Army's 43rd combat engineer battalion returned from Somalia today, back into the arms of their loved ones.

Meanwhile, Joint Chiefs of Staff Chairman General John Shalikashvili arrived in Mogadishu today. He's reviewing plans to pull nearly all 8,000 U.S. troops out of Somalia by the end of March.

Perhaps the most heartfelt welcome home of all took place in Berlin, New Hampshire today, where Army pilot Michael Durant was the focus of a day of holiday activities in his hometown including a community dinner to give thanks and a homecoming rally in the high school gym. In this edition of high emotion, Durant's thoughts turned to fallen comrades.

CHIEF WARRANT OFFICER MICHAEL DURANT: (From videotape.)

One of the wives mentioned that I had perhaps pondered the thought of why did I survive. And she said that I survived so that her husband's death had meaning. The fact that I was here meant that he didn't die for nothing. And that really meant a lot to me.

MS. MESERVE: Durant, you'll recall, was held captive for 11 days in Somalia back in October. Today he was talking about a possible movie to tell his story.

Representatives of Israel and the Palestine Liberation Organization have ended two days of talks in Norway. Both sides have returned home for consultations and plan to meet again in the next few days. The talks seek to resolve differences over how to implement Palestinian self

-rule in

Jericho and the Gaza Strip. Meanwhile, Israel's air force attacked targets that were said to be training bases for the pro

-Iranian group Hezbollah in southern Lebanon. The raid was in response to a Hezbollah mortar attack on Israeli outposts. Also an Israeli judge has jailed six Jewish extremists, five of them U.S. citizens. They were charged with hoarding weapons and planning terrorist attacks against Arabs.

One way the administration might pay for expensive welfare reform programs is by cutting back on benefits to recipients who are not U.S. citizens. A senior

administration official says the proposal is one of several being considered by President Clinton's task force on welfare reform. A similar plan introduced by House Republicans last month reportedly would save at least \$21 billion over five years.

For many Americans, this last weekend before Christmas is

proving the perfect time to buy that centerpiece of holiday decorations, the Christmas tree. And Kathleen Koch reports there are lots of choices.

KATHLEEN KOCH: They're off on a ritual family hunt, three generations bent on finding the ideal Christmas tree.

UNIDENTIFIED MAN: (From videotape.) Hey, if it strikes you, you've got to go with it.

MS. KOCH: And even if it means getting down and dirty, some would say cutting your own is the only way to go.

UNIDENTIFIED MAN: (From videotape.) It's a little more exciting; a little more selection in cutting it down.

Besides, the kids like it.

UNIDENTIFIED MAN: (From videotape.) We've always had the tradition of going, you know, cutting our own. We just like to go out and cut it. It means more.

MS. KOCH: The National Christmas Tree Association estimates it will sell just over 35 million trees in this year's one

-month selling season, about what it did last year. Firs are now shooting up in popularity because of their pungent evergreen smell and thicker branches that hold ornaments better. Still, less expensive pines remain the bestsellers. And tree farmers have spotted a growing trend in replantable trees.

BOB BLAIR (BLAIR FARMS): (From videotape.) I think it's an environmentalist type of interest. People are interested in

protecting the environment and doing what they can to beautify their yards, too.

MS. KOCH: For those without yards or without much time, tree lots have sprouted in abundance. And poor economic conditions in many of the tree

-harvesting states this year

have made the entrepreneurs who run these stands eager to bargain.

RICK RODGERS (CHRISTMAS TREE VENDOR): (From videotape.) I think when you get somebody here and they want to buy a tree, you're going to sell the tree for the price that they want to spend.

MS. KOCH: But many Americans don't want the real thing and pine for the convenience and value of a tree they can use for years.

PURDY HOBSON (HECHINGER MANAGER): (From videotape.) They're more fuller. They have a lot of color tone to them. As you can see, they come in an array of assortment.

UNIDENTIFIED WOMAN: (From videotape.) Usually the real tree dries out. So you don't have any problem with this one.

MS. KOCH: Artificial tree sales last year did outpace real tree sales, which dropped for the first time in 15 years. But growers are hoping a better economy will bring buyers back to the farm. Kathleen Koch for CNN, Washington.

MS. MESERVE: The odds are stacked against you, but the lure of big money is for some too difficult to resist. The powerball lottery game played in 14 states and the District of Columbia has a jackpot now estimated at \$90 million. The next drawing takes place Wednesday. Last summer a Wisconsin school teacher won the lottery's biggest ever prize, \$111 million.

Frank, you never know; it could be your turn. Better yet, it could be mine.

MR. SESNO: (Laughs.) I'll split it with you, Jeanne, whoever wins. How's that?

MS. MESERVE: Sounds good.

MR. SESNO: Generosity. Thanks very much. We'll see you later.

Time now to turn to our guests and the discussion, change at the Pentagon, big change at a time of big change in the world. Our guests: Congressman Kasich of Ohio, Congresswoman Schroeder of Colorado, and Bob Gates, former Director of Central Intelligence. Welcome to all of you this Sunday afternoon.

Talking about Bobby Ray Inman and looking at what the comments are in advance of his appearance for confirmation hearings

on Capitol Hill, one gets the sense that this may be more of a coronation than a confirmation. It almost sounds too good to be true. Are there any questions, any reservations about who Defense Secretary Inman is, Congresswoman?

REP. SCHROEDER: There certainly are in my mind. Grant you, I don't know him that well, but it looks like it's the iron triangle all coming together. I mean, you've got somebody from the uniformed services who has also been in the private sector, the industrial base that feeds the military, and also someone who's been in intelligence. And I'm a person who's always been very concerned about civilian control of the military, so I see him coming in very strong and I see our secretary of state still being

very, very weak. And my question is, who's going to set policy? How does this work? What does all of this mean? How do we proceed to do some declassification and get ready for this post

-Cold War environment? Because basically he came out of the Cold War environment.

MR. SESNO: So you say he's a cold warrior.

REP. SCHROEDER: Well, I mean, that's what I know of him. And I'm trying to wonder why they think he fits the post

-Cold War environment better than, say --

MR. SESNO: Bob Gates, you come out of intelligence, too.

We won't hold that against you in this case.

MR. GATES: Thank you.

MR. SESNO: But you also know Admiral Inman very, very well.

MR. GATES: Yes.

MR. SESNO: So why is he the right man for the post

-Cold

War world?

MR. GATES: Well, first of all, I think you have to appreciate that he's been out of government for about a dozen years. And during that time, his experience has really been at some distance from the military

-industrial

complex. He's been chairman of the Federal Reserve of Dallas. He's taught at the University of Texas. He was involved in a large nonpartisan effort to try and improve public education in Texas. He has served on the boards of a number of companies that are not involved in defense contracting. The MCC microelectronics company, the consortium that he founded, was really to try and push America to the fifth

-generation supercomputer and so on.

So all of these activities have really not been related to the military

-industrial complex. But beyond that, even when he was in government at the beginning of the '80s, in his last government job, Bob Inman's effort in the rebuilding of U.S. intelligence was really focused on rebuilding our effort in the Third World, in strengthening our capability certainly vis

-a

-vis the Soviet Union. But the main thrust and the main investment was on things like nonproliferation on the Third World --

MR. SESNO: So you tell Congressman Schroeder --

MR. GATES: -- in areas --

MR. SESNO: -- not to worry.

MR. GATES: I'm telling you that this is a man who was looking ahead to a world in which the Soviet Union was not our preoccupation, in which it was not the sole concern of

the United States. I think as a good intelligence officer, but also just because he's very smart, he was looking over the horizon at some problems we were going to have to deal with later. And he has this other experience.

REP. KASICH: I think that the confirmation process is not going to be about Bobby Inman. I think the confirmation process is going to be a discussion about where we're going with the defense budget, what our strategies are going to be in the world, where we're going to decide to use force, where we're going to decide we're not going to use force, what is our relationship with the United Nations. And when you have Nunn and Dole both come out and say they like this guy and you consider the fact that he served in both the Reagan and Bush -- the Reagan administration most particularly -- that kind of makes him a comfortable commodity with conservatives.

But Frank, this is going to be a discussion about what is foreign policy all about in the Clinton administration. And he's going to have to answer some very tough questions, starting with what they're going to do about this budget, the budget gap. And then I think we move on to tough issues like North Korea.

MR. SESNO: We're going to talk about those issues a little bit later. We're also going to be taking your phone calls a little bit later for our guests to talk about not only the defense secretary and the direction of the Pentagon in this country, but also such hot spots around the world as North Korea and Russia, matters we'll be touching on later.

We also have some tape here, an extraordinary event in the Rose Garden, according to many, this past week when Admiral Inman came out with President Clinton that raised the question in some minds as to who was hiring whom. Take a look at this display of independence in the Rose Garden.

BOBBY INMAN: (From videotape.) I did not seek the job. In honesty, I did not want the job. I will tell you up front honestly I did not vote for President Clinton. I voted for President Bush. And Mr. President, as you know, I had to reach a level of comfort that we could work together, that I would be very comfortable in your role as the commander

-in

-chief as president while I was secretary of defense. And I have found that level of comfort.

MR. SESNO: So, Bob Gates, who was hiring whom here?

MR. GATES: I think what you saw is the reality that Bob Inman is a very independent figure. I've heard talk of ego. Talking about ego in Washington is a little bit like saying there are trees in the forest. But the reality is that I think he was sending a signal to the Department of

Defense and to the uniformed services that they had a strong advocate, an independent advocate, and one who would make his voice felt, and that he had found in his contacts with the president that, contrary perhaps to some of their concerns, that the president understood those concerns and that he, Inman, could tell the Pentagon he wouldn't have taken the job if he didn't feel that the president had those concerns and those problems in mind.

REP. SCHROEDER: I was troubled by it, Frank. I want to be perfectly honest. I was troubled because I wasn't sure what kind of a message that was, whether it was, ``Okay, everyone in the Pentagon, run around and give each other high fives; you know, one of ours is back and no more budget cuts; we're on a roll," or what it meant, or if it was a warning signal to the White House staff of, yo3

REP. KASICH: Well, what I'm struck by in that ceremony, Frank, is it proves the old adage that if you want to have a friend in Washington, get a dog. I mean, they took Les Aspin and they just basically threw him off the shelf and it looked like they'd been plotting for a long time to do Les in. And I think Les has been made a scapegoat. And I think what Inman's basically saying is, ``I'm not going into this job for you to tell me what to do." I think it might have part of Les's problem is that he let other people set the agenda rather than his having an independent power base to be involved in setting the agenda.

MR. SESNO: Bobby Inman has never made policy. Is that in his constitution?

MR. GATES: Well, first, I think it's important to understand, with all this conversation, that Bob Inman will be loyal to the president. He knows the president is commander

-in

-chief. He will take direction from the commander

-in

-chief. And when the time comes, if the time ever comes that he disagrees with the president, he will not play typical Washington games. He will resign. He won't try and undercut the president. And that has not always been the case in Washington when people opposed --

REP. KASICH: I think he has a history of playing Washington games, though.

REP. SCHROEDER: Yeah, that's right.

REP. KASICH: I mean, he is viewed as one of the great

leakers, manipulators, behind

-the

-scenes kind of guys. My concern about Bobby Inman is, is he a policy guy? See, that was Les Aspin's greatest strength. He was policy. This guy's kind of a technocrat.

MR. SESNO: Policy; people say he got bogged down.

REP. SCHROEDER: Well, I think that's right.

MR. SESNO: Hang on to your thoughts, folks. Go ahead, quickly.

REP. SCHROEDER: Well, I was going to say, I think that's right. And I think when you also look at how weak the secretary of state is, you wonder where we're going to go with this and who's going to make those decisions.

MR. SESNO: We're going to come back to this. And when we come back, the future of the U.S. military machine. How much can we afford? How much do we need?

(Announcements.)

MR. SESNO: Back on Late Edition talking about Bobby Inman, who will be, pending? Senate? confirmation, the secretary of defense of the United States of America. Bob Gates and Patricia Schroeder, you were talking about some of the signals that this guy has sent in? congressional? testimony. Maybe these stories are apocryphal; maybe they really happened. But they're very interesting insights on a man. What are the stories?

What's the tradition here that you're talking about?

MR. GATES: Well, Senator Biden tells the story that when he was on the Senate Intelligence Committee, that if Admiral Inman was testifying with someone else from the executive branch or from the intelligence community whom he felt was not giving the Congress the full story, that he would lean down and pull up his socks or make some other subtle gesture as a signal to the committee --

MR. SESNO: To press harder.

MR. GATES: -- that some in the committee would understand that they should press harder at.

MR. SESNO: See, you have nothing to worry about. Just go out --

MR. GATES: One signal that the folks in the Department of Defense had better get used to is that when one of those eyebrows arches -- and I can't do it; I don't have that ability -- they'd better duck.

MR. SESNO: He has a temper?

MR. GATES: No, he doesn't have a temper, but it means he knows he's being misled or he's not getting the full story. But I think we should go back to this business about whether he is a policymaker. And the reality is that this is a man who has been around Washington or around the international community, around the national security community, for 30 years during his career. In the intervening 10 years, he's been involved with a variety of international issues. He's served on a number of panels. He's been vice chairman of the Council on Foreign

Relations.

MR. SESNO: I want to --

MR. GATES: I've known a lot of policymakers who aren't very good policymakers. Inman is a smart and decisive man

--

MR. SESNO: I want to talk about some of --

MR. GATES: -- who is willing to play his part.

MR. SESNO: I want to talk about some of the issues. You know what he stands for on women in combat?

REP. SCHROEDER: No.

MR. SESNO: Know what he stands for on gays in the military?

REP. SCHROEDER: Well, he was, I guess, fairly lenient about moving homosexuals into the national security, so I guess that's --

MR. GATES: In 1980, Bob was confronted with a gay person at the National Security Agency. And I think in the first step of this kind, he decided to allow that person to remain under him, to remain employed.

REP. SCHROEDER: But, see, Frank, that's the only thing I know. I mean, I don't know where he is on Bosnia, Haiti, how we become peacekeepers, peacemakers, multinational post

-Cold War, you know, what we do about North Korea, what about China. I mean, I know nothing about any of that.

MR. SESNO: Let's leap into North Korea for a minute and come out of the Pentagon narrowly and move to this issue that is so troubling. We'll come back to these, I'm sure, some of these other questions in the calls from our viewers. Today, on This Week With David Brinkley on the ABC broadcast, White House Chief of Staff Mack McLarty

suggested that if North Korea is not forthcoming on this issue of its nuclear program, the next move may be in the realm of punitive economic sanctions, tighter sanctions.

We have some tape. Let's take a look.

MACK MCLARTY (WHITE HOUSE CHIEF OF STAFF): (From videotape.) The denuclearization of North Korea is essential for a safe world, and particularly for the South Koreans. We're going to pursue that. The next step, I think, would be on the economic front, would be consideration of certain embargoes, particularly petroleum.

MR. SESNO: Pat Schroeder, John Kasich, petroleum embargo on North Korea? Is that the next step? When? How quickly?

REP. SCHROEDER: Well, I think it is probably the most logical next step. But let us hope that we can have more dialogue and prevent that step. I think what we have to do -- this is a very isolated country -- is get the few people they do know, such as China and others, saying very firmly to them, ``You signed that agreement, and that means you should comply with it."

REP. KASICH: I would have acted a little sooner on the sanctions. I think we have --

MR. SESNO: What would you have done?

REP. KASICH: Well, I think we should have imposed sanctions sometime ago. And I think we should make it clear to the North Koreans -- and I think they're increasingly doing that -- that we just simply cannot permit them to develop a nuclear weapon, for two reasons, Frank. One is you cannot permit this regime to get their hands on a bomb. I believe they're much like Saddam --

MR. SESNO: Are you suggesting they could let them have a bomb? Who's suggesting that the world would let them have a bomb?

REP. KASICH: Well, you know, I have been making speeches on the floor of the House for four or five years about the dangers of Korea developing a bomb, and I don't think we did enough early on. But secondly, if they get a bomb, then countries like Japan, Malaysia, Brazil, they now have an incentive to go forward and develop a bomb as well. And we could find ourselves in a world where you've got another 10 countries that now have nuclear weapons. That's why you can't let Korea get away with this, and I think we should be pursuing the sanctions, and secondly, obviously, reinforcing our people over there. But that brings up the military budget, because we don't have the kind of sealift we need in order to get there as quickly as we need to get

there.

REP. SCHROEDER: But let me just intervene and say there's another piece that troubles me. I mean, you look at South Korea and their economy is 10 times that of North Korea and they've got twice the population. And yet we keep planning to go back and do the whole thing, or an awful lot of it, for them. I think we ought to be helping South Korea do more of that on their own, too. I think we've got to stop saying we'll be the 911 number --

MR. SESNO: But what are you going to do to stop North Korea right now?

REP. SCHROEDER: Well, for North Korea, I think one of the things that's going to get very tough for the United States is China seems to be our one communicator with North Korea, who is terribly isolated. I think we've got to make every effort we can to have much more dialogue with them in every way possible.

MR. SESNO: What does that mean?

REP. SCHROEDER: Well, I think because the leader is so isolated, we've got to begin --

MR. SESNO: Well, how do you have dialogue if they don't want to have dialogue?

REP. SCHROEDER: Hopefully through visits; hopefully through going in there.

MR. SESNO: Visits?

REP. SCHROEDER: Yes.

MR. SESNO: Who's going to visit?

REP. SCHROEDER: Well, I think any of us that can get in should go visit. And I think we ought to go visit with experts --

MR. SESNO: Do you want to visit?

REP. SCHROEDER: I want to visit. I want to visit. I want to take people in who are Korean

-speaking from the State

Department, people from the Defense Department, go in on military aircraft. I think we ought to sit down and say to them, "This is no nonsense. This is really very serious."

MR. SESNO: You know this situation very well from your tenure in the Bush administration. Obviously you're a year out now, so some of the information has changed. But the

situation is basically the same from what we can tell. Is that a viable course of action, get on a military transport and land in Pyongyang and try to talk to the North Koreans?

MR. GATES: Well, it's a viable alternative. I don't think it'll accomplish much. I think it's a mistake to think that this is a rational regime in the context that we think of other governments around the world. This is a government -- the people running it now are the people that blew up the South Korean cabinet in Rangoon --

MR. SESNO: Will sanctions work?

MR. GATES: -- a number of years ago, that put a bomb on a South Korean airliner in the Middle East. The problem with this regime is that they have used our interest and our willingness to

engage in a dialogue to stall for time and to continue hiding their program. We've read in the papers -- you were asking earlier, is anybody saying we'll allow them to have a weapon? Perhaps not that explicitly, but in the papers in recent days there's been discussion, "Well, maybe we'll let them keep the weapon or two that they already have, but no new weapons." Well, North Korea in possession of nuclear weapons will change the whole power balance, the whole security situation in Northeast Asia, not just some of the countries that were mentioned earlier, but most importantly Japan. And finally, they will also sell that technology to anyone who has --

MR. SESNO: Wait a minute. If it's so dangerous, why weren't more forceful actions taken during the Bush administration?

REP. SCHROEDER: Yes.

MR. SESNO: You knew the program they had then.

MR. GATES: I gave a talk -- I gave testimony in front of the Congress a year and a half ago saying that we thought that the North Koreans were within a year to two years of having a nuclear weapon. At that time the State Department initiated a dialogue with the North Koreans and there were contacts between the undersecretary of state for political

affairs and the North Koreans. So this dialogue has been going on for a while.

MR. SESNO: It hasn't gotten anywhere.

MR. GATES: Nothing changed, and it hasn't gotten anywhere. Now, the reality on the sanctions is, the only sanction that makes any difference with North Korea is a sanction on oil.

REP. SCHROEDER: Oil.

MR. GATES: And they get almost all of their oil from China. So unless you can get China on board, economic sanctions are likely to have very limited effect.

REP. SCHROEDER: Well --

REP. KASICH: Frank, this is --

MR. SESNO: We're going to -- no, I'm sorry. We've got to take a break. We'll come back to it, and we're going to come back with phone calls, too. We'll continue our discussion in just a moment. And later, the last word.

UNIDENTIFIED WOMAN: (From videotape.) People started coming in, hollering, ``There's a guy out there shooting people."

MR. SESNO: Bruce Morton on the feeling of insecurity in America. Are any of us immune from crime?

(Announcements.)

MR. SESNO: Up next on Late Edition, your questions on America's national security, taking your phone calls for Patricia Schroeder, John Kasich and Bob Gates.

(Announcements.)

MR. SESNO: And welcome back to Late Edition. We're looking into the future of the U.S. military with?Congresswoman?Patricia Schroeder, Congressman John Kasich and former CIA director Bob Gates. We're going to go right to the phone calls now and take some of your questions for our guests. First to Fort Campbell, Kentucky. Go ahead.

CALLER: Yes, I've got a question for Representative Schroeder, and it has to do with the impending threat from North Korea and the rise of Zhirinovsky in the Soviet Union and with our roles in the Middle East and Somalia expanding and other peacekeeping and humanitarian missions the military is called upon to conduct these days. How can you or anyone that condones cuts in the military justify these cuts with the expanding role in today's army and what we're going to be called upon to do in the future?

MR. SESNO: There you go. See, I told you you'd get a budget question in here. Go ahead, Congresswoman.

REP. SCHROEDER: I'm really glad you called, because John and I were just saying we need to talk about the budget. Well, let me say, look, first of all, we're spending

almost as much on defense as the whole rest of the world put together. And I think one of the things we have to decide in this post

-Cold War environment is yes, we should do our part. But the world can no longer count on us to do almost all of it. And I think that's the very important debate we need to have in this country once and for all.

REP. KASICH: Well, Pat and I have worked together on burdensharing. And, I mean, we've worked together in a bipartisan way on burdensharing. And every day --

MR. SESNO: A bigger hunk of the pie --

REP. KASICH: And we ought to pound on it. But here's the thing, Frank. When Clinton ran for president, he said he wanted to downsize by \$60 billion. He gets elected president and he sends us a budget that doubles the cut. And this year we cut \$14 billion in defense. We scraped around for that. In these out years, we're going to have to cut \$30 billion, \$35 billion. We can't do it. We can't do it and meet the policy objectives of this or the Bush administration in the post

-Cold War --

MR. SESNO: Doesn't matter who the secretary of defense is?

REP. SCHROEDER: No.

REP. KASICH: And then on top of it, you're also -- you're \$20 billion short on inflation, another \$18 billion on the pay raise. And I think that the whole defense thing will come apart, and I think on a bipartisan basis we'll pump it back up again. I mean, you've got Jack Murtha and Norm Sisisky and a bunch of Democrats going down telling the president, "Don't cut anymore."

REP. SCHROEDER: Well --

MR. SESNO: All right, let's go back to our caller's question. What will you cut?

REP. SCHROEDER: Well, I think one of the problems is that part of what he's talking about is the strategy that the defense bill has become more a jobs program than really looking at our needs. And I think --

MR. SESNO: Cut the Sea Wolf submarine?

REP. SCHROEDER: Yes. I think we've got to look at those kinds of things.

MR. SESNO: Cut the C

-17 transport.

REP. SCHROEDER: I think we should have cut the C

-17

transport. I think we've got to crank back a lot of those kind of things. Maybe -- we've got to be working conversion.

MR. SESNO: Mothball some of those aircraft carriers?

REP. SCHROEDER: Well, I think so. And I think we could do better with more reserve forces and less active duty. I don't think we need --

MR. GATES: Frank, two quick sentences; two quick

sentences in terms of continuity.

MR. SESNO: Okay.

MR. GATES: First, these cuts didn't start in fiscal year 1993. The military has been undergoing cuts for the last several years. This process of shrinking has been going on a while at this point. We're not starting at zero.

REP. SCHROEDER: But the bottom line --

REP. KASICH: Frank, the other point that needs to be made, though, is not only that, but we can't get to Korea right now. Our -- one of the biggest problems that we have in our military is sealift. And airlift cannot solve the problem, just the C

-17. We also can't fly these old transports around.

REP. SCHROEDER: But John --

REP. KASICH: We don't have the lift.

REP. SCHROEDER: -- why do we have to protect the entire world? And even if you take the worst

-case scenario --

MR. SESNO: Wait a minute. You just sat here saying that it would be a terrible thing for North Korea to get a nuclear weapon.

REP. SCHROEDER: Well, but there is --

MR. SESNO: And now, a few minutes later --

REP. SCHROEDER: -- someone called South Korea, and they do have a huge economy that has exploded because of --

MR. SESNO: I got a question from your state.

REP. SCHROEDER: And --

MR. SESNO: Wait a minute. Let's move on to Boulder, Colorado, for?Congresswoman?Schroeder and others. Go ahead.

CALLER: Yeah, a question for Ms. Schroeder and our hero Kasich. What question would they like to see asked at the w are you going to come up with a policy that's going to fit this budget? Are you prepared to tell the president that this budget isn't going to do the job?" This budget we just passed represents the lowest amount of GNP defense spending since World War II.

MR. SESNO: What questions?

REP. SCHROEDER: It's still 85 percent of what we were spending at the top of the Cold War. Now, you know, if we can't live with a budget that's 85 percent below what we were spending at the Cold War, I want to know why.

MR. SESNO: What questions would you ask him?

REP. SCHROEDER: And I would be asking him, too, what is his vision for this post

-Cold War period and how do we intercede as peacekeepers in multinational forces.

MR. SESNO: We want to squeeze a last question in here

from a viewer from Toronto. Go ahead.

CALLER: Yes, hello. I'm wondering why U.S. foreign policy is so inconsistent and how it can expect to be successful when it's so inconsistent. When you look at something like North Korea or even Pakistan's nuclear program, it's always been under attack. And India and Israel, which have more advanced nuclear programs, are never even questioned. And I just don't understand how you can attempt to bring world peace or some level of stability when you allow some people to play by the rules and others --

REP. KASICH: I would give an F to all the administrations that I've observed in my 12 years in Congress in terms of being concerned about proliferation. I don't think there's

--

REP. SCHROEDER: And I'm in total agreement with him. We have bipartisan --

REP. KASICH: In this administration, Bush and Reagan, too, we have just simply not been concerned about proliferation.

MR. SESNO: You just got an F.

REP. KASICH: Well, he tried to sound the alarm.

MR. GATES: The Congress is pretty good when it comes to giving grades out. The reality is, and in reference to your caller, there are sanctions against Pakistan.

MR. SESNO: There aren't against Israel.

MR. GATES: There are no laws against this activity with respect to Israel or India. Perhaps you should ask the Congress why there is a law against nuclear proliferation with respect to Pakistan --

REP. KASICH: I would give the --

MR. GATES: -- but not India or Israel.

REP. KASICH: I would give the Congress an F --

REP. SCHROEDER: That's right, that's right.

REP. KASICH: -- in being concerned about proliferation. I've had efforts to try to form commissions to figure out what we can do. And you know what? They get beaten down. Here we are trying to get into a period of where we're trying to do military conversion. You've got a senator trying to have an export arrangement so we can ship more weapons around the world. This thing is going to do us in if we don't get serious about it. And we are all part of this problem.

MR. SESNO: Last word to Bob Gates.

MR. GATES: The reality is that our nonproliferation policy since President Kennedy has had some important successes as well as its failures -- Argentina, South Korea, Taiwan; we've significantly slowed programs in other countries such as Pakistan. South Africa has just 'fessed up that they will get rid of their program. So it's more of a mixed picture, but it's a very complicated and very difficult problem. And North Korea is the most dangerous and the most complicated one of all.

MR. SESNO: Okay. Bob --

REP. SCHROEDER: And we don't speak clearly.

MR. SESNO: Bob Gates, Patricia Schroeder and John Kasich, thanks to all of you for joining us today on Late Edition.

Up next, will a land investment back in Arkansas come to haunt Bill Clinton? That and more as we bring on our journalists and go 'round the table.

(Announcements.)

MR. SESNO: And now 'round the table with our veteran Washington journalists: Susan Page, White House

correspondent for Newsday; Tony Snow, columnist for the Detroit News; and Sidney Blumenthal, Washington editor for The New Yorker. And Sidney, welcome to you. Thanks for joining us your first time on the show.

MR. BLUMENTHAL: Thank you.

MR. SESNO: We hope it's the first of many.

MR. BLUMENTHAL: I hope so.

MR. SESNO: Okay. Today in the Washington Post, Clinton's Arkansas land venture losses disputed; a story that doesn't seem to want to go away. And earlier today on ABC, Mack McLarty, asked about this subject yet again, coming up with what seems to be a rather familiar refrain. We've got the tape.

MACK MCLARTY (WHITE HOUSE CHIEF OF STAFF): (From videotape.) There's been a lot of information made available on this. It was a topic for some period of weeks in the campaign. And I think it's a personal investment and the documentation is quite --

MR. SESNO: The issue here in a nutshell is?

MR. SNOW: The issue in a nutshell is the president of the United States in some cases borrowed money from friends and had other friends repay it; was involved in an investment group with a fellow who ran a failing savings and loan.

MR. SESNO: This story has been around for a while.

MR. SNOW: The story's been around for a long time, but one of the things that's interesting about it is that all the files documenting it are not. They've vanished.

MR. SESNO: Do you think there's a problem here?

MR. SNOW: There are really three strings to the story. Number one is traditional back

-scratching, political
back

-scratching. Did the president do it in a way that compromises his integrity? Number two, what happened to the records? Number three, there's been stonewalling of a congressional inquiry by Representative Jim Leach, normally a genial and affable Iowan.

MS. PAGE: You know, we've really seen the White House

violate David Gergen's number one rule of spin control, which is if you have a problem, put all the information out there, whether it's good or bad; take your hit and get it over with. I mean, that's really the lesson of

Watergate and every political scandal that's followed. And I think it's getting to the point where this story is reaching a kind of critical mass. It's not going to go away without a fuller explanation. And the White House is going to have to do that sooner or later.

MR. SESNO: "Scandal" was the word that I just heard.

MR. BLUMENTHAL: I'm not sure. The Clintons have never really been that interested in making money. They've been absorbed in policy, in politics.

MR. SESNO: So you don't buy this?

MR. BLUMENTHAL: Well, I think in this matter it's clear that they haven't paid a lot of personal attention to the details.

MR. SESNO: Hillary's worth some dough, isn't she?

MR. BLUMENTHAL: Some, but she's not worth a lot of money. There are people who make a lot of money. She's not worth a lot of money. And they have -- I know the president is not interested that much in material things or money. He's very preoccupied with politics.

MR. SNOW: Well, the real problem here is that the president evidently solicited help to repay a personal loan. And it's possible with this development company that the first lady called up someone and said, "Please give me legal control over the investment because we want to take care of it," which means that they really were more involved in it than they said.

MR. SESNO: Folks, they may not be happening in a vacuum in terms of the other problems beyond the Beltway that are dogging this administration. An article that will be appearing this week in the American Spectator alleges that some state troopers who were assigned to protect Bill Clinton helped in setting up his extramarital affairs, or some such thing. We have reason to believe that a number of organizations, and we know CNN, are looking into these allegations in Little Rock now. Is this a story? Is this a scandal? Is this a problem that is going to have legs? We've heard this sort of thing before, but not in this degree of specificity perhaps.

MS. PAGE: I think the Whitewater affair has much greater legs than this other issue. I mean, I think with the question of the American Spectator story, you really have to look at is this legitimate issues? Is this something the press ought to be concerned about? Is it relevant to his performance as president?

MR. SESNO: Is this something the press ought to be concerned about?

MR. BLUMENTHAL: I think absolutely not. I think it's a reprehensible story. I think that it'll backfire. I don't

think it's a press story. I mean, let's get serious. It's put out by a small right

-wing publication, written by somebody whose credibility has been called into question by serious journalists at the Wall Street Journal who have

--

MR. SESNO: By David Brock.

MR. BLUMENTHAL: -- David Brock -- who've done a point

-by-

point refutation of his previous work on Anita Hill. And he has chosen to do --

MR. SNOW: But he wasn't allowed to respond in your magazine. Let's make it clear. It was printed in the New Yorker and he wasn't given an opportunity to respond point by point. Look, we can talk trash about David Brock, but let's --

MR. BLUMENTHAL: Anyone who hears this can write the New Yorker and get -- the famous fact

-checking department at the New Yorker has written a detailed analysis of his response and they can get both from the New Yorker. Write the New Yorker and you'll get them both.

MR. SNOW: Well, let's cut to the chase. I think legs may not be the right term to use with a sex scandal story, but when you're talking about --

MR. SESNO: No pun intended.

MR. SNOW: -- this particular story, I think what you have is a bunch of troopers talking about their experiences. And people are going to look at them and try to draw a conclusion. But unlike Whitewater, this isn't the sort of thing for which people keep records. It's scandal. It's their word versus the president's word, and therefore it's a lot less substantial.

MR. SESNO: And the president has already 'fessed up to marital problems. He and Hillary talked about them in painful, painful detail on 60 Minutes that time.

MS. PAGE: I think one thing that makes the press a little uncomfortable, the mainstream press, is that we write about these things when a publication, some other publication that's not in the mainstream press, writes about them. Then we pick them up. That's what happened with the Gennifer Flowers story. And there was a lot of second

-guessing after that. Is this the way we should

proceed? And that's certainly going to happen with this story, too.

MR. BLUMENTHAL: I wonder about the pertinence of all of this.

MR. SNOW: Well, actually, I think it's pertinent now

because the president is trying to seize back the family values issue. He's talking about Dan Quayle, saying Dan Quayle was right. If he tries to seize back that issue and then somebody comes back and says, well, after he had promised the nation in January of 1992 that, in fact, he was a changed man, that's a little bit different -- I'm sorry, January of '93. I think it does call into question his credibility and commitment.

MR. SESNO: We're going to take a --

MR. SNOW: But it's only to that extent that it's going to have political legs.

MR. SESNO: We're going to take a break. We'll be back after this.

(Announcements.)

MR. SESNO: And back on Late Edition. One note to our viewers; the subject we were just talking about, these reports out of Little Rock, CNN, as we mentioned, has been looking into that. We will have a full report on that on The World Today at 6:00 p.m. this evening.

Let us turn to other issues since we don't have that report yet and we haven't seen the details of it. And I would like to touch on something else, and that is Russia. Vice President Gore has been there. He has been trashing this ultranationalist who did rather well. At the same time, we're now getting signals from the administration they may be backing off on some of the tough demands they've attached to military aid -- military aid -- to economic aid. We're not there yet. President Clinton goes there next month. Change in policy needed here?

MR. BLUMENTHAL: I think so, and I think that this is a very good move. I think they've put way too much emphasis on the economic policy at the expense of the political policy, and they followed the austerity policy of the International Monetary Fund, which drove the Russians to vote for this --

MR. SESNO: Radical line? Is that what you're saying?

MR. BLUMENTHAL: Yeah. I think that there should have been

some moderation in that policy.

MR. SNOW: Spoken like a good conservative. Conservatives have been arguing for years against austerity policies out of the IMF. And Sid's absolutely right. Zhirinovsky ran sort of a typical populist campaign. He talked about crime, the economy and patriotism. And the economy was the key. And the fact is, the policies imposed on Russia from the rest of the world have made a bad situation even worse.

MS. PAGE: I sure hope that's the reason he did so well, because the alternative explanation for why he did so well is he speaks to ethnic hatreds in Russia.

MR. SESNO: Is Bill Clinton --

MS. PAGE: And if that's the reason they voted for him --

MR. SNOW: Well, it's a combination. You can't write that out. And the further thing is, he was by far the most sophisticated candidate. He did media buys like a western politician, unlike anybody else. Zhirinovsky has said all sorts of crazy stuff. My favorite is that only blond

-haired, blue

-eyed people should be TV anchors.

MR. SESNO: Yeah. Well, see, I'm not, so -- Tony Snow, thanks. You don't have a future in Russia. (Laughter.) Susan Page, thanks very much. Sid Blumenthal, appreciate your time.

MR. BLUMENTHAL: Thank you.

MR. SESNO: We'll be back in a moment with Bruce Morton and the last word.

(Announcements.)

MR. MORTON: The reasons people think there's a crime wave are not amazing. They think there's a crime wave because awful random things keep happening.

MR. SESNO: What do we do to fight crime in our communities? Bruce Morton and the last word, up next.

(Announcements.)

MR. SESNO: Time now for the last word and our weekly appearance from Bruce Morton. Bruce, crime this week.

MR. MORTON: Well, crime, simply because it's on everybody's mind. A Puritan divine a couple of centuries used to terrify his flock by thundering, ``The arrow of

death flies at high noon." And that's about the way a lot of Americans feel about their neighborhoods these days. Justice Department press release, November 1993: Crimes against U.S. residents at households fell by more than 5 percent last year, reaching a 20

-year low. Justice

Department press release, December 1993: The FBI said serious crimes reported by law enforcement agencies declined 5 percent in the first six months of 1993 compared to the same period of 1992. Violent crimes decreased 3 percent. James Lynch, American University specialist in demographics in crime: ``It always amazed me that people think there's a crime wave. There just isn't."

Still, the reasons people think there's a crime wave are not amazing. They think there's a crime wave because awful random things keep happening to them. If you used to feel safe in the suburbs, how do you feel now when random, more or less crazy people shoot up a commuter train or a school playground? Most people feel spooked. ``It could happen on my street anytime."

Fear of crime always makes politicians want to cash in, to be tough on crime. So?Congress?is debating crime bills.

But crime is really a problem for state and local governments. Washington can raise money for more police or local governments can raise the money for themselves. But either way, how well the police are trained, how adequate the prisons are, are things state and local governments will decide. Making more crimes federal offenses won't actually make the crimes very different. And looking through the files does show local differences; crime down a lot in some jurisdictions, less in others. Community policing seems to help, at least in some places. But the long

-term solution involves another problem which belongs to local government, not Washington -- schools. Rudolph Giuliani, newly

-elected mayor of New York, said,
``The single most important thing I believe we can do to turn around long

-term the problem of crime is to give our children a better basic education." Now, if we could just figure out how to do that.

MR. SESNO: Yeah, now comes the easy part. Thanks, Bruce. You know, it's interesting. As you were citing through those statistics, I recalled reading in David Brinkley's book how just after World War II here in Washington they referred to Washington as the murder capital of the world. The more things change, the more they stay the same.

MR. MORTON: Well, yes, except that I think things really are worse now. I think the sense that people have of deranged people with guns wandering around is serious.

People feel stress in their everyday lives. And these things happen just often enough to convince everyone that they're right about being afraid.

MR. SESNO: It is the force and the array of weaponry that concerns so many of us.

MR. MORTON: Well, I think it's the randomness. It's all very well if it's gangsters shooting up other gangsters or drug dealers shooting up other drug dealers. But a school playground, a suburban street, a commuter train, that's what spooks people.

MR. SESNO: When you talk about education, when people talk about education, what do they mean?

MR. MORTON: Well, I think what you mean in this case, whether it's the schools or the parents or the church, you have to try to teach people right and wrong. And it's those values that seem to be breaking down, that seem not to exist in these random awful incidents.

MR. SESNO: Okay. Bruce Morton, thanks very much. Well, now we go over to Jeanne Meserve to find out what's coming up next on The World Today. Jeanne?

MS. MESERVE: Frank, at the top of the hour, more U.S.

soldiers return home from Somalia in time for the holidays. For the troops and their families, it's a Christmas present that will be enjoyed now and remembered for a long time to come. And from New York, the plight of some homeless people appears to be worsening. Some face the loss of their makeshift camps in the city as the holidays approach. Those stories and much more coming up on The World Today. Frank?

MR. SESNO: Thanks, Jeanne. See you in a few minutes. Thank you for joining us. See you next week for another program of Late Edition. From all of us here, have a very merry Christmas. Happy holidays to you and your family. I'm Frank Sesno in Washington. Enjoy what's left of the weekend.

END

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:20-DEC-1993 10:59:00.00

SUBJECT: Meet the Press transcript

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: George Stephanopoulos (STEPHANOPO_G) (WHO)
READ: UNKNOWN

TO: Margaret J. Myers (MYERS_M) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Amanda Crumley (CRUMLEY_A) (WHO)
READ: UNKNOWN

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Keith Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Robert O. Boorstin (BOORSTIN_R) (WHO)
READ: UNKNOWN

TO: Michael Waldman (WALDMAN_M) (WHO)
READ: UNKNOWN

TO: David Dreyer (DREYER_D) (WHO)
READ: UNKNOWN

TO: Jason Solomon (SOLOMON_J) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
READ: UNKNOWN

TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Joshua Silverman (SILVERMAN_J) (WHO)
READ: UNKNOWN

TO: Jonathan P. Gill READ: UNKNOWN	(GILL_J) (WHO)
TO: Ann Walker READ: UNKNOWN	(WALKER_A) (WHO)
TO: Meeghan E. Prunty READ: UNKNOWN	(PRUNTY_M) (WHO)
TO: Rahm Emanuel READ: UNKNOWN	(EMANUEL_R) (WHO)
TO: Kimberly Tilley READ: UNKNOWN	(TILLEY_K) (WHO)
TO: Kimberly S. Hopper READ: UNKNOWN	(HOPPER_K) (WHO)
TO: Ernest D. Gibble READ: UNKNOWN	(GIBBLE_E) (WHO)
TO: Richard Strauss READ: UNKNOWN	(STRAUSS_R) (WHO)
TO: Carter Wilkie READ: UNKNOWN	(WILKIE_C) (WHO)
TO: Lisa Mortman READ: UNKNOWN	(MORTMAN_L) (WHO)
TO: David Kusnet READ: UNKNOWN	(KUSNET_D) (WHO)
TO: Steven A. Cohen READ: UNKNOWN	(COHEN_SA) (WHO)
TO: Julia Moffett READ: UNKNOWN	(MOFFETT_J) (WHO)
TO: Arthur L. Jones READ: UNKNOWN	(JONES_A) (WHO)
TO: Alan J. Stone READ: UNKNOWN	(STONE_A) (WHO)
TO: Carolyn Curiel READ: UNKNOWN	(CURIEL_C) (WHO)
TO: Elizabeth C. Bowyer READ: UNKNOWN	(BOWYER_E) (WHO)
TO: Jonathan M. Prince READ: UNKNOWN	(PRINCE_J) (WHO)

TO: Kathy McKiernan READ: UNKNOWN	(MCKIERNAN_K) (WHO)
TO: Anne M. Edwards READ: UNKNOWN	(EDWARDS_A) (WHO)
TO: Dawn A. Alexander READ: UNKNOWN	(ALEXANDER_DA) (WHO)
TO: A. Victoria Rivas-Vazquez READ: UNKNOWN	(RIVASVAZQU_A) (WHO)
TO: David Seldin READ: UNKNOWN	(SELDIN_D) (WHO)
TO: Carola McGiffert READ: UNKNOWN	(MCGIFFERT_C) (WHO)
TO: Chad H. Griffin READ: UNKNOWN	(GRIFFIN_C) (WHO)
TO: David B. Anderson READ: UNKNOWN	(ANDERSON_D) (WHO)
TO: Jessamyn Sarmiento READ: UNKNOWN	(SARMIENTO_J) (WHO)
TO: Aman, Sally J READ: UNKNOWN	(SALLy J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
TO: Karen Finney READ: UNKNOWN	(FINNEY_K) (WHO)
TO: Kukis, Heidi READ: UNKNOWN	(HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
TO: G. N. Lattimore READ: UNKNOWN	(LATTIMORE_G) (WHO)
TO: Jeremy M. Gaines READ: UNKNOWN	(GAINES_J) (WHO)
TO: Alison Muscatine READ: UNKNOWN	(MUSCATINE_A) (WHO)
TO: Cerrell, Joseph W. READ: UNKNOWN	(JOSEPH W. CERREIL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
TO: Mark Gearan READ: UNKNOWN	(GEARAN_M) (WHO)
TO: David R. Gergen READ: UNKNOWN	(GERGEN_D) (WHO)

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Lawrence J. Sampas (SAMPAS_L) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
THE REUTER TRANSCRIPT REPORT
NBC ``MEET THE PRESS" INTERVIEW WITH:
LLOYD BENTSEN, SECRETARY, DEPARTMENT OF TREASURY
SUNDAY, DECEMBER 19, 1993

ANNOUNCER: From NBC News in Washington, this is
``Meet the Press" with Tim Russert.

MR. RUSSERT: Welcome again to ``Meet the Press."

Among our issues this Sunday morning: The economy,
layoffs, jobs, aid to Russia, government spending, and
interest rates.

Our guest: The secretary of the Treasury, Lloyd
Bentsen.

And in our political roundtable, we'll be joined by
William Safire, just back from Russia. He'll talk about
the upheaval in Moscow and the political demise
of Les Aspin here at home.

And on our panel asking questions this morning, David
Broder of ``The Washington Post" and Jim Miklaszewski of
NBC News.

MR. RUSSERT: Mr. Secretary, the Bush recovery is in
full throttle?

SEC. BENTSEN: (Laughs) Well, what we're looking at
is a cut in that deficit substantially below what happened
in '92, where you had
some 290 billion dollars in deficit that set a record.
We're coming in ahead of our targets in the deficit
reduction. We're looking at a \$500 billion deficit
reduction over the next five years. It's had an obvious
impact on interest rates, and that, in turn, has helped
stimulate the economy.

We're seeing inflation around three percent. We're
seeing the GDP, which last quarter was 2.8, will probably
go as high as four to five percent in the fourth quarter.

MR. RUSSERT: And what about next year?

SEC. BENTSEN: Well, next year I would anticipate
that we would see a growth rate that would be somewhere
around three percent and probably an inflation rate that's
close to that, and those are good numbers.

MR. RUSSERT: In hindsight, is the economy better off
without this Clinton stimulus package that went down to

defeat?

SEC. BENTSEN: Well, what I can say is this one is working, and at this point I wouldn't change anything. We want to continue to have the emphasis on deficit reduction, but what you're seeing is an increase in jobs at a monthly rate that is over twice what it was in '92. We're creating about 160,000 jobs a month, whereas last year it was about 80,000 -- and they're not just hamburger

-flipping jobs. You're seeing some good jobs in there, too.

MR. RUSSERT: Let me talk about that and a couple of other factors that might have an impact on the economy. In terms of layoffs, even though there is some significant job creation going on, we are losing about 2,000 jobs per day, layoffs from major corporations -- Xerox, Sears, RJR, the Fortune 500. We've lost about five million jobs over the last decade.

Albert Singlinger (ph), a pollster on these matters, says that 40 percent of all Americans go to sleep each night -- 40 percent -- wondering whether their job is going to be there in the morning.

SEC. BENTSEN: Well, the interesting thing is we're accommodating to this much better than the other G7 countries. What you're seeing is a very substantial net increase in jobs. The headlines are when you have 10,000 laid off by this major company or 20,000 by another, but there are no headlines in the fact that a small company adds two welders or another small company adds five computer processors, and what you're seeing is an outsourcing by some of the major corporations, too.

In addition to that, you're seeing major corporations in this country more competitive than they have been in a long time. You're seeing the cost of capital to them just a fraction of what it was 10 years ago, so they can take on international competition. I think we're headed for long

-term sustainable growth.

MR. RUSSERT: But psychologically, the idea of massive layoffs by big corporations is something that Americans are going to have to expect and deal with?

SEC. BENTSEN: Well, I think you've seen most of the downsizing, the major downsizing, already take place. But you're also seeing with this finally a realization of the major creation of jobs taking place and low inflation. You're seeing the consumer confidence really move up substantially.

MR. RUSSERT: You mention the inflation hitting around three percent. Does this mean that the Federal Reserve should now increase interest rates?

SEC. BENTSEN: I don't see that. I think that you

still have a substantial cushion in productive capacity. You still have substantial cushion in the labor force, and you're seeing productivity gains that are holding unit labor costs down. It's working out very well at the present time.

MR. RUSSERT: So you hope they do not increase interest rates.

SEC. BENTSEN: I don't see it under the present conditions. In the long term, we ourselves are forecasting a modest increase in short

-term rates.

MR. RUSSERT: When will that take effect?

SEC. BENTSEN: Well, I don't see it in the current quarter or in the next quarter. I think what you're going to see --

MR. RUSSERT: Perhaps mid

-year?

SEC. BENTSEN: Well, no, I know better than to try to estimate that exactly, because you'd remind me of it later.

MR. RUSSERT: (Laughs) You're sure on that, I'll say.

Let me talk about Russia. The turmoil in Russia -- what effect could that potentially have on our economy here and, secondly, why should any American businessperson consider investing in Russia in this state of turmoil?

SEC. BENTSEN: Well, let me say first that I think it's important now that we have GATT approved and, I think, approved by the Congress next year, and, in turn, we have NAFTA. What we should also see in the European countries and the United States is a lessening to the barriers of trade with Russia, an encouraging of the export of their products, because grants

-in

-aid by itself

will not do it. You have to see an underlying strength develop for that economy, and we want to see some stability there in that regard.

MR. RUSSERT: So American businessmen should --

SEC. BENTSEN: Oh, and on American businessmen -- at this point, it's a risky thing, because you don't have the body of contract law that you would like, but American

businessmen are entrepreneurs, they're sophisticated, and they can make a contribution, particularly in technical help and in some capital investments, and you're seeing that particularly true in the oil industry. One out of seven wells in Russia is not functioning today because of the lack of parts. The compressors on their gas lines are not up to what they should be. Those types of things bring

about a quick fix and provide some of the hard currency that's needed by Russia.

MR. RUSSERT: Grant

-in

-aids won't do it alone, you said, but should the international lending organizations like the IMF, International Monetary Fund, loosen up on its aid to Russia?

SEC. BENTSEN: Well, that's interesting. I think that Vice President Gore has made a very salient point about the difficulties of transformation and what has to be done, and some type of a social net to assist in that transformation.

But, on the other hand, what you need in this is some conditionality on the assistance in the loans to keep the pressure on the Russian reformers. The reformers did not run a very sophisticated campaign, but the nationalists really did, and a lot of demagoguery in it. They ran a very clever campaign.

But what we're seeing today, what with the IMF and the rest of it, we have already seen some lessening of the requirements in trying to assist in that, and the United States played its role in that one.

See, I don't believe that when you're having 10 to 20 percent inflation a month that that means you have excessive reform.

MR. RUSSERT: All right, one last question. In April, the income tax rate for affluent Americans will probably get about a 40 percent tax level. About \$26 billion will be taken out of the economy in the form of increased income tax rates. Are you concerned what that might do to the economic recovery?

SEC. BENTSEN: No, I'm really not. I think that people of that income level will continue to do their Christmas shopping and that they'll continue to do the normal expenditure of funds. I don't see it as that big a damper.

Now, you have to think back to 1980, when that top rate was 78 percent, or 1981, when it was 50 percent, and the fact that in the OECD countries, all 26 of them, only six of them have a lower top income rate than we do.

MR. RUSSERT: But they are the entrepreneurs in our system, and if they --

SEC. BENTSEN: Absolutely.

MR. RUSSERT: -- decide to bet against it by saying I have to pay increased taxes with my new investments and new profits, it could suffocate this recovery.

SEC. BENTSEN: Well, let me tell you, those folks are going to bet on the future of this country, I believe.

MR. RUSSERT: David.

MR. BRODER: One follow

-up to Tim's question, if I --
when he asked you about the stimulus package of last spring, you said you were happy that the bill passed the way it did. Are you now prepared to concede that? Bob Dole and the Republicans did you a \$16 billion favor by defeating that stimulus package?

SEC. BENTSEN: Well, I'm saying that what we have been able to accomplish in the deficit, and coming in even better than the estimates, has given us an enormous push insofar as stimulus, more than we had anticipated, because of the cut in interest rates.

MR. BRODER: So the Republicans were right.

SEC. BENTSEN: Well, I would say that we were right in going very strongly and cutting 500 billion dollars.

MR. BRODER: Was that a yes or a no? (Laughter)

SEC. BENTSEN: That means it's working.

MR. BRODER: Okay. The health care plan of the administration, the big topic for next year. In October, you were asked whether you would vote for that plan if you were in the Senate, and your answer was a ringing, "I'm not in the Senate." Have you decided whether you think it's a good idea yet?

SEC. BENTSEN: The health plan and the reform?

MR. BRODER: Yes. Yes, sir.

SEC. BENTSEN: Yes, I do. I think it is, because as we look at those things that have really been hurting us insofar as adding to the deficit, it's been the problems of health care, and we're moving on this one to cut some \$126 billion in Medicare, some 55 billion dollars in Medicaid, and pumping that into universal coverage so you don't get the cost shifting and so the rest of us that

have insurance don't see our premiums going up and don't see our hospital beds cost being shoved off on us.

MR. BRODER: As you know, the figures are very encouraging about the dramatic drop in inflation in the health sector, just simply through the working of market forces. Given that the trends are moving in the direction we want them to do, do we really need a big government regulatory apparatus imposed on that private sector?

SEC. BENTSEN: Well, I think what you're seeing is what we have done with that government apparatus insofar as DRGs, insofar as physician payment reform --

MR. BRODER: Nobody knows what DRGs are.

SEC. BENTSEN: All right. That is paying so much for a particular procedure in a hospital, setting a limit on that. Those types of things that have been done and put in by the government have been able to bring the costs of Medicare down substantially, and Medicaid. I think overall, you're still seeing the costs shifting, because I know a couple of hospitals that I'm quite familiar with where each year they have had, in the last two years, unpaid claims of over \$40 million each. The rest of us pay

for that, and we have to put a stop to that and get universal coverage so you don't have that kind of cost shifting.

MR. BRODER: The first major study that's been made of the proposal, the financing of the proposal by the Milt Lewin VHI (ph) group said that the administration has underestimated the cost of the government subsidies in its program by \$37 billion. Does that cause you any concern?

SEC. BENTSEN: Well, I was also very pleased that they thought that we had it financially paid for and that that was going to happen, so let's balance that one out, that particular statement.

I think the question of what those premiums will be will depend a lot on the final form of the bill, and, obviously, that gives me some concern when I hear a difference in that kind of an estimate.

MR. BRODER: Mm

-hmm (acknowledgement). If it turns out that their numbers are closer to reality, what should the administration do in terms of changing the proposal?

SEC. BENTSEN: What you're going to see is this piece of legislation, as all major pieces of legislation from an administration, will be subject to some changes as it works its way through the Congress, and we'll be listening to those recommendations, we'll be participating with

them, and, obviously, some changes will be made, and we'll be looking once again at what we think the premiums ought to cost.

I must tell you that these numbers have been checked, massaged by the health agency, by the labor agency, and finally by the treasury agency, and you saw outside actuaries, outside estimators that were also involved in the process.

MR. MIKLASZEWSKI: Mr. Secretary, over the past couple of weeks, we saw some Clinton administration infighting turn into an open family feud between the Pentagon and the Office of Management and Budget over a projected \$50 billion shortfall in the Pentagon budget. Now I understand on Friday, because of better inflation figures, that that gap has been reduced to somewhere about 31.5 billion dollars over five years. That's still a pretty good chunk of change, and the Pentagon says they can't absorb that without reducing their readiness. Where is the money for that going to come from?

SEC. BENTSEN: Well, frankly, I'm not as conversant with that. That's not in the jurisdiction that I represent at Treasury, but I have been assured by comments I've heard from the OMB that they feel that an accommodation can be achieved that will still protect the readiness of our country.

MR. MIKLASZEWSKI: Well, what kind of accommodation would that be? Would it be stretching out that shortfall

over 10 years instead of five?

SEC. BENTSEN: Jim, I would assume that what you would get is some delay in weapons purchasing.

MR. MIKLASZEWSKI: Mm

-hmm (acknowledgement). But at the same time, there are some in the Office of Management and Budget that just don't believe that the Pentagon cannot absorb these losses. Do you think the Pentagon is overstating its case?

SEC. BENTSEN: They're advocates for their point of view, and they always have, and each department goes through that process, so an accommodation has to be achieved. We have to achieve the deficit targets we're talking about in cutting back on that budget.

MR. MIKLASZEWSKI: And under those budget caps, if the president can come up with a 31&1/2 billion dollars -- if the Pentagon doesn't absorb the loss, he'll have to come up with that money from domestic programs. Is that a likelihood? Is he likely to make that shift from domestic to --

SEC. BENTSEN: I think what you'll see is some give on both sides in that regard as they achieve their objective, and that's happening throughout government now, as we fulfill our commitments on cutting that deficit by 500 billion dollars.

MR. MIKLASZEWSKI: Are you suggesting that some domestic spending may go to military spending?

SEC. BENTSEN: There's no question. But some of the things that were wanted in additional domestic spending have been cut back to try to achieve some of the things that we feel are necessary in defense to keep our readiness. No question about that. Accommodation. There'll be give on both sides.

I've had the same problem in the Treasury. There are some extra things that I would like to do, but we'll have to forego them for the present.

MR. MIKLASZEWSKI: Changing direction just slightly here -- after the trip to Russia next month, you'll be headed off to China.

SEC. BENTSEN: That's right.

MR. MIKLASZEWSKI: Now, a month ago, Senate Majority Leader George Mitchell said that if the vote were taken today, a month ago, that most favored nation trade status for China would not be approved.

SEC. BENTSEN: Yeah, but it's not being taken now. It'll be taken probably next June, some time like that, and let's see what happens in that regard.

I'll be traveling to China, and then I'll be going on to Indonesia, to Bangkok, throughout southeast Asia. What you're seeing is an enormous growth in that area. That's where the growth is, more than any other part of the world today, and we must be a part of that. We're seeing more

increase in exports to that part of the world than the rest of it.

MR. MIKLASZEWSKI: But, Mr. Secretary, can China be a part of that in terms of the U.S. --

SEC. BENTSEN: Yes, I think they can.

MR. MIKLASZEWSKI: -- without improvement in their human rights record?

SEC. BENTSEN: Well, I think you have to have both, and I think we can accommodate both and I think they can, and we'll be looking forward to that and we're pressing to

that end to try to see that done.

But what you're also seeing there is the fastest growth in exports to us of any of the major nations, and we have to see an opening up of those markets greater than we have seen in the past. You see, today you're seeing that growing even faster than what we have had in an export deficit with Japan.

MR. MIKLASZEWSKI: And finally on that subject, is the Clinton administration willing to soft

-pedal the MFN requirements in any way in an attempt to gain China's cooperation on the North Korea nuclear problem?

SEC. BENTSEN: Well, I think what you're seeing is our pointing out to them the importance of our economic ties and what we have in the way of markets for them, and I think that puts a great deal of influence on them.

MR. RUSSERT: Mr. Secretary, we have to take a break. We'll be right back after this message.

(Announcements.)

MR. RUSSERT: We're talking with the Secretary of Treasury, Lloyd Bentsen.

Mr. Secretary, entitlements. Social Security, Medicare, Medicaid, veterans' benefits, \$81 billion per year in entitlements go to people making incomes of over \$50,000 a year. Is that right?

SEC. BENTSEN: Let's take a look at what you're getting to and that's particularly Social Security and what you do about it. And there are those that say, "Well, if you have over a certain income, you should receive no benefits under Social Security at all." I really don't think you can do it that way. What you have already done, and what most people don't realize you have tilted the benefits of Social Security to people of low income. If you are very low income, you will get back approximately 59 percent of your pre-retirement earnings.

If you're one who has high income, and as I recall the tax cuts offered about 57,000, you'll get back approximately 24 percent of your pre

-retirement income.

Now, in addition to that, we have this year said that

we're going to subject the tax on Social Security to people, 85 percent of their income, to those people making over 34,000, individuals or couples of over 44,000. So we've gone a long ways toward that.

But I believe in the principle that if you pay into

Social Security, you get something back, that we do not get it into a welfare mode. If you get in a situation where middle income and low income people get nothing back for Social Security, then it becomes almost a welfare program.

MR. RUSSERT: How about a proposal by the Concord Coalition by former Senators Rudman and Tsongas which says, "Listen, if you make \$40,000 or less, you get all the entitlements. But for every \$10,000 in income above that, you lose 10 percent of your entitlement. You always get at least 15 percent, no matter what your income is, but it's a sliding scale, a means test." Could you look at something like that?

SEC. BENTSEN: Well, we have already done it. We have done it in a very major way by putting 85 percent of that tax for those people above that subject to the income tax.

MR. RUSSERT: But, Mr. Secretary, you talk about deficit reduction. While you're cutting the deficit \$500 billion, cutting spending 250 billion, raising taxes 250 billion over the next five years, entitlements --

SEC. BENTSEN: All right, let's look at some more --

MR. RUSSERT: -- are going to go up a trillion dollars --

SEC. BENTSEN: Yeah, and which one is going up the most? The one that's going up the most is Medicare -- the ones -- Medicare and Medicaid, and we are cutting out of that a very substantial amount of money. We're talking about 125 billion out of Medicare, we're talking about around 55 billion out of Medicaid.

MR. RUSSERT: But if the system continues as it is, the deficits in the year -- 10 years from now, will be up to \$500 billion a year. This is a Democrat, Bob Kerrey, Bob Kerrey, a fellow Democrat, it's not going to happen without some serious cuts and it has to be done in entitlement programs, the president cannot finesse this one.

SEC. BENTSEN: Absolutely, I agree with that part of it. And what you're seeing is substantial cuts in entitlements. In addition to that, we're looking forward to the Kerrey Commission and see what their recommendations are, what the hearings are, and what we could in turn adopt to the system.

MR. RUSSERT: But there will be future means testing

--

SEC. BENTSEN: Well --

MR. RUSSERT: -- on these programs --

SEC. BENTSEN: -- we have already --

MR. RUSSERT: -- beyond --

SEC. BENTSEN: We are already doing that. Now, beyond that, let's take a look at the commission, see what their reports are, and we'll certainly consider them.

MR. RUSSERT: Vice President Gore said on this program, "I think before very long, our country is going to have to deal with means testing to a larger extent than is now the case."

SEC. BENTSEN: And that's what we're doing. And that's why we're quite willing to listen to the Kerrey Commission and see what their recommendations are. But I'm not going to prejudge them till we have the hearings.

MR. RUSSERT: How about cost of living increases? Are those on the table?

SEC. BENTSEN: I would say not at this point.

MR. RUSSERT: They were -- when you were on the program in July, you were willing to put them on the table.

SEC. BENTSEN: That's right.

MR. RUSSERT: You're taking them off?

SEC. BENTSEN: We've moderated them some, too.

MR. RUSSERT: David?

MR. BRODER: Your colleague Secretary of Labor Bob Reich has floated the idea of a payroll tax to finance worker retraining. Is that a good idea?

SEC. BENTSEN: I don't see that happening next year.

MR. BRODER: Just flatly rule it out?

SEC. BENTSEN: Why, that's not my authority. But I frankly -- personally I do not see it happening.

MR. BRODER: Let me ask you about an issue that will

be coming up as soon as Congress comes back, the balanced budget constitutional amendment is going to reappear. Why is the Clinton administration opposed to that?

SEC. BENTSEN: Well, I must tell you I was for the balanced budget amendment in times past, but that's when I saw the deficit continuing to escalate, that's when I didn't see a \$500 billion deficit cutting being put into effect. What we're doing now is working and we're coming out ahead of schedule in cutting that deficit, and we're seeing the economy move and starting to grow in the creation of jobs. To go then to a balanced budget amendment in addition to that one, where you'd lock yourself in, remember, it took us 15 years to get into this mess and it's going to take some time to get us out of it. But you cannot get into a situation where if you had a recession, then you couldn't do something to stimulate that economy.

MR. BRODER: In 1982, when the deficit was \$90 billion, a senator from Texas named Lloyd Bentsen, as you pointed out, voted for the balanced budget amendment. Now

the deficit is approximately twice that size, and you're saying that it's a bad idea?

SEC. BENTSEN: No. I'm saying we came up with a better idea, and I said that earlier that absolutely, that I had sponsored it and I had supported it, and if we didn't have this \$500 billion deficit reduction, I'd be right back there supporting it again.

MR. BRODER: Does the administration have a plan which on a specific date will get us to a balanced budget?

SEC. BENTSEN: What you're seeing in this one is our going as far as I think we can go in a contractionary budget and cutting that deficit down at the same time and have this economy continue to grow and putting people back to work and cutting down on unemployment. And as we see that one progress, we'll see what more we can in the way of further deficit reduction and getting closer to that date of a balanced budget.

MR. MIKLASZEWSKI: Mr. Secretary, quick question on entitlements. At the entitlement conference that was held last week, the retired persons lobbyists were practically doing high fives in the back of the room when it appeared in his speech that President Clinton had taken off -- taken further means testing for Social Security off the table. I just want to know, is that the case? Did he, in fact, take that off the table, further means testing for Social Security?

SEC. BENTSEN: I think insofar as the foreseeable future, that we think we have done insofar as Social Security for people of higher income what should have been done by subjecting 85 percent of it to the tax which was not done before.

MR. MIKLASZEWSKI: Let's switch gears just a moment here. I'd like to ask you, please, since -- as Treasury secretary, you oversee the Bureau of Alcohol, Tobacco, and Firearms. I wanted to get your opinion on gun control. Where do you come down on some of the proposals for example to license gun owners or register guns?

SEC. BENTSEN: I think what you have today is a system that's archaic and needs major reform. And this is a fellow from Texas who has hunted all his life. I think this idea of having assault weapons is outrageous. I think that -- I certainly supported the Brady bill. I think that we must do more than that. I think the idea that you can have over a quarter of a million people selling guns and licensed to sell guns and doing it out of their kitchens or wherever is -- doesn't make any sense.

And we cannot have enough ATF people to inspect all of those places and see that they're abiding by the rules and abiding by the laws. And I think that what you're going to have to see is a substantial increase in the cost of licensing gun dealers and further limitation of them and tighter controls over them.

MR. MIKLASZEWSKI: But in the case of this Long Island commuter train shooting, this gentleman waited 15 days --

SEC. BENTSEN: That's right --

MR. MIKLASZEWSKI: -- went to a licensed gun dealer that had a shop, not a mom and pop from the trunk of the car kind of operation, yet he still got control of a gun which even in pending legislation would not be outlawed, the nine

-millimeter semi

-automatic pistol which police call killing machines. Should those guns be outlawed?

SEC. BENTSEN: No. A nine

-millimeter pistol by itself

I don't think they're outlawed. Assault weapons and these so

-called street sweepers and that, I think that's crazy. I don't think that they should be there at all. But the fact that a person should be able to have a gun in his home to protect his home, you bet, I agree, he should --

MR. MIKLASZEWSKI: Senator Moynihan --

SEC. BENTSEN: -- now, let me also say that we'll never get any law that will resolve all of these problems

of crime.

MR. MIKLASZEWSKI: Senator Moynihan has proposed a 10,000 percent tax on some of this more deadly ammunition that's out there, the fragmentary, the hollow points and the like. Would you agree with that approach?

SEC. BENTSEN: I think better than that on that type of a bullet, you just ought to outlaw it.

MR. MIKLASZEWSKI: And what about raising the tax substantially on all ammunition?

SEC. BENTSEN: Well, there can be some raising of that tax, but insofar as anything that would just outlaw all ammunition, you can't do that.

MR. MIKLASZEWSKI: And excuse me, I really didn't -- I missed if you answered it and I don't think you did, the question about whether you're in favor registering or licensing gun owners and registering guns.

SEC. BENTSEN: Well, we have that under study, along with some other things that will make it where we have better supervision of who has guns and who sold guns. And ATF will be coming out with those recommendations in the very near future, but I'm not at this point ready to nail down the specifics of it.

MR. RUSSERT: Two quick follow

-ups on my colleague

David Broder's question about the constitutional amendment

to balance the budget. How close is the vote in the Senate on it?

SEC. BENTSEN: The vote's very close. We think that's going to be a very closely contested one.

MR. RUSSERT: So -- and they need two

-thirds of the Senate.

SEC. BENTSEN: Yeah.

MR. RUSSERT: Are you prepared to offer an alternative to the constitutional amendment to balance the budget since it's that close, to try to buy off some votes?

SEC. BENTSEN: We've offered an alternative, \$500 billion deficit reduction --

MR. RUSSERT: But nothing else?

SEC. BENTSEN: (Laughs.) If you saw the fight we had on that one, that was a major one.

MR. RUSSERT: And one last point on Social Security, another suggestion that's floating around is raising the age of eligibility to 68 by the year 2006. Is that something you could look at as people live longer and longer?

SEC. BENTSEN: Well, I think that that's one of the things that we should look at as people live longer and longer and are more productive. We have already done that once with some modest increase in that as you recall, the commission that was appointed previously and the Congress approved it.

MR. RUSSERT: That'll be 67 in the year 2017. How about moving it up to 68, say by the year 2000? That something worth looking at?

SEC. BENTSEN: Well, I think those things that are certainly worth looking at as people live longer, are productive longer.

MR. RUSSERT: Mr. Secretary, we have to take a break. We'll be right back after this message.

(Announcements.)

MR. RUSSERT: Welcome back to ``Meet the Press.'' We're talking with Treasury Secretary Lloyd Bentsen.

Mr. Secretary, we had Secretary of Defense Les Aspin on the program last week. On Wednesday, he resigned. What are your future plans?

SEC. BENTSEN: (Laughs.) I'm enjoying what I'm doing. Why shouldn't I enjoy it when things are working out for us in Treasury? We're doing well --

MR. RUSSERT: Will you --

SEC. BENTSEN: -- see, I'm going to be going to Asia and meeting with the leaders of Asia and trying to get better trade and get to be a part of the growth over there. That's where the growth is. In addition to that, I've been strongly involved in NAFTA and have for a long time and we won that. And that's the second fastest

growing market in the world. And so I'm enjoying what I'm doing. And I've got access to this president and then -- and we're having some fun in the way of regulatory consolidation on banks and --

MR. RUSSERT: What's your biggest disappointment this year? Biggest mistake?

SEC. BENTSEN: Do you think I'm going to advertise that?

MR. RUSSERT: It's a time for reflection -- (laughter) -- end of the year. No mistakes?

SEC. BENTSEN: No, of course we've made mistakes.

MR. RUSSERT: No regrets?

SEC. BENTSEN: Listen, overall, it's been a plus and I've enjoyed it. And I've been a part of the action and that's good.

MR. RUSSERT: Will you serve a full four -year term?

SEC. BENTSEN: Well, I hope so.

MR. RUSSERT: You'll stay the last three years of the Clinton administration?

SEC. BENTSEN: Let me tell you this. I went to the G

-7 meeting, which has become almost more a meeting of the finance ministers and I had something to sell. Where before we were trying to tell them what they had to do, and they'd say, "Take care of your own problems," this time we were doing that. Now, I was the most junior member there -- (laughter). Today, I am the second most senior member.

MR. RUSSERT: David?

MR. BRODER: You've been around this town for a while watching a lot of presidents. How has this president changed in this first year that you've been with him?

SEC. BENTSEN: He sure is a fast learner. He's a very intelligent man. But the --

MR. RUSSERT: But he --

SEC. BENTSEN: -- transition from a governorship to president of the United States is a major transition. But he has adjusted and he is coming on very well, I think. He's got a lot of wins that have happened in the first year.

MR. RUSSERT: If Bill Clinton could achieve one thing in the next three years, what would it be?

SEC. BENTSEN: Stable, long

-term growth with low inflation.

MR. RUSSERT: And how about interest rates? (Laughter.)

SEC. BENTSEN: Well, that goes with it. That goes

with it. Low interest rates.

MR. RUSSERT: Mr. Secretary, thank you for joining us. Merry Christmas and congratulations on 40 years of marriage.

SEC. BENTSEN: How about that? Terrific.

MR. RUSSERT: And we'll be right back with New York Times author and columnist William Safire.

(Announcements.)

MR. RUSSERT: We're back with Bill Safire, who just spent eight days traveling with Vice President Gore, most of them in Russia. One of my favorite columnists -- one of my favorite contrarians. Mr. Safire, your views on the situation in Russia.

MR. SAFIRE: Well, you want a contrarian view, totally different from the establishment view, that's what you'll get this morning.

MR. RUSSERT: Let's hear it.

MR. SAFIRE: Contrary to most people's assessment of this election, where they say, "Gee, the right wing, the nationalists, the fascists won," I think the big winner in Russia was Boris Yeltsin. He did three things. First, he sold out the democratic reformers who put him in power. Second, he concentrated power through this constitution in his presidency. And third -- here's the beauty part -- he helped to create a villain, a beatable villain. Now --

MR. RUSSERT: Mr. Zhirinovsky, Vladimir Zhirinovsky.

MR. SAFIRE: Right. See, this guy Yeltsin is a brilliant politician. He is a confrontationalist. He succeeded first by confronting Gorbachev. Second, this past year, he confronted the communist parliament and won. Now he needs another villain. And so he has helped to create this Zhirinovsky far right, kind of fringe fascism. And as a result, the West has stopped saying, "Hey, keep your promise and run again this year." No, we're all saying, "No, stay in office till 1996."

And he's taken all the pressure -- well, take, for example, this IMF that Secretary Bentsen talked about. We're all saying, "Wait a minute, International Monetary Fund, stop being so mean to Russia. Don't put the pressure on. Ease up. Think about the social impact."

MR. RUSSERT: So he has a constitution which gives him full power. He can slow down on the democratic and economic reforms and he has created a --

MR. SAFIRE: A villain.

MR. RUSSERT: Weak villain, a George Wallace of Russia. Is that a fair characterization?

MR. SAFIRE: That kind of knocks Wallace a little too much -- (laughter). But, yeah --

MR. RUSSERT: My apologies.

MR. SAFIRE: -- he's got himself a fascist 15 percenter, lunatic fringe. The people who follow him aren't lunatics, Zhironovsky I think is an evil force.

MR. RUSSERT: David Broder?

MR. BRODER: Bill will not take this as disparagingly, so let me say it. That's a very Nixonian analysis --

MR. SAFIRE: Thank you. (Laughter.)

MR. BRODER: -- selling out your friends, massing power in the executive branch, ignoring the legislative branch. If that isn't a recipe for trouble for democracy, I don't know what it is.

MR. SAFIRE: Exactly. I completely agree. And -- (laughter) --

MR. RUSSERT: You think that's wonderful. Why is that wonderful?

MR. SAFIRE: -- and that's why -- no, no, I don't think it's wonderful. No, it's not wonderful. I think Yeltsin is now becoming much more dangerous and that's what I think, we're being conned. I think what we saw there was a week before the election, there were these polls. According to law, you can't publish the polls a week before the election. The polls showed everybody who was running that Zhirinovsky was coming on strong, gaining strength, and the Russian reformers, Russia's Choice, were going on attack. And they all came to Yeltsin and said, "Save us." You know, "Come out for us." He didn't do it. The only guy who was helping him get that constitution was Zhirinovsky.

MR. RUSSERT: He held back. Jim Miklaszewski, the White House takes great pride all year long in saying, "Well, Bosnia, Somalia, Haiti, those weren't real

successes, but Russia, we were out front, on the money by bucking up Boris Yeltsin." What are they saying now? A little concerned?

MR. MIKLASZEWSKI: Well, there is a little bit of concern from the moment -- from the moment that Zhirinovsky gained all that influence in the elections, they were saying, "Look, it's too early to tell how much power he'll have. It's too early to panic." But in the days following, some concern had begun to manifest itself in the White House, and they are talking now about pursuing more aggressively contacts with many of the other reformers there in Moscow.

As you point out, Bill, some people feel that they had, in fact, been conned by Yeltsin and it was time to reach out beyond Yeltsin and start looking at making contacts, serious contacts with some of the other reformers.

MR. RUSSERT: Let me throw this on the table, Bill. The army units, the one who supported Boris Yeltsin, attacked the parliament at his command, the ones in control of the nuclear arsenal, voted for Mr. Zhirinovsky, with 70, 80 percent of the vote. Now, is that a concern? And will you see Yeltsin move farther to the right in order to try to co

-opt some of those military -- the military support?

MR. SAFIRE: You're seeing Yeltsin move definitely to the middle, where the most popularity is. He banned most of the other parties, the fringe parties that went for Rutskoi and others, so all of them, including the military, had no place to go but Zhirinovsky. So, in effect, he helped create this Zhirinovsky problem because he knows that his real opposition is Yavlinsky, is the democratic opposition. And he wants to brush them aside and confront the beatable opposition.

MR. RUSSERT: Any concern that the units that voted for Mr. Zhirinovsky will stay loyal to Mr. Yeltsin and not become a rogue military operation?

MR. SAFIRE: Sure, there's concern, but I don't think that's the major concern. I don't think Russia is in danger of a coup.

MR. RUSSERT: Let's turn back home. This week we saw Secretary of Defense Aspin resign on Wednesday, replaced by Admiral Bobby Ray Inman. My sense of this is the administration was beginning to feel already the '96 campaign. Former Secretary of Defense Dick Cheney was out there criticizing rather forcefully and personally the conduct of foreign and defense policy. So why not

inoculate yourself three years before the campaign with a Republican, a Republican in uniform, named Bobby Ray Inman?

David?

MR. BRODER: Well, as you know, Tim, I've thought for a long time that the president would be well advised to bring Republicans and independents into the administration. I think he's brought a very capable one in Admiral Inman. But it's not clear whether they've solved the problem of the relationship between civil authority and the uniformed military by this move.

MR. RUSSERT: Mick, the White House orchestrated that announcement. They said to Admiral Inman, "Feel free to say you voted for George Bush. That will show you're a real Republican." But then he went further, he said, "You know, I had to think about this for some time. I had to get a comfort level with Bill Clinton as commander

-in

-chief," almost as if Admiral Inman was taking the job at the sufferance of Bill Clinton or vice versa. Have they gotten someone a little bit too independent? The first time a secretary of defense leaves, it's the secretary's fault. If the second one leaves over policy differences, and Admiral Inman seems to have all the cards now, it's suddenly the president's hot

potato.

MR. MIKLASZEWSKI: And Admiral Inman has proven in the past that he's willing to walk off a job over principle, when he quit at the CIA over problems over a potential movement toward increase in domestic spying and some other problems that he had with the director then, Bill Casey.

So I don't think that they've solved their problem yet. And I think they may be unpleasantly surprised at some point. There was an idea that?President?Clinton had to give Inman a commitment on protecting the Pentagon budget before Inman would take the job. There was discussion about the budget, and I think if the president is forced to break that promise, you'll see Inman leave.

MR. RUSSERT: Bill?

MR. SAFIRE: Inman is the most skillful manipulator of the press since Jim Baker. He's a skilled leaker, a manipulator. I think he could well be the worst appointment that Clinton has made.

MR. RUSSERT: Now, you listen and read and watch words carefully. What were your impressions of the words that Admiral Inman chose in his acceptance speech?

MR. SAFIRE: Well, the way he posed himself as an independent force, and "comfort level," which of course is psychobabble, is -- troubles me. I think the big word of last week was "anathema." (Laughter.) Everybody decided we're going to say that Zhirinovsky is anathema -- (laughter) -- an old ecclesiastical word.

But in the coming year, I think, Tim, we're going to see a shift from the word "reform" to the word "centrist" and "consensus."

MR. RUSSERT: One quick point on Admiral Inman, when he was at the NSA --

MR. SAFIRE: "No Such Agency."

MR. RUSSERT: -- that's right -- National Security Agency. He was responsible for changing the law, the rules to allow gays to continue to function in that agency as long as they told their family they were gay to avoid being blackmailed. And now he's in charge of the Pentagon, where one of the real tough issues that Secretary Aspin dealt with, and perhaps one of the reasons he ultimately left, was his dealing with gays in the military.

We'll be right back after this break.

(Announcements.)

MR. RUSSERT: One of the more interesting figures in American political life, Ross Perot, Bill Safire. The beginning of the year, his negative ratings were around 20 percent; they're now over 50 -- 55 in many polls. Beginning of the year, about half the people thought he was well intentioned and was trying to contribute to the public dialogue, and now about 80 percent of the people believe that he's a politician who wants to be president, who's trying to hurt Bill Clinton, who's personally

ambitious. Your thoughts?

MR. SAFIRE: Well, you see a third force come along, peak, particularly because he was given the forum of the debates, and then after they've peaked begin to lose their strength. I think the same kind of thing we're seeing with Perot, a fascination and then, but he's not the hero, and they turn away from him, we're going to see in Russia with this Zhirinovsky.

MR. BRODER: Those who live by TV die by TV --

MR. RUSSERT: Uh

-oh --

MR. BRODER: -- and I think that's what's happened to Ross Perot. He didn't -- he never quite established a base

of support other than that camera, and camera can be very cruel.

MR. MIKLASZEWSKI: But the polls still show he has a hard core of what, about 13 percent, isn't it, Tim? And the White House still factors in Perot in some of their public positions that they take, not Perot necessarily, but Perot voters.

MR. RUSSERT: But that 13 percent that's hard core, the Clinton White House is convinced comes from the protest vote, the pro- Republican vote, certainly the anti

-Clinton vote. They kind of like Mr. Perot just where he is right now. But he'll be back on health care. He has a lot of influence, a lot of money, a lot of presence, and he has access to TV, David. He will be back.

We have a minute left. It's Christmas season, the holiday season. What should Santa Claus bring the United States of America, Bill Safire?

MR. SAFIRE: I hope not a smugness or what is put as stability. I like the tummeling, I like the excitement that Clinton has brought to the political scene. I think he's pulled us off a little bit too far to the left, but the fact now that I hope what Santa Claus brings to America is a sense of we can do some things now.

MR. RUSSERT: Mick?

MR. MIKLASZEWSKI: This may be selfish on the part of the entire White House press corps, but I think -- I would wish that Santa would bring Bill Clinton a watch that works -- (laughter) -- for those of us who spend hours standing on cold, windy tarmacs waiting for him.

MR. RUSSERT: David?

MR. BRODER: Best thing that's happened this year is the focus, very much on this program, on the young people in our cities whose lives are turning into anarchy. If we can keep that focus, and particularly with gifts like Walter Annenberg just made, there's a chance that we could turn things around.

MR. RUSSERT: Amen. And if all the kids in this

country could hear Christmas carols rather than gunfire for this week and the years ahead, it'd certainly be a nice feeling.

David Broder, Jim Miklaszewski -- James Alan Miklaszewski -- (laughter) -- Bill Safire, thank you all.

Mike Schneider will be here next week so I can spend

Christmas with my family. I hope everyone has a wonderful and meaningful Christmas and holiday.

Before I go, my son Luke gave me this musical tie and bet me I wouldn't play it on the air. Well, Luke, this one's for you. (Tie plays tune of ``Jingle Bells") -- I win the bet. Three big hugs, buddy, and I'm coming home to collect. (Laughter.)

Merry Christmas, everybody. If it's Sunday, it's ``Meet the Press." See you next year.

END

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Nestor M. Davidson (DAVIDSON_N) (WHO)

CREATION DATE/TIME:20-DEC-1993 11:10:00.00

SUBJECT: WASHINGTON TODAY: SENATE SAYS CLINTON APPOINTEES ...

TO: Antonella Pianalto (PIANALTO_A) (WHO)

READ: UNKNOWN

TEXT:

Date: 12/20/93 Time: 08:46

WASHINGTON TODAY: Senate Says Clinton Appointees Violating Rules

WASHINGTON (AP) Republican senators say the Clinton administration is infringing upon the Senate's constitutional ``advice and consent" authority by moving certain presidential nominees into jobs before they are confirmed.

The issue has come to a head over several controversial appointees including the still-unconfirmed Defense Department nominee Morton Halperin who were said to have carried out official duties while the Senate was weighing their qualifications.

But GOP senators also fault the administration, and the system, for dragging out the nomination process and forcing appointees into compromising positions.

When Republicans held the White House, it was Democrats who defended the Senate's constitutional prerogative of ``advice and consent" over presidential nominees.

When controversy arose over nominees to the courts or the Cabinet, Republicans argued that Presidents Reagan and Bush were entitled to make appointments with little interference from the Senate.

Now the roles are reversed and it's Republicans who are arguing that the Senate is not a rubber stamp for presidential appointments.

``The advice and consent clause of the Constitution is not something that can be simply brushed aside by an impatient administration," Senate Minority Leader Bob Dole, R-Kan., said in a speech. The Senate, ``should jealously guard this power and not give it up without a fight."

Dole was upset by the administration's decision to name Duke University law professor Walter Dellinger acting assistant attorney general in August, two months before the Senate confirmed him for the job.

``They completely subverted the advice and consent clause of the U.S. Constitution," agreed Sen. Jesse Helms, R-N.C. ``They put him on the job anyway."

The administration, which also gave Webster Hubbell the title of acting associate attorney general more than a month before he was confirmed, pointed to similar practices in the Bush, Reagan and Carter administrations.

But Republican indignation mounted when it was revealed, that Halperin, the nominee for assistant secretary of defense for

democracy and peacekeeping, might have represented himself as a Pentagon official rather than as a consultant in expressing views on the issue of gays in the military.

Halperin apologized in November to the Senate Armed Services Committee, saying that in his eagerness to begin his work, he ``failed to brief (himself) fully about the committee's expectations."

Although the White House has said it will resubmit Halperin's nomination next year, his fate grew less clear with last week's announcement that Defense Secretary Les Aspin is resigning.

Among the hundreds of other ``consultants" who work in unofficial capacities before they are confirmed, Ashton Carter, now an assistant defense secretary, ran into trouble for signing an official memo on funds to help Russia dismantle nuclear weapons.

The Pentagon, which already had guidelines saying consultants could offer advice only on a ``strictly informal basis," subsequently issued tougher rules. The new guidelines stated that no political appointee ``will become a consultant to the department for the purpose of rendering advice."

``The line is reasonably clear," said James Pfiffner, a professor of government at George Mason University in Virginia. ``Some people may have stepped over it, and some people may be trying to make political points by accusing them of stepping over it."

Pfiffner said the number of presidential appointees requiring Senate confirmation jumped from 152 in 1965 to 527 in 1985, not including ambassadors and U.S. attorneys.

He said this has made the confirmation process slower and the advice and consent debate more pertinent.

Sen. Sam Nunn, D-Ga., chairman of the Senate Armed Services Committee, blamed Ashton Carter's misstep on the slow pace of nominations. ``Individuals have been placed in consulting positions for too long a period of time," he said.

President Clinton, in an interview with Time Magazine this month, complained that it takes too long to get people into office. The president said it was ``just ridiculous" that nominees who have led ``interesting lives" have such trouble getting confirmed. He promised that next year he would take a fresh look at the appointments process.

Editors: Jim Abrams covers foreign policy and defense in Congress for The Associated Press.

APNP-12-20-93 0846EST

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:22-DEC-1993 09:17:00.00

SUBJECT: 9:30 am wire report

TO: Keith O. Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Chad H. Griffin (GRIFFIN_C) (WHO)
READ: UNKNOWN

TO: Steven A. Cohen (COHEN_SA) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
READ: UNKNOWN

TO: Arthur L. Jones (JONES_A) (WHO)
READ: UNKNOWN

TO: David Seldin (SELDIN_D) (WHO)
READ: UNKNOWN

TO: Jeremy M. Gaines (GAINES_J) (WHO)
READ: UNKNOWN

TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
READ: UNKNOWN

TO: Karen Finney (FINNEY_K) (WHO)
READ: UNKNOWN

TO: G. N. Lattimore (LATTIMORE_G) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
READ: UNKNOWN

TO: Aman, Sally J. (SALLy J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Joseph W. Cerrell (JOSEPH W. CERRELL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: Kathleen A. Flavin (FLAVIN_K) (OA)
READ: UNKNOWN

TO: Jean Duffy (DUFFY_J) (OA)
READ: UNKNOWN

TO: R. Paul Richard (RICHARD_R) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
WHITE HOUSE WIRE REPORT
9:30 a.m. edition
Wednesday, Dec. 22, 1993
Produced by the Office of News Analysis (OEOB 162, x7151)

Index of wire stories:

Allegations on Clinton draw growing media attention
(Reu)
Washington Today: Back on Clinton roller coaster (AP)
How Clinton has performed on campaign promises (KR)
Clinton makes substantial down payment on his ambitious
agenda (KR)
Clinton says U.S. may review ban on Adams (Reu)
British prime minister visit Northern Ireland (AP)
NBC cancels interview with First Lady (UPI)
Senator calls Inman tax woe regrettable (Reu)
Economy's growth revised up in third quarter (Reu)
Economy advances 2.9 percent in third quarter (UPI)
CNN Morning News (9 a.m.)

White Christmas possible in unusual places; travel
threatened
U.S. Conference of Mayors reports on hungry, homeless
Attitudes changing toward homelessness

BC

-USA

-CLINTON 1STLD (CORRECTED)

ALLEGATIONS ON CLINTON DRAW GROWING MEDIA ATTENTION

(Eds: Corrects spellings in 2nd, 3rd and 9th paras)

By Alan Elsner

WASHINGTON, Dec 22 (Reuters) - New allegations of marital infidelities by President Clinton picked up pace Tuesday.

The allegations about Clinton's womanising, first published by a small conservative magazine Sunday, caught fire, leading network news broadcast and winning front

-page coverage in major newspapers.

"The most important thing is that the story has legs," said political commentator Mark Shields in a discussion of the issue on the Public Television Service's MacNeil/Lehrer Newshour.

On the same programme, analyst Linda Chavez said the scandal was about "sex, lies and telephone calls."

It was not immediately clear how the scandal would affect Clinton, who had seen his public approval ratings rise sharply in the past two weeks following good economic news and some prominent foreign successes, including the negotiation of a new global trade pact.

The allegations came from Roger Perry and Larry

Patterson, two Arkansas state troopers who provided security for Clinton when he was governor.

They alleged having driven him to secret sex assignations with several women, lining up women for him, booking hotel rooms and lying about her husband's whereabouts to Hillary Rodham Clinton. They said this behaviour even continued after Clinton was elected president in November 1992.

"We were more than bodyguards. We had to lie, cheat and cover up for that man," Patterson, who spent five years as a Clinton security person, was quoted by the Los Angeles Times as saying.

Leonard Downie Jr., executive editor of the Washington Post, which reported the allegations on its front page Tuesday, said: "Extramarital affairs is not the subject of our reporting. The subject of our reporting is the question of whether or not Bill Clinton, as governor and now as president, has in any way used government resources and power in any connection with his private life that would be improper."

Clinton himself has not responded to the charges but White House officials insist there is nothing new in them that did not emerge during the presidential campaign.

Hillary Rodham Clinton, in an interview with Reuters

Tuesday, said the allegations were financially and politically motivated and would "end up in the garbage can."

"My husband's presidency speaks for itself, and what he has done in just one year for America ... ultimately, that's how the American people are going to judge, not some story that somebody promotes for their own financial gain or because they have a political vendetta," she said.

Complicating the picture was the disclosure that Clinton, apparently aware that such stories might emerge, had called several Arkansas state troopers in an effort to persuade them to keep quiet.

The charges have rekindled a controversy about Clinton's alleged womanizing that dogged him in last year's campaign.

Gennifer Flowers, a one

-time cabaret singer and

Arkansas state employee, sparked the controversy early in Clinton's turbulent race for the presidency by alleging she had had an adulterous relationship with Clinton. She is the only woman to make such a claim.

The latest flare

-up, coupled with fresh questions

being raised about Clinton's financial dealings with a failed Arkansas savings and loan institution while he was governor, are apparently not something that could drive Clinton from office.

They have, however, threatened to stall his new

-found
momentum.

REUTER

PM

-Doubts About Clinton, 1st Ld

-Writethru, a0410,630

WASHINGTON TODAY: Back on the Clinton Roller Coaster
EDS: SUBS 10th graf pvs, Reflecting his, to CORRECT
proportion to 'more than a third,' sted 1 in 4

By JILL LAWRENCE= AP Political Writer=

WASHINGTON (AP) Americans finally started warming up to President Clinton in the past few weeks, only to be reminded almost immediately of the doubts he's tried all year to dispel.

Clinton's approval rating soared into the upper 50s in several year

-end polls a good showing by any standard.

But he's also dipped to record lows and maintained high

negative ratings during his first year in office.

And that was before the so

-called character issue blew into the headlines again this week when two members of his Arkansas security detail went public with detailed allegations of marital infidelity by Clinton.

And it was before the arrest of his surgeon

-general's son on drug charges, before the disclosure that his acclaimed Pentagon choice didn't pay Social Security taxes on household help and before new questions about his involvement in a failed Arkansas savings and loan.

Nearly two weeks ago Clinton pollster Stan Greenberg tried to explain his client's volatile ratings this way: "The impressions at the outset, particularly with this president, were quite shallow. ... I think there is now developing a much richer image of the president, but still unfolding."

To which another pollster, Pat Caddell, replied: "This president has a problem. ... There are a lot of severe doubts that go all the way back to the campaign."

Trust has been an underlying problem for Clinton since January 1992, when he was first dogged by questions about his marriage and his draft record. Lingering reservations about his character are a big reason "he hasn't wormed his way into the American psyche," said Bruce Buchanan, a presidential scholar at the University of Texas.

Strong performances by both Clinton and the economy have at least partially offset that damage, setting off his late

-breaking mini

-surge in the polls. But the new round of sexual allegations, which the White House has denied, may handicap him next year.

"It can't help but reduce his moral authority to govern," said Larry Sabato, a political scandals expert at the University of Virginia. "It has an effect particularly on people who oppose him. It tends to strengthen the opposition of those who are not sympathetic to him in the first place."

Reflecting his narrow 43 percent victory and activist presidency, Clinton has had a high negative rating from the outset. More than a third of Americans in a bipartisan poll conducted earlier this month said he was performing poorly.

"The hard core negative is extremely high," said Ed

Goeas, the GOP half of the polling team. "The president may be destined to be stuck with a 40 percent anti

-vote

that is there through his entire presidency."

Some believe Clinton risks reinforcing his own negative image by glossing over the expense and sacrifices required by his plans to reform health, welfare and government.

"Leadership consists of real public education, not selling policies by big concepts like 'security,' which are not really representative of the range of consequences that Clinton's proposals will entail," Stanley Renshon, chairman of the political psychology department of the City University of New York Grad Center, writes in the spring 1994 issue of the journal Political Psychology.

Most likely, Clinton will continue having to fight for every inch of Capitol Hill support and every percentage point of approval.

He's often congratulated for his resilience, coming back from near

-dead in elections, opinion polls and congressional votes repeatedly throughout his career.

But Renshon said the real question is: "Why does Clinton have so many setbacks from which he has to recover?"

EDITOR'S NOTE Jill Lawrence covers politics and the Clinton administration for The Associated Press.

BC

-PROMISES national editors:WA

How Clinton has performed on campaign promises
(GRAPHIC; details below)

By Angie Cannon and Robert A. Rankin
Knight

-Ridder Newspapers

WASHINGTON Here is how President Clinton performed on some of his hundreds of campaign promises during his first year in office. The scoring is based on outcomes only. Clinton gets a YES if the promise clearly has been fulfilled. In cases where the president has taken no action or where his proposals have fallen short, Clinton gets a NO. In some cases, where Congress is actively considering a Clinton proposal to fulfill a promise, he gets a PENDING.

ABORTION

End the gag rule that restricts abortion counseling in federally funded clinics. YES: By executive order in January.

Permit federal research using aborted fetal tissue. YES: By executive order in January.

Name abortion rights supporters to the Supreme Court. YES: Named Ruth Bader Ginsburg in June.

Work to enact a Freedom of Choice Act. NO: He did not

lobby for the bill.

Support testing of RU

-486, the French birth control

pill. YES: By executive order in January.

AGRICULTURE

Streamline USDA field offices. PENDING: Vice President Gore proposed streamlining in September. Congress is considering legislation.

End taxpayer subsidies for honey producers. YES: Subsidies were eliminated from the budget.

Appoint a secretary of agriculture respected by farmers. YES: Farmers like?Agriculture?Secretary Mike Espy and his hands

-on flood help.

AIDS

Appoint an AIDS policy coordinator to oversee federal policies. YES: Named former Washington state health commissioner Kristine Gebbie in June.

Lift the ban on travel and immigration to the United States for those with the AIDS virus. NO: Clinton signed legislation continuing the ban because it was part of legislation that also advanced other priorities. Aides say he is working to lift it in the future.

Increase funding for AIDS research, prevention and treatment. YES: Substantial increases for all three included in the budget.

Speed up the approval process for AIDS

-related drugs.

YES: In November Health and Human Services Secretary Donna Shalala set up a panel to speed development of AIDS drugs.

Support local efforts to make condoms available in schools. YES: Named as surgeon general Joycelyn Elders, a strong advocate of providing condoms to students.

Provide health care coverage to all Americans with HIV. PENDING: Included in national health reform legislation introduced in Congress in November.

Oppose mandatory HIV testing in federal programs such as the Foreign Service. NO: The president has taken no action on this promise.

Provide drug treatment on demand to stop the spread of HIV by intravenous drug users. PENDING: Included in national health reform legislation introduced in Congress in November.

Improve access to experimental therapies. PENDING: Included in national health reform legislation introduced in Congress in November.

Provide confidential or anonymous testing for AIDS and HIV, as well as AIDS counseling, for every American who wants it. PENDING: Included in national health reform legislation introduced in Congress in November.

Prohibit health plans from providing lower coverage for AIDS than other life

-threatening illnesses. PENDING:

Included in national health reform legislation introduced in Congress in November.

Fully fund the Ryan White Care Act to provide \$275 million to cities for AIDS treatment. YES: The budget contains a 66 percent increase in funding.

ARMS CONTROL

Ratify the Strategic Arms Reduction Treaty (START I)

and the follow

-on agreement of June 1992 (START II).

PENDING: U.S. pushing on both treaties but Ukraine resisting on some START I details and Russians not moving on START II.

Try to achieve a Comprehensive Test Ban Treaty. YES: In July Clinton extended a testing moratorium for 15 months while continuing to push for the treaty by 1996.

Conclude a chemical

-weapons convention banning such weapons' production, stockpiling or use. YES: The Clinton administration sent a multilateral treaty outlawing chemical weapons to the Senate several weeks ago for ratification.

Support research on a limited missile

-defense system to protect the United States. YES: Money for research for limited system included in the defense budget.

Demand that other countries tighten their export laws regarding nuclear weapons. YES: The administration has strongly lobbied other nuclear powers to tighten controls.

ARTS

End content restrictions on federally subsidized art projects. NO: The administration has supported such restrictions in a legal fight.

Continue federal funding for the arts. YES: Clinton asked for a modest increase to \$174 million, but Congress cut it by \$4 million.

BUDGET DEFICIT

Reduce the deficit by more than half in four years. NO: Clinton's budget plan would cut the deficit by only 36.5 percent over five years. But his plan promises to reduce the deficit to 2.5 percent of Gross Domestic Product in 1988, instead of the 4.5 percent it would have been.

Enact a line

-item veto to give presidents the authority to strike specific projects from spending bills. NO: The House passed a weak substitute. Senate balking.

CHILDREN

Establish a children's tax credit. NO: But the earned

-income tax credit in Clinton's budget will help up to 18 million low

-income families.

Fully fund Head Start and other preschool programs. NO: Clinton's budget approved by Congress increased Head Start funding by 20 percent but will serve less than half of all eligible children.

Provide more health care for low

-income women and children. YES: Budget includes added money for low

-income health programs.

Fully fund the Women, Infants and Children nutrition program. NO: The 1994 budget includes a 10 percent spending increase, but the program does not serve all eligible mothers and children. Clinton's goal is full funding by 1996.

Establish more rigorous standards for licensing child

-care facilities. NO: Clinton has not pursued this goal.

Crack down on deadbeat parents by using the Internal

Revenue Service to collect child support and start a national deadbeat data bank. NO: The administration says it may include such programs in a welfare reform package next year.

Create a child

-care network as complete as the public school network. NO: Clinton has taken no action on this promise.

CITIES

Set up a nationwide network of community development banks to provide small loans to low

-income entrepreneurs and homeowners in inner cities. NO: A more limited Clinton plan to provide development aid through existing institutions is being considered by Congress.

Create enterprise zones in inner cities that would give tax and regulatory breaks to firms locating there and hiring local workers. YES: Budget includes money for nine empowerment zones and more limited aid for 95 enterprise communities.

Prevent redlining and require financial institutions to

invest in their communities. YES: Clinton and his appointees have produced new regulations and endorsed legislation to punish redlining and encourage community investment.

-END

-OF

-AUTOTAKE(1)-

BC

-PROMISES-

-AUTOTAKE(2)--

Allow cities to redirect 15 percent of their federal aid to meet their own community needs. PENDING: Vice President Gore's reinventing government plan would give local governments more flexibility in how they spend federal aid. Congress must consider this proposal.

CIVIL RIGHTS AND DIVERSITY

End the ban on gays and lesbians in the military. NO: Clinton argues that gays may legally serve under a compromise but gay rights advocates note that gay service personnel may not declare their sexual orientation.

Support federal civil rights legislation for gays and lesbians, but exempt religious organizations. NO: Clinton has taken no action on this promise.

Lift damage caps for women, people with disabilities and religious minorities in workplace discrimination cases. PENDING: The president endorsed a Senate bill that would keep this promise.

Increase the number of women and minorities in top levels of government. YES: Appointed record numbers of women and minorities.

CRIME AND DRUGS

Put 100,000 more police officers on the streets through the national service plan. PENDING: In August Clinton announced a crime plan that would fund 100,000 officers. Money for the officers is included in a bill before

Congress.

Establish community boot camps to discipline first

-time

nonviolent offenders. PENDING: Some \$2 billion for boot camps is included in a bill before Congress.

Enact the Brady bill requiring a five

-day waiting

period to buy handguns. YES: Clinton signed into law in November.

Make schools eligible for federal assistance for metal detectors and security personnel. PENDING: Some \$100 million for school security is in a bill before Congress.

Make high

-crime communities eligible for federal aid for proven anti

-crime measures. PENDING: Such aid is in a bill before Congress.

Ban assault rifles and limit access to multiple

-round clips. PENDING: Congress is considering legislation that would ban 19 types of assault weapons and limit access to multiple

-round clips.

Stiffen criminal penalties for white

-collar crimes, including environmental crimes. NO: EPA officials are unaware of stiffer penalties for environmental crimes. There is health reform legislation before Congress that proposes stiffening penalties for health care fraud.

Require criminals to serve jail sentences in ``real prisons," not high

-tech summer camps. PENDING: A bill before Congress includes \$1 billion to build prisons and \$100 million to enlarge prisons.

DEFENSE

Cut Pentagon spending by \$100 billion by the end of 1997. YES: Clinton's long term defense plan unveiled in March would cut \$123 billion by 1997.

Cut U.S. troop levels in Europe to between 75,000 and 100,000 troops. YES: He is on target toward 100,000 by 1997 and could cut even deeper.

Cut the number of Navy aircraft carriers from 12 to 10. NO: The 1994 defense budget funds 12, down from 14.

Prohibit deployment of any massive space

-based defense program such as Brilliant Pebbles. YES: Clinton has said he opposes space

-based defense.

DEFENSE CONVERSION

Offer early retirement and a prorated pension system for military personnel with 15 to 20 years experience. NO: Clinton limited his offer of such benefits to certain personnel classes.

Expand the GI bill to allow military personnel to take one

-year educational leave of absence with pay before retirement. NO: Clinton took no action on this promise.

Create a national inventory to match military personnel skills with civilian jobs. YES: The administration has created many such job banks.

Increase investment in civilian high

-tech research and development with every dollar cut from defense research and development. YES: Non

-military research spending has grown proportionately to the decline in defense research spending.

Make special conversion loans and grants available to small defense contractors. YES: There is money in the budget for such help.

Create a civilian advanced

-technology agency. YES: Clinton redirected the Defense Advanced Research Projects Agency to promote projects for civilian as well as military purposes.

DISABILITIES

Expand long

-term care choices for people with disabilities. PENDING: Clinton's national health reform legislation includes money for home

-based care as an alternative to nursing homes.

Increase special education, professional training and job training for people with disabilities. YES: The budget includes significant increases for these programs.

EDUCATION

Give every American the opportunity to borrow money for college. NO: Only 105 of the 1,100 colleges that applied were picked for a new direct loan program. Broad national coverage is only a distant hope.

Replace the student loan program with a National Service Trust Fund. Students could repay loans through community service or a portion of their income. YES: Clinton signed the National Service program into law in September. But the program serves only 20,000 out of 8.3 million college students in its first year.

Give parents the right to choose the public schools their children attend. NO: Clinton hasn't taken any action on this. An Education Department spokesman said it is a local issue.

Establish national standards and a national examination system in core subjects. PENDING: GOALS 2000 legislation

setting up voluntary national standards and tests is before Congress.

Increase the high school graduation rate from 71 to 90 percent by the year 2000. PENDING: This is a target in GOALS 2000.

Increase Chapter One funding for schools with low

-income students. YES: Budget includes an extra \$186 million.

ELECTION REFORMS

Sign a bill requiring states to register people to vote when they apply for a driver's license. YES: Clinton signed motor

-voter law in May.

Place voluntary spending caps on House and Senate campaigns and provide some public financing to candidates who abide by the caps. PENDING: But legislation now before Congress doesn't provide money for public financing.

Cut maximum political action committee contributions to a candidate from \$5,000 to \$1,000. NO: Clinton actually proposed increasing contribution limits for congressional candidates.

Lower the cost of broadcast time for candidates. PENDING: Legislation before Congress gives discounted

broadcast time to Senate candidates if they comply with voluntary spending limits.

End unlimited ``soft money" contributions to presidential campaigns funneled through national, state and local parties. PENDING: Legislation before Congress would limit state and national party spending on presidential campaigns.

ENERGY

Work to increase corporate average fuel economy standards from current 27.5 miles per gallon to 40 mpg by year 2000 and 45 mpg by 2015. NO: Clinton has taken no action.

Oppose increases in the federal gasoline tax. NO: Clinton's budget imposes a 4.3 cents per gallon tax on transportation fuels, including gasoline.

Create comprehensive federal

-agency energy conservation program. PENDING: A Federal Energy Management Program is being developed.

-END

-OF

-AUTOTAKE(2)-

-AUTOTAKE(3)

-FOLLOWS

BC

-PROMISES-

-AUTOTAKE(3)--

Create a civilian advanced research agency to support development of renewable technologies and fuel programs.

NO: Clinton has not created a new agency but the Energy Department is shifting spending to develop renewable.

Charge higher fees for nuclear waste disposal. NO: Clinton has not done anything on this.

Encourage car

-pooling and mass transit with federal aid. YES: The budget includes a big increase for mass transit.

Expand markets for natural gas in homes, business, industry, electrical generation and transportation. YES: He also proposed new rules and legislation to boost gas markets. The budget includes big increases in gas research spending.

Convert the federal vehicle fleet to natural gas. YES: In April, Clinton issued an executive order increasing the numbers of federal vehicles that should use alternative fuels by 50 percent.

ENVIRONMENT

Resolve the spotted owl controversy in the Pacific Northwest. PENDING: In July, Clinton brokered a plan to resolve owl dispute between timber industry and environmentalists. Decision from court review expected in 1994.

Preserve ancient U.S. forests. PENDING. Court decision on Clinton spotted owl plan which also covers ancient forests expected in 1994.

Prohibit drilling in the Arctic National Wildlife Refuge. YES: No drilling has been allowed.

Reduce solid and toxic waste as well as air and water pollution. YES: Through several executive orders, such as requiring federal procurement of recycled paper and directing federal facilities to cut toxic emissions by 50 percent.

Reduce American and worldwide use of substances that destroy the ozone layer. YES: Ordered government phase

-out
of ozone

-depleting chemicals; in October unveiled broad

plan to promote voluntary curbs on global warming.

Pass a new Clean Water Act with standards for run

-off

pollution. NO: Clinton is expected to propose legislation in 1994 when the act is up for renewal.

Allow no net loss of wetlands acreage. YES: In August, the administration announced new restrictions on wetlands development. Four major agencies have adopted strict rules that protect wetlands. Legislation to strengthen wetlands protection is promised in 1994.

Acquire new federal park lands and recreation sites.

YES: Money for three major acquisitions is included in the budget.

Allow citizens to sue federal agencies that ignore environmental laws. NO: Administration promises to include such provisions in four major environmental laws up for renewal next year.

Mandate public reporting of toxic chemicals used and produced. YES: Clinton signed an executive order requiring federal facilities to report toxic emissions and the EPA greatly expanded the list of toxic chemicals that companies must publicly report.

Restore U.S. funding for U.N. population

-control

efforts. YES: Some \$40 million, the first funding since 1985, is in the budget.

ETHICS

Make all top appointees pledge not to lobby their government agencies for five years after leaving office.

YES: Signed an executive order in January.

Prohibit senior officials in the administration from serving as lobbyists for foreign governments. YES: Signed an executive order in January.

Prohibit government trade negotiators from subsequently acting as lobbyists for foreign interests. YES: Signed an executive order in January.

Require all special

-interest groups to register with

the Office of Government Ethics within 30 days of contacting a federal official. PENDING: A Clinton

-backed

bill is before Congress.

Require lobbyists who appear before congressional committees to disclose their campaign contributions.

PENDING: A Clinton

-backed bill is before Congress.

FOREIGN AID

Provide more aid to Israel to help resettled Jews from the former Soviet Union. YES: Clinton budget includes

first \$2 billion of a \$10 billion, five

-year loan program.

Expand food aid overseas to assist emerging democracies

and developing nations. YES: Aid to such nations has been expanded, according to officials at the Agency for International Development. They point specifically to Angola, Eritrea, Ethiopia and Mozambique.

FOREIGN POLICY

End Bush administration's interdiction of Haitian boat people. NO: Clinton continued the policy.

Take stronger action to end ethnic strife in Bosnia.

NO: While Clinton publicly advocated military intervention, European allies would not agree.

Tighten the economic embargo of Haiti. YES: In October, Clinton sent ships to enforce a tighter U.N. embargo and froze U.S. financial assets of military leaders.

Oppose the creation of an independent Palestinian state. MOOT: Because of Israeli

-PLO peace settlement.

Link continuation of trade breaks for China with improvements in political and human rights. YES: Clinton promises to end most

-favored

-nation trade status this

spring if China fails to improve its human rights record.

Establish a voluntary U.N. rapid

-deployment force to

deter aggression and provide humanitarian relief. NO: The U.N. has yet to agree on how such a force should be constituted, but Clinton still supports its establishment.

Support Israeli military advantage over Arab neighbors.

YES: Clinton reiterates his support in discussions with Israeli Prime Minister Yitzhak Rabin.

Insist on full accounting of all POWs and MIAs before normalizing relations with Vietnam. YES: In September, Clinton insisted on full accounting of POWs before lifting trade embargo.

HEALTH CARE

Require employers to provide health insurance for employees. PENDING: Proposed in national health

-care

reform legislation introduced in Congress in November.

Cap national spending to control health

-care costs.

PENDING: Proposed in national health

-care reform

legislation introduced in Congress.

Guarantee to all a basic health benefits package that includes ambulatory physician care, in

-patient hospital

care, prescription drugs and basic mental health services.

PENDING: Proposed in national health

-care reform

legislation introduced in Congress.

Expand government spending on long

-term care for the

elderly and disabled. PENDING: Proposed in national health

-care reform legislation proposed in Congress.

Require businesses with more than 50 workers to provide up to 12 weeks of unpaid ``family leave." YES: Signed into law in February.

Prohibit insurance companies from denying coverage to individuals with pre

-existing conditions. PENDING:

Proposed in national health

-care reform legislation

introduced in Congress.

Require insurance companies to spread risks among small businesses in a community. PENDING: Proposed in national

health

-care reform legislation introduced in Congress.

Establish one claim form to be used by all insurance companies. PENDING: Proposed in national health

-care

reform legislation introduced in Congress.

Eliminate tax breaks for drug companies that raise their prices faster than Americans' incomes. NO: Tax breaks were not eliminated.

HOUSING

Permanently extend the tax credit for developers who build low

-income housing. YES: Signed into law as part of tax package in August.

-END

-OF

-AUTOTAKE(3)-

-AUTOTAKE(4)

-FOLLOWS

BC

-PROMISES-

-AUTOTAKE(4)--

Transfer 10 percent of government

-controlled housing to
community groups to house the homeless. YES: Clinton is
continuing to transfer housing to the homeless.

Use housing at closed military bases to house the
homeless. YES: Closed bases are being used for homeless.

Hold a housing and homelessness summit with urban
leaders. NO: Clinton has not held a summit himself. A top
HUD official has met with local leaders around the
country.

IMMIGRATION

Allow Haitian refugees to make a case for political
asylum in the United States. YES: The INS is allowing them
to make the case in Haiti and here.

Permit 50,000 refugees from the former Soviet Union to
be resettled in the United States each year. YES: The
Clinton administration is continuing the practice.

Reduce backlogs for visa approvals for family members.
NO: Clinton has proposed no legislation to do this.

Strengthen border patrols. YES: Budget includes a \$45
million increase.

LABOR

Increase the minimum wage to keep pace with inflation.
NO: Labor Secretary Robert Reich favors and plans to
propose next year.

Enact legislation forbidding companies from permanently
replacing striking workers. NO: Legislation was blocked in
the Senate this year. Clinton says he will sign if it
passes in 1994.

Provide extended unemployment benefits to workers
during recession. YES: Clinton signed legislation
extending benefits this fall.

MEDICARE, SOCIAL SECURITY

Require recipients with incomes above \$125,000 to pay
more for Medicare Part B premiums. PENDING: Proposed in
national health

-care reform plan introduced in Congress
in November.

Lift the Social Security earnings test limitation. NO:

Clinton has not acted on this.

SPACE

De

-emphasize defense

-oriented space initiatives. YES:

Budget slashes spending for such projects and emphasizes ground

-based defenses.

Support completion of the space station freedom. YES:

Clinton has vowed strong support as a cooperative mission with Russia.

TAX CUTS

Give middle class taxpayers a choice between a children's tax credit or a significant reduction in their income tax rate. NO: Clinton did not give a middle class taxpayers either. He raised income taxes for the richest 1.2 percent of Americans.

Provide a targeted investment tax credit for businesses to encourage investments in new plant and equipment. NO: Clinton proposed one as part of his defeated stimulus plan.

Provide a 50 percent capital gains exclusion for long

-term investments in new small businesses. YES:

Included in the budget.

Create greater tax incentives for renewable energy use.

NO: Clinton has taken no action on this.

TAX INCREASES

Create a 36 percent tax bracket beginning for families with adjusted gross incomes above \$200,000. YES: Included in the budget.

Increase the alternative minimum tax for individuals.

YES: Included in the budget.

Impose a 10 percent surtax on taxable income in excess of \$1 million. YES: Budget measure applies surtax to taxable income above \$250,000.

Cap corporate deduction for salaries of CEOs at \$1 million. YES: Included in the budget.

End incentives for opening plants overseas. YES: Budget tightens tax loopholes for overseas investments/earnings.

Increase fines and taxes for corporate polluters by \$10.1 billion over four years. NO: Clinton has taken no action yet.

Raise \$400 million over four years by ending the tax deduction for lobbying expenses. YES: Budget eliminates the deduction, although the savings have yet to be seen.

Restrict tax deductions for bonuses to top executives unless bonuses also given to other employees. NO: Clinton has taken no action on this yet.

Restrict deductions for ``golden parachute'' payments

to top executives. NO: Clinton has taken no action yet.

TRADE

Support North American Free Trade Agreement, but work to improve its terms for protecting workers and the environment. YES: Clinton pushed NAFTA through Congress with deals on workers and the environment.

Move to open markets closed to U.S. goods. YES: Clinton

has been pushing other world leaders to open markets, most notably in Japan and China. Successfully concluded seven

-year GATT negotiations in December.

TRAINING

Require businesses to spend 1.5 percent of their payroll for continuing education and training. NO: Clinton abandoned this proposal.

Develop a national apprentice

-type system for teens who do not want to go to college to give them skills for high

-wage jobs. PENDING: Clinton's School

-to

-Work

Opportunities program is before Congress.

Create a Youth Opportunity Corps to match teens who drop out of school with adults to develop self

-discipline

and skills. NO: Clinton has taken no action on this, although mentoring is part of pending School

-to

-Work

program.

Require any corporation receiving a multi

-million

federal contract to create a mentorship or employment program for disadvantaged youth. NO: Clinton has taken no action on this.

Establish national parenting programs to help disadvantaged parents work with their children. YES: In August, Clinton signed into law Family Preservation and Services program that provides family counseling and other services.

TRANSPORTATION

Create a "Rebuild America" fund to spend \$20 billion a year on transportation, a national information network,

environmental technology and defense conversion. YES:
Budget includes increased spending on highways, the
national information highway and defense conversion.

Spend more money on ``intelligent vehicle" and roadway
technology to reduce traffic. YES: Budget includes
increased funding.

Allow a greater share of transportation funds to go to
mass

-transit systems; encourage light rail systems. YES:
Budget includes 21 percent increase in spending for mass
transit and light rail systems.

Emphasize repairs of highways over the building new
ones. YES: Clinton has continued to endorse emphasis on
repairs.

VETERANS

Oppose serving non

-veterans in Veterans Administration
hospitals. YES: Veterans Affairs Secretary Jesse Brown has
reiterated this position.

Fund mental health programs for post

-traumatic stress
syndrome and similar illnesses. YES: Budget provides
increased spending.

WELFARE

Offer increased education and training for welfare
recipients; then require them to take public or private
jobs after two years on the rolls. NO: Expected in welfare
reform plan in 1994.

Enable low

-income Americans to set up Individual

Development Accounts to save money for education, home
ownership and retirement. NO: Clinton has taken no action
on this yet.

X X X

(A full

-page graphic version of this story filename
12/22 CLINTON PROMISES, featuring Clinton's performance on
just over 100 promises is available from KRT Graphics
Network; for information on graphic, call 202

-383

-6064.)

BC

-PERFORM

-w

-PROMISES national editors:WA

Clinton makes substantial down payment on his ambitious agenda

(HAS TRIM)

By Angie Cannon and Robert A. Rankin
Knight

-Ridder Newspapers

WASHINGTON Promises, promises. All candidates make them, but once elected, many politicians promptly forget them.

Last year, candidate Bill Clinton was so bold as to list his in a 232

-page book called Putting People First,
creating a black

-and

-white yardstick for his
administration.

For those keeping score, Clinton's first year in office has been marked by several high

-profile broken promises
and compromises such as reneging on a middle

-class tax
cut and retreating from lifting the ban on gays in the military.

On many pledges, the jury is still out. On some, the fledgling administration hasn't acted yet. The fate of others lies with Congress, where it's questionable whether he will be able to push through health care, crime and campaign finance reforms in 1994.

In a head

-spinning year of activity, Clinton made a
substantial down payment on much his ambitious agenda,
according to a Knight

-Ridder analysis of nearly 170
campaign promises. Some political consultants think that helped boost his year

-end approval rating to 58 percent,
the highest since April, according to a Washington
Post

-ABC News poll.

``Bill Clinton has proven he can get things done, which

has raised voters' affection and the approval of the job he's doing," said Democratic pollster Celinda Lake. "For the first time, effectiveness has become an important building block of his image."

Among Clinton's major fulfilled promises: signing the Brady bill, signing a family leave law and passing the controversial North American Free Trade Agreement.

In voters' minds, however, certain vows outweigh all others and Clinton has yet to deliver on what is widely viewed as the biggest.

"There were three promises that people expected the president to follow through on when he was elected," said Ed Goetz, a Republican pollster. "One was to improve the economy. The second was to lower middle

-class taxes, and the third was to lower the cost of health care. He may very well win the first promise. He's already lost the second promise. He has to win the third promise."

Apart from those much

-publicized commitments, political analysts say fulfilling smaller promises is just as important. It goes to the trust factor. Does the man keep his word? Does he follow through?

House Republicans emphatically say no.

"The White House consistently orchestrates grand unveilings of major policy initiatives, only to follow up with no or little actual legislation," said Rep. Dick Armey, R

-Texas, chairman of the House Republican Conference. "It's cotton candy public policy. On policy after policy, the White House spins a colorful, tasty, puffed

-up image that on closer examination turns out to be not as big as it looks, is comprised largely of air and ultimately is not very good for you."

Still, two independent studies confirm Clinton's successes with Congress, where his party governs both chambers.

A Fordham University researcher found that Clinton won slightly more than 90 percent of the tough votes in Congress, better than President Johnson's record in 1965. Congressional Quarterly found that legislation on which the president took a stand passed 88.6 percent of the time, the highest first

-year success rate since Dwight Eisenhower in 1953.

Fred Greenstein, a presidency scholar at Princeton University, says comparing Eisenhower and Clinton is like

“comparing a sandlot batting average to the major leagues” because he said Eisenhower had no legislative program.

“Clinton has had a very ambitious agenda,” Greenstein said. “He is pretty relentless. The Democrats are in power.

“I think the big story is how Washington and the policy environment have changed since Clinton has been in power.”

That is a story often not told in a city where news organizations feast on the process and often fail to present the big picture. Outrageous missteps \$200 haircuts, travel office firings, derailed appointments are easier to write about than Clinton's budget.

The miscues, in turn, breed cynicism in ordinary citizens, who believe nothing ever gets done in Washington, an attitude that further stymies Clinton's reform efforts.

An exasperated Clinton blames negative national media coverage for overlooking his accomplishments.

“I have fought more damn battles here for more things than any president has in 20 years, with the possible

exception of Reagan's first budget, and not gotten one damn bit of credit from the knee

-jerk liberal press, and I am sick and tired of it,” Clinton said in an angry exchange with William Greider during a recent interview in Rolling Stone magazine.

Even some conservatives feel that Clinton has been getting a raw deal. The Washington, D.C.

-based Center for Media and Public Affairs, which routinely faults the news media for liberal bias, has been tracking the difference between nightly television news coverage of the first seven months of the Clinton and Bush administrations. Clinton has only 34 percent positive coverage, while Bush had 60 percent positive coverage, according to the center's study.

“Clinton is getting very, very tough coverage,” said John Sheehan, executive director of the center. “It's much more negative than positive and more negative than George Bush's was.”

(EDITORS: STORY CAN TRIM HERE)

While that may be true, analysts also say part of the problem is Clinton's fault.

“His administration, by virtue of not being very Washington

-wise and wanting to buck the traditional norms in Washington, has provided news that has detracted from its legislative achievements,” Greenstein said. “If you

sign family leave the same week as Zoe Baird, Nannygate will be a better story."

At the same time, Clinton has been juggling so many balls at once, it's hard for Americans to watch them all.

``Clinton is running basically a three

-ring circus,"

said Ross Baker, a political science professor at Rutgers University. ``George Bush was like a tiny European one

-ring circus. Clinton has clowns and elephants and trapeze artists. The audience doesn't know what to look at. You think you are concentrating on the sword swallower, and then all of a sudden there is a bareback rider doing great things."

Baker said Clinton's performance ratings might have been better if he had tried to accomplish less.

``It's like someone who hits six home runs in a game," Baker said. ``You can't remember each one."

That Clinton is trying to deliver on his promises is not surprising, Baker said. Most modern presidents keep written lists of pledges, a step they wouldn't take unless they intended to follow through.

``One of the great myths of American politics is that the American presidents make promises they don't intend to keep," he said. ``If you compare promises and then actions, there is remarkable achievement for 20th century presidents."

-END

-OF

-AUTOTAKE(1)-

-AUTOTAKE(2)

-FOLLOWS

BC

-PERFORM

-w

-PROMISES-

-AUTOTAKE(2)--

Bruce Buchanan, a University of Texas political scientist, agrees but says what distinguishes Clinton from other modern presidents is the scope of his agenda.

``You have to go back to Lyndon Johnson to find anything comparable," Buchanan said. ``Anybody who has as many goals and plans as Clinton does is bound to disappoint, not only by not achieving them, but by backing away."

George Bush's broken promise no new taxes stood out in a hurting economy, Buchanan said.

``So far, Bill Clinton's handful of broken promises are not displayed against a backdrop of misery," he said.

``He has a bunch of successes to surround his broken promises."

BC

-IRISH

-CLINTON

CLINTON SAYS U.S. MAY REVIEW BAN ON ADAMS

DUBLIN (Reuter) - President Clinton has indicated that a ban on Sinn Fein leader Gerry Adams entering the United States could be lifted if he responds positively to Anglo

-Irish peace plans, the Irish Times reported Wednesday.

In written answers to questions put by the Dublin newspaper, Clinton said the decision not to grant Adams, leader of the political wing of the IRA, a visa ``was consistent with our own immigration laws regarding terrorist activity."

But he added: ``We will of course keep the issue under review as the developing situation warrants, especially in light of events flowing from the December 15 joint declaration."

In the declaration the British and Irish prime ministers, John Major and Albert Reynolds, offered talks with Sinn Fein if????

PM

-Northern Ireland,0289

British Prime Minister Visits Northern Ireland

BELFAST, Northern Ireland (AP) British Prime Minister John Major appealed today to the IRA's political allies to pick up the ``gauntlet marked peace" and end the violence in Northern Ireland.

``There is a gauntlet down on the table," Major said, referring to last week's peace declaration by the British and Irish governments. ``It is marked peace. It is there for Sinn Fein to pick it up. The onus is on them."

Major was speaking at the start of a one

-day visit to

Northern Ireland, his first since the British

-Irish

declaration of Dec. 15. The declaration says that in exchange for a permanent cease

-fire, the Irish Republican

Army can join exploratory talks about the future of Northern Ireland.

Sinn Fein and the IRA have yet to formally respond to the declaration. Sinn Fein has called in the past for talks without conditions meaning no cease

-fire by the

IRA.

Major rejected calls by Sinn Fein leader Gerry Adams for the British and Irish governments to clarify their terms for ending violence.

“The joint declaration is perfectly clear. There is no need for fresh negotiations. There is no need for any indecision,” he said.

“They know what is in the joint declaration, it is perfectly clear. I invite him to pick up that gauntlet marked peace.”

In an interview published today in The Daily Telegraph, Major also rejected IRA demands for an amnesty of political prisoners as part of a peace deal.

“We are not offering amnesties. Crimes that are unsolved will continue to be investigated. It is not the position of the government that we can overlook crimes committed,” he said.

NBC cancels interview with first lady

WASHINGTON (UPI) NBC has cancelled Wednesday's scheduled televised interview with Hillary Rodham Clinton when the White House barred questioning on allegations of sexual misconduct by her husband.

An NBC

-TV spokesman said that the ground rules which controled the questions were unacceptable.

CBS also said the first lady's press secretary Lisa Caputo telephoned Tuesday and asked that no questions be raised about the allegations during that network's interview Wednesday afternoon.

A CBS

-TV spokesman said the network did not agree to the rules, but was uncertain whether CBS would comply with the ground rules.

ABC's “Good Morning America” team have a Christmas interview scheduled with the first lady Wednesday

afternoon, but it was not determined whether the same edict was issued for that network.

The White House decided to bar further questions on the subject after a series of interviews that Mrs. Clinton gave to the wire services Tuesday were dominated by questions concerning the charges by two Arkansas state troopers that President Clinton used them to arrange his extra marital affairs while Clinton was governor.

During those interviews Mrs. Clinton took her gloves off and lashed out against Clinton foes whom she claimed were making the allegations for ``political and financial" reasons.

She described the Little Rock, Ark., reports as ``trash for cash" and declared the perpetrators were trying to destroy her husband at a time when his polls were rising.

Clinton has yet to speak publicly on the subject, but he will have a chance Wednesday when he gives interviews to wire service reporters and radio news broadcasters.

BC

-USA

-INMAN

SENATOR CALLS INMAN TAX WOE REGRETTABLE

WASHINGTON, Dec 22 (Reuter) - The chairman of the Senate Armed Services Committee said Wednesday that the tax problems of Defence Secretary

-designate Bobby Ray

Inman should not disqualify him for the job.

Senator Sam Nunn, a Georgia Democrat, said the fact that Inman paid \$6,000 in Social Security taxes for his housekeeper on Monday, after President Clinton named him for the post, was ``regrettable" but ``it is not disqualifying."

The White House had said Monday that Inman was now up

-to

-date in his taxes for the housekeeper, who has worked for him since 1986.

Under federal law, people hiring babysitters or other household help and paying them a certain amount must pay their Social Security taxes. But people have ignored the law, which is not often enforced.

Nunn, appearing on NBC's ``Today" show, said that Clinton had set a policy that late payment of Social Security taxes for household help would not be enough to

disqualify a candidate for an administration job.

Clinton's move came after Zoe Baird, a corporate lawyer in Connecticut, withdrew as Clinton's first choice as attorney general last year after it was disclosed that she failed to pay taxes for her household help.

Nunn said that he saw no double standard in the fact that Baird is a woman and Inman is a man and said others have been confirmed after paying back taxes.

"Our committee will look into it, like we'll look into everything else," Nunn said. "But it seems to me that, although regrettable, it is not disqualifying from what we know right now."

Nunn, the top voice in the Senate on military matters, will chair confirmation hearings for Inman, a former admiral and expert in intelligence matters.

Inman was named last week to succeed Defence Secretary Les Aspin, who said he was retiring for personal reasons.

Aspin reportedly is in line for another administration job, possibly the U.S. ambassador to China.

REUTER

BC

-USA

-ECONOMY

ECONOMY'S GROWTH REVISED UP IN 3RD QUARTER

WASHINGTON, Dec 22 (Reuter) - The U.S. economy grew slightly more briskly in the third quarter than previously thought because businesses stepped up production of goods for inventories, the Commerce Department said Wednesday.

In its second and final look at national output during the three months from July through September, the department said gross domestic product grew at a 2.9 percent annual rate instead of the 2.7 percent rate previously estimated.

Consumer spending was strong, helping set the stage for a much stronger closing quarter this year when the economy is widely forecast to expand at a healthy annual clip of about 4 percent.

REUTER

Economy advances 2.9 percent in third quarter

WASHINGTON (UPI) The Commerce Department said Wednesday the U.S. economy was slightly stronger than previously thought during the summer, but growth during the third quarter was held back because of the floods in the Midwest and the drought in the Southeast.

Gross domestic product, which Commerce uses to measure the economy, advanced 2.9 percent in the third quarter, or \$36.2 billion, stronger than an earlier estimate of 2.7 percent.

In the second quarter, the economy grew 1.9 percent.

The government also said that corporate after

-tax

profits rose a mere 0.7 percent during the three

-month

period, down from an earlier estimate of 0.8 percent. In the second quarter, corporate profits climbed 5.2 percent.

The 2.9 percent GDP advance reflects an increase in non

-farm inventories which was offset by a drop in farm inventories. Crop output was reduced by \$7.5 billion due to the floods and drought. Overall, weather conditions pushed GDP down 0.6 percent, the government said.

GDP is the total value of goods and services produced within the United States and it is used to measure the movement of the economy.

PM

-Guns

-Schools,0403

Federal Law Against Guns Near Schools May Be Headed for the High Court

By BOB EGELKO= Associated Press Writer=

SAN FRANCISCO (AP) A federal law banning guns within 1,000 feet of a school may be headed for the U.S. Supreme Court.

Ruling in the case of a teen

-ager arrested with two

rifles in a school parking lot, the 9th U.S. Circuit Court of Appeals on Tuesday upheld the 1990 law providing up to five years in prison for possessing a gun near a school.

Three months ago, however, the New Orleans

-based 5th

U.S. Circuit Court of Appeals declared the same law unconstitutional, ruling that Congress had failed to justify a federal law on an issue traditionally left to the states.

The conflict may ultimately be resolved by the Supreme Court.

In Tuesday's 3

-0 ruling, Judge Arthur Alarcon said that

Congress, which has the authority to regulate interstate commerce, was entitled to conclude that ``the violence created through the possession of firearms adversely

affects the national economy."

He said Congress had repeatedly used its interstate commerce authority since the 1930s to regulate gun use and possession. Alarcon also noted that a federal law increasing penalties for drug possession within 1,000 feet of schools has been upheld.

The ruling came in the case of Ray Harold Edwards III, a 19

-year

-old who was arrested in 1991 after police searched his car. He was sentenced to several months in a halfway house and served his term while his appeal was pending.

In contrast, the appeals court in the South said Congress has failed to explain how the power to regulate interstate commerce extended to possession of a gun near a school.

Dennis Henigan, legal director of the Washington

-based

Center to Prevent Handgun Violence, said the 9th Circuit ``strongly reaffirmed the power of the federal government to move decisively against gun violence in our schools."

``Where you have national problems like drugs and guns, it is important to have a partnership of state and federal authorities," he said.

Defense attorney Laurance Smith said he planned further appeals.

``I don't have any problem with the idea that guns should not be carried on school campuses," he said, ``but I have a large problem with the idea that the federal government ought to be passing laws in this area."

BC

-CIS

-RUSSIA 1STLD (SCHEDULED)

YELTSIN SUPPORTS GAIDAR, HINTS AT SOFTENING REFORM

(Eds: updates with Yeltsin news conference)

By Oliver Wates

MOSCOW, Dec 22 (Reuter) - President Boris Yeltsin pledged support on Wednesday for his radical economic reform chief Yegor Gaidar despite a setback for the reformers in Russia's parliamentary elections on December 12.

``Gaidar stays," Yeltsin told a Kremlin news conference. ``That means the course of reforms which he is conducting together with the president and with the government also stays."

Yeltsin at the same time hinted at a softening of the radical IMF

-approved policies espoused by Gaidar, a first deputy prime minister, saying his government must balance the need to control inflation with the need to help the poor.

“If inflation continues to go down as it did in November we will change our social policy substantially from the point of view of the volume of social benefits offered to our people from the budget,” he said.

Increased social spending to soften the harsh effects of Gaidar's tight monetarist policies formed a major plank of conservative election platforms.

Gaidar's Russia's Choice and other pro

-reform parties fared badly and will share parliament with large blocs of communists, conservatives and extreme nationalists.

Yeltsin played down the prospect of nationalist firebrand Vladimir Zhirinovsky, whose strong showing has alarmed the West and neighbouring countries, coming to power.

“I don't consider it that dangerous, as some of the media are trying to portray it,” he said, in his first public comments since the election.

Yeltsin roundly denounced “extremism, fascism and aggressive nationalism” and said he would not permit them.

But he indicated he might be prepared to work with Zhirinovsky's Liberal Democratic Party in parliament, where it will have about a seventh of the 450 seats in the lower house.

“If his work in the parliament is devoted to the good of people and the country, we shall...work with him,” he said.

MORE

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Keith O. Boykin (BOYKIN_K) (WHO)

CREATION DATE/TIME:23-DEC-1993 08:19:00.00

SUBJECT: Thur news report

TO: FAX (95868403,DW) (TLXA1MAIL_\F:95868403\C:DW\\) (DEFAULT)
READ: UNKNOWN

TO: FAX (97970144,Howlie Davis) (TLXA1MAIL_\F:97970144\C:HOWlie Davis\\) (DEFAULT)
READ: UNKNOWN

TO: Jonathan P. Gill (GILL_J) (WHO)
READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-
822\BRUCKNER(A)USIA.GOV@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Brenda I. Hilliard (HILLIARD_B) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
WHITE HOUSE NEWS REPORT
Thursday, Dec. 23, 1993
Prepared by the News Analysis Staff, Rm 160, x7151

WHITEWATER -

-

CBS's Connie Chung reported last night that the President said he was pleased with his first year in office but not at all pleased it is ending in a cloud of controversy. CBS's Rita Braver reported that the President refused to turn over Whitewater documents. NBC's Pete Williams reported that Mack McLarty's comments on the matter were "even more general" than the President's. USA Today's Adam Nagourney and Bill Nichols reported that McLarty "was careful not to say files would definitely be turned over."

Yesterday, Rep. Leach (R-

Iowa), the ranking Republican on the House Banking Committee, called on Attorney General Reno to appoint a special counsel to take over the Justice Department investigation into Madison Guaranty Savings & Loan and Whitewater Development. (WP, USA Today) Sen. Dole joined Sen. D'Amato (R-

NY) in calling Senate Banking Chair Sen. Reagle (D-

Mich.), for a hearing into Madison and Whitewater, saying questions about the Clintons' dealings with them "need ventilating." (WP) Sen. Riegle made no comment on whether he would conduct hearings. (WP)

In wire service interviews, the President said he did not know what was in the Whitewater file, and that if Justice Department investigators want to see it, "We'll do what we can to cooperate." (WP)

A spokeswoman for Maggie Williams said Ms. Williams wandered briefly into Mr. Foster's office after being alerted to the death by White House aide Mark Gearan. (WSJ) Ms. Williams "was attracted by a light still on in Mr. Foster's office" and "she entered the office only briefly...looking for nothing and took nothing with her." (WSJ)

Former Reagan official Paul Craig Roberts, in a Los Angeles Times op-

ed, said, the public must be bewildered "why a file that only documents a business loss is locked in an attorney's safe in the offices of a large criminal-

defense firm." Saying "Clintongate is upon us," Roberts compared the hidden file to Sen. Packwood's diaries and President Nixon's tapes. (LAT)

A New York Times editorial said, "The White House needs to atone for months of casuistry by releasing all relevant documents immediately." The editorial also said Attorney General Reno and Philip Heymann "must insulate the investigation from meddling by Webster Hubbell, Mr. Clinton's close friend and the No. 3 man in

Justice, and Bernard Nussbaum, the White House counsel whose handling of the Foster files has once again demonstrated that he is a threat to the President's personal health."

A Washington Post editorial noted that the President said he would cooperate fully with the Justice Department investigation and said, "Release of the Whitewater files would be a good way to begin."

EXTRAMARITAL ALLEGATIONS -

-

ABC World News Tonight and NBC Nightly News led with reports that the President denied the Arkansas state troopers allegations. The Washington Post also led with the story. ABC's Peter Jennings reported that the President "was clearly not happy" to address the allegations. NBC's Tom Brokaw reported that the allegations refused to go away. The video clip of the President answering questions about the allegations played widely.

The Washington Post's Ruth Marcus and Howard Kurtz reported that the President "responded to allegations" by saying he "did

not do anything wrong." The New York Times's Gwen Ifill reported that the President said that he never attempted to use the weight of his office to quash the negative reports, saying, "That absolutely did not happen." USA Today's Bill Nichols reported that the President "would not discuss in any detail new charges" that he used the troopers to arrange sexual trysts.

"Clinton did address two specific charges:" that he used troopers to help him carry out affairs and that he offered them jobs in exchange for their silence. (WP) In interviews yesterday, "Clinton stuck to the strategy of declining to engage in a detailed response to the allegations," and his comments "were milder in tone" than were Hillary Rodham Clinton's Tuesday comments. (WP) ABC's Brit Hume reported that the President was in a difficult position: "While he doesn't want to appear to confirm the allegations by failing to deny them, he doesn't want to dignify the story by adding to it." NBC's Bob Kur reported that the President stumbled when answering questions about the allegations during a radio interview.

Marcus and Kurtz also reported that an attorney for Arkansas state trooper Danny Ferguson released an affidavit stating that the President in his discussions with Ferguson "never offered or indicated a willingness to offer any trooper a job in exchange for silence or help in shaping their stories." (WP) However, in an interview Wednesday night Ferguson repeated his statement to the Los Angeles Times that Clinton discussed a possible federal job with Perry. (LAT) "Asked if Clinton expressly said that jobs would be offered if the troopers remained silent, Ferguson said, 'He didn't say those words.'" (LAT)

Ferguson's original affidavit did "not address any of the other issues" raised by troopers Perry and Patterson." (WP) Ferguson's attorney, Robert Batton, said his client was not willing to recount his participation in the meetings with journalists this summer or why he declined to let his name be used. (WP) Bruce Lindsey said the White House looked for Perry's job request after the story broke this week and could find no record of it. Lindsey said, "On the essential points, the

ABC's Jim Wooten reported that Cliff Jackson "has been on Bill Clinton's case for years," and that he coached his clients. ABC showed a clip of Jackson recounting the Gennifer Flowers story and telling the troopers that "that's what [the reporter] wants to hear you say." ABC's Peter Jennings also reported that Jackson circulated another rumor, now proven untrue, that the President offered a state trooper a job in an effort to silence him.

The Washington Times's Frank Murray reported that, "NBC, ABC and CBS yesterday also upset the overall White House communications strategy for dealing with the sex charges by cancelling holiday interviews with Hillary Rodham Clinton rather than accepting a White House-imposed ban on questions about the troopers' revelations."

Michael Kinsley's Washington Post column said, "What is going on here? In some conservative quarters, resentment of the fact that there is a Democrat in the White House again -- in

violation of all the seeming laws of history -- has become simply pathological. That's part of it. But how did all the rest of us get sucked in?"

Richard Cohen's Washington Post column said, "Until Americans can make a clear link between Bill Clinton's personal behavior and his public performance, they will continue to compartmentalize. But if in the process of guarding his alleged secrets, Clinton is found to have abused his office...his public conduct will become an issue."

Mary Mcgrory's Washington Post column said, "It's pretty clear that the gods don't want Bill Clinton to inhale success."

A Dallas Morning News editorial said, "charges of bad judgement have a way of dogging Mr. Clinton, and he must answer the latest ones swiftly and forthrightly.... While he began a defense in wire service interviews Wednesday, his performance, sadly, was insufficient."

An Atlanta Constitution editorial said, "Now that Hillary Rodham Clinton has responded to the allegations, their news value has increased. But it remains true that the story began in an obscure right-wing publication. It was brought by two people of suspect motives. And it has no bearing on Clinton's current duties."

HEALTH CARE -

-

Yesterday, Mack McLarty announced that Harold Ickes will become a deputy chief of staff and coordinate efforts to pass the President's health care plan in Congress. (WP) Harold Ickes said, "I've been to the doctor a couple of times. My experience is political in nature." (WP) "Mr. Ickes, 54, had turned down a potentially less influential job last week and was persuaded to join the Clinton Administration after he was given the higher-ranking position." (NYT)

The Washington Post's Dana Priest and Ruth Marcus reported that Ira Magaziner has written a "work plan," which identifies 10 "main event" issues that will involve major debate, according to Administration sources. Magaziner has also listed another 120 "cluster issues" which different members of Congress will want to modify, and other issues for a total of 800 that the White House

will have to negotiate to get a bill. (WP)

"At the same time, there is considerable resentment building in Congress, especially for those who have pushed for years for health care reform, that the White House is intruding too heavily in the congressional deal-making process." (WP) Rep. Stark (D-Cal.) said, "What they really should do is go away for a while." (WP)

GAYS IN THE MILITARY -

-

The New York Times led with Michael Gordon's report that the Administration's new policy "allows gay

soldiers to acknowledge homosexual feelings, but only if they can demonstrate they are not engaging in homosexual behavior."

The Administration released detailed rules for gays in the military, "attempting to show in concrete terms how its new policy of 'don't ask, don't tell, don't pursue' will affect the lives of thousands of gay and lesbian service personnel." (WP) The Washington Post's John Lancaster reported that "the deliberate ambiguity of the regulations means that local commanders will retain wide latitude to investigate reports of homosexual conduct, raising fears among gay rights advocates of arbitrary law enforcement." NBC's Ed Rabel reported that gay rights groups said that they will challenge the new rules in court and that the new policy is little different from the old one. Vowing a lawsuit, Mr. Rubenstein of the ACLU said, "We believe the new law and regulations are unconstitutional because they continue to judge service members according to their sexual orientation and not according to their ability." (NYT)

Secretary Aspin said, "The strategy we employed grew from a central insight: the President and the Joint Chiefs must agree on a new policy." (NYT) Rep. Frank (D-Mass.) said the regulations appear to prohibit questions of both soldiers and civilians during inquiries for security clearances, a "big win." (WP) USA Today's Robert Davis reported that, "Gay rights groups balked" Tanya Domi of the National Gay and Lesbian Task Force said, "These will be good for fair-minded commanders....But someone who is prejudiced against gay people has been given a wide latitude to investigate and discharge members for sexual conduct." (WP) Chai Feldblum of the Campaign for Military Service said, "This policy is based on prejudice. For that reason, it's unconstitutional." (USA Today) Tim McFeeley of the Human Rights Campaign Fund said, "These regulations attempt to mask and dress up an ugly and constitutionally blemished policy of discrimination." (USA Today)

The Administration has still not decided whether to appeal a October ruling of a three-judge panel of the U.S. Court of Appeals ordering the reinstatement of Joseph Steffan, a gay man expelled from the Naval Academy in 1987. (WP)

BOBBY RAY INMAN -

-

William Safire called Bobby Ray Inman "someone I know from personal experience to be manipulative and deceptive, nominated by Bill Clinton to be Secretary of Defense." Safire said that Bobby Ray Inman doesn't like him because Safire once reported that Inman had "planted a false story that Israel was the source of rumors that a Libyan 'hit team' was on its way to the U.S."

An Atlanta Constitution editorial said, "Barring any new, serious revelations about Bobby Inman, President Clinton is right to stick solidly with his nominee for defense secretary.... Inman's infraction is a common one."

DEFENSE BUDGET -

-

President Clinton's five-year economic plan has produced a 1995 budget that cuts defense spending far below levels advocated by the Pentagon, reducing outlays for nine of 14 Cabinet departments and pushes the deficit below \$200 billion for the first time in five years. (LAT) The Administration will cut 100,000 federal jobs in 1995, mostly through attrition. "Clinton personally made all of the critical final decisions on the shape of the budget." (LAT)

HOMELESSNESS -

-

Yesterday, the President called on Americans to remember those "people who are battered and broken," and announced the disbursement of \$411 million in already appropriated funds for homeless programs, "an event normally handled in a HUD press release." (WP) USA Today's Marie Puente reported that, "critics noted the funds were originally allocated by President Bush." The President's remarks "capped three weeks of public debate inspired by the death of Yetta M. Adams," whose body was found outside HUD headquarters. (WP)

RUSSIA -

-

The Washington Post's Peter Behr and Daniel Williams reported that the U.S. and the International Monetary Fund "are heading for a showdown on how best to keep Western aid flowing to Russia." (WP) Administration officials said the IMF had set overly cautious conditions that slowed assistance and ignored social conditions. (WP) Yesterday, an IMF official said that while the IMF would be flexible, it would not abandon its longtime policies that financial aid must be accompanied by economic reforms to curb inflation and runaway budgets. (WP)

Yesterday, Russian President Boris Yeltsin "vowed to stick with his foreign and economic policies despite the gains of ultranationalist and communist forces in last week's elections." (WP) Yeltsin described the vote as a major reprimand and said he would keep his economic team and its reform program but that his government would give more attention to the problems of the poor. (NYT) Yeltsin offered a more open government but "offered little in the way of concessions to what many analysts described as an anti-reform, nationalist backlash among the electorate." (WP)

The New York Times and Los Angeles Times ran front-page stories on Boris Yeltsin's reaction to the recent parliamentary elections. "In his first public comments on right-wing populist Vladimir Zhirinovskiy's massive voter support," Yeltsin was upbeat and said Russian voters were simply seeking order, and that he plans to provide it. (LAT) Yeltsin "described the vote as a major reprimand." (NYT) He promised to pay more attention to the problems of the poor while maintaining his current economic team

and its reform program. (NYT)

HAITI -

-

Yesterday, the Administration warned Gen. Cedras,

Haiti's military ruler, that it would move for tougher trade sanctions unless he takes steps by Jan. 15 toward restoring exiled president Aristide to power. (WP) The warning came after Cedras refused to meet with a delegation from the U.S. and other countries whose mission was to persuade him to agree to Aristide's return and begin national reconciliation talks. (WP)

IRAQ -

-

Yesterday, a U.S.-led patrol twice came under small-arms fire in a security zone in Northern Iraq, the Pentagon acknowledged. (WP) No allied troops were injured. (WP) The event "marked a troubling milestone: the first time Iraqi forces fired on coalition troops on the ground since the allies intervened to protect ethnic Kurds there more than two years ago." (WP)

SOUTH AFRICA -

-

Emotions were strong Wednesday as the South Africa Parliament approved a new constitution and "voted itself out of existence." (WP) The Los Angeles Times led with the story, The Washington Post ran it at the top of Page 1 and The Washington Times, USA Today and Wall Street Journal all ran it lower on the front page. Shouts of "Power to the people" from supporters and "treason" from opponents rang through the assembly. (WP) The 237-45 vote "wipes all remnants of apartheid-era laws off the books" and gives equal rights to blacks. (WP) "The difficult march to democracy that began four years ago ... will culminate in one-person, one-vote elections next April 27." (LAT)

APPOINTMENTS -

-

"President Clinton is beginning to change the face of the federal judiciary," the Wall Street Journal's Paul Barrett reported. Clinton is appointing more women, minorities, and sitting judges than previous presidents and he has not sacrificed quality, according to the American Bar Association. (WSJ)

MICHAEL JACKSON -

-

Pop superstar Michael Jackson broke his five-week silence yesterday to deny allegations against him.
(LAT) The story played widely on the television news shows.

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: A. Victoria Rivas-Vazquez (RIVASVAZQU_A) (WHO)

CREATION DATE/TIME:30-DEC-1993 11:34:00.00

SUBJECT: meet the press

TO: Heather Beckel (BECKEL_H) (WHO)

READ: UNKNOWN

TEXT:

hello.

===== ATTACHMENT 1 =====

ATT CREATOR: A. Victoria Rivas-Vazquez (RIVASVAZQU_A)

ATT CREATION DATE/TIME:29-DEC-1993 18:28:00.00

ATT BODY PART TYPE: B

ATT SUBJECT: meet the press n

ATT TO: Barry J. Toiv (TOIV_B)

READ: UNKNOWN

ATT TEXT:

hello -

===== END ATTACHMENT 1 =====

===== ATTACHMENT 2 =====

ATT CREATOR: Kenneth R Chitester (CHITESTER_K)

ATT CREATION DATE/TIME:20-DEC-1993 10:56:00.00

ATT BODY PART TYPE: B

ATT SUBJECT: Meet the Press transcript

ATT TO: Jeffrey L. Eller (ELLER_J)

READ: UNKNOWN

ATT TO: George Stephanopoulos (STEPHANOPO_G)

READ: UNKNOWN

ATT TO: Margaret J. Myers (MYERS_M)

READ: UNKNOWN

ATT TO: David Leavy (LEAVY_D)

READ: UNKNOWN

ATT TO: Amanda Crumley READ: UNKNOWN	(CRUMLEY_A)
ATT TO: Heather Beckel READ: UNKNOWN	(BECKEL_H)
ATT TO: Lorraine A. Voles READ: UNKNOWN	(VOLES_L)
ATT TO: Keith Boykin READ: UNKNOWN	(BOYKIN_K)
ATT TO: Robert O. Boorstin READ: UNKNOWN	(BOORSTIN_R)
ATT TO: Michael Waldman READ: UNKNOWN	(WALDMAN_M)
ATT TO: David Dreyer READ: UNKNOWN	(DREYER_D)
ATT TO: Jason Solomon READ: UNKNOWN	(SOLOMON_J)
ATT TO: Lisa M. Caputo READ: UNKNOWN	(CAPUTO_L)
ATT TO: Elizabeth A. Bernstein READ: UNKNOWN	(BERNSTEIN_E)
ATT TO: Joshua Silverman READ: UNKNOWN	(SILVERMAN_J)
ATT TO: Jonathan P. Gill READ: UNKNOWN	(GILL_J)
ATT TO: Ann Walker READ: UNKNOWN	(WALKER_A)
ATT TO: Meeghan E. Prunty READ: UNKNOWN	(PRUNTY_M)
ATT TO: Rahm Emanuel READ: UNKNOWN	(EMANUEL_R)
ATT TO: Kimberly Tilley READ: UNKNOWN	(TILLEY_K)
ATT TO: Kimberly S. Hopper READ: UNKNOWN	(HOPPER_K)
ATT TO: Ernest D. Gibble READ: UNKNOWN	(GIBBLE_E)

ATT TO: Richard Strauss READ: UNKNOWN	(STRAUSS_R)
ATT TO: Carter Wilkie READ: UNKNOWN	(WILKIE_C)
ATT TO: Lisa Mortman READ: UNKNOWN	(MORTMAN_L)
ATT TO: David Kusnet READ: UNKNOWN	(KUSNET_D)
ATT TO: Steven A. Cohen READ: UNKNOWN	(COHEN_SA)
ATT TO: Julia Moffett READ: UNKNOWN	(MOFFETT_J)
ATT TO: Arthur L. Jones READ: UNKNOWN	(JONES_A)
ATT TO: Alan J. Stone READ: UNKNOWN	(STONE_A)
ATT TO: Carolyn Curiel READ: UNKNOWN	(CURIEL_C)
ATT TO: Elizabeth C. Bowyer READ: UNKNOWN	(BOWYER_E)
ATT TO: Jonathan M. Prince READ: UNKNOWN	(PRINCE_J)
ATT TO: Kathy McKiernan READ: UNKNOWN	(MCKIERNAN_K)
ATT TO: Anne M. Edwards READ: UNKNOWN	(EDWARDS_A)
ATT TO: Dawn A. Alexander READ: UNKNOWN	(ALEXANDER_DA)
ATT TO: A. Victoria Rivas-Vazquez READ: UNKNOWN	(RIVASVAZQU_A)
ATT TO: David Seldin READ: UNKNOWN	(SELDIN_D)
ATT TO: Carola McGiffert READ: UNKNOWN	(MCGIFFERT_C)
ATT TO: Chad H. Griffin READ: UNKNOWN	(GRIFFIN_C)

ATT TO: David B. Anderson (ANDERSON_D)
READ: UNKNOWN

ATT TO: Jessamyn Sarmiento (SARMIENTO_J)
READ: UNKNOWN

ATT TO: Aman, Sally J (SALLY J. AMaN@EOP_OVP@CCGATE@EOPMRX)
READ: UNKNOWN

ATT TO: Karen Finney (FINNEY_K)
READ: UNKNOWN

ATT TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX)
READ: UNKNOWN

ATT TO: G. N. Lattimore (LATTIMORE_G)
READ: UNKNOWN

ATT TO: Jeremy M. Gaines (GAINES_J)
READ: UNKNOWN

ATT TO: Alison Muscatine (MUSCATINE_A)
READ: UNKNOWN

ATT TO: Cerrell, Joseph W. (JOSEPH W. CERREIL@EOP_OVP@CCGATE@EOPMRX)
READ: UNKNOWN

ATT TO: Mark Gearan (GEARAN_M)
READ: UNKNOWN

ATT TO: David R. Gergen (GERGEN_D)
READ: UNKNOWN

ATT TO: Dianna A. Pierce (PIERCE_D)
READ: UNKNOWN

ATT TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX)
READ: UNKNOWN

ATT TO: Lawrence J. Sampas (SAMPAS_L)
READ: UNKNOWN

ATT TEXT:
PRINTER FONT 12_POINT_COURIER
THE REUTER TRANSCRIPT REPORT
NBC ``MEET THE PRESS" INTERVIEW WITH:
LLOYD BENTSEN, SECRETARY, DEPARTMENT OF TREASURY
SUNDAY, DECEMBER 19, 1993

ANNOUNCER: From NBC News in Washington, this is
``Meet the Press" with Tim Russert.

MR. RUSSERT: Welcome again to ``Meet the Press."
Among our issues this Sunday morning: The economy,
layoffs, jobs, aid to Russia, government spending, and

interest rates.

Our guest: The secretary of the Treasury, Lloyd Bentsen.

And in our political roundtable, we'll be joined by William Safire, just back from Russia. He'll talk about the upheaval in Moscow and the political demise of Les Aspin here at home.

And on our panel asking questions this morning, David Broder of "The Washington Post" and Jim Miklaszewski of NBC News.

MR. RUSSERT: Mr. Secretary, the Bush recovery is in full throttle?

SEC. BENTSEN: (Laughs) Well, what we're looking at is a cut in that deficit substantially below what happened in '92, where you had some 290 billion dollars in deficit that set a record. We're coming in ahead of our targets in the deficit reduction. We're looking at a \$500 billion deficit reduction over the next five years. It's had an obvious impact on interest rates, and that, in turn, has helped stimulate the economy.

We're seeing inflation around three percent. We're seeing the GDP, which last quarter was 2.8, will probably go as high as four to five percent in the fourth quarter.

MR. RUSSERT: And what about next year?

SEC. BENTSEN: Well, next year I would anticipate that we would see a growth rate that would be somewhere around three percent and probably an inflation rate that's close to that, and those are good numbers.

MR. RUSSERT: In hindsight, is the economy better off

without this Clinton stimulus package that went down to defeat?

SEC. BENTSEN: Well, what I can say is this one is working, and at this point I wouldn't change anything. We want to continue to have the emphasis on deficit reduction, but what you're seeing is an increase in jobs at a monthly rate that is over twice what it was in '92. We're creating about 160,000 jobs a month, whereas last year it was about 80,000 -- and they're not just hamburger

-flipping jobs. You're seeing some good jobs in there, too.

MR. RUSSERT: Let me talk about that and a couple of other factors that might have an impact on the economy. In terms of layoffs, even though there is some significant job creation going on, we are losing about 2,000 jobs per day, layoffs from major corporations -- Xerox, Sears, RJR, the Fortune 500. We've lost about five million jobs over the last decade.

Albert Singlinger (ph), a pollster on these matters, says that 40 percent of all Americans go to sleep each

night -- 40 percent -- wondering whether their job is going to be there in the morning.

SEC. BENTSEN: Well, the interesting thing is we're accommodating to this much better than the other G7 countries. What you're seeing is a very substantial net increase in jobs. The headlines are when you have 10,000 laid off by this major company or 20,000 by another, but there are no headlines in the fact that a small company adds two welders or another small company adds five computer processors, and what you're seeing is an outsourcing by some of the major corporations, too.

In addition to that, you're seeing major corporations in this country more competitive than they have been in a long time. You're seeing the cost of capital to them just a fraction of what it was 10 years ago, so they can take on international competition. I think we're headed for long

-term sustainable growth.

MR. RUSSERT: But psychologically, the idea of massive layoffs by big corporations is something that Americans are going to have to expect and deal with?

SEC. BENTSEN: Well, I think you've seen most of the downsizing, the major downsizing, already take place. But you're also seeing with this finally a realization of the major creation of jobs taking place and low inflation. You're seeing the consumer confidence really move up substantially.

MR. RUSSERT: You mention the inflation hitting around three percent. Does this mean that the Federal Reserve should now increase interest rates?

SEC. BENTSEN: I don't see that. I think that you still have a substantial cushion in productive capacity. You still have substantial cushion in the labor force, and you're seeing productivity gains that are holding unit labor costs down. It's working out very well at the present time.

MR. RUSSERT: So you hope they do not increase interest rates.

SEC. BENTSEN: I don't see it under the present conditions. In the long term, we ourselves are forecasting a modest increase in short

-term rates.

MR. RUSSERT: When will that take effect?

SEC. BENTSEN: Well, I don't see it in the current quarter or in the next quarter. I think what you're going to see --

MR. RUSSERT: Perhaps mid

-year?

SEC. BENTSEN: Well, no, I know better than to try to estimate that exactly, because you'd remind me of it

later.

MR. RUSSERT: (Laughs) You're sure on that, I'll say.

Let me talk about Russia. The turmoil in Russia -- what effect could that potentially have on our economy here and, secondly, why should any American businessperson consider investing in Russia in this state of turmoil?

SEC. BENTSEN: Well, let me say first that I think it's important now that we have GATT approved and, I think, approved by the Congress next year, and, in turn, we have NAFTA. What we should also see in the European countries and the United States is a lessening to the barriers of trade with Russia, an encouraging of the export of their products, because grants

-in

-aid by itself will not do it. You have to see an underlying strength develop for that economy, and we want to see some stability there in that regard.

MR. RUSSERT: So American businessmen should --

SEC. BENTSEN: Oh, and on American businessmen -- at this point, it's a risky thing, because you don't have the body of contract law that you would like, but American

businessmen are entrepreneurs, they're sophisticated, and they can make a contribution, particularly in technical help and in some capital investments, and you're seeing that particularly true in the oil industry. One out of seven wells in Russia is not functioning today because of the lack of parts. The compressors on their gas lines are not up to what they should be. Those types of things bring about a quick fix and provide some of the hard currency that's needed by Russia.

MR. RUSSERT: Grant

-in

-aids won't do it alone, you said, but should the international lending organizations like the IMF, International Monetary Fund, loosen up on its aid to Russia?

SEC. BENTSEN: Well, that's interesting. I think that Vice ?President?Gore has made a very salient point about the difficulties of transformation and what has to be done, and some type of a social net to assist in that transformation.

But, on the other hand, what you need in this is some conditionality on the assistance in the loans to keep the pressure on the Russian reformers. The reformers did not run a very sophisticated campaign, but the nationalists really did, and a lot of demagoguery in it. They ran a very clever campaign.

But what we're seeing today, what with the IMF and the rest of it, we have already seen some lessening of the requirements in trying to assist in that, and the United States played its role in that one.

See, I don't believe that when you're having 10 to 20 percent inflation a month that that means you have excessive reform.

MR. RUSSERT: All right, one last question. In April, the income tax rate for affluent Americans will probably get about a 40 percent tax level. About \$26 billion will be taken out of the economy in the form of increased income tax rates. Are you concerned what that might do to the economic recovery?

SEC. BENTSEN: No, I'm really not. I think that people of that income level will continue to do their Christmas shopping and that they'll continue to do the normal expenditure of funds. I don't see it as that big a damper.

Now, you have to think back to 1980, when that top rate was 78 percent, or 1981, when it was 50 percent, and the fact that in the OECD countries, all 26 of them, only six of them have a lower top income rate than we do.

MR. RUSSERT: But they are the entrepreneurs in our system, and if they --

SEC. BENTSEN: Absolutely.

MR. RUSSERT: -- decide to bet against it by saying I have to pay increased taxes with my new investments and new profits, it could suffocate this recovery.

SEC. BENTSEN: Well, let me tell you, those folks are going to bet on the future of this country, I believe.

MR. RUSSERT: David.

MR. BRODER: One follow

-up to Tim's question, if I --

when he asked you about the stimulus package of last spring, you said you were happy that the bill passed the way it did. Are you now prepared to concede that Bob Dole and the Republicans did you a \$16 billion favor by defeating that stimulus package?

SEC. BENTSEN: Well, I'm saying that what we have been able to accomplish in the deficit, and coming in even better than the estimates, has given us an enormous push insofar as stimulus, more than we had anticipated, because of the cut in interest rates.

MR. BRODER: So the Republicans were right.

SEC. BENTSEN: Well, I would say that we were right in going very strongly and cutting 500 billion dollars.

MR. BRODER: Was that a yes or a no? (Laughter)

SEC. BENTSEN: That means it's working.

MR. BRODER: Okay. The health care plan of the administration, the big topic for next year. In October, you were asked whether you would vote for that plan if you were in the Senate, and your answer was a ringing, "I'm

not in the Senate." Have you decided whether you think it's a good idea yet?

SEC. BENTSEN: The health plan and the reform?

MR. BRODER: Yes. Yes, sir.

SEC. BENTSEN: Yes, I do. I think it is, because as we look at those things that have really been hurting us insofar as adding to the deficit, it's been the problems of health care, and we're moving on this one to cut some \$126 billion in Medicare, some 55 billion dollars in Medicaid, and pumping that into universal coverage so you don't get the cost shifting and so the rest of us that

have insurance don't see our premiums going up and don't see our hospital beds cost being shoved off on us.

MR. BRODER: As you know, the figures are very encouraging about the dramatic drop in inflation in the health sector, just simply through the working of market forces. Given that the trends are moving in the direction we want them to do, do we really need a big government regulatory apparatus imposed on that private sector?

SEC. BENTSEN: Well, I think what you're seeing is what we have done with that government apparatus insofar as DRGs, insofar as physician payment reform --

MR. BRODER: Nobody knows what DRGs are.

SEC. BENTSEN: All right. That is paying so much for a particular procedure in a hospital, setting a limit on that. Those types of things that have been done and put in by the government have been able to bring the costs of Medicare down substantially, and Medicaid. I think overall, you're still seeing the costs shifting, because I know a couple of hospitals that I'm quite familiar with where each year they have had, in the last two years, unpaid claims of over \$40 million each. The rest of us pay for that, and we have to put a stop to that and get universal coverage so you don't have that kind of cost shifting.

MR. BRODER: The first major study that's been made of the proposal, the financing of the proposal by the Milt Lewin VHI (ph) group said that the administration has underestimated the cost of the government subsidies in its program by \$37 billion. Does that cause you any concern?

SEC. BENTSEN: Well, I was also very pleased that they thought that we had it financially paid for and that that was going to happen, so let's balance that one out, that particular statement.

I think the question of what those premiums will be will depend a lot on the final form of the bill, and, obviously, that gives me some concern when I hear a difference in that kind of an estimate.

MR. BRODER: Mm

-hmm (acknowledgement). If it turns out that their numbers are closer to reality, what should the administration do in terms of changing the proposal?

SEC. BENTSEN: What you're going to see is this piece of legislation, as all major pieces of legislation from an administration, will be subject to some changes as it works its way through the Congress, and we'll be listening to those recommendations, we'll be participating with

them, and, obviously, some changes will be made, and we'll be looking once again at what we think the premiums ought to cost.

I must tell you that these numbers have been checked, massaged by the health agency, by the labor agency, and finally by the treasury agency, and you saw outside actuaries, outside estimators that were also involved in the process.

MR. MIKLASZEWSKI: Mr. Secretary, over the past couple of weeks, we saw some Clinton administration infighting turn into an open family feud between the Pentagon and the Office of Management and Budget over a projected \$50 billion shortfall in the Pentagon budget. Now I understand on Friday, because of better inflation figures, that that gap has been reduced to somewhere about 31.5 billion dollars over five years. That's still a pretty good chunk of change, and the Pentagon says they can't absorb that without reducing their readiness. Where is the money for that going to come from?

SEC. BENTSEN: Well, frankly, I'm not as conversant with that. That's not in the jurisdiction that I represent at Treasury, but I have been assured by comments I've heard from the OMB that they feel that an accommodation can be achieved that will still protect the readiness of our country.

MR. MIKLASZEWSKI: Well, what kind of accommodation would that be? Would it be stretching out that shortfall over 10 years instead of five?

SEC. BENTSEN: Jim, I would assume that what you would get is some delay in weapons purchasing.

MR. MIKLASZEWSKI: Mm

-hmm (acknowledgement). But at the same time, there are some in the Office of Management and Budget that just don't believe that the Pentagon cannot absorb these losses. Do you think the Pentagon is overstating its case?

SEC. BENTSEN: They're advocates for their point of view, and they always have, and each department goes through that process, so an accommodation has to be achieved. We have to achieve the deficit targets we're talking about in cutting back on that budget.

MR. MIKLASZEWSKI: And under those budget caps, if the president can come up with a 31&1/2 billion dollars -- if the Pentagon doesn't absorb the loss, he'll have to come up with that money from domestic programs. Is that a likelihood? Is he likely to make that shift from domestic to --

SEC. BENTSEN: I think what you'll see is some give on both sides in that regard as they achieve their objective, and that's happening throughout government now, as we fulfill our commitments on cutting that deficit by 500 billion dollars.

MR. MIKLASZEWSKI: Are you suggesting that some domestic spending may go to military spending?

SEC. BENTSEN: There's no question. But some of the things that were wanted in additional domestic spending have been cut back to try to achieve some of the things that we feel are necessary in defense to keep our readiness. No question about that. Accommodation. There'll be give on both sides.

I've had the same problem in the Treasury. There are some extra things that I would like to do, but we'll have to forego them for the present.

MR. MIKLASZEWSKI: Changing direction just slightly here -- after the trip to Russia next month, you'll be headed off to China.

SEC. BENTSEN: That's right.

MR. MIKLASZEWSKI: Now, a month ago, Senate Majority Leader George Mitchell said that if the vote were taken today, a month ago, that most favored nation trade status for China would not be approved.

SEC. BENTSEN: Yeah, but it's not being taken now. It'll be taken probably next June, some time like that, and let's see what happens in that regard.

I'll be traveling to China, and then I'll be going on to Indonesia, to Bangkok, throughout southeast Asia. What you're seeing is an enormous growth in that area. That's where the growth is, more than any other part of the world today, and we must be a part of that. We're seeing more increase in exports to that part of the world than the rest of it.

MR. MIKLASZEWSKI: But, Mr. Secretary, can China be a part of that in terms of the U.S. --

SEC. BENTSEN: Yes, I think they can.

MR. MIKLASZEWSKI: -- without improvement in their human rights record?

SEC. BENTSEN: Well, I think you have to have both, and I think we can accommodate both and I think they can, and we'll be looking forward to that and we're pressing to

that end to try to see that done.

But what you're also seeing there is the fastest growth in exports to us of any of the major nations, and we have to see an opening up of those markets greater than we have seen in the past. You see, today you're seeing that growing even faster than what we have had in an export deficit with Japan.

MR. MIKLASZEWSKI: And finally on that subject, is the Clinton administration willing to soft

-pedal the MFN requirements in any way in an attempt to gain China's cooperation on the North Korea nuclear problem?

SEC. BENTSEN: Well, I think what you're seeing is our pointing out to them the importance of our economic ties and what we have in the way of markets for them, and I think that puts a great deal of influence on them.

MR. RUSSERT: Mr. Secretary, we have to take a break. We'll be right back after this message.

(Announcements.)

MR. RUSSERT: We're talking with the Secretary of Treasury, Lloyd Bentsen.

Mr. Secretary, entitlements. Social Security, Medicare, Medicaid, veterans' benefits, \$81 billion per year in entitlements go to people making incomes of over \$50,000 a year. Is that right?

SEC. BENTSEN: Let's take a look at what you're getting to and that's particularly Social Security and what you do about it. And there are those that say, "Well, if you have over a certain income, you should receive no benefits under Social Security at all." I really don't think you can do it that way. What you have already done, and what most people don't realize you have tilted the benefits of Social Security to people of low income. If you are very low income, you will get back approximately 59 percent of your pre-retirement earnings.

If you're one who has high income, and as I recall the tax cuts offered about 57,000, you'll get back approximately 24 percent of your pre

-retirement income.

Now, in addition to that, we have this year said that we're going to subject the tax on Social Security to people, 85 percent of their income, to those people making over 34,000, individuals or couples of over 44,000. So we've gone a long ways toward that.

But I believe in the principle that if you pay into

Social Security, you get something back, that we do not get it into a welfare mode. If you get in a situation where middle income and low income people get nothing back for Social Security, then it becomes almost a welfare program.

MR. RUSSERT: How about a proposal by the Concord Coalition by former Senators Rudman and Tsongas which says, "Listen, if you make \$40,000 or less, you get all the entitlements. But for every \$10,000 in income above that, you lose 10 percent of your entitlement. You always get at least 15 percent, no matter what your income is, but it's a sliding scale, a means test." Could you look at something like that?

SEC. BENTSEN: Well, we have already done it. We have done it in a very major way by putting 85 percent of that

tax for those people above that subject to the income tax.

MR. RUSSERT: But, Mr. Secretary, you talk about deficit reduction. While you're cutting the deficit \$500 billion, cutting spending 250 billion, raising taxes 250 billion over the next five years, entitlements --

SEC. BENTSEN: All right, let's look at some more --

MR. RUSSERT: -- are going to go up a trillion dollars --

SEC. BENTSEN: Yeah, and which one is going up the most? The one that's going up the most is Medicare -- the ones -- Medicare and Medicaid, and we are cutting out of that a very substantial amount of money. We're talking about 125 billion out of Medicare, we're talking about around 55 billion out of Medicaid.

MR. RUSSERT: But if the system continues as it is, the deficits in the year -- 10 years from now, will be up to \$500 billion a year. This is a Democrat, Bob Kerrey, Bob Kerrey, a fellow Democrat, it's not going to happen without some serious cuts and it has to be done in entitlement programs, the president cannot finesse this one.

SEC. BENTSEN: Absolutely, I agree with that part of it. And what you're seeing is substantial cuts in entitlements. In addition to that, we're looking forward to the Kerrey Commission and see what their recommendations are, what the hearings are, and what we could in turn adopt to the system.

MR. RUSSERT: But there will be future means testing --

SEC. BENTSEN: Well --

MR. RUSSERT: -- on these programs --

SEC. BENTSEN: -- we have already --

MR. RUSSERT: -- beyond --

SEC. BENTSEN: We are already doing that. Now, beyond that, let's take a look at the commission, see what their reports are, and we'll certainly consider them.

MR. RUSSERT: Vice President Gore said on this program, "I think before very long, our country is going to have to deal with means testing to a larger extent than is now the case."

SEC. BENTSEN: And that's what we're doing. And that's why we're quite willing to listen to the Kerrey Commission and see what their recommendations are. But I'm not going to prejudge them till we have the hearings.

MR. RUSSERT: How about cost of living increases? Are those on the table?

SEC. BENTSEN: I would say not at this point.

MR. RUSSERT: They were -- when you were on the program in July, you were willing to put them on the table.

SEC. BENTSEN: That's right.

MR. RUSSERT: You're taking them off?

SEC. BENTSEN: We've moderated them some, too.

MR. RUSSERT: David?

MR. BRODER: Your colleague Secretary of Labor Bob Reich has floated the idea of a payroll tax to finance worker retraining. Is that a good idea?

SEC. BENTSEN: I don't see that happening next year.

MR. BRODER: Just flatly rule it out?

SEC. BENTSEN: Why, that's not my authority. But I frankly -- personally I do not see it happening.

MR. BRODER: Let me ask you about an issue that will

be coming up as soon as Congress comes back, the balanced budget constitutional amendment is going to reappear. Why is the Clinton administration opposed to that?

SEC. BENTSEN: Well, I must tell you I was for the balanced budget amendment in times past, but that's when I saw the deficit continuing to escalate, that's when I didn't see a \$500 billion deficit cutting being put into effect. What we're doing now is working and we're coming out ahead of schedule in cutting that deficit, and we're seeing the economy move and starting to grow in the creation of jobs. To go then to a balanced budget amendment in addition to that one, where you'd lock yourself in, remember, it took us 15 years to get into this mess and it's going to take some time to get us out of it. But you cannot get into a situation where if you had a recession, then you couldn't do something to stimulate that economy.

MR. BRODER: In 1982, when the deficit was \$90 billion, a senator from Texas named Lloyd Bentsen, as you pointed out, voted for the balanced budget amendment. Now the deficit is approximately twice that size, and you're saying that it's a bad idea?

SEC. BENTSEN: No. I'm saying we came up with a better idea, and I said that earlier that absolutely, that I had sponsored it and I had supported it, and if we didn't have this \$500 billion deficit reduction, I'd be right back there supporting it again.

MR. BRODER: Does the administration have a plan which on a specific date will get us to a balanced budget?

SEC. BENTSEN: What you're seeing in this one is our going as far as I think we can go in a contractionary budget and cutting that deficit down at the same time and have this economy continue to grow and putting people back to work and cutting down on unemployment. And as we see that one progress, we'll see what more we can in the way of further deficit reduction and getting closer to that date of a balanced budget.

MR. MIKLASZEWSKI: Mr. Secretary, quick question on entitlements. At the entitlement conference that was held last week, the retired persons lobbyists were practically

doing high fives in the back of the room when it appeared in his speech that President Clinton had taken off -- taken further means testing for Social Security off the table. I just want to know, is that the case? Did he, in fact, take that off the table, further means testing for Social Security?

SEC. BENTSEN: I think insofar as the foreseeable future, that we think we have done insofar as Social Security for people of higher income what should have been done by subjecting 85 percent of it to the tax which was not done before.

MR. MIKLASZEWSKI: Let's switch gears just a moment here. I'd like to ask you, please, since -- as Treasury secretary, you oversee the Bureau of Alcohol, Tobacco, and Firearms. I wanted to get your opinion on gun control. Where do you come down on some of the proposals for example to license gun owners or register guns?

SEC. BENTSEN: I think what you have today is a system that's archaic and needs major reform. And this is a fellow from Texas who has hunted all his life. I think this idea of having assault weapons is outrageous. I think that -- I certainly supported the Brady bill. I think that we must do more than that. I think the idea that you can have over a quarter of a million people selling guns and licensed to sell guns and doing it out of their kitchens or wherever is -- doesn't make any sense.

And we cannot have enough ATF people to inspect all of those places and see that they're abiding by the rules and abiding by the laws. And I think that what you're going to have to see is a substantial increase in the cost of licensing gun dealers and further limitation of them and tighter controls over them.

MR. MIKLASZEWSKI: But in the case of this Long Island commuter train shooting, this gentleman waited 15 days --

SEC. BENTSEN: That's right --

MR. MIKLASZEWSKI: -- went to a licensed gun dealer that had a shop, not a mom and pop from the trunk of the car kind of operation, yet he still got control of a gun which even in pending legislation would not be outlawed, the nine

-millimeter semi

-automatic pistol which police call killing machines. Should those guns be outlawed?

SEC. BENTSEN: No. A nine

-millimeter pistol by itself

I don't think they're outlawed. Assault weapons and these so

-called street sweepers and that, I think that's crazy.

I don't think that they should be there at all. But the fact that a person should be able to have a gun in his home to protect his home, you bet, I agree, he should --

MR. MIKLASZEWSKI: Senator Moynihan --

SEC. BENTSEN: -- now, let me also say that we'll never get any law that will resolve all of these problems

of crime.

MR. MIKLASZEWSKI: Senator Moynihan has proposed a 10,000 percent tax on some of this more deadly ammunition that's out there, the fragmentary, the hollow points and the like. Would you agree with that approach?

SEC. BENTSEN: I think better than that on that type of a bullet, you just ought to outlaw it.

MR. MIKLASZEWSKI: And what about raising the tax substantially on all ammunition?

SEC. BENTSEN: Well, there can be some raising of that tax, but insofar as anything that would just outlaw all ammunition, you can't do that.

MR. MIKLASZEWSKI: And excuse me, I really didn't -- I missed if you answered it and I don't think you did, the question about whether you're in favor registering or licensing gun owners and registering guns.

SEC. BENTSEN: Well, we have that under study, along with some other things that will make it where we have better supervision of who has guns and who sold guns. And ATF will be coming out with those recommendations in the very near future, but I'm not at this point ready to nail down the specifics of it.

MR. RUSSERT: Two quick follow

-ups on my colleague

David Broder's question about the constitutional amendment to balance the budget. How close is the vote in the Senate on it?

SEC. BENTSEN: The vote's very close. We think that's going to be a very closely contested one.

MR. RUSSERT: So -- and they need two

-thirds of the

Senate.

SEC. BENTSEN: Yeah.

MR. RUSSERT: Are you prepared to offer an alternative to the constitutional amendment to balance the budget since it's that close, to try to buy off some votes?

SEC. BENTSEN: We've offered an alternative, \$500 billion deficit reduction --

MR. RUSSERT: But nothing else?

SEC. BENTSEN: (Laughs.) If you saw the fight we had on that one, that was a major one.

MR. RUSSERT: And one last point on Social Security, another suggestion that's floating around is raising the

age of eligibility to 68 by the year 2006. Is that something you could look at as people live longer and longer?

SEC. BENTSEN: Well, I think that that's one of the things that we should look as people live longer and longer and are more productive. We have already done that once with some modest increase in that as you recall, the commission that was appointed previously and the Congress approved it.

MR. RUSSERT: That'll be 67 in the year 2017. How about moving it up to 68, say by the year 2000? That something worth looking at?

SEC. BENTSEN: Well, I think those things that are certainly worth looking at as people live longer, are productive longer.

MR. RUSSERT: Mr. Secretary, we have to take a break. We'll be right back after this message.

(Announcements.)

MR. RUSSERT: Welcome back to ``Meet the Press." We're talking with Treasury Secretary Lloyd Bentsen.

Mr. Secretary, we had Secretary of Defense Les Aspin on the program last week. On Wednesday, he resigned. What are your future plans?

SEC. BENTSEN: (Laughs.) I'm enjoying what I'm doing. Why shouldn't I enjoy it when things are working out for us in Treasury? We're doing well --

MR. RUSSERT: Will you --

SEC. BENTSEN: -- see, I'm going to be going to Asia and meeting with the leaders of Asia and trying to get better trade and get to be a part of the growth over there. That's where the growth is. In addition to that, I've been strongly involved in NAFTA and have for a long time and we won that. And that's the second fastest growing market in the world. And so I'm enjoying what I'm doing. And I've got access to this president and then -- and we're having some fun in the way of regulatory consolidation on banks and --

MR. RUSSERT: What's your biggest disappointment this year? Biggest mistake?

SEC. BENTSEN: Do you think I'm going to advertise that?

MR. RUSSERT: It's a time for reflection -- (laughter) -- end of the year. No mistakes?

SEC. BENTSEN: No, of course we've made mistakes.

MR. RUSSERT: No regrets?

SEC. BENTSEN: Listen, overall, it's been a plus and I've enjoyed it. And I've been a part of the action and that's good.

MR. RUSSERT: Will you serve a full four -year term?

SEC. BENTSEN: Well, I hope so.

MR. RUSSERT: You'll stay the last three years of the

Clinton administration?

SEC. BENTSEN: Let me tell you this. I went to the
G

-7 meeting, which has become almost more a meeting of the
finance ministers and I had something to sell. Where
before we were trying to tell them what they had to do,
and they'd say, ``Take care of your own problems," this
time we were doing that. Now,
I was the most junior member there -- (laughter). Today, I
am the second most senior member.

MR. RUSSERT: David?

MR. BRODER: You've been around this town for a while
watching a lot of presidents. How has this president
changed in this first year that you've been with him?

SEC. BENTSEN: He sure is a fast learner. He's a very
intelligent man. But the --

MR. RUSSERT: But he --

SEC. BENTSEN: -- transition from a governorship to
president of the United States is a major transition. But
he has adjusted and he is coming on very well, I think.
He's got a lot of wins that have happened in the first
year.

MR. RUSSERT: If Bill Clinton could achieve one thing
in the next three years, what would it be?

SEC. BENTSEN: Stable, long

-term growth with low
inflation.

MR. RUSSERT: And how about interest rates?
(Laughter.)

SEC. BENTSEN: Well, that goes with it. That goes
with it. Low interest rates.

MR. RUSSERT: Mr. Secretary, thank you for joining
us. Merry Christmas and congratulations on 40 years of
marriage.

SEC. BENTSEN: How about that? Terrific.

MR. RUSSERT: And we'll be right back with New York
Times author and columnist William Safire.

(Announcements.)

MR. RUSSERT: We're back with Bill Safire, who just
spent eight days traveling with Vice President Gore, most
of them in Russia. One of my favorite columnists -- one of
my favorite contrarians. Mr. Safire, your views on the
situation in Russia.

MR. SAFIRE: Well, you want a contrarian view,
totally different from the establishment view, that's what
you'll get this morning.

MR. RUSSERT: Let's hear it.

MR. SAFIRE: Contrary to most people's assessment of
this election, where they say, ``Gee, the right wing, the
nationalists, the fascists won," I think the big winner
in Russia was Boris Yeltsin. He did three things. First,

he sold out the democratic reformers who put him in power. Second, he concentrated power through this constitution in his presidency. And third -- here's the beauty part -- he helped to create a villain, a beatable villain. Now --

MR. RUSSERT: Mr. Zhirinovsky, Vladimir Zhirinovsky.

MR. SAFIRE: Right. See, this guy Yeltsin is a brilliant politician. He is a confrontationalist. He succeeded first by confronting Gorbachev. Second, this past year, he confronted the communist parliament and won. Now he needs another villain. And so he has helped to create this Zhirinovsky far right, kind of fringe fascism. And as a result, the West has stopped saying, "Hey, keep your promise and run again this year." No, we're all saying, "No, stay in office till 1996."

And he's taken all the pressure -- well, take, for example, this IMF that Secretary Bentsen talked about. We're all saying, "Wait a minute, International Monetary Fund, stop being so mean to Russia. Don't put the pressure on. Ease up. Think about the social impact."

MR. RUSSERT: So he has a constitution which gives him full power. He can slow down on the democratic and economic reforms and he has created a --

MR. SAFIRE: A villain.

MR. RUSSERT: Weak villain, a George Wallace of Russia. Is that a fair characterization?

MR. SAFIRE: That kind of knocks Wallace a little too much -- (laughter). But, yeah --

MR. RUSSERT: My apologies.

MR. SAFIRE: -- he's got himself a fascist 15 percenter, lunatic fringe. The people who follow him aren't lunatics, Zhironovsky I think is an evil force.

MR. RUSSERT: David Broder?

MR. BRODER: Bill will not take this as disparagingly, so let me say it. That's a very Nixonian analysis --

MR. SAFIRE: Thank you. (Laughter.)

MR. BRODER: -- selling out your friends, massing power in the executive branch, ignoring the legislative branch. If that isn't a recipe for trouble for democracy, I don't know what it is.

MR. SAFIRE: Exactly. I completely agree. And -- (laughter) --

MR. RUSSERT: You think that's wonderful. Why is that wonderful?

MR. SAFIRE: -- and that's why -- no, no, I don't think it's wonderful. No, it's not wonderful. I think Yeltsin is now becoming much more dangerous and that's what I think, we're being conned. I think what we saw there was a week before the election, there were these polls. According to law, you can't publish the polls a week before the election. The polls showed everybody who was running that Zhirinovsky was coming on strong, gaining

strength, and the Russian reformers, Russia's Choice, were going on attack. And they all came to Yeltsin and said, "Save us." You know, "Come out for us." He didn't do it. The only guy who was helping him get that constitution was Zhirinovsky.

MR. RUSSERT: He held back. Jim Miklaszewski, the White House takes great pride all year long in saying, "Well, Bosnia, Somalia, Haiti, those weren't real

successes, but Russia, we were out front, on the money by bucking up Boris Yeltsin." What are they saying now? A little concerned?

MR. MIKLASZEWSKI: Well, there is a little bit of concern from the moment -- from the moment that Zhirinovsky gained all that influence in the elections, they were saying, "Look, it's too early to tell how much power he'll have. It's too early to panic." But in the days following, some concern had begun to manifest itself in the White House, and they are talking now about pursuing more aggressively contacts with many of the other reformers there in Moscow.

As you point out, Bill, some people feel that they had, in fact, been conned by Yeltsin and it was time to reach out beyond Yeltsin and start looking at making contacts, serious contacts with some of the other reformers.

MR. RUSSERT: Let me throw this on the table, Bill. The army units, the one who supported Boris Yeltsin, attacked the parliament at his command, the ones in control of the nuclear arsenal, voted for Mr. Zhirinovsky, with 70, 80 percent of the vote. Now, is that a concern? And will you see Yeltsin move farther to the right in order to try to co

-opt some of those military -- the military support?

MR. SAFIRE: You're seeing Yeltsin move definitely to the middle, where the most popularity is. He banned most of the other parties, the fringe parties that went for Rutskoi and others, so all of them, including the military, had no place to go but Zhirinovsky. So, in effect, he helped create this Zhirinovsky problem because he knows that his real opposition is Yavlinsky, is the democratic opposition. And he wants to brush them aside and confront the beatable opposition.

MR. RUSSERT: Any concern that the units that voted for Mr. Zhirinovsky will stay loyal to Mr. Yeltsin and not become a rogue military operation?

MR. SAFIRE: Sure, there's concern, but I don't think that's the major concern. I don't think Russia is in danger of a coup.

MR. RUSSERT: Let's turn back home. This week we saw Secretary of Defense Aspin resign on Wednesday, replaced by Admiral Bobby Ray Inman. My sense of this is the

administration was beginning to feel already the '96 campaign. Former Secretary of Defense Dick Cheney was out there criticizing rather forcefully and personally the conduct of foreign and defense policy. So why not

inoculate yourself three years before the campaign with a Republican, a Republican in uniform, named Bobby Ray Inman?

David?

MR. BRODER: Well, as you know, Tim, I've thought for a long time that the president would be well advised to bring Republicans and independents into the administration. I think he's brought a very capable one in Admiral Inman. But it's not clear whether they've solved the problem of the relationship between civil authority and the uniformed military by this move.

MR. RUSSERT: Mick, the White House orchestrated that announcement. They said to Admiral Inman, "Feel free to say you voted for George Bush. That will show you're a real Republican." But then he went further, he said, "You know, I had to think about this for some time. I had to get a comfort level with Bill Clinton as commander

-in

-chief," almost as if Admiral Inman was taking the job at the sufferance of Bill Clinton or vice versa. Have they gotten someone a little bit too independent? The first time a secretary of defense leaves, it's the secretary's fault. If the second one leaves over policy differences, and Admiral Inman seems to have all the cards now, it's suddenly the president's hot potato.

MR. MIKLASZEWSKI: And Admiral Inman has proven in the past that he's willing to walk off a job over principle, when he quit at the CIA over problems over a potential movement toward increase in domestic spying and some other problems that he had with the director then, Bill Casey.

So I don't think that they've solved their problem yet. And I think they may be unpleasantly surprised at some point. There was an idea that President Clinton had to give Inman a commitment on protecting the Pentagon budget before Inman would take the job. There was discussion about the budget, and I think if the president is forced to break that promise, you'll see Inman leave.

MR. RUSSERT: Bill?

MR. SAFIRE: Inman is the most skillful manipulator of the press since Jim Baker. He's a skilled leaker, a manipulator. I think he could well be the worst appointment that Clinton has made.

MR. RUSSERT: Now, you listen and read and watch words carefully. What were your impressions of the words

that Admiral Inman chose in his acceptance speech?

MR. SAFIRE: Well, the way he posed himself as an independent force, and "comfort level," which of course is psychobabble, is -- troubles me. I think the big word of last week was "anathema." (Laughter.) Everybody decided we're going to say that Zhirinovsky is anathema -- (laughter) -- an old ecclesiastical word.

But in the coming year, I think, Tim, we're going to see a shift from the word "reform" to the word "centrist" and "consensus."

MR. RUSSERT: One quick point on Admiral Inman, when he was at the NSA --

MR. SAFIRE: "No Such Agency."

MR. RUSSERT: -- that's right -- National Security Agency. He was responsible for changing the law, the rules to allow gays to continue to function in that agency as long as they told their family they were gay to avoid being blackmailed. And now he's in charge of the Pentagon, where one of the real tough issues that Secretary Aspin dealt with, and perhaps one of the reasons he ultimately left, was his dealing with gays in the military.

We'll be right back after this break.

(Announcements.)

MR. RUSSERT: One of the more interesting figures in American political life, Ross Perot, Bill Safire. The beginning of the year, his negative ratings were around 20 percent; they're now over 50 -- 55 in many polls. Beginning of the year, about half the people thought he was well intentioned and was trying to contribute to the public dialogue, and now about 80 percent of the people believe that he's a politician who wants to be president, who's trying to hurt Bill Clinton, who's personally ambitious. Your thoughts?

MR. SAFIRE: Well, you see a third force come along, peak, particularly because he was given the forum of the debates, and then after they've peaked begin to lose their strength. I think the same kind of thing we're seeing with Perot, a fascination and then, but he's not the hero, and they turn away from him, we're going to see in Russia with this Zhirinovsky.

MR. BRODER: Those who live by TV die by TV --

MR. RUSSERT: Uh

-oh --

MR. BRODER: -- and I think that's what's happened to Ross Perot. He didn't -- he never quite established a base

of support other than that camera, and camera can be very cruel.

MR. MIKLASZEWSKI: But the polls still show he has a hard core of what, about 13 percent, isn't it, Tim? And the White House still factors in Perot in some of their public positions that they take, not Perot necessarily,

but Perot voters.

MR. RUSSERT: But that 13 percent that's hard core, the Clinton White House is convinced comes from the protest vote, the pro- Republican vote, certainly the anti

-Clinton vote. They kind of like Mr. Perot just where he is right now. But he'll be back on health care. He has a lot of influence, a lot of money, a lot of presence, and he has access to TV, David. He will be back.

We have a minute left. It's Christmas season, the holiday season. What should Santa Claus bring the United States of America, Bill Safire?

MR. SAFIRE: I hope not a smugness or what is put as stability. I like the tummeling, I like the excitement that Clinton has brought to the political scene. I think he's pulled us off a little bit too far to the left, but the fact now that I hope what Santa Claus brings to America is a sense of we can do some things now.

MR. RUSSERT: Mick?

MR. MIKLASZEWSKI: This may be selfish on the part of the entire White House press corps, but I think -- I would wish that Santa would bring Bill Clinton a watch that works -- (laughter) -- for those of us who spend hours standing on cold, windy tarmacs waiting for him.

MR. RUSSERT: David?

MR. BRODER: Best thing that's happened this year is the focus, very much on this program, on the young people in our cities whose lives are turning into anarchy. If we can keep that focus, and particularly with gifts like Walter Annenberg just made, there's a chance that we could turn things around.

MR. RUSSERT: Amen. And if all the kids in this country could hear Christmas carols rather than gunfire for this week and the years ahead, it'd certainly be a nice feeling.

David Broder, Jim Miklaszewski -- James Alan Miklaszewski -- (laughter) -- Bill Safire, thank you all.

Mike Schneider will be here next week so I can spend

Christmas with my family. I hope everyone has a wonderful and meaningful Christmas and holiday.

Before I go, my son Luke gave me this musical tie and bet me I wouldn't play it on the air. Well, Luke, this one's for you. (Tie plays tune of "Jingle Bells") -- I win the bet. Three big hugs, buddy, and I'm coming home to collect. (Laughter.)

Merry Christmas, everybody. If it's Sunday, it's "Meet the Press." See you next year.

END

===== END ATTACHMENT 2 =====

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Keith O. Boykin (BOYKIN_K) (WHO)

CREATION DATE/TIME:03-JAN-1994 08:53:00.00

SUBJECT: Mon news report

TO: FAX (95868403,DW) (TLXA1MAIL_F:95868403\C:DW\\) (DEFAULT)
READ: UNKNOWN

TO: FAX (97970144,Howlie Davis) (TLXA1MAIL_F:97970144\C:HOwlie Davis\\) (DEFAULT)
READ: UNKNOWN

TO: Jonathan P. Gill (GILL_J) (WHO)
READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-
822\BRUCKNER(A)USIA.GOV@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Brenda I. Hilliard (HILLIARD_B) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
WHITE HOUSE NEWS REPORT
Monday, Jan. 3, 1994
Prepared by the News Analysis Staff, Rm 160, x7151

WHITEWATER -

-

ABC World News Sunday and the Washington Times led with a report on Republicans' call for an independent counsel to investigate the Whitewater development deal. On NBC's "Meet the Press," Sen. Dole accused Attorney General Reno of "dragging her feet" on appointment of an independent counsel and said, "It's high time that she did what she knows she should do." (WP) On ABC's "This Week with David Brinkley," Rep. Gingrich said he believed "there is no question that we need an independent counsel." (WP, USA Today) Rep. Gingrich also said, "If they're innocent, why don't they agree to an independent counsel." (ABC) Dole said he thought the investigation could be a "pretty serious issue," but added that he believed the President would be cleared of any wrongdoing. (WP) Rep. Leach (R-Iowa) said, "I think the president faces some civil remedies that could be quite serious," and that the President could face criminal charges. (USA Today)

USA Today's John Hachette recounted the story, writing, "If the names Madison Guaranty and Whitewater Development, after weeks of hearing them drummed incessantly through newscasts,

still seem only vaguely familiar, this story is for you."

"The White House immediately rejected the GOP demands," John Harwood reported in the Wall Street Journal. On ABC's "This Week," George Stephanopoulos accused Republicans of exploiting the issue saying, "They've been fighting the independent counsel law for many years. Now that they sense that there might be some perceived political advantage to going after this, they're all for it all of a sudden." (WP)

HEALTH CARE -

-

On NBC's "Meet the Press," Sen. Dole said "a skinnied-down version of all the proposals now pending" will ultimately pass," and that employer mandates, mandatory health alliances and price controls are "not going to happen." (USA Today)

The Washington Post profiled eight area doctors and their views on health care. The Washington Post's Amy Goldstein reported that obstetrician Marciana Wilkerson "has had a taste of 'managed care" similar to the system proposed in several health reform plans, and she dislikes it enough to begin 'going to courses to refine my drapery skills' in case she decides to abandon the medical profession and go into decorating."

The Washington Post's David Brown reported that, "Organized medicine's response to the Clinton administration's proposals for health care reform has ranged from neutral -- the AMA's position -- to moderately enthusiastic....No professional organization of doctors has come out in categorical opposition, according to the AMA." (WP) However, a recent Gallup poll indicated that 50% of physicians oppose the President's proposal. (WP)

A Washington Post editorial on health care reform and the Americans with Disabilities Act said, "The question is, when and on what basis having to do with risk and cost can a preexisting

disability be excluded? Not easy. Reform, as Mr. Clinton has proposed it, would tend to cut through all such questions by providing for universal coverage with community rating, meaning no more higher premiums for the sick and no more exclusions on the basis of preexisting conditions, either."

RADIATION EXPERIMENTS -

-

USA Today led with a report on today's "Radiation summit." ABC's Carole Simpson reported that government officials will meet today to discuss the secret radiation experiments. USA Today's Judy Keen reported that aides from the Energy, Defense, Veterans Affairs departments and NASA will attend today's White House meeting. ABC's Sheilah Cast reported that the President said he is pleased with Secretary O'Leary's job.

On ABC's "This Week with David Brinkley," George

Stephanopoulos said the government should help people who were unwilling subjects of Cold-War era radiation tests but said the Administration has not decided on compensating victims. (Reuter/WP, ABC, USA Today) Rep. Markey (D-Mass.) will present the White House with a proposal to create a trust fund for experiment victims. (CNN) Rep. Markey and Sen. Kennedy have called for Congressional hearings. (USA Today)

DOMESTIC AGENDA -

-

Sen. Mitchell said, "this Administration has had the most productive first session since Eisenhower." (CBS) Norman Orenstein of the American Enterprise Institute said this Administration has had more "twists and turns and peaks and valleys" than any before it." (CBS) CBS's Bill Plante counted Motor Voter, NAFTA, National Service, the Brady Bill, the new Gays in the Military policy, and the budget as Administration accomplishments. Bill Plante also said the President needs bipartisan support to pass health care and other bills, but what both sides will pass "will look nothing like what the President wants." (CBS)

PRESS RELATIONS -

-

A Center for Media and Public Affairs study found that only 34% of stories on the President in his first six months in office were favorable, compared with 60% for Bush in his first six months. (USA Today) USA Today's Johanna Neuman reported that the President is "not the first occupant of the Oval Office to view the White House press corps as adversaries." (USA Today)

POWs -

-

CBS's Linda Taira reported that the Department of Defense has released new evidence that shows at least 41 U.S. pilots were left behind in Northeast Laos at the end of the Vietnam war. According to the Washington Post, the documents concur with the testimony of top Nixon administration officials. (CBS) Sen. Smith (R-NH) urged that movements toward relations with Vietnam should be put on hold, saying that Laos should not be de-coupled from Vietnam. (CBS) Sen. Dole said he thought the possible lifting of the trade embargo against Vietnam was "only a trial balloon by the White House....I don't see why we're in a rush to do any favors for the North Vietnamese after what they

did to so many Americans." (USA Today)

GUN CONTROL -

-

USA Today featured letters to the editor on gun control. A USA Today editorial said, "no one seriously complains that licensing drivers erodes any privilege or interest," and endorsed licensing all gun users.

GAYS IN THE MILITARY -

-

The Washington Times's Rowan Scarborough reported that the White House told the Joint Chiefs to accept the new gays in the military policy three hours before the President announced it. A military officer said, "There were told basically you're going to accept this, and Aspin goes in there two hours later and says the chiefs have accepted it." (WT)

RUSSIA -

-

CBS Sunday Night News led with a report that the President is scheduled to meet with Yeltsin next week. CBS's Bob Orr reported that the President will endorse a "go slow" approach to the extension of NATO membership to Eastern European nations. Sen. Dole agreed with Deputy Secretary of State Strobe Talbott that NATO should move slowly toward expansion. (CBS) Dole added that the "bottom line" is "what is the mission for NATO these days? I don't think they have a mission." (CBS)

A Russian commercial airliner reportedly crashed in Siberia this morning. None of the more than 100 passengers on board is believed to have survived. (NPR)

MEXICO -

-

The Los Angeles Times led with a report on the violence in Mexico. The New York Times's Tim Golden reported that Mexican government troops fought with Anti-

NAFTA rebels
after the rebels seized the town of San Cristobal de las Casas. As many as 25 people, including nine police and 16 rebels of the newly formed Zapatista National Liberation Army, were reported killed in the offensive which began on New Year's Day. (WP)

ISRAEL -

-

The Washington Post led with Linda Greenstein's report that Israeli Prime Minister Rabin said Israel will not resume talks on implementing the peace accord with the PLO because the PLO has not kept to agreements reached last week in Cairo.

Jordan's King Hussein "expressed his harshest criticism of Arafat in years" when he gave the PLO leader a deadline of this week to come to terms on a separate

agreement designed to govern future Jordanian-Palestinian relations. (WP)

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:03-JAN-1994 11:04:00.00

SUBJECT: add clips 1-2-94 (2 of 2)

TO: Karen Finney (FINNEY_K) (WHO)

READ: UNKNOWN

TEXT:

PRINTER FONT 12_POINT_COURIER
BC

-clinton

-cabinet

-a15

----- AUTOBREAK (2)-----

minimum wage stepped on administration claims that
employer

-paid health insurance could substitute for such
a hike. But some insiders insist that his light burns
bright.

Commerce

Commerce Secretary Ronald H. Brown. Promoted early as a
star

-to

-be, lawyer

-lobbyist Brown has already broadened
the Commerce Department's export promotion efforts and
launched an industrial

-policy

-style program to foster
technology industries.

But Brown's progress was stopped dead last fall by an
allegation that he was paid by a Vietnamese businessman to
lift the U.S. trade embargo against Vietnam. Brown denies
the charge, and little has been heard from a federal grand
jury in Miami in months.

The cloud forced Brown to take a lower profile on
NAFTA, lest he become a target for its foes.

People who follow the Commerce Department say its more
severe problem is that only 10 of 28 top

-level appointees
have been confirmed. This, trade lawyers say, has confused outsiders and, by leaving policy

-making in civil servants'
hands, tilted policy in some areas in a protectionist direction.

Interior

Interior Secretary Bruce Babbitt. The White House considers the former Arizona governor and near

-pick for
the Supreme Court a major public relations resource. Yet he has scored no clear

-cut policy triumphs.

On the Northwest logging dispute, Babbitt and the administration reached a split

-the

-difference decision,
but some environmentalists and the timber industry are already plotting new court challenges. On the feud over mining and grazing fees on public lands, Clinton shot down one Babbitt plan and Western lawmakers fought the second to a standstill in Congress. <Babbitt is preparing a third and says, with understatement, that the battle ``has been a bit more complicated than we thought."

Even if his solutions are messy, Babbitt can leave a permanent mark if he can demonstrate that environmental regulation does not have to be a dead

-end of conflict and
interminable litigation.

Housing

Housing and Urban Development Secretary Henry G. Cisneros. When
a homeless woman died across the street from the department's Washington headquarters last month, the

former San Antonio mayor spun it into a publicity blitz for his anti

-homelessness program.

Cisneros, long a media master, has also slept in a New York homeless shelter. This helped shame the White House into giving him \$823 million more to fight homelessness. But budgeters will cut other HUD programs and Cisneros has struggled with Congress. His agency, a swamp of corruption in recent years, still needs an overhaul.

Still, the recognition is winning Cisneros important points with Democratic constituencies Clinton needs to keep happy as he presses

a more centrist agenda.

Veterans

Veterans' Affairs Secretary Jesse Brown. If the administration fails to ease strains with veterans, it won't be because Brown hasn't tried. A former employee of Disabled American Veterans organization, he has hewed to veterans' groups party line on just about every substantial issue and they are pleased.

But it remains to be seen how prominent he will be in health care reform, and where his loyalties will lie if the administration wants to cut the agency's spending.

EPA

Environmental Protection Agency Administrator Carol Browner. On her 38th birthday last month, Browner received a photo from Clinton of the two of them and other luminaries with a handwritten inscription. Here she was again, it said, explaining technical points to senior officialdom.

Explaining, unfortunately, is about all this former Gore aide has done to date. She has been largely occupied with reorganization and housekeeping chores at a time of budget cuts and growing workloads.

Transportation

Transportation Secretary Federico Pena. Clinton made some aides very uneasy by choosing Pena, the largely untested former Denver mayor, in the final hours of his Cabinet selection process. Those fears have been allayed: "He's not a disaster," said one adviser.

Yet his record to date is thin: His plan to help the merchant marine was torpedoed; his attempt to unscramble the international airline landing

-rights question is stalled; and it was a White House aide, not Pena, who ended the American Airlines flight attendant strike just before the Thanksgiving rush.

Education

Education Secretary Richard W. Riley. Sincere and sophisticated, Riley has led a second

-tier agency to near

-invisibility. He reformed the college loan program and brought smiles to the education Establishment.

But the agency has been largely ignored by Riley's friend Clinton and by the outside world as well. Riley has surprised some observers by acquiescing in House Democrats' efforts to water down school performance standards.

Agriculture

Agriculture Secretary Mike Espy. An early Clinton supporter, Espy has been praised for his efforts in

Washington state's food contamination crisis and Midwest flood relief. He has shifted the agenda a bit, stressing rural development and nutrition programs over traditional farm programs. By contrast, he has been criticized for failing to fight behind the scenes for such causes as the increased food stamp spending he espouses.

Energy

Energy Secretary Hazel O'Leary. The former utility executive got pummeled in early reviews for her weak grasp of the agency's work. But she lately has found a useful adversary: the 20,000

-employee agency itself. O'Leary has won wide notice for denouncing the department's Cold War

-era secretiveness, including its concealment of plutonium experiments on humans. When Cable News Network's Larry King said in an interview that O'Leary had been ``discovered," she replied: ``It's about time."

bc

-times

-editorial - a1040

(ATTN: Editorial Page editors)

A Tale of Two Sorry Truces

(c) 1994, Los Angeles Times=

The following editorial appeared in Saturday's Los Angeles Times:

The 1993

-1994 holiday season is proving to be, among other things, a tale of two truces. Neither truce makes for a happy tale, but the difference between them is instructive.

The first truce is the Bosnian one that, running from Dec. 23 to Jan. 15, was to include both the Croats' Roman Catholic and the Serbs' Eastern Orthodox Christmas. What the interval has become, instead, is a ferocious push for territory in the last days before a perhaps fateful round of negotiations begins. On

Christmas Day alone, the Serbs pumped 689 artillery shells into Sarajevo, including several that landed near Kosevo Hospital, according to United Nations monitors. The Sarajevo toll for the Dec. 23

-Dec. 26 period was 11 dead and 99 wounded. Another U.N. monitor reported 100 Croat shells fired into Muslim Eastern Mostar on Christmas Day.

The religious element in this quasi

-religious war has
never shown an uglier face.

The second truce was the traditional 72

-hour Christmas
truce of the Irish Republican Army in Northern Ireland.
The IRA observed the truce but, 16 minutes after its
expiration, fired a mortar shell at
a police station in a village west of Belfast. Further
attacks then came in quick succession, including the
slaying on Dec. 30, by a single sniper's bullet, of a
British soldier on patrol.

The recent Anglo

-Irish Joint Declaration on Northern
Ireland had been fueled by a hope that the IRA, showing
the way to the "men of violence" on the other side,
might be ready to call a halt to arms. Those who scoffed
at this hope from the start can only seem vindicated by
these holiday season attacks.

But the calculated mockery of the IRA actions means
infinitely less than the superficially comparable actions
in Bosnia, for the Joint Declaration represents a harmony
among ancestral enemies in the British Isles that has no
counterpart in the Balkans. Northern Ireland was once as
Bosnia now is. Once, alleged outlaws actually did the
bidding of legitimate governments. Now, the outlaws on
either side are without official support and with a
steadily shrinking base of unofficial support. In isolation
and with their number shrinking, they can still kill, but
they cannot win; in time they will see this. The Joint
Declaration rests on a consensus that no sniper can bring
down.

No doubt, any comparable reconciliation in the Balkans
is years or decades away, and yet let no one declare it
impossible. The post

-Cold War world may seem fissiparous
and seething with new antipathies, but in a longer look
back, forgotten reconciliations return to memory.
Reconciliation between the Castilians and the Catalans in
Spain once seemed impossible, but despite as many as a
million deaths it was achieved. Reconciliation will come in
Ireland too and someday however unimaginable this seems as
1994 opens in South Slavia.

BC

-BILL CLINTON

-ANALYSIS national editors:GL

Clinton's had a tough beginning and 1994 won't be any easier

(HAS TRIMS)

By Michael Putzel

Boston Globe

WASHINGTON When President Clinton read in a newspaper recently that he had achieved more in his first year than any president in 40 years, his immediate reaction was, "Pity the others."

It has been a tough beginning. And the New Year won't be easy either.

Clinton's impressive legislative record, including a deficit

-cutting budget, substantial tax credits for the working poor and dramatic new trade agreements, were all the more remarkable for the stunning setbacks he suffered settling into his new job and the basement

-bazaar bargaining style that preceded his most important legislative triumphs.

Yet Clinton's presidency is more likely to be judged by his achievements in the precious few months remaining before Congress turns its full attention to seeking reelection in November's mid

-term balloting.

Without a meaningful overhaul of the health care system, the hard

-won deficit reductions Clinton gained by the narrowest of margins last summer will quickly evaporate in the face of rising costs for Medicare, Medicaid and other government

-paid health programs. And the essential elements of his mandate to the extent this minority president has a mandate will have been lost.

"If we pass health care and the economy's in reasonably good condition, President Clinton's going to be reelected," Senate Majority Leader George Mitchell of Maine, one of the president's most crucial allies, said recently. "If we haven't passed health care and the economy's in poor shape, he's going to have a very difficult time being reelected, and I think all the other stuff that's occurring is not going to be seen as particularly significant."

Historian Michael Beschloss contends the stakes are considerably higher than just Clinton's tenure in office.

"By the middle of 1994 we will probably have seen the most impressive period of the Clinton presidency," Beschloss said in an interview. By that time, he noted,

with Congress concentrating on getting reelected itself, fewer lawmakers will be willing to take the political risks they did this year to support their president.

And Beschloss pointed out that in almost every mid

-term

election since the 1930s the president's party has lost seats in Congress, making it even more difficult to enact bold initiatives in the second half of his term.

"Presidents in general have horrible second terms," said the historian. "Look at (Franklin) Roosevelt or Eisenhower or Reagan."

Clinton already has an ambitious agenda for those few months he has left in which he can keep Congress' attention. Health care leads the list, but he also has promised a comprehensive job retraining program, an overhaul of the welfare system, changes in federal

education programs and an expensive new crime bill to put 100,000 more police on the streets.

Despite a spate of year

-end news stories broadcasting

unsubstantiated allegations roundly denied that the president offered his former state police bodyguards federal jobs in exchange for their silence about extramarital dalliances as governor, Clinton ended the year more popular than he began it, and with a job approval rating nearly as high as the heady early days of his presidency.

As he did from his earliest days in politics, Clinton learned from his mistakes and grew with the challenges before him. But he has yet to learn how to communicate his ideas and his triumphs to a skeptical nation. And he had a long climb back from the slippery slope of his first months in office.

At the outset, the new president lost the initiative even before he was able to seize the reins of power.

Zoe Baird, whom he had picked to shatter a glass ceiling and become the first woman among the big

-four

posts in the Cabinet, withdrew under a withering Senate inquisition. Instead of serving as the nation's first attorney general, she is remembered a year later for having inadvertently lent her name to the newfound problem of potential presidential appointees who failed to pay required taxes for their household help.

A more serious test of the fledgling presidency followed as Sen. Sam Nunn, a Georgia Democrat, and Gen. Colin Powell, then

-chairman of the Joint Chiefs of Staff,

conspired to thwart Clinton's campaign pledge to end the

ban on gays in the military. In response to the opposition Clinton compromised on what had been described as a civil rights principle, infuriating his gay

-rights supporters.

The president's inexperience in foreign policy showed early, too, when he failed in private and public attempts to pressure the European allies to join the United States in direct military action to punish the Serbs for waging war against their Bosnian Muslim neighbors. Unwilling to act alone, he backed down and turned his attention elsewhere as the war dragged on.

“It's hard to think of a president where the way he leads at the end of the first year is so different from the way he led at the beginning,” observed Beschloss.

Roy Neel, the deputy White House chief of staff for Clinton's first year, said the White House staff just wasn't ready in January and never got a honeymoon.

That's just one of the reasons offered in retrospect for Clinton's rocky start. Most are traceable to the shortage of hardened Washington hands helping the president.

What's more, filling policy

-making jobs in the bureaucracy lagged, largely because Clinton was determined to make his government “look like America” by making diversity a fundamental objective. He has succeeded well

beyond the efforts of his predecessors in bringing women and minorities into government service, but hundreds of ambassadorships and political jobs remain vacant, including the bellwether post of chief civil

-rights enforcer.

Having made fixing the economy his top priority, Clinton was stunned when Senate Minority Leader Bob Dole of Kansas led a Republican filibuster that killed the administration's stimulus package. The jobs bill was the first piece of an economic program designed to jump start the stalled economy.

The GOP rebellion taught Clinton that “Washington was not just Big Rock,” said G. Calvin Mackenzie, a presidential scholar at Colby College.

After the stimulus package vote, Clinton said he had overextended himself, and had failed to appreciate the difference between Congress and the Arkansas legislature. Meanwhile, White House chief of staff Thomas F. McLarty began looking around for more seasoned talent but not in time.

On May 20, the White House sparked an outcry when it fired its entire seven

-member Travel Office staff without notice, lamely suggesting possible criminal mishandling of funds, in order to install a campaign veteran and distant cousin of the president to run the operation.

``It was a mistake, probably an honest mistake, but a stupid mistake," Neel said later.

Scholars Beschloss and Mackenzie both peg the beginning of Clinton's recovery to the hiring of longtime spinmeister and commentator David Gergen, who brought undeniable White House experience, albeit gained under Republicans Nixon, Ford and

BC

-BILLCLINTON

-ANALYSI

----- AUTOBREAK (2)-----

The Gergen hire actually was but one indicator that Clinton was tailoring his presidency to survive in Washington. He unceremoniously dumped his law school classmate and friend, Lani Guinier, whose civil rights writings seemed too liberal for Senate approval, and he deliberately sought the political center, from which critics said he had strayed.

With his presidency in the balance, Clinton threw himself into the battle for his budget, in the process abandoning the broad

-based energy tax that had been at the heart of the economic plan. It wasn't very pretty, but it worked by two votes in the House and Gore's tie

-breaker in the Senate.

The result was an increase in income taxes for the wealthy, a gasoline tax hike of nearly a nickel a gallon, defense and other spending cuts and a little

-noticed

expansion of the Earned Income Tax Credit that will lift millions of working poor families out of poverty.

Banks and business have responded with low interest rates and a growing stack of indicators showing the economy is getting back on its feet. Republicans say the seeds for recovery were sown before Clinton's program passed.

The budget fight was followed by adoption of the national service bill, a well

-received plan to ``reinvent government" to make it more efficient and, in November, a

come

-from

-behind victory on the North American Free Trade Agreement.

(STORY CAN END HERE)

Although he was forced to compromise often to win approval from a Congress in which his fractious party had only a narrow majority, Clinton pursued a far more aggressive legislative agenda than either John F. Kennedy or Richard M. Nixon, both of whom were minority presidents elected with similar 40

-plus percent of the popular vote.

In foreign policy, the picture is less persuasive. The president's early success in buttressing the endangered Russian democracy of President Boris Yeltsin was offset by the loss of 18 American soldiers in a firefight in Somalia that Clinton has since said grew out of misdirected U.S. policy. And his initial determination to return ousted President Jean

-Bertrand Aristide to Haiti has been thwarted by Haiti's military strongmen.

One of Clinton's first challenges of the New Year will be to try to establish his leadership in the Atlantic Alliance, where he faced early frustration over Bosnia and now must confront widespread skepticism over his proposed "Partnership for Peace," a first step toward bringing former Warsaw Pact countries into the Western alliance. He is scheduled to visit Europe in mid

-January.

(STORY CAN END HERE)

"People have a much better sense of his competence and focus and intelligence" than they did just a few months ago, Beschloss said of the president, "but there is very little sign of the spontaneous affection and excitement for Clinton that you would have seen for a president like Reagan at the end of his first year or an FDR at the end of 1933.

"People appreciate Clinton, they admire his qualities, they think he's accomplished a lot in 1993. Yet I don't see any sense of a passionate Clinton following, which is usually pretty essential to a successful presidency."

One reason, perhaps, is that Clinton, despite his rapt admiration for John F. Kennedy and the late president's best

-remembered oratory, has been unable to use his own words to capture the imagination or provide the touchstones and mottos that people remember and identify with his presidency.

Clinton can wow an audience with his command of issues and statistics, and he ad libbed large chunks of his first

State of the Union address. Yet eloquence eludes him, and his speeches rarely inspire.

In recent weeks, as he gained confidence in his role, the president has grown bolder in his approach and his rhetoric.

“One of the things that I underestimated when I became president was the actual power of the words coming from the bully pulpit of the White House to move the country,” Clinton said in a recent moment of self reflection.

“I’m an impatient person. I’m a victim of my own impatience. But I do think sometimes all of us underestimate the power of our words to change the attitudes and the range of behavior of other people.”

BC

-RADIATION national, science editors:GL

Congress pushed nuclear testing in Cold War atmosphere of secrecy and fear

By Mary Curtius

Boston Globe

WASHINGTON Congress was more a cheerleader for nuclear energy than a watchdog at the time the Atomic Energy Commission carried out radiation experiments on humans, according to scientists, officials and historians.

Cold War pressures led the Joint Congressional Committee on Atomic Energy to push the AEC hard from the 1940s to the 1960s to make bigger, better nuclear weapons faster, the scientists and others said.

During the 1940s and 1950s, the prevailing atmosphere was one of secrecy and fear, and the attitude of some nuclear scientists was almost casual toward the dangers of exposure to low levels of radiation, those familiar with the AEC and the joint committee said. Under such circumstances, corners were cut, they added.

“There was a different mindset then, particularly toward radioactive materials and radiation,” said Frederick Shon, a nuclear physicist who is now deputy chief administrative judge of the Atomic Safety and Licensing Board. Shon worked with the AEC in the early 1960s. “Many people thought that radiation was a hazard like any other hazard and you’ve got to learn to deal with it.”

Shon said the military, in particular, believed that radiation was just another battlefield threat, like the poison gas used in World War I, that soldiers must learn to survive.

“The military believed that they could use tactical nuclear weapons,” Shon said. “They would fire nuclear

-tipped shells out of a cannon, then move the infantry in just as fast as they could. So, in tests in Nevada, they moved the infantry in while the radiation levels were quite high," he said.

Two former AEC commissioners said they never knew that radiation experiments were performed on unwitting civilians.

"I sure as hell wouldn't have let any unwitting people be experimented on," said Lauren K. Olson, a lawyer and AEC commissioner from 1960 to 1962. "It would be a visceral reaction by most people that you don't treat people with a potentially dangerous treatment without their consent."

Dr. Gerald Tape, a physician who joined the commission in 1963, said the five AEC commissioners "would have known" about medical experiments conducted by the AEC's biomedical division. Commissioners were appointed by the president and confirmed by the Senate.

Tape said experiments using radioactive isotopes as tracers of substances in the human body "were perfectly ethical" and carried out routinely. The more pertinent ethical questions for current queries, Tape maintained, should concern whether patients were adequately informed of the risks in radiation tests.

By law, under the Atomic Energy Act of 1946, the AEC was required to keep Congress "informed and current" on all things related to nuclear research and development.

But some critics of congressional oversight, citing the committee's eagerness to move quickly on both the peaceful and military development of nuclear power, said the committee might not have objected to experiments designed to test whether humans could withstand a nuclear attack.

"When the Soviets tested their first bomb in 1949, there was a moment of genuine hysteria in the United States," said Richard Rhodes, author of the award

-winning book, "The Making of the Atomic Bomb." "It was directly after that Soviet test that we decided the only response was to go for a larger bomb, the hydrogen bomb," he said.

Had the committee known of radiation experiments at that time, Rhodes said, "I think it probably would have said to the AEC: Do whatever you need to do."

Roger Anders, a Nuclear Regulatory Commission historian specializing in the AEC's past, cautioned that it is important to separate out the various kinds of radiation experiments. In the rash of recent press reports about experiments on humans, "Everything kind of gets lumped together," Anders said.

The AEC was formed in 1946 and oversaw both nuclear regulation and research until 1975. Congress then split the AEC into the Nuclear Regulatory Commission and the

Department of Energy.

Throughout its existence, the AEC conducted biomedical research on the effects of radiation on humans, Anders said. Some of the experiments were carried out in national laboratories built and run by the AEC. Others were carried out by scientists and doctors working under contract to the AEC, or funded by the AEC.

Energy Secretary Hazel O'Leary has said that

questionable experiments using radiation were performed on about 800 civilians, many of whom were unaware of risks.

"You probably would have found discussions of some of those 800 cases," in the annual report the AEC made to the joint committee, Anders said.

BC

-ELECT national editors:TB

1994 expected to be a rollicking political year

(ARCHIVE PHOTO: details below)

By Steve Daley

Chicago Tribune

WASHINGTON Just a few miles from the capital he galvanized during the Iran

-contra hearings in 1987,

retired Marine Lt. Col. Oliver North is pursuing the Virginia Senate seat held by Democrat Charles Robb.

His days as a federal criminal defendant behind him, North is making speeches and quietly accumulating millions of campaign dollars in what promises to be the most contentious statewide election in a rollicking political year.

It will be a year in which Sen. Edward M. Kennedy of Massachusetts, the embodiment of Democratic liberalism, will seek another term in the office he assumed in 1962, facing at least one prospective GOP candidate, Janet Jeghelian, who insists she will not be averse to discussing events at the Chappaquiddick bridge in 1969.

It will be a year in which two of George Bush's sons, Jeb and George W., start their political careers by running for the governors' mansions in Florida and Texas, respectively.

It will be a year in which 110 jittery first

-term

members of the House return home, having had a year or so to persuade their constituents they are serious about altering business

-as

-usual in Washington. Springtime

primary fights await Chicago Democratic Reps. Mel Reynolds and Luis Gutierrez, a typical circumstance for fledgling lawmakers contending with a peevish electorate.

And it will be a year in which the Clinton administration will labor mightily to hold the 56

-44

Democratic advantage in the Senate, with 21 Democratic seats at risk.

Should Democrats lose the Senate, the prospects for Clinton's health

-care reform plan would wither, as would his expected initiatives on welfare and campaign finance, among other elements of his domestic agenda.

In many states and districts, U.S. senators and representatives will be called to account by Ross Perot's United We Stand America troops. The possibility that the Texas billionaire will get into the game of candidate recruitment and endorsement is the X factor in the 1994 election cycle.

Along with worrying about Perot, a pivotal decision for hundreds of congressional Democrats will be whether to stay paired with Clinton in the public mind or move away from the president and his record.

Clinton loyalists, buoyed by recent economic news, are pointing Democratic candidates toward the administration's first

-year legislative tally sheet. They seldom miss a chance to cite congressional passage of a family

-leave
bill, an income

-tax credit for working families, a five

-day
waiting period for handgun purchases and the North American Free Trade Agreement.

With Clinton's health

-care plan on the horizon, there is a strategy of piling up congressional victories as a means of boosting confidence in the president.

A smattering of polling evidence suggests the strategy is working. In a recent Times Mirror survey, for example, more than 60 percent of those asked said they believed Clinton ``could get things done."

``The absolute worst outcome for Democrats is a return to gridlock," said Democratic National Committee Chairman David Wilhelm. ``Our goal has to be to produce results that matter in people's lives, and run on a record of

accomplishment next year."

Republicans will attempt to focus voters on the tax increases built into Clinton's five

-year deficit

-reduction
plan, as well as his foreign

-policy missteps in Somalia,
Haiti and Bosnia, and the generally middling regard in
which the public has held the president since the first
weeks of his administration.

Even without Clinton, however, the 258 incumbent
Democrats in the House would be imperiled by the public's
antipathy toward Washington in general and Congress in
particular.

``Anti

-incumbency is still the predominant public
emotion," said David Carney, executive director of the
National Republican Senatorial Committee. ``Frankly, it's
an advantage for us that we have only 10 (Senate)
incumbents running and the Democrats have 18. Generally,
incumbents are having a more difficult time than they've
ever had before."

History conspires against the Democrats as well. Since
the end of the Civil War, the president's party has lost
House seats in all but one midterm election.

``The post

-World War II average has the president's
party losing an average of 23 House seats and three or
four Senate seats in midterm elections," Wilhelm
acknowledged with a sigh.

Since Clinton's victory last year, special elections
have been a minefield for Democrats.

The president's party has lost Senate seats in Georgia
and Texas, gubernatorial contests in New Jersey and
Virginia, and mayoral races in the nation's two largest
cities, New York and Los Angeles.

In the Senate, some marquee names will face the voters,

including Kennedy, Majority Leader George Mitchell
(D

-Maine), Robert Kerrey (D

-Neb.), Orrin Hatch (R

-Utah)
and Daniel Patrick Moynihan (D

-N.Y.).

In gubernatorial contests, Republicans Pete Wilson of California, William Weld of Massachusetts, Tommy Thompson of Wisconsin, John Engler of Michigan and Terry Brandstad of Iowa are among those seeking re

-election, along with Illinois Gov. Jim Edgar.

On the Democratic side, Ann Richards of Texas, Zell Miller of Georgia and Lawton Chiles of Florida are running. And in what may be the least surprising development of the coming election season, New York Gov. Mario Cuomo is expected to seek a fourth term in Albany, but has not yet announced his intentions.

(Archive photos (photos that have moved more than a week ago) are available from the KRT Photo Archive through PressLink dialup via Macintosh computer. For information, call (800) 435

-7578 or (202) 383

-6099.)
