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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

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-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

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-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 tumbling, 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

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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. Zhirinovskiy. 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

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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 Zhirinovskiy 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: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:21-DEC-1993 15:14:00.00

SUBJECT: 3:30 pm wire report

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TO: Heather Beckel (BECKEL_H) (WHO)
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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)
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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)
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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
3:15 p.m. edition
Tuesday, Dec. 21, 1993
Produced by the Office of News Analysis (OEOB 162, x7151)

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CNN Headline News (3 p.m.)

Hillary Clinton "stands by her man again" in refuting allegations

First Lady says no reason to reveal Whitewater information

Inman remains Defense Secretary

-designate despite tax problems

Gore says free and open competition should be allowed in telecommunications information infrastructure

Clinton takes part in groundbreaking for Pan Am 103 memorial

Memorial service also held at Westminster Abbey

AM

-Clinton

-Pan Am,600

Clinton Joins Families in Grieving for Pan Am 103 Victims

AP Photo WX105

By NANCY BENAC= Associated Press Writer=

ARLINGTON, Va. (AP) On a windswept winter day, President Clinton grieved with family and friends of victims of the 1988 bombing of Pan Am Flight 103 and demanded justice for those responsible.

Clinton broke ground for a memorial at Arlington National Cemetery on the fifth anniversary of the attack, assisted by a 6

-year

-old boy whose father was among 270 people who died in the bombing over Lockerbie, Scotland.

"Today, we assemble in solemn remembrance to dedicate a simple monument to the victims of a savage act of terrorism," Clinton said. "Here, there will soon stand a

cairn, the traditional Scottish marker for the resting place of the dead, built of 270 stones."

A few members of the audience wiped away tears as Clinton delivered brief, somber remarks from a small stand that displayed samples of the rose

-colored granite stones
from a Lockerbie quarry.

Each stone, Clinton said, represents a life
"wrongfully cut short."

The president's presence at the ground

-breaking

ceremony and his private meeting with family members earlier in the day were designed to demonstrate U.S. commitment to combatting terrorism.

Members of the Pan Am victims' groups have expressed frustration with the government's inability to bring the suspected bombers to trial. Some have criticized Clinton's decision to meet next month with Syrian President Hafez Assad, whose country is listed by the State Department as one that sponsors terrorism.

Clinton told the family members that their determination served to fortify the government's resolve to combat terrorism.

"That is why we remain determined to see that those who murdered those who were aboard Pan Am 103 are brought to justice; why we have demanded the surrender of the two Libyans indicted for this vicious offense; why we have pushed for and secured tougher international sanctions against Libya and why we will not rest until the case is closed," he said.

Two former Libyan Arab Airlines employees were indicted for the bombing, but the United States has been unable to get Libya to turn them over for trial. Both men, suspected Libyan intelligence agents, remain under house arrest in Libya.

Clinton was preceded to the podium by Jane Schultz of Ridgefield, Conn., whose son, Thomas, died in the bombing just days before his 21st birthday.

"The world community must never be allowed to forget the tragedy of Lockerbie," she said. "The cairn will forever stand as a symbol of our need for unrelenting vigilance against terrorism."

She said that with Clinton's presence, "It is our hope that you have joined hands with us to see that the Lockerbie case sees the light of day. It will mean that the agony and the anguish of the families will be eased."

Clinton drew applause when he said the Pan Am bombing was not just an attack against the plane's passengers but that "it was an attack against America."

He said state

-sponsored terrorism is meant to "lash back" at the expansion of democracy around the world. He cited the World Trade Center bombing and the alleged assassination plot against former President Bush in Kuwait as other examples.

He said of his meeting with the Pan Am family members that "you and the efforts you have made are proof that they fundamentally misunderstand the character of America."

After the ground

-breaking, Clinton presented the shovel to 6

-year

-old Nicky Bright of Brookline, Mass., whose father, Nicholas, was among those killed.

Killed in the bombing were 259 passengers and crew, 189 of whom were Americans, and 11 Lockerbie residents.

BC

-LOCKERBIE

-CLINTON (SCHEDULED)

CLINTON, LEADING LOCKERBIE CEREMONY, PLEDGES JUSTICE

By William Scally

WASHINGTON, Dec 21 (Reuter) - President Clinton led ceremonies commemorating victims of the Pan Am Flight 103 bombing Tuesday and said the United States would not rest until the case was closed.

The president made the pledge as he broke ground at Arlington National Cemetery for a memorial to the 270 victims of the bombing over Lockerbie, Scotland, exactly five years ago.

He told families and friends of the victims of the bombing, "Our nation will never stop from pursuing justice against those who caused it, for the attack on Pan Am 103 was an attack not only on the individuals of 21 nations who were aboard the aircraft, it was an attack on America."

Two Libyans have been charged with carrying out the bombing which killed 259 passengers and crew, including 189 Americans and 11 people on the ground. The United Nations has imposed sanctions against Libya to pressure the government into handing the men over to face trial.

Clinton said the United States remained determined to bring those responsible to justice, declaring "we will not rest until the case is closed."

Flanked by the grave markers of America's military dead, Clinton broke the ground for the memorial made of

270 stone blocks -- one for each victim -- quarried near Lockerbie. They are to be erected in a traditional Scottish cairn.

"Each tells the story of a life wrongfully cut short," Clinton said.

More than 100 families and friends of the Lockerbie victims, assembled on a chilly, breezy day beneath fitful sun to hear Clinton assert that the memorial would be a "lasting testament to the innocent who died."

After breaking the rain

-soaked ground for the memorial, the president handed the spade to six

-year

-old

Nicky Bright of Brookline, Massachusetts, whose father died aboard Pan Am 103. A kilted bagpiper played the hymn "Amazing Grace."

Clinton, wearing a heavy overcoat, spent about an hour after the ceremony, talking with family members and signing programmes of the event before returning to the White House.

REUTER

Clinton presented with report on world's children

WASHINGTON (UPI) President Clinton was presented Tuesday with the annual UNICEF report on "The State of the World's Children" and called for greater efforts to vaccinate children worldwide and treat them for common ailments.

At an East Room ceremony at which he was formally presented with the 1994 report by the United Nations agency, Clinton also honored six "health heroes" for their own contributions.

"We're making great strides," the president said.

"We're determined to build on this progress."

Besides enunciating his own broad goal of providing a better future for U.S. children, Clinton urged that by the year 2000, 90 percent of the world's children be vaccinated for measles and polio; that 80 percent of them be given access to treatment for diarrhea and pneumonia, and that vitamin A deficiency be eliminated and breast feeding for infants be promoted.

Clinton was joined for the ceremony by his wife, Hillary Rodham Clinton, who has been a lifelong advocate of children's causes.

PM

-Clinton Allegations, 4th Ld

-Writethru, a0530,920

White House: Clinton Told Money Offered Troopers To Talk of Affairs

EDs: Recasts top 10 grafs to lead with Mrs. Clinton's comments; picks up 9th graf, bgng, On Monday...

WASHINGTON (AP) Hillary Rodham Clinton today called accusations that her husband had state police arrange extramarital affairs "outrageous, terrible stories," and said she stands behind her husband.

Mrs. Clinton, in an interview with The Associated Press, said the accusations are being leveled by Clinton foes and two Arkansas police officers for "political and financial reasons."

"For me, it's pretty sad that we're still subjected to these kind of attacks for political and financial gain from people, and that it is sad that especially here in the Christmas season people for their own purposes would be attacking my family."

Two Arkansas troopers who worked on President Clinton's security detail when he was governor claim they helped arrange sexual encounters for Clinton. Their attorney, Cliff Jackson of Little Rock, Ark., is a foe of Clinton who made frequent accusations in 1992 that Clinton dodged the Vietnam draft.

She said Jackson is part of a group of Arkansas residents "that has become obsessed with the president."

"I think sometimes everybody forgets that even if public figures don't have any protection from these kind of attacks, you still have feelings and families and reputations that shouldn't be so easily attacked by people who clearly have political and financial reasons for doing so."

She said the attacks seem to come whenever Clinton's political fortunes are blossoming such as his solid showing in the New Hampshire primary and a recent jump in opinion polls.

"I find it not an accident that every time he is on the verge of fulfilling his commitment to the American people and they respond ... out comes yet a new round of these outrageous, terrible stories that people plant for political and financial reasons."

Asked if she thought the troopers were making money off the allegations, she said, "That seems to be the story."

Asked if she stood behind her husband, she said, "Absolutely."

On Monday, the White House said Clinton called former members of his Arkansas security detail after being told that "prospects of large sums of money" were discussed with some of them for stories about his alleged extramarital affairs as governor.

But officials denied that Clinton was trying to quash stories from two Arkansas state troopers who now say they were asked to facilitate Clinton's alleged sexual affairs.

The White House said Clinton telephoned an undisclosed number of his old guardians to ``find out what was going on" as rumors of his personal life increased.

``A longtime member of President Clinton's security details when he was governor contacted the president with information that the prospects of large sums of money were being dangled before several members of his former security detail for stories without regard for their truthfulness to discredit the president and his family," White House presidential adviser Bruce Lindsey said in a statement Monday night.

``President Clinton expressed disbelief and asked why anyone would do something like this," Lindsey's statement said Monday night.

The trooper told Clinton ``that at least one trooper, Roger Perry, was unhappy since he had written to the president asking for a federal position and had received no response," Lindsey added.

State troopers Larry Patterson and Perry told Cable News Network on Sunday they helped facilitate extramarital affairs while working for then

-Gov. Clinton. Their allegations, which do not include the names of any women, are also the subject of a lengthy article published Monday by The American Spectator, a journal of generally conservative commentary.

The American Spectator said of the troopers that there was ``an element of self

-interest and score

-settling in their decision to speak to the media." The journal cited the possibility of a book contract and anger that Clinton did not pick the men for federal jobs.

Perry resigned Monday night as president of the Arkansas State Police Association, a private group of state troopers. His lawyer had said earlier Monday that Perry was under pressure to resign. Perry could not be reached for comment today.

The interviews were arranged by the troopers' attorney, Cliff Jackson, a persistent Clinton critic who was at Oxford with him in the 1960s. Jackson made frequent accusations in 1992 that Clinton dodged the draft during the Vietnam War.

More than a dozen present and past security officers were contacted Monday by The Associated Press, and several said they knew of no sexual trysts and doubted the accusations were true.

``I just don't believe it was true," said Bob Walker, a gubernatorial security staffer in 1984

-88 who is now
assigned to the Fort Smith office.

"I believe these guys are mad at him for one reason or another," he said of Patterson and Perry.

Another, Robert Felcher, was among 11 troopers who told the AP in 1991 and 1992 they saw no illicit conduct by Clinton when they were security staffers.

"I still don't know anything don't even suspect anything," Felcher said.

As for Clinton's calls to the troopers, Lindsey said "At no time did the president offer a job to any trooper, or anyone else, in exchange for silence or the shaping of the stories."

Myers confirmed that some of the conversations were with state troopers formerly assigned to Clinton's security detail. She said Perry and Patterson were not contacted by Clinton.

"Without saying exactly who they were with, it's a number of people in Arkansas in recent months in the past two months," she said.

Clinton made the calls because "he is concerned about inaccurate stories about his personal life."

He wanted to "find out what was going on," Myers said.

Asked why Clinton, as president, would contact state troopers in Arkansas, she said, "He talks to people in Arkansas regularly. He has conversations with people there."

Arkansas state police records portray Patterson and Perry as satisfactory officers, including favorable assessments by former security chief R.L. "Buddy" Young.

AM

-Mrs Clinton Interview, Bjt,900

Mrs. Clinton: Reflecting on Family, 'Outrageous Stories'
With AM

-Mrs Clinton

-Quotes

AP Photos WX106, 107

By RON FOURNIER= Associated Press Writer=
WASHINGTON (AP) Pulling her straight

-backed chair up
to a roaring fire, Hillary Rodham Clinton reflected Tuesday on her first year as first lady: Her husband, her daughter, her hair, her power and her anger.

In an interview with The Associated Press, Mrs. Clinton firmly denounced the people behind "outrageous, terrible stories" accusing President Clinton of extramarital sex

and said she was ``bewildered" by a controversy involving the couple's personal finances.

Chatting warmly in the White House Diplomatic Treaty Room, her bright red dress matching the red

-ribboned

Christmas tree behind her chair, Mrs. Clinton covered a range of topics giggling about her hairdo, furrowing her brow when she talked of crime. In the 30

-minute interview,

Mrs. Clinton:

Rejected reports that she has interviewed candidates for administration jobs. Laughing, she said, ``We ought to put out a Top 10 list of the major inaccuracies" reported about her role in the White House.

Said a sales tax on guns may no longer be necessary to pay for her health care plan.

Commended the news media for giving her daughter, Chelsea, 13, and Vice President Al Gore's three children ``their own space to be able to grow up as who God meant them to be."

Noted with pleasure that her husband has spent more time with Chelsea than he did in Arkansas. The reason: ``We live where he works."

Joked that she has no sense of style but has learned to enjoy the attention she gets for the way she wears her hair or chooses her clothes. ``It is to me just kind of funny and amusing that people do invest so much interest in issues like that, but I'm just going to have fun with it while I'm in this position enjoy it."

Summing up her first year, she said, ``I've tried to do what I thought was right for me and my husband and my family."

Remaining calm and polite, Mrs. Clinton seemed prepared to address questions about the sexual allegations and the couple's financial ties with a failed Arkansas savings and loan. But there was an edge in her voice.

``For me, it's pretty sad that we're still subjected to these kind of attacks for political and financial gain from people, and that it is sad that especially here in the Christmas season people for their own purposes would be attacking my family," she said.

Two Arkansas troopers who worked on Clinton's security detail when he was governor say they helped arrange sexual encounters for Clinton. The troopers, who hope to write a book, are represented by Clinton nemesis Cliff Jackson, an Arkansas lawyer who in 1992 repeatedly accused his old college friend of dodging the Vietnam draft.

Mrs. Clinton said Jackson is part of a group ``that has become obsessed with the president" and raises the sexual allegations ``every time he is on the verge of fulfilling his commitment to the American people." She noted that the troopers' allegations were made as Clinton's popularity

climbed in polls.

Asked if she thought they were being paid to make the allegations, she said that ``seems to be the story."

``I think sometimes everybody forgets that even if public figures don't have any protection from these kind of attacks, you still have feelings and families and reputations that shouldn't be so easily attacked by people who clearly have political and financial reasons for doing so," she said.

Asked if she stands behind her husband, Mrs. Clinton said, ``Absolutely."

Turning to the financial question, Mrs. Clinton said there was no reason to release a personal file on the couple's investments in an Arkansas real estate deal and the deal's ties to Madison Guaranty Savings and Loan. Federal investigators and congressional officials are looking into the costly collapse of the thrift and the owner's personal and financial ties to Clinton.

``I am bewildered that a losing investment ... is still a topic of inquiry," she said.

A file on the subject kept by Vincent Foster, White House deputy counsel and a close friend of the Clintons, was removed from Foster's office and given to the Clintons' personal attorney after Foster killed himself. Declaring that an audit commissioned by her husband's campaign found no irregularities, Mrs. Clinton said, ``I just think what we've said is adequate."

On the topic of power, Mrs. Clinton said her husband seeks her advice on a number of issues and runs many decisions by her. And she sometimes offers advice. Playing down her influence over the president, she quipped, ``I wish I kept ... my batting average."

Although Mrs. Clinton said she did not interview job applicants, she did meet with people who ``either wanted to meet me or whom I was interested in meeting."

On a more comfortable topic health care Mrs. Clinton backed away from her October endorsement of a plan to partially pay for health care reforms with a tax on guns.

Fearing a controversy, the White House said at the time she was speaking for herself. On Tuesday, Mrs. Clinton said that she had supported the tax proposal as a way to stem the influx of handguns but that her husband's anti

-crime program has since made inroads on that problem.

BC

-CLINTON

-HILLARY (SCHEDULED)

FIRST LADY CHARGES POLITICS IN CLINTON SEX STORIES

By Gene Gibbons

WASHINGTON, Dec 21 (Reuter) - Hillary Rodham Clinton said Tuesday that allegations of sexual misconduct involving President Clinton "will end up in the garbage can" and that the American people would judge him by what he has done for his country.

Mrs Clinton's outraged response to the allegations of two former bodyguards that they helped arrange trysts for Clinton while he was Arkansas governor was the first public comment by her or the president on the latest storm to hit the White House.

"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 in an interview with Reuters.

The first lady, relaxed and friendly during a
20

-minute question

-and

-answer session that covered an array of issues, said she found it "sad and unfortunate" that her family would be attacked "especially during the Christmas season."

"It also hurts. Even though you're a public figure, which means apparently in America anybody can say anything about you, even public figures have feelings and families and reputations," she said.

"To be subjected to this kind of outrageous attack is very unfortunate," Mrs Clinton continued calmly. "What I feel good about is that we're coming to the end of a remarkable year in which a lot of good things have happened for our country."

"I think my husband has proven that he's a man who really cares about this country deeply, and respects the presidency and believes strongly that he's doing the right thing, and when it's all said and done, that's how most fair

-minded Americans will judge my husband, and all the rest of this stuff will end up in the garbage can where it deserves to be."

Mrs Clinton's statement that the sex allegations were financially and politically motivated apparently referred to the fact that Roger Perry and Larry Patterson, the Arkansas state troopers making them, have shown interest in a book deal and are represented by a Little Rock lawyer who is a longtime political enemy of the president.

The lawyer, Cliff Jackson, is a former Oxford classmate of Clinton who accused him of lying about his draft record in a series of media interviews during the

1992 presidential race. Perry and Patterson were members of Clinton's security detail during his tenure as Arkansas governor.

The troopers have alleged in an article published by the conservative American Spectator magazine and in newspaper and television interviews that they and others in Clinton's detail lined up women, booked hotel rooms and otherwise facilitated sexual liaisons for him.

"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.

The charges have rekindled a controversy about Clinton's alleged womanizing that dogged him in last year's campaign.

Gennifer Flowers, a onetime 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 White House has denied the troopers' charges but acknowledged that Clinton and other administration officials engaged in an extensive effort in recent months to prevent publication of them.

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 newfound momentum from a string of successes like passage of the North American Free Trade Agreement.

But Mrs Clinton was philosophical about it. "You just can't let it get to you. You just have to know what is right and true and go on and do your best," she said.

REUTER

Hillary defends president against sex allegations
By HELEN THOMAS= UPI White House Reporter=
WASHINGTON (UPI) First lady Hillary Clinton Tuesday dismissed allegations that her husband used Arkansas state troopers to procure sexual liaisons, calling the accusations another effort to destroy her husband.

In an interview with United Press International, Mrs. Clinton said the people making the charges were trying to destroy the president at a time when the polls show his popularity increasing and he is becoming confident in his job.

"I think my overwhelming feeling is sadness that they are trying to tear him down and destroy him...coming at a time when it seems too coincidental not to be planned," she declared.

"Here we are again with these outrageous charges,"

she said, adding that his accusers acted ``for political and financial gain."

``The president feels the same way I feel. We feel attacked. It's unfortunate. We don't want to dignify the charges in any way. For me, it's just sad that this stuff would surface at this time of year. It's a recycling of old stuff." Mrs. Clinton said the allegations were made by those ``who have been trying to destroy my husband for years," but she did not identify anyone by name.

The president's wife appeared remarkably cool and calm when she discussed the headline

-making allegations by state troopers who protected the president while he was governor of Arkansas.

Many of the latest accusations cropped up during the presidential campaign and were denounced then, as now, as ``trash for cash," she said.

``Here we are in the Christmas season, when all of us should be motivated by our better feelings toward one another," she said. ``It's also for me a disappointment, though I recognize public figures have no privacy rights in this country."

Mrs. Clinton said she didn't want ``want to dignify" the allegations and ``we can't sue under the libel laws."

``I don't know if there is anything we can do other than to let my husband's presidency speak for itself," she said, adding that he has a good record ``if you look at the things that he's achieved this past year."

Despite the criticism, Mrs. Clinton said ``you can't permit yourself to have a bunker mentality" and said she did not want to take it personally.

``We all make mistakes," she said. ``We all mess up. That's the human condition."

On having lived in the White House nearly a year, Mrs. Clinton said, ``I've had a great time. If there was a crash course I would have gone to it 24 hours a day" and taken her husband along.

It is difficult to know ``what is expected of you," she said, and acknowledged missteps, some of which were ``probably inevitable but they weren't major and didn't affect the country."

``We could have done better," she added, attributing some mistakes to inexperience.

One frequently cited example of an early flub was an accusation that Clinton held up traffic at Los Angeles International Airport for a \$200 haircut.

``That was totally made up," she said. ``My husband wouldn't pay \$200 to see the cow jump over the moon."

She also learned that she is on a national stage now, much unlike her life in Arkansas. One example she cited was the massive publicity during the presidential campaign when she was criticized for wearing headbands.

``I don't recall one story in the Arkansas press on how

I wore my hair," she said, but found that when she moved to Washington, "Wow, what a different set of expectations."

Mrs. Clinton, who wore a Christmas red jacket and a black skirt, gave the interview in front of a blazing fireplace in the diplomatic reception room.

She said the best thing to happen to her during the year was to see how well her daughter Chelsea, 13, had adjusted to her new life in the White House.

As first lady, Mrs. Clinton said she has tried to remain centered and not "knocked off kilter by the blowing winds, positive and negative."

On another subject, she said she was against legalizing drugs, but agreed with Surgeon General Joycelyn Elders that the topic should not be barred from discussion.

As for problems with a Little Rock, Ark., savings and loan company, which went into bankruptcy, Mrs. Clinton, who was a lawyer for the company, said she and her husband made an "unfortunate" investment and lost \$69,000 on the deal.

Gore says administration will propose telecommunications deregulation

By LORI SANTOS=

WASHINGTON (UPI) Vice President Al Gore announced Tuesday the administration will soon present to Congress legislation to eventually remove all "judicial and legislative restrictions" on all telecommunications companies.

During a speech at the National Press Club, Gore said the administration package, which it will present early next year, would include both legislation and administrative proposals for the sweeping deregulation. He said fuller details would be revealed after he meets with a wide array of industry officials Jan. 11 in Los Angeles.

But making the case for greater competition in the telecommunications industry in order to benefit U.S. businesses and consumers, Gore said, "I am announcing today that the administration will support removal, over time and under appropriate conditions, of judicial and legislative restrictions on all types of telecommunications companies cable, telephone, utilities, television and satellite."

The move toward a fully deregulated, private sector "information superhighway" would call for a sweeping revamp of the Telecommunications Act of 1934 a move Gore acknowledged would be "the most major surgery" since the legislation was enacted as well as the modified final judgment from the AT&T divestiture judicial restrictions on communications industry.

"If we do not move decisively to ensure that America has the information infrastructure we need, every business

and consumer in America will suffer," Gore declared. "We have to unscramble the legal, regulatory and financial problems that have thus far threatened our ability to complete such a network."

An administration official told reporters the ultimate aim was to loosen restrictions that affect what services ???"

bc

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-clinton

ONLY ONE OZARKS LAWMAKER
RATES CLINTON HIGH FOR YEAR

By KEITH WHITE=

Gannett News Service=

WASHINGTON Ozarks Republicans have feuded with every Democratic president since Franklin D. Roosevelt, so you wouldn't expect the current crop to treat Democratic President Clinton any differently.

Only Democratic Rep. Ike Skelton of Lexington, who had his own share of differences with Clinton, gives the president good grades for his first year.

Skelton describes 1993 as "a learning, growing experience" for Clinton.

"He's ending up a winner legislatively," said Skelton. "He seems to be understanding the international role as well as the domestic role. I think the public opinion polls that have been giving him better grades in recent weeks reflect this level of comfort."

"Once he gets his arms completely around foreign affairs and national security issues ... I think he'll end up with a very successful first term in office," he said.

Rep. Mel Hancock, R

-Springfield, is less generous. "If you're a socialist, then you'd like what he's done. If you believe in the rights of the individual and that we should have less government, then you wouldn't like what he's done," he said.

Rep. Bill Emerson, R

-Cape Girardeau, says Clinton's record is "very mixed" and at odds with the American public on several cornerstone issues.

"I think gays in the military, the thrust for higher taxes, are at odds with what the public has in mind," he said. "I think the public very definitely wants less government and is willing to sacrifice to get less government."

Skelton supported Clinton 73 percent of the time, according to a study by the non

-partisan Congressional Quarterly. That's the highest rate of support any Ozarker in Congress gave Clinton this year.

Emerson supported Clinton 44 percent of the time, Republican Sen. John Danforth 42 percent, Republican Sen. Christopher Bond 31 percent and Hancock 23 percent.

Emerson said Clinton's performance on the North American Free Trade Agreement is evidence that Clinton is growing into the presidency.

Bond also cites NAFTA as a Clinton success because it's the biggest issue on which the president enlisted Republican support. ``Where we worked together to find bipartisan answers to the problem America faces, we found success," Bond said.

``But where the president and the leaders of Congress decided to push through their own programs, irrespective of input by the more moderate, bipartisan coalition that reflects the mainstream of opinion in America, damage was done," he said.

Danforth says Clinton became more bipartisan after former Reagan adviser David Gergen joined his staff, although he's not sure if that's coincidence.

``The economic program was purely partisan, it was almost accomplished in a parliamentary situation," he said.

Danforth said he's waiting to see whether Clinton continues to seek bipartisan help for his initiatives or lapses back into a more partisan mode.

``If he wants to be a centrist president, if he wants to appeal to Republicans and Democrats, he could be a very successful president," he said.

``If, on the other hand, he wants to appeal to the four corners of the Democratic Party, if he wants to try to make up to the labor unions for NAFTA by supporting their agenda, then it's just going to be a rerun of the first eight months," Danforth said.

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-clinton

OKLAHOMA LAWMAKERS' POSITIONS

ON ISSUES VARIED WIDELY IN '93

By KEITH WHITE=

Gannett News Service=

WASHINGTON Oklahoma Democrats and Republicans in Congress found little common ground when they chose sides over President Clinton's proposals this year.

Rep. Mike Synar, D

-Muskogee, usually supported the

president, although he opposed his national service program and fought what he considered a weak campaign finance reform plan pushed by Clinton and House Democratic leaders.

Democratic Sen. David Boren played highly visible roles for and against Clinton, forcing the president to change his deficit

-reduction plan but also defending controversial nominees, such as Surgeon General Joycelyn Elders.

Republican Sen. Don Nickles found only one major thing on which he and Clinton agreed approving the North American Free Trade Agreement. On nearly everything else, they were intractably opposed.

Boren supported Clinton more often than Synar did, according to a review by the non

-partisan Congressional Quarterly of votes on which the president took a position last year.

That study showed Boren supported the president 87 percent of the time this year, while Synar supported Clinton 75 percent of the time. Nickles voted with Clinton only 18 percent of the time.

Yet it was Boren who was most visibly at odds with the president, fighting early on both his economic stimulus program and then key elements of his deficit reduction plan.

Boren felt both were weighted too heavily toward increased spending and taxes at a time when Clinton could have appealed to Americans' sense of patriotism to accept spending cuts.

"I would like to think that on that issue each side fought it out as hard as they could, and I'd like to think that I fought fairly on it. I never engaged in personal attacks, I never engaged in any name calling, even though occasionally I was subjected to that myself," said Boren.

"In politics it does you no good to hold grudges. I found out when I was governor that sometimes the person in the legislature who fought me hardest on one of my programs was my strongest ally on the next," he said.

But Boren said he hopes Clinton has learned the lesson this year of how invaluable a bipartisan approach can be, especially as he prepares to deal with health care and welfare reform, which will need Republican support.

"I think we can always heal some of the rifts in the party, but to me I'd rather worry about the rifts of the party than I would worry about the fact we had no bipartisanship," he said.

Nickles said he's "very critical" of Clinton's performance and accuses him of misleading Americans about the nature and even the substance of his proposals,

particularly his \$496 billion deficit

-reduction plan.

``He still says 'Hey, it had just as much in spending cuts as it had in tax increases.' That's not the case," said Nickles. ``The tax increases are real, they're now, they're retroactive in some cases."

``Conversely, the spending cuts are not real spending cuts from last year's dollars, they're spending cuts from anticipated increases and 80 percent of those don't happen until after the next election," he said.

``On his foreign policy initiatives, I rate him very low. On his domestic initiatives I think he's misled the people so much I don't give him a passing grade," said Nickles.

But Synar rates Clinton's performance as ``excellent" despite a ``rocky" start. ``He finished with a tremendous amount of momentum that's going to serve him well next year. I think you'd be hard

-pressed to find any president with the exception of LBJ who got more done in his first year than Bill Clinton," he said.

Synar cites the deficit

-reduction plan with its shifting of tax burdens onto wealthier Americans, approval of the North American Free Trade Agreement and the introduction of a major health

-care proposal as successes.

``I think his greatest victory, in the sense of importance to the country, was the budget, getting a deficit reduction package in place," he said.

``The greatest political victory has to be NAFTA. He literally took something that was dead in the water in August and brought it back to life and passed it," said Synar.

Clinton's popularity ratings with the public, never high, recently have begun to improve but still remain lower than most presidents have enjoyed.

``Change is difficult, change is hard, and people are afraid and frustrated," said Synar. ``It's not going to be easy."

AM

-Flood Aid, Bjt,450

HUD Releasing \$125 Million in Flood Aid to Nine Midwestern States

Eds: Note Missouri/Kansas interest.

By TOM STRONG= Associated Press Writer=

WASHINGTON (AP) The nine Midwestern states inundated by summer flooding are getting \$125 million for housing construction, land buyouts, levee repairs and other recovery projects, the government announced Tuesday.

The disaster funds come from the Department of Housing and Urban Development's community development block program.

Congress this year gave the agency \$200 million in extra block grant money for disaster relief. HUD provided \$75 million to the Midwest in August.

"I think the time is right to extend this second increment of money," HUD Secretary Henry Cisneros said.

"There's a little more sense of what still needs to be done, a little bit more of what can be accomplished with other federal programs, what can be accomplished with private dollars and some perspective on priorities that only a few months' passage of time allows," he said.

Money is going directly to 36 cities and urban counties. The nine states Iowa, Illinois, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin also are getting block grant funds to distribute to other communities.

Among the possible uses for the grants are:

- Construction of new homes, housing repairs and renovations

- Elevation of housing in flood plains.

- Relocation and buyout projects in conjunction with the Federal Emergency Management Agency.

- Repair or replacement of public infrastructure, which could include work on public levees.

- Continuing public services that the flooding might have disrupted.

- Matching funds for other federal programs that require a match by state or local governments.

HUD encourages communities first to use other federal funding sources, which might come with more restrictions, and then the broad and flexible block grants "to fill in the gaps," Cisneros said.

HUD divided the money based on a special disaster formula that factors in damage and the ability of a community to help pay recovery costs.

The top recipient in the second round of block grants is Missouri, with \$34.2 million, for a total allocation of \$57.2 million.

Iowa is getting \$26 million now (\$43.1 million overall); Illinois, \$19.6 million (\$35.9 million); Kansas, \$13.7 million (\$18.8 million); Minnesota, \$9.5 million (\$13.5 million); North Dakota, \$8.1 million (\$11.9 million); Nebraska \$5.9 million (\$7.8 million); South Dakota, \$4 million (\$6 million); and Wisconsin, \$4 million (\$5.9 million).

In the first round of grants, Cedar Rapids, Iowa, helped 280 homeowners rehabilitate their property, Cisneros said.

The city of Des Moines, Iowa, offered buyouts to 62 homeowners and Monroe County, Ill., completed a first plan to coordinate its recovery.

urgent

U.S. government reports budget deficit in November

WASHINGTON (UPI) The Treasury Department Tuesday reported a deficit for the second month of fiscal 1994, spending \$38.4 billion more than it collected in November.

Treasury said its expenditures totaled \$121.5 billion last month, while its revenues came in at \$83.1 billion.

The November deficit follows a deficit of \$45.4 billion in October. For the year to date, the government is running a deficit of \$83.8 billion.

For the year, the Clinton administration is forecasting a deficit of \$259.4 billion.

Last month, the government's single largest source of revenues were individual income taxes, which drew in \$37.6 billion.

Corporate income taxes brought in another \$2.2 billion. Social Security drew \$31.5 billion.

The largest expense by Washington was \$22.6 billion for Social Security payments. The Pentagon took \$21.8 billion, and interest on the national debt equaled \$22.3 billion.

AM

-Economy,530

Businesses Plan Strong Investment in New Plant and Equipment

By DAVE SKIDMORE= Associated Press Writer=

WASHINGTON (AP) American businesses plan a third consecutive increase in investment spending next year, taking advantage of low interest rates and strong profits to buy efficiency

-enhancing equipment.

Based on a survey of more than 7,800 businesses in October and November, the Commerce Department on Tuesday estimated plans for spending on equipment and buildings next year at \$617 billion, up 5.4 percent from this year.

Helped by low interest rates and high corporate profits, capital spending has been one of the economy's strongest sectors almost since the end of the 1990

-91

recession.

Pressured by their inability to make price increases stick, companies are buying computers and other high

-tech

equipment to make their operations more cost

-efficient.

However, at the same time, they've been slower to expand their payrolls than during other post

-World

-War II recoveries.

``We're seeing an unusual amount of investment spending for such a weak economic recovery," said economist Priscilla Trumbull of The WEFA Group, a Bala Cynwyd, Pa., forecasting firm.

``But it's largely because businesses have to invest to make their workers more productive and lower costs. When prices don't increase, the only way to increase profits is to cut costs," she said.

This year's estimated investment spending increase, 7 percent, would be the best since 1989. It marks a slight downward revision from the 7.1 percent estimate three months ago, but an increase from the 5.3 percent estimate a year ago.

Trumbull said investment spending could show a similar pattern in 1994, with businesses starting out relatively cautious and then increasing their plans as economic growth holds up through the year.

Spending rose 3.4 percent in 1992 after recording a rare 0.8 percent drop in 1991.

Commerce Secretary Ron Brown said investment plans for 1994 ``suggest economic growth should be sustained into the next year, reflecting continued balance in the recovery between consumption and investment."

Economist Maury N. Harris of PaineWebber Inc. said increased investment by American companies should expand their productive capacity and help avoid inflation

-causing production bottlenecks.

``The healthy increases in domestic capacity will help contain inflation. That's the good news out of this," he said.

Manufacturers plan a 3.8 percent increase in investment spending next year, compared with a 3.1 percent rise in 1993. Non

-manufacturing companies plan a 6.2 percent increase, following an 8.8 percent increase this year.

Among the industries with the largest increases planned next year were blast furnaces and steel works, 25.9 percent; stone, clay and glass manufacturers, 15.5 percent; electric utilities, 10 percent, and food and beverage companies, 9.9 percent.

Those projecting declines included airlines, 35 percent; aircraft manufacturers, 21.1 percent, and non

-iron and steel metal goods manufacturers, 10.8 percent.

Trumbull said the strength in steel reflects the development of new ``mini

-mills." Gains in stone, clay and glass products are related to the upturn in residential construction. The drop in non

-iron and steel spending reflects the weak worldwide market for aluminum.

AM

-US

-Somalia,390

Shalikashvili Says Up To Somalis To Achieve Peace

By JIM ABRAMS= Associated Press Writer=

WASHINGTON (AP) The U.S. withdrawal from Somalia will be as ``gentle" as possible and can be accomplished without a return to chaos, Gen. John Shalikashvili, chairman of the Joint Chiefs of Staff, said Tuesday.

But Shalikashvili, speaking at the end of a two

-day visit to Somalia, said much depends on Somalia's leaders. ``I have high hope for progress providing the political leadership can get its act together."

Achieving a lasting peace is ``something they must do, not something we can do."

All U.S. troops are to be out of Somalia by March 31, ending a 16

-month mission to provide security for humanitarian relief operations that has been marred by violent clashes with supporters of warlord Mohamed Farrah Aidid. In the worst incident in October, 18 Americans were killed in a Mogadishu gun battle.

Shalikashvili said the U.S. withdrawal will be carried out on ``as gentle a glide path as we can make it." He said 2,500 of the 11,000 Americans now in Somalia are to leave by Christmas and that the force will be able to protect itself until the end of the mission.

The general said other coalition members would prefer that the U.S. forces stay, but he added that ``I did not detect any sense of despair or panic."

Concerns that the 29

-nation U.N. peacekeeping force
will collapse with the U.S. departure were heightened by reports that Italy and Germany will withdraw their troops when the Americans leave.

Shalikashvili said he wished the Italians and Germans would reconsider, but said other nations would keep the 28,000

-member force viable. He said Malaysia had already taken over ground ``quick reaction force" duties responding to military emergencies in Mogadishu.

He said the peacekeeping mission has achieved many successes, particularly outside Mogadishu, in ending starvation, starting schools and beginning to organize a Somali police force.

He said he told U.S. troops ``of the importance and really the nobility of the mission they have undertaken." He said he came away ``impressed by the spirit and by the professionalism and by the good that is being done over there."

The sacrifices were made ``for the right reasons and the right motives," he said.

(Shalikashvili pronounced Shally

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-VEE'

-lee)

Shalikashvili hopes Germany and Italy remain in Somalia
WASHINGTON (UPI) The Chairman of the Joint Chiefs of Staff, Army Gen. John Shalikashvili, said Tuesday that he hopes Germany and Italy will reconsider their decisions to withdraw from the peacekeeping operation in Somalia.

Shalikashvili spoke after returning from an inspection visit of U.S. troops in Somalia, who are themselves scheduled to pull out by March 31.

Both Germany and Italy have said that they would match the U.S. troop withdrawal schedule.

The pullout, however, has prompted speculation that Somalia might revert to the internecine violence that prevailed before the initial U. S. intervention there a little more than a year ago.

But the JCS chairman expressed confidence that even if the Germans and Italians also leave, the remaining U.N. peacekeeping forces would be able to continue their nation building mission in Somalia.

Shalikashvili acknowledged that the U.N. effort was not going well in the Somali capital Mogadishu, which is divided between hostile Somali clan leaders.

But the JCS chairman said that should not overshadow U.N. success elsewhere in Somalia, which has largely

recovered from last year's famine.

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UNCLAS 5L

Israel's Rabin Says Christopher Unsuccessful; More on PLO
Talks TA2112172793 Jerusalem Qol Yisra'el in Hebrew 1700
GMT 21 Dec 93

[Excerpt] Speaking before the Knesset Foreign Affairs
and Defense Committee today, Prime Minister Yitzhaq Rabin
said that no breakthrough was made in the contacts with
Syria and Lebanon during U.S. Secretary of State Warren
Christopher's Middle East shuttle. Certain progress was
made in the negotiations with Jordan, and it is now
willing to improve its relations with Israel in several
areas, but no breakthrough was made yet in contacts with it
as well.

Our correspondent Yo'el Nir reports that the prime
minister further stated that the United States plans to
summon the heads of the peace talks committees to
Washington after President Clinton meets Syrian President
al

-Asad. This forum will decide whether to summon the
plenums of the committees, but this plan will also be
influenced by the agreement between Israel and the
Palestinians.

passage omitted]

[Jerusalem Qol Yisra'el in Hebrew at 1605 GMT on 21
December adds: "Speaking before the Knesset committee,
the prime minister said that, if 'Arafat announces the
establishment of a Palestinian state, he would be
violating the declaration of principles. He added that
patience and a cool head is needed in the negotiations
with the PLO, and we should not get excited, not even over
dates."] 21 DEC 1808z cy NNN

PM

-Russia

-Security, 2nd Ld

-Writethru, a0531,0449

Yeltsin Dissolves Counterintelligence Unit
Eds: LEADS with 5 grafs to incorporate details from
PM

-Russia

-Politics. Pickup graf 4 pvs. `At the ...
MOSCOW (AP) President Boris Yeltsin dissolved the

Security Ministry and created a new internal security unit today, saying the successor to the KGB had proved to be "unreformable."

Yeltsin's decree was his first major move in response to the defeat of reformers at the hands of ultranationalists in parliamentary elections Dec. 12. The ministry had been blamed for not warning Yeltsin of the voter support for extremist leader Vladimir Zhirinovsky.

Earlier today, in his first public comment on Zhirinovsky's victory, Yeltsin declared the strong showing by extreme nationalists a "protest against poverty," and ordered Moscow officials today to pay more attention to the poor.

Yeltsin's long silence about the elections has left many wondering whether his commitment to reform is wavering. His brief remarks did not clarify whether he plans to proceed full speed with reforms or slow them down. His Cabinet is reportedly divided on the issue.

It was not immediately clear how the new security body would differ from its predecessor. The head of the dissolved agency, Nikolai Golushko, was named to head the new one, the Federal Service of Counterintelligence.

"At the present time there is a lack of a strategic concept for the state security of the Russian Federation and the Ministry of Security ... Counterintelligence activity was weakened," Yeltsin's decree said.

After the failed coup by Communist hard

-liners in

August 1991, the KGB was split into foreign and domestic units. The Security Ministry was responsible for counterintelligence and internal security.

The Security Ministry had been in turmoil for months and some of its members joined hard

-liners who occupied

the Russian parliament after it was dissolved by Yeltsin on Sept. 21.

Yeltsin earlier this year fired Security Minister Viktor Barannikov, who later went over to the side of the hard

-liners and is now awaiting trial for his role in the October violence.

"Attempts in the last several years to forcibly reorganize (the ministry) were of an outward, cosmetic character," Yeltsin's decree said.

Some shakeup of Yeltsin's government had been expected following the disastrous loss of the reformers in the elections, but the changes had been expected to involve those responsible for economic reforms.

The dissolution of the Security Ministry might be an indication that Yeltsin was extremely angry about the way some parts of his government handled the October political

violence and subsequent elections.

All employees of the Security Ministry will be forced to be cleared again before they will be permanently taken on by the new counterintelligence organization.

Haiti will receive ultimatum Wednesday

By SID BALMAN Jr.=

WASHINGTON (UPI) The illegal Haitian government will receive an ultimatum from the international community Wednesday to either step down or face stiffer penalties, U.S. officials said Tuesday.

New U.N. measures, aimed at restoring democracy and gaining the return of ousted President Jean

-Bertrand

Aristide, could include an extension of the economic embargo and a cutoff of commercial flights to Haiti, they said.

Diplomats from the United States, France, Canada and Venezuela the so

-called "four friends of Haiti" and

U.N envoy Dante Caputo have been meeting with Aristide in Washington the past two days in an effort to come up with a strategy, State Department spokesman Michael McCurry said.

Extending the embargo, which bans sales of oil and weapons, as well as stopping commercial air traffic into Port

-au

-Prince have emerged as the two main ideas, U.S. officials said.

McCurry said the Clinton administration hopes that message will be delivered to interim leader Gen. Raoul Cedras in person on the Caribbean Island Wednesday by military officials from the four friends.

If Cedras refuses to attend the meeting, officials said, it will be delivered by "other means." McCurry was confident, however, that the meeting with Cedras would take place this?

AM

-Food Shortage, HFR,400

For release at 6 p.m. EST

World's Trouble Spots Faced With Food Shortages

By NICK LUDINGTON= Associated Press Writer=

WASHINGTON (AP) Millions of people in 20 countries stricken by war or civil turmoil are faced with starvation and malnutrition in 1994, according to the U.N. Food and Agriculture Organization.

``There is plenty of food to feed all of the world's 5.4 billion people," said Edouard Saouma, the organization's director

-general. But he said it is difficult to grow food and distribute it efficiently to the starving and malnourished in nations wracked with wars, civil wars and economic chaos.

Saouma issued a statement with Tuesday's release of the organization's report. The report said ``grave regional food shortages persist."

Most of the threatened populations are in Africa. In Angola, Burundi, Eritrea, Ethiopia, Kenya, Liberia, Mozambique, Niger, Rwanda, Sierra Leone, Somalia, and Sudan political strife or civil war disrupt growing and distribution. Adverse weather conditions affected harvests in some countries.

In Europe, fighting in former Communist states of Armenia, Azerbaijan, Bosnia, Georgia and Tajikistan is disrupting food supplies.

In Iraq, hit by a U.N. embargo and factional fighting, ``the food and nutritional situation continues to deteriorate" the report said. Continuing civil war in Afghanistan will mean continuing food shortages there.

``In Haiti despite normal crop production so far this year, the food supply situation is extremely serious due to disruption of domestic economic activity and disruption of the flow of humanitarian assistance," the report said.

World production of cereals the basic diet in most countries dropped 4 percent in 1993, the organization said. This will mean a drop in reserve stocks but they will remain within the range that the organization considers ``the minimum necessary for world food security."

To avoid a further reduction in global cereal stocks ``a minimum increase of about 65 million tons or 3 percent increase in global cereal production in 1994 will be required," the report said.

That would depend on weather conditions. ``The early outlook for 1994 crops is mostly satisfactory," the report said.

In his statement accompanying the report, Saouma said the Rome

-based organization ``will be monitoring the situation to make sure reserves do not fall toward the danger level and that there is enough food aid in the pipeline for the very poorest nations and for those suffering from wars and civil turmoil."

AM

-Ukraine

-Nuclear,0579

Ukraine Says It Has Accord With U.S., Russia on Nuclear Weapons

By MARTA KOLOMAYETS= Associated Press Writer=

KIEV, Ukraine (AP) The United States and Russia have agreed to give Ukraine compensation and security guarantees in return for the scrapping of all its nuclear missiles, President Leonid Kravchuk said Tuesday.

Such an accord would fulfill key conditions set by the Ukrainian parliament last month for this former Soviet republic to implement the START I nuclear arms reduction treaty and become free of nuclear arms.

Ukraine now has the third largest nuclear arsenal in the world, thanks to the armaments that were on its soil when the Soviet Union broke up two years ago.

There was no immediate comment from the U.S. and Russian governments on Kravchuk's announcement.

Under the agreement, Ukraine also would receive scientific and technical assistance for dismantling the weapons, Kravchuk told reporters.

"Such an agreement is now being prepared. It will be an agreement that will not place any of the three states in an awkward position," he said.

Kravchuk did not provide the signing date or any further details. He said he discussed it with Vice President Al Gore in Hungary last week.

Kravchuk's government announced Monday that it would dismantle all 46 of its long

-range SS

-24 missiles by the end of 1994.

The president confirmed Tuesday that 17 of the SS

-24s

already had been deactivated, meaning 170 warheads were removed. But he stressed the warheads would not be shipped to Russia for destruction, as required by the arms treaty.

"They can be put back on the missiles," he said.

Many Ukrainian officials and legislators want to keep the nuclear weapons, viewing them as a deterrent to any attempt by Russia to reconquer Ukraine.

Ukraine also has 37 strategic bombers that carry long

-range nuclear cruise missiles, 130 long

-range SS

-19

missiles capable of carrying six warheads each and some short

-range nuclear weapons. Neither the government's announcement Monday nor Kravchuk commented on what Ukraine intended to do with them.

The government's decision to deactivate the SS

-24s, seen as a gesture of good will toward the West, apparently caught the Ukrainian parliament off guard.

Stepan Khmara, a nationalist lawmaker who supports keeping nuclear weapons, called government officials traitors.

“Ukraine is now open to any kind of aggression. It is no longer able to defend itself,” he said.

Kravchuk justified his move by saying Ukraine could not really use its nuclear weapons. The launch codes for the former Soviet Union's nuclear arsenal are controlled by the Russian military.

“The button is in Moscow. So it's better to put them in the 'object S' (storage complex) where I guarantee that nobody can use them,” he said.

Parliament ratified START 1 on Nov. 18, but agreed to liquidate only part of the nuclear arms and added tough conditions for implementing the 1991 U.S.

-Soviet treaty and its protocols.

Under the treaty and its protocols, all former Soviet missiles in Ukraine are supposed to be shipped to Russia for destruction.

Ukraine demanded \$3.8 billion in Western money to pay for the dismantling process.

Ukrainian officials also said compensation for the weapons would include a promise to supply 50 tons of uranium for Ukrainian nuclear power stations. They also sought Russia's agreement to reduce Ukraine's cost for natural gas and oil, which are to increase to world market prices on Jan. 1.

RECORD TYPE: FEDERAL (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 -

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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 -

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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 -

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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 -

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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 -

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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 -

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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 -

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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 -

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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 Zhirinovsky'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 -

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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 -

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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 -

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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 -

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"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 -

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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: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:23-DEC-1993 08:28:00.00

SUBJECT: tv news analysis

TO: Kathleen A. Flavin (FLAVIN_K) (OA)
READ: UNKNOWN

TO: Jean Duffy (DUFFY_J) (OA)
READ: UNKNOWN

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

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

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

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

TEXT:
PRINTER FONT 12_POINT_COURIER
WHITE HOUSE TV NEWS ANALYSIS
Wednesday, December 22, 1993
Produced by the Office of News Analysis (OEOP 162, x7151)

ABC WORLD NEWS TONIGHT

1. President Clinton dismisses charges of marital infidelity.
2. Cliff Jackson has long been an enemy of Clinton.
3. Catholic Archdiocese of New Mexico may declare bankruptcy.
4. Michael Jackson makes an impassioned plea for his innocence.
5. Paramount's fate is in the hands of shareholders.
6. Dow closes up at 3762.19.
7. Serbian forces increase shelling on eve of cease-fire.
8. Palestinian attack Israelis on West Bank.
9. Yeltsin says Russia needs strong rule.
10. South African parliament approves new constitution.
11. Castro's daughter defects to the United States.
12. American Agenda: Debating religious observance in schools.
13. Private citizens work to remove handguns from the streets.

CBS EVENING NEWS

1. Clinton ends year amidst ethical controversies.
2. U.S. warns Haiti dictators to comply with UN resolutions.
3. Fidel Castro's daughter defects to United States.
4. Wal-Mart stops over-the-counter gun sales.

5. Michael Jackson denies child abuse in televised statement.
6. Postal Service asks for rate increase.
7. South African parliament approves new constitution.
8. Israel and PLO meet to work on implementing peace accord.
9. U.S. troops shot at in Northern Iraq.
10. Yeltsin scrambles for response to new parliament.
11. United Airlines board approves employee buyout.

NBC NIGHTLY NEWS

1. White House denies rumors of Clinton extramarital affairs.
2. Clinton Whitewater real estate deal questions resurface.
3. On video, Michael Jackson denies he is a child molester.
4. Wal-Mart to take handguns off the shelves of its stores.
5. New film about AIDS is a marketing challenge.
6. 10,000 line up for holiday food handouts in San Francisco.
7. Dow Jones up 17 points in heavy trading.
8. Aspin announces new regulations on gays in the military.
9. South Africa parliament approves new constitution.
10. Yeltsin vows reforms will continue as economy improves.
11. Castro's daughter defects to United States.
12. In Lapland, Santa sets off on trip around world.
13. America Close-up: Fighting crime with performing arts.
14. Powerball: \$90 million to make holiday dreams come true.

ABC:

Peter Jennings opened by saying "President Clinton has been obliged to face the reality that if he invites reporters into the White House, a little mud may land on the carpet." He continued that "Clinton was clearly not happy" to address the allegations that he used state workers to facilitate extra-marital liaisons. Jennings noted that "yesterday Mrs. Clinton called the charges 'trash for cash.'" Brit Hume reported on the President's encounters with the media on Wednesday. The piece opened with a clip of the First Lady passing cookies out to reporters assembled in the White House. Hume said that the President tried to avoid the indignity of dealing with the "seamy details" of the current allegations. In a clip, Clinton was asked if he had anything to add to his denials of the stories. He said no. In a clip from a radio interview, the President stumbled in response to a similar question, eventually calling the charges "outrageous ... and not true." Hume noted that the state troopers accusing Clinton of the affairs immediately responded to the President's denials. In a clip, one trooper said, "We told the truth; Bill Clinton knows we're telling the truth." Hume said that the President "was in a difficult position. While he doesn't want to appear to confirm the accusations by failing to deny them, he doesn't want to dignify the story by adding to it." He ended by saying "the White House hopes the story will die out."

Jennings reported that "the President has an enemy back home" in Arkansas lawyer Cliff Jackson. Jim Wooten said that "Jackson has been on Bill Clinton's case for years," noting that Jackson and Clinton had been friends when both were Rhodes scholars. He said that Jackson is currently representing the two troopers who have alleged Clinton used them to hide sexual liaisons with various

women. In a clip, Jackson insisted that he was motivated solely by a desire to present the American public with truth. Wooten added that this project "includes coaching his clients." In a clip, Jackson was heard instructing the troopers how to respond to a reporter's question. Jackson encapsulates the Gennifer Flowers story, telling the troopers "that's what [the reporter] wants to hear you say." Wooten continued by saying "last year Jackson bedeviled the Clinton campaign," stirring interest in Clinton's wartime activities while a student at Oxford. A clip followed in which the President was asked why Jackson might be so determined to damage him. The President said, "I have no idea." Wooten summed up the situation saying that whatever Clinton might or might not have done, "the truth is Cliff Jackson is once again enjoying the spotlight." Jennings added that Jackson also circulated another rumor, since denied, that Clinton offered a state trooper a federal job in an effort to silence him.

CBS:

Connie Chung opened the report by saying that President Clinton was very pleased with his first year in office, but not at all pleased that it is ending in a cloud of controversy over his personal life and business dealings. Rita Braver reported that Clinton denied any wrongdoing related to the Whitewater

development project, and that the project was now the subject of a possible criminal investigation. But Braver continued by saying that Clinton refused to turn over key documents related to the Whitewater case. Sen. Bob Dole (R-Kans.) was shown in a clip calling for a formal inquiry into the Whitewater dealings. The President was also quoted saying that charges of sexual misconduct made by Arkansas state troopers were outrageous. The report closed with a clip of the President saying that there is an accumulated body of cynicism regarding politics and Washington that he has to work to overcome it.

Bill Plante reported on the defection of Fidel Castro's daughter to the United States, saying that the Clinton Administration was happily surprised by the defection. Plante closed the report by saying that Administration officials had no plans to ask the daughter to speak out against her father, but would be delighted if she did.

Richard Roth reported that Wal-Mart will no longer sell handguns over the counter. Retailers were shown citing fear of handgun control and the Brady Bill as factors for recent increases in business. He closed the piece with a statement by a gun industry spokesman that gun control legislation had given them "the best Christmas present in 20 years."

NBC:

Tom Brokaw reported that "President Clinton and the White House staff are dealing with political problems on two fronts today, just when it looked like things were turning around." Brokaw said that the allegations of Clinton using Arkansas troopers to arrange liaisons for him, and giving some troopers jobs to remain quiet refuse to go away. The President was shown in a clip vehemently

denying any extramarital affairs or covering up any wrongdoing. "We did nothing wrong," he said, "and what I have to do now is concentrate on being president." Still Brokaw said that the President called the past few days a "painful time, dominated by questions about his character," like when he was campaigning and was dogged about questions regarding his alleged drug use in the 1960s. But correspondent Bob Kur said that in a radio interview Wednesday, the President "at times seemed uncomfortable" answering questions about the allegations, and despite the Administration's denial of any Arkansas coverup, paused and stumbled before answering some of the questions. The tape was played, while a graphic of a tape recorder rolled on the screen. "Once again, [the President] has not been able to fully clear the air on the character issue," Kur said, concluding that "with the new year about to begin, the last thing the President wants to do" is end it with a situation like this.

In a related story, Brokaw said that the Arkansas Whitewater real estate development project in which Clinton was an investor, is continuing to turn up financial questions. Brokaw said that the Justice Department may investigate the President's involvement in

the dealings, as well as those of former presidential counselor Vince Foster. Correspondent Pete Williams reported that a key file on the case was found in Foster's office following his suicide this summer, and the department would like to find out what it says. The President was shown in a clip saying he will do whatever it takes to cooperate with the investigation, but Williams said that the Chief of Staff "was even more general than the President" in discussing the issue, and that Sen. Bob Dole (R-Kan.) will ask for that a special prosecutor be appointed if the President does not comply fully with the investigation.

Defense Secretary Les Aspin spelled out the Administration's policy on gays in the military Wednesday, Brokaw reported. He said that Aspin said that the policy will be different than previous policies, in that gays can not be dismissed unless they exhibit openly homosexual behavior. This does not include going to gay bars or reading gay publications, according to correspondent Ed Rabel. Still, Rabel said that "gay rights groups said that they will challenge the new regulations in court," and that the new policy will offer little change from the old one. Similar regulations have been overturned in a previous court decision, Rabel said, "and gays predict this policy will meet the same fate as earlier policies which were declared unconstitutional."

RECORD TYPE: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:30-DEC-1993 18:20:00.00

SUBJECT: 6:30 pm 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
THE WHITE HOUSE WIRE REPORT
6:30 p.m. edition
Thursday, Dec. 30, 1993
Produced by the Office of News Analysis

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BC

-CLINTON (SCHEDULED)

CLINTON ATTENDS CONFERENCE

By Steve Holland

HILTON HEAD, SC, Dec 30 (Reuter) - President Clinton largely vanished from public view Thursday to attend the Renaissance Weekend, a closed New Year's retreat where 1,000 guests spend hours talking and sharing each other's pain.

The private meeting, with topics ranging from "What I've Learned About Love" to "Investment Perspectives '94," is the 10th such gathering for Clinton, who is known for his love of dissecting and discussing a wide variety of issues. He has participated in 10 of the group's 13 annual gatherings.

But it is his first time attending as president, which has put the meeting in the national spotlight as never before despite organisers' efforts to retain a modicum of secrecy about the event.

"It's a private family event," said chief organiser Linda Lader, explaining why information given to reporters about the gathering would be limited.

The president attended a session Wednesday night that could come in handy given his penchant during his first year in office for getting himself into trouble. It was called "Whoops: Mistakes, Their Lessons and Consequences."

He sat in on a Thursday seminar called "Risking Peace: Bosnia, the Middle East and What Remains of the New World Order." He left early to play golf.

Everyone invited wears a large nametag to make conversation easy and one of the rules is people address and refer to each other by first names.

But Lader said this does not apply to Clinton, because it would not seem presidential to have a nametag and that he will be called the traditional "Mr President" instead of "Bill." Even his lifelong pal and White House chief of staff, Thomas "Mack" McLarty, calls him Mr President.

The conference is being held at the Hyatt Regency Hotel on this resort island, where golf is the preferred sport. Guests include high achievers from all walks of life, from former astronaut Bill Nelson to South African writer Mark Mathabane.

Clinton is staying nearby in the Palmetto Dunes section of the island at a \$2.4 million beachfront house owned by a Republican, concrete industry executive Paul Robert Burge Jr of Vienna, West Virginia.

White House spokesman Jeff Eller, the most senior staffer travelling with Clinton on a post

-Christmas

vacation that began in Arkansas Monday, said Clinton had accepted Burge's invitation to stay at the opulent three

-level home.

It is the third time since he took office that Clinton and his family have stayed in a vacation home belonging to a host whom they hardly know. The other times were last summer in Vail, Colorado, and on the Massachusetts island of Martha's Vineyard.

The president emerged to jog on the beach, play golf, attend Renaissance sessions and dine out. There was no national security adviser with him. He was keeping up on world affairs through his usual daily written briefings.

A first

-time guest, award

-winning singer

-songwriter

Mary Chapin Carpenter, bristled when a reporter suggested at a briefing that the conference was a ``self

-indulgent,
touchy

-feely" event for the elite.

``I never got the sense that this was a New Age,
touchy

-feely thing," she said. ``I'm able to exchange ideas with people from different backgrounds. I look at it as an opportunity to expand my horizons."

Former Federal Deposit Insurance Corporation chairman William Seidman, a Republican, said Renaissance is ``a college bull session that is organised with a slightly more select group than your fraternity brothers."

REUTER

Clinton lauds U.S. economy

By KENNETH R. BAZINET=

HILTON HEAD ISLAND, S.C. (UPI) President Clinton took time out from a round of golf Thursday to cheer the latest U.S. economic

indicators and said it shows Americans were taking control of their destiny.

It was day two of the Clinton's annual New Year's Renaissance Weekend getaway to the island resort. More than 300 invited families gather in Hilton Head to share ideas, opinions and experiences ``with the intention of personal and national renewal," according to the hosts.

Clinton went for a morning jog wearing his newly acquired University of Arkansas basketball team warm

-up

suit and later attended a Renaissance panel discussion called ``Risking Peace: Bosnia and the Middle East, and What Remains of the New World Order."

But Clinton ducked out of the discussion after an hour and 15 minutes, choosing a round of golf at the Arthur Hill course, where a sign warns patrons: ``Be careful. Snakes and alligators are common."

Before teeing off, Clinton issued a statement through a spokesman lauding the improving economy. It was the second consecutive day that Clinton was able to cheer positive economic news.

``The American people are taking control of their economic destiny," Clinton said.

New

-home sales, buoyed by the strongest demand in the West since the 1970s, climbed to their highest level in 7 years during November, the government said Thursday, as buyers hurried to beat rising interest rates.

Sales of single

-family homes rose 11.3 percent to a seasonally adjusted annual rate of 807,000 units, increasing in all regions of the country except the Northeast, the Commerce Department said. ``This shows the result of low interest rates, low inflation, bringing the deficit down, and increasing investment. People are getting more optimistic about the future," Clinton said.

In another report equally favorable on the economy, the government said the number of jobless Americans filing for unemployment insurance benefits plunged the week ending Christmas Day to a nearly five

-year low.

The Labor Department said initial claims for jobless insurance benefits last week decreased by 39,000 to a seasonally adjusted 291,000, which was the lowest point since the week of Feb. 4, 1989.

A major reason claims fell so sharply was that many government offices where people file for unemployment benefits were closed Christmas Eve.

The Clintons, who are staying in a private \$2.4 million oceanside home, planned to dine at the home of tennis star

Stan Smith.

The first family is being shuttled back and forth to the Hyatt Regency, where Renaissance Weekend is being held. Clinton attended his first panel after dinner Wednesday night, joining in a discussion that hits close to home: ``Whoops: Mistakes, Their Lessons and Consequences."

The Clintons began their vacation Monday in Arkansas, spending time in Hot Springs, Little Rock and Fayetteville. While in Arkansas, the first family went on several shopping forays, attended a basketball game featuring the red

-hot, top

-ranked University of Arkansas
Razorbacks, ate at some of their favorite home

-state
restaurants. The president even bowled with some childhood friends.

The first family arrived Wednesday in Hilton Head.

bc

-clinton

-lu
LADY LUCK: THE WOMAN
IN BILL CLINTON'S LIFE
Eds: Analysis; good thru weekend.
By DEBORAH MATHIS=
GNS White House Reporter=
WASHINGTON Despite the cryptic nature of both his admissions and denials of past affairs, there is one ``other woman" in Bill Clinton's life who is a known, if somewhat elusive, entity.

``Luck" is the lady's name. And she has been Clinton's guardian angel throughout his political life.

``I guess you could look at it from several standpoints," said Ernest Dumas, a long

-time Arkansas
journalist and observer of the state's politics. ``One is that the cosmic cycles of politics always kind of favored Clinton."

Exhibit one: Molded and primed by 1960s upheavals, Clinton's coming of age coincided with shifting political winds.

``He came into politics in the '70s a period of reformist reaction to Watergate," Dumas said.

After challenging a veteran Arkansas congressman for

his seat in 1974 and losing, Clinton was elected state attorney general in 1976. Two years later, he was elected governor.

Exhibit two: Although Clinton lost the governorship in 1980, Dumas says it may have been, in a way, opportune.

“Within six months, the country Arkansas particularly plunged into one of the worst recessions in history. In '82, when Clinton was ready to run again, Arkansas was in misery. That probably helped Clinton get re

-elected.”

Exhibit three: Following Clinton's return to the governor's mansion, and for the next 10 years, Arkansas and the nation enjoyed remarkable peacetime expansion.

“You could say that what (Clinton) did as governor might have marginally affected the Arkansas economy and we did do better than the nation as a whole,” said Dumas. But, indubitably, much of the recovery was engineered at the federal level.

One advance is clearly attributable to Clinton, however. In 1983, he originated a zealous campaign for education reform in Arkansas, with Hillary Rodham Clinton at the fore. To pay for the overhaul, Clinton proposed a sales tax increase in a chronically tax

-averse state.

Witness, exhibit four:

“About this time, you have this spate of national reports, starting with ‘A Nation at Risk,’ about the condition of education in this country. They were pretty alarming,” Dumas recalled. “Also, the state Supreme Court came along and struck down the school finance system, again making a tax increase inevitable because there was no other way you could get it done.”

Then, there was the campaign of 1992 and the absence of Democratic megaweights like Mario Cuomo, and the bad economic reports that stalked George Bush's incumbency, and the proximity of Gennifer Flowers' bombshell on the post

-Super Bowl “60 Minutes” program, providing an inordinately large television audience for his response.

Lady Luck's latest rescue efforts came the week leading up to Christmas, just when Clinton was enjoying a surge in public esteem; just when the harried White House was beginning a brief but happy hibernation; just when the last thing he needed then was a blast from the past.

Clinton's embarrassment over allegations of sexual misadventures while governor of Arkansas and his uncertainty over what face to present to a snarling press corps only gave speed to the story. A radio reporter's simple question “So none of this ever happened?” yielded one memorably tortured moment for the silver

-tongued chief executive.

``We ... we did, if, the, the, I, I ..."

Still, if adultery allegations were inevitable, their timing could not have been better for Clinton.

Congress, which could have made great hay out of the charges, had closed shop for Christmas break and, across the country, ordinary citizens had become preoccupied with tree

-trimming, shopping, family, feasts, charity and church. Hence, presidential trespasses true or false became a sideshow, attracting more transient curiosity than durable calamity.

Makes you wonder.

``Except," said Dumas, ``how much is luck and how much is Clinton's kind of super

-sensitive political antennae about the mood of the people and the appropriate course to take?"

And, he adds, don't forget Clinton's sheer doggedness.

``The central quality of Bill Clinton is his optimism. He's just got this eternal optimism that he is not going, by God, to fail."

BC

-USA

-GAYS 1STLD

CLINTON AVOIDS LEGAL SHOWDOWN ON GAYS IN MILITARY
(Eds: Adds new defence comments, grafs 16

-17)

By James Vicini

WASHINGTON, Dec 30 (Reuter) - The Clinton administration avoided a legal showdown over the Pentagon's controversial ban on gays in the military by refusing Thursday to appeal a landmark ruling that struck down the old policy.

The Justice Department said in an 11

-page court

document that it disagreed with the ruling, but would not appeal because the ban has been replaced by President Clinton's compromise policy, dubbed ``don't ask, don't tell, don't pursue."

The case involved a precedent

-setting ruling last

month by a U.S. Court of Appeals in Washington, D.C.,

which voted 3

-0 to declare unconstitutional the Pentagon's
50

-year

-old ban on gays.

The decision did not address Clinton's new policy, which takes effect in February and allows gay men and lesbians to serve as long as they keep quiet about their sexual orientation and abstain from all homosexual conduct.

The Justice Department did appeal a technical part of the ruling that had ordered the Navy to commission as an officer Joseph Steffan, a former midshipman at the U.S. Naval Academy who was discharged after admitting he was gay.

In asking the entire appeals court to review the case, Justice Department lawyers argued the order was improper because only the president, with the advice and consent of the Senate, can commission an officer.

Evan Wolfson, the attorney for Steffan, said he was pleased the administration would not challenge the important constitutional principles at the heart of the ruling.

But Wolfson, an attorney at the gay

-rights group

Lambda Legal Defence and Education Fund in New York, said he planned a challenge to the new policy within the next few weeks.

"The old and new versions all share the same constitutional defect because they are just discrimination based on prejudice," he said. "This issue will not go away."

He expressed disappointment that the government will "continue this petty effort to deny an outstanding midshipman his commission," referring to Steffan.

Steffan was forced to resign shortly before graduation in 1987 after acknowledging his homosexuality to a classmate. He ranked in the top 10 percent of his class, and there was no evidence that he ever engaged in any homosexual conduct.

In the appeal, Assistant Attorney General Frank Hunger expressed confidence the new policy would be upheld.

"The new statute and regulations make clear that ... the military's policy on service by homosexuals is directed to conduct rather than status or orientation," he said.

The Defence Department issued a separate statement saying it was in "profound disagreement" with the court's ruling.

"The decision was based on an erroneous

interpretation of the old policy and failed to accord traditional deference to the judgment of the armed forces on military matters," it said.

Defence officials said the old policy prohibited only homosexual conduct, not homosexuality itself, and said they will continue to defend court challenges against the ban.

Their decision not to appeal the Steffan case ``was a strategic decision," said a senior defence official who did not want to be identified. ``It does not represent an abandonment of the old policy."

Since 1989 more than 3,500 servicemen have been discharged under the military's regulations on homosexuality.

The decision not to appeal the Steffan case could have important implications for other gay servicemembers who have been discharged and seek reinstatement.

The constitutionality of restrictions on gays in the military is expected to be ultimately decided by the Supreme Court.

REUTER

AM

-Gays

-Military,630

Administration Avoids Constitutional Battle Over Gay Midshipman

By JIM ABRAMS= Associated Press Writer=

WASHINGTON (AP) The administration sought a rehearing Thursday of court orders to commission gay midshipman Joseph Steffan, but sidestepped the larger battle over whether banning gays from the military is constitutional.

The Justice Department, filing the petition on behalf of the Defense Department, focused instead on the narrower issue of whether the D.C. Court of Appeals exceeded its authority in ruling that Steffan be given his Naval Academy diploma and commissioned as an officer.

The court, it said, raised ``the gravest legal questions" in regard to the principle of separation of powers that holds that military officers must be appointed by the president and approved by the Senate.

The three federal judges on Nov. 16 ruled that expelling Steffan solely on the basis of his sexual orientation violated the equal protection guarantee of the Constitution.

The court considered the old policy banning homosexuals in the military, but its ruling could also raise constitutional questions for the somewhat more liberal policy the Clinton administration has put into effect.

The petition expresses the Pentagon's ``profound disagreement" with the opinion that the old policy was unconstitutional. But it states that ``it is not necessary

to take the extraordinary step of rehearing" the constitutional issue because the court looked only at the old policy.

"It was a strategic decision," a senior Defense Department official said. The Steffan case "was of minimal importance given we have a new policy in place."

After one of the most divisive debates of President Clinton's first year in office, the Pentagon earlier this month issued regulations for its new "don't ask, don't tell, don't pursue" policy that forbids homosexual practices but does not necessarily discharge members merely for their sexual orientation.

The official, speaking on condition of anonymity, said court challenges to the new policy are likely to cite the Steffan ruling, but noted that other court decisions have upheld military policies toward homosexuality.

David Smith, a spokesman for the National Gay and Lesbian Task Force, said the decision not to take up the constitutional question was positive, but said he was angry any appeal was being made.

"Appealing any aspect of this ruling conflicts dramatically with the president's oft

-stated position that there should be no discrimination within the services," Smith said.

Steffan's attorney, Evan Wolfson of the Lambda Legal Defense & Education Fund, said they were "disappointed by the government's petty effort to continue denying an outstanding midshipman his commission."

He said Lambda, a gay legal rights organization, and the American Civil Liberties Union will file a court challenge to the Pentagon's new policy on gays within the next few weeks.

Steffan was a model student who in his junior year was selected regimental commander of half his class. But in 1987 he confided to a fellow student and a chaplain about his sexual orientation and later acknowledged to a disciplinary board that he was homosexual. He resigned from the academy six weeks before graduation, after the board recommended he be dismissed.

Steffan, now 29, is in law school at the University of Connecticut.

Also this month, Navy Petty Officer Keith Meinhold re

-enlisted after courts ruled that he couldn't be barred from service because of his sexual orientation. He was discharged in August 1992 after revealing he was a homosexual. His case is now being appealed by the government.

AM

-Pollard

-Spying,0248

Spy Novelist Reportedly Received Censored Pollard Letter in 1987

LOS ANGELES (AP) The Navy censored a letter from imprisoned Israeli spy Jonathan Pollard to a novelist in 1987 because it contained classified material, the Los Angeles Times reported Thursday.

The letter to Howard Kaplan, author of several Middle East spy novels, was written two years before 14 letters cited by Defense Secretary Les Aspin as containing classified information.

Last week, Aspin told the White House he would recommend against clemency for Pollard, a former civilian Navy analyst who is serving a life term on a 1987 guilty plea. Without elaboration, Aspin said Pollard had included classified information in monitored prison letters since July 1989.

In his Aug. 27, 1987 letter to Kaplan, Pollard discussed various missile projects, the newspaper reported. Navy censors whited out a 5&1/4

-by

-3&1/2

-inch

section of the letter between a reference to a Soviet weapon and mention of a joint U.S.

-Israeli missile project, the Times said.

A cover letter from the deputy director of naval intelligence said the passage contained classified national security information, the newspaper said.

Kaplan, who lives in Los Angeles, suggested that Pollard's missile discussions were innocuous.

"I have no indication that it's anything other than his assessment of what he read in the newspapers," he said.

Kaplan said he has received about 15 letters from Pollard since beginning their correspondence in 1987; however, to his knowledge, only one was censored.

BC

-USA

-RADIATION

-ASPIN

ASPIN ORDERS RADIATION TESTING CHECK

WASHINGTON (Reuter) - Defense Secretary Les Aspin ordered the military Thursday to check all files back to the 1940s to see whether the armed forces conducted radiation tests on people.

"I am concerned about reports that human beings may have been used in conducting radiation tests without their knowledge," Aspin said. "I want to make sure we explore all avenues to uncover any information held by the Department of Defense that may shed light on these allegations."

MORE

BC

-USA

-RADIATION

-ASPIN

-2 WASHINGTON

The U.S. Energy Department has estimated that 600 to 800 people were subjects of government

-backed radiation tests across the United States, and is trying to locate surviving subjects.

Energy Secretary Hazel O'Leary this week said she believes wronged victims are entitled to compensation but added the administration does not yet have a position on the issue.

Representative Martin Frost, a Texas Democrat, said he will introduce legislation to help subjects of the tests, which were overseen by the Atomic Energy Commission, the Energy Department's forerunner.

REUTER

AM

-Demjanjuk,0372

Government Renews Attempt to Strip Demjanjuk's Citizenship
By JOHN NOLAN= Associated Press Writer=

CINCINNATI (AP) The government asked two courts Thursday to uphold its actions that stripped John Demjanjuk of his citizenship and extradited him to Israel to face Nazi war crimes charges.

Government lawyers asked U.S. District Judge Frank Battisti of Cleveland to reaffirm his 1981 ruling that Demjanjuk had lied about his past when he applied for citizenship. Battisti found that Demjanjuk had served the Nazis at the Trawniki and Treblinka death camps in Poland during World War II.

The Justice Department also asked the 6th U.S. Circuit Court of Appeals to reconsider its Nov. 17 ruling that accused the government of fraud in its prosecution of the retired autoworker from suburban Cleveland.

Three 6th U.S. Circuit judges threw out the appellate court's 1985 order authorizing Demjanjuk's extradition. The judges said the government lawyers withheld information that could have helped the Ukrainian

-born

Demjanjuk fight his 1986 extradition to Israel. The government maintains it acted in good faith.

Neither Battisti nor the appeals court immediately ruled on the requests. The appeals court said it would be at least two weeks before it would rule because the rehearing request has to be circulated to the court's 15 judges.

Demjanjuk in 1988 was convicted and sentenced to death in Israel for being the sadistic Ukrainian

-born Nazi guard

known as "Ivan the Terrible." The Israeli Supreme Court overturned that conviction in July, thus allowing Demjanjuk, 73, to return to the United States in September.

The Justice Department said Thursday that Battisti should reaffirm his ruling because Demjanjuk's lawyers have said they might use the appeals court ruling as a basis to try to win back his citizenship.

Ed Nishnic, Demjanjuk's son

-in

-law, said he is

confident the appeals court's Nov. 17 decision will stand. Demjanjuk's lawyers will review the filing with Battisti, Nishnic said.

In Los Angeles, the Simon Wiesenthal Center praised the government's effort to fight the Demjanjuk issue in both courts. Rabbi Marvin Hier, founder of the center, which monitors cases of alleged Nazis, said Demjanjuk is "a Nazi war criminal who violated American law by hiding his criminal past."

AM

-Blood Drug,200

FDA Approves Drug To Reduce Bleeding In Coronary Bypass Patients

WASHINGTON (AP) A drug to help prevent excessive bleeding and reduce the need for transfusions among patients undergoing heart bypass surgery was approved Thursday by the Food and Drug Administration.

The drug, called aprotinin, was approved after research

showed that it was effective in decreasing the amount of blood lost during bypass operations.

In the research, only 42 percent of heart bypass patients using the drug required at least one unit of transfused blood, while 77 percent of patients who did not receive the drug required at least one unit.

The drug works by blocking the action of enzymes that normally dissolve blood clots.

"Aprotinin can reduce the risks of bypass surgery for some patients," said FDA commissioner Dr. David A. Kessler. "Fewer transfusions mean a much lower risk of infection or possible adverse reactions to the blood."

Use of the drug is restricted to high risk patients because aprotinin has been shown to cause allergic reactions and kidney toxicity problems in some patients.

The FDA said that aprotinin will be marketed by Miles Inc. of West Haven, Conn. under the brand name Trasylol Injection.

bc

-poll

-mood-

RESEND FOR ALL NEEDING

TAKE 1 OF 2

MOOD OF AMERICA POLL:

PEOPLE DON'T FEEL SAFE

Eds: Originally moved Monday as advance for Saturday.
With sidebar POLL

-HEALTH

Graphics: On GGN

By CHUCK RAASCH=

GNS Political Writer=

WASHINGTON When 21

-year

-old Keisha Murphy of Cuthbert, Ga., goes back to West Georgia College after the holidays, she will carry a wary optimism.

"Actually, I am a little more optimistic than I was a couple of months ago," the political science major said, citing evidence that politicians seem more willing to tackle gun violence, drugs, crime and health care.

But, she added: "Long term, I think we may run into more problems than we foresee at this point."

Murphy's guarded optimism typifies the results of Gannett News Service's annual "Mood of America Poll" as the nation enters 1994.

Conducted by Louis Harris & Associates Dec. 15

-19, the
in

-depth survey draws a composite of a people feeling slightly better about the nation's economy, but highly insecure in their homes and streets.

Some 72 percent said they feel less safe in their lives. Last year's pocketbook concerns, framed largely around the 1992 election campaign of Bill Clinton, have shifted into a broader concern in which crime has become a symbol of the random insecurities of modern life.

"I have mixed emotions," said Tom Duchaine, a
44

-year

-old Mohawk, Mich., advertising agency owner. "I don't know that I am all that optimistic about the country. All these mass murders and shootings, it just makes you think."

The GNS poll of 1,001 respondents and follow

-up
telephone interviews indicate many think Clinton is trying to solve problems.

But there is no clear national verdict on whether he can accomplish his goals or whether his prescriptions are the right ones. In the poll, 40 percent say America has moved ahead under Clinton, while 57 percent say it hasn't.

And Americans have turned decidedly less favorable to Clinton's Democratic Party. While 42 percent last year said Democrats most shared their values, only 31 percent did this year. Republicans rose from 24 to 27 percent.

Now, 40 percent say that their values are not shared by either political party, up from 31 percent a year ago a striking reference to how Democrats have yet to bridge the gulf between Main Street and Pennsylvania Avenue.

Still, Clinton has Americans' sympathies if not their unqualified support.

"The fact is, he is making things happen," Duchaine said. "I think he is on the right road. I think the issues that he is dealing with are important."

For now, Clinton "has his work cut out for him," said Harris pollster David Krane, although he "gets the benefit of the doubt about the future."

Compared with last year, more Americans feel good about the economy (45 percent now, 34 percent last year). The 66 percent rating their own economic situation as good is virtually the same as a year ago.

But Clinton has not been able to convince a majority that he has made improvements across a broad front of concerns, from crime to jobs to taxes.

Only in global competition and avoiding global conflicts do a plurality of Americans think things

improved under their new president. In others, a big majority doesn't think conditions have improved; most notably crime (89 percent), America's cities (86 percent) and race relations (75 percent).

The new year dawns with divided optimism on the pocketbook. While 42 percent think their financial situation will get better, 15 percent think things will get worse, and 42 percent expect conditions to stay the same.

Looking longer term, 40 percent think life will be better for their children, exactly the same as a year ago.

Murphy, the daughter of two textile workers, has grown up while factories have vacated her stretch of rural southwest Georgia for overseas. A service economy has replaced it, but the home town like many in late

-20th century America has been fraught with economic revolution and all its human fallout.

Murphy's parents remain employed, but as similar jobs have left in recent years, the family has talked about what would happen if that reality hits home.

"I am comfortable because I know we will be OK," Murphy said. "My mother and father can do other things. It will be manual labor. Neither have the education" for the rapid changes of the service- and high

-tech economy.

"But long term, I see problems because this pattern cannot continue."

MORE

bc

-poll

-mood-

RESEND FOR ALL NEEDING

TAKE 2 OF 2; bc

-POLL

-MOOD

-1; xxx pattern cannot continue."

The GNS poll did show that 41 percent of Americans think that those who wanted to get jobs over the past year could do so. But 68 percent also knew of someone who lost a job since Clinton's election. That is almost as high as the 74 percent in the 1991 GNS year

-end poll, when former
President Bush was just beginning his slide toward
re

-election loss.

In the new poll, women and African Americans are the
most optimistic about their children's long

-term economic

futures, but men and Hispanics are the most optimistic
about 1994. Hispanics and African Americans had a less
negative view on race relations than whites.

Murphy, an African American, described race relations
the way respondents framed many of the problems facing the
country: "Relationships are improving," she said, but a
long and potentially troublesome road lies ahead.

"There is no way I can say that the situation is the
same in 1993 as it was in 1964, because I can drink out of
the same fountain and I can go to the same schools," she
said. "But I believe we still have
a ways to go."

bc

-poll

-healt

RESEND FOR ALL NEEDING

POLL: CLINTON HEALTH PLAN

GOOD IDEA, DESPITE COSTS

Eds: Originally moved Monday as advance for Saturday.

Sidebar to POLL

-MOOD

Graphic: On GGN

By ELIZABETH NEUS=

and JOHN HANCHETTE=

Gannett News Service=

Missourian Joyce Miller doesn't know much about
President Clinton's health care reform plan, but if it
gets her out from under the crushing burden of her
disabled husband's medical bills, she's all for it.

"Medicare," said Miller, 54, an aide for a Clinton,
Mo., nursing home, "doesn't pay for what we need."

Miller's 55

-year

-old husband suffers from a
neurological disease that has left him unable to work. It
has left her with mountains of medical bills she struggles

to pay and plenty of worries.

"I go to work. I come home. I never know how I'm going to find him. I can't afford anyone to watch him," she said.

Miller, who cannot afford insurance for herself, is among the 79 percent of people surveyed in a GNS Mood of America poll who believe that the president's health care reform plan will cost them more. But she's also among the 60 percent who think the plan is a good idea.

"Everything's got a price," she said. "That's the way it is."

The GNS Mood of America poll, taken of 1,001 Americans by Louis Harris and Associates on Dec. 15

-19, found that most of the public is taking the president and first lady Hillary Rodham Clinton at their word when they say their plan would provide universal medical insurance coverage for everyone while lowering costs.

Not only do 60 percent favor the Clinton reform plan, 60 percent think it will guarantee everyone coverage. Sixty percent think it will be better than the current system with 54 percent saying it will not have coverage taken away and 51 percent saying it will hold down the total cost of health care.

But like Miller, they acknowledge at the same time that they really don't know all that much about the complicated Clinton reform plan. Only 14 percent of those surveyed in the GNS poll said they knew "a great deal" about the plan.

The Clintons' reform plan is supposed to provide "universal" medical insurance to every American coverage that cannot be taken away. Employers would be required to provide basic coverage to every worker and pay 80 percent of its costs. Overall costs would be held down, they say, by spurring competition and by providing managed care.

That's where many Americans are doubtful.

Not only do 79 percent of those surveyed in the GNS poll think the Clinton plan would require a big tax hike, they question whether health care would become more affordable. Only 45 percent said they think the Clinton plan would make it more affordable, while 50 percent said they didn't think it would.

The administration maintains that it can pay for the plan only by hiking cigarette taxes. The rest would come from squeezing out waste, it says. But it acknowledges that 40 percent of Americans mostly young, single healthy people would pay more for their health insurance.

Martin Marger is one of those leery of the Clinton plan. Marger, 67, of Farmingdale, N.Y., was forced by illness into retirement five years ago from his job as a municipal employee. And he is happy with the medical coverage he has now.

“As an individual, the present system works great for me,” Marger said. “If this is a foregone conclusion that the present system is going to be eliminated because everyone will be required to join a national plan, I’ll be hurt by it.”

But Marger, whose Medicare is supplemented by other coverage, is fortunate. Some 38.9 million Americans don’t have coverage provided by an employer, by the government through Medicare and Medicaid, or because they cannot afford it.

They are in the same boat or worse as Joyce Miller in Missouri, who cannot qualify for government

-provided

Medicaid coverage for the poor because she and her husband make too much money, though not enough to allow her to afford private insurance coverage for herself.

“I have a strong feeling there are people worse off than me,” she said.

bc

-poll

-crime

RESEND FOR ALL NEEDING

TAKE 1 OF 2

POLL: BRADY BILL WON’T

PUT BIG DENT IN CRIME

Eds: Originally moved Tuesday as advance for Sunday.
Sidebar to POLL

-VALUES

Graphics: On GGN.

By PENNY BENDER=

Gannett News Service=

WASHINGTON President Clinton and congressional Democrats will bring an arsenal of gun

-control bills to

the front line in 1994, including measures to license gun owners, ban assault weapons and tighten controls on gun dealers.

With the signing of the Brady Act, politicians are convinced more stringent proposals to rein in gun crime will pass before the end of 1994. Clinton, on a well publicized hunting trip Monday, vowed to back more gun

-control measures.

Yet the nation isn’t sure that even Brady, the five

-day
waiting period for handgun purchases that begins in February, will stem the epidemic of violence.

In a Gannett News Service poll, 71 percent of those surveyed said the Brady law would not reduce crime. Another 89 percent said they detected no decrease in crime during Clinton's first year.

While statistics show general crime is dropping, the FBI reported a surge in murders committed with guns in 1992. In fact, fear of crime and government regulation of guns has catapulted gun sales, a gun industry group reports.

Handgun and semi

-automatic weapon sales increased 30 percent to 40 percent in the past six months, according to the American Shooting Sports Council, which represents gun makers and sellers. In some cases, manufacturers, such as Intratec, are reporting a 100 percent boost in sales this year over last.

The gun debate will start early and mark ``the beginning of the first real serious look at how to deal with weapons and the Second Amendment," said Sen. Joseph R. Biden Jr., D

-Del., and chairman of the Senate Judiciary Committee.

``What can we do to reasonably regulate access to weapons without doing violence to the Constitution?" is the question Congress faces, Biden said.

The idea of controlling guns to stop violence doesn't disturb former hunter David Thompson of Tucson, Ariz., who participated in the GNS poll.

Thompson described his home state as a place where people ``walk around with guns on their hips and on their dashboards."

He supports the Brady Act but agrees with the majority that it won't reduce crime. Brady ``is not going to stop a criminal from getting a gun," he said. ``The problem is with violence. I don't think the problem is with guns."

Brady backers, who admit the law doesn't go far enough, say they will start an all

-out assault on gun

-related
violence when Congress returns Jan. 25. They and their foes the National Rifle Association, other gun owner organizations and gun manufacturers, wholesalers and dealers promise a strident debate.

``There may be something of the bloodletting," added Richard M. Aborn, president of Handgun Control Inc., founded by Sarah and James Brady. The law was named for James Brady, shot during an attempt on President Reagan's

life.

Among the proposals Congress will consider early in the year are:

A ban on 19 semi

-automatic assault weapons and dozens of look

-alike guns that use multiple rounds of ammunition.

The measure is part of the crime bill that passed the Senate and is pending in the House.

Increased fees for gun

-dealer licenses. A federal

license now costs \$10 a year. A proposal included in the Senate crime bill would raise that to \$300.

The Youth Handgun Safety Act, passed by both chambers and awaiting action by negotiators. The bill would bar anyone under age 18 from owning a handgun.

A series of amendments to the Senate crime bill that would require tough federal punishment for virtually any violent crime committed with a firearm.

A House bill that would limit gun buyers to one handgun a month, an idea that is law in Virginia and supported by Handgun Control Inc.

Republicans plan to offer an amendment to Brady that would effectively speed up creation of a national criminal database to allow instant background checks on gun buyers. The waiting period would be lifted once the database is in place.

There are dozens of other proposals including one by Sen. Daniel Moynihan, D

-N.Y., to tax ammunition and use the money to pay for health

-care reform.

One of the most comprehensive ideas belongs to Rep. Charles Schumer, D

-N.Y., and Handgun Control: legislation that would require gun owners to be licensed, establish a computerized record of all gun sales, put restrictions on would

-be gun dealers and outlaw weapons purchased at gun shows.

MORE

RECORD TYPE: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:30-DEC-1993 15:19:00.00

SUBJECT: 3:30 pm 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)
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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
THE WHITE HOUSE WIRE REPORT
3:30 p.m. edition
Thursday, Dec. 30, 1993
Produced by the Office of News Analysis

More good economic news for Clinton
HILTON HEAD ISLAND, S.C. (UPI) President Clinton got more good news Thursday about the nation's economic picture, and the upbeat indicators show that Americans are ``getting more optimistic about the future."

Clinton, on vacation in South Carolina, was responding to a Commerce Department report that showed new home sales, buoyed by the strongest demand in the West since the 1970s, climbed to their highest level in 7 & 1/2 years during November.

In another report, the Labor Department said the number of unemployed Americans filing for unemployment insurance benefits plunged the week ending Christmas Day to a nearly five

-year low.

``The American people are taking control of their economic destiny," said Clinton. ``This shows the result of low interest rates, low inflation, bringing the deficit down, and increasing investment. People are getting more optimistic about the future."

On Wednesday, another Commerce Department report gave

the administration a shot of good news when it released figures showing economic gains for the fourth consecutive month during November. The report also indicated steady growth will continue well into 1994.

Clinton made the comments about the nation's economic health through a spokesman before beginning a round of golf. Physical health, however, may have been his next concern. A sign on the golf course read: ``Be careful. Snakes and alligators are common."

AM

-Presidential Vacation,530

VACATION NOTEBOOK: Sans Name Tag, People Still Know What To Call Him

By NANCY BENAC= Associated Press Writer=

HILTON HEAD ISLAND, S.C. (AP) The trials of office aren't exactly eluding President Clinton during his vacation retreat on this resort island.

The first seminar Clinton chose to attend Thursday at the four

-day Renaissance Weekend was ``Risking Peace: Bosnia, the Middle East and What Remains of the New World Order."

Not exactly a light

-hearted diversion from the demands of the Oval Office.

Still, the president wasn't taking things too seriously: He skipped out a little early to fit in a game of golf.

Clinton, who likes nothing more than to engage in prolonged discussion on virtually any topic imaginable, is

a 10

-time participant in the annual invitation

-only event where families socialize and discuss personal and public policy matters.

Clinton's presence this year as president poses some new challenges.

Linda Lader, organizer of the conference, said guests were requested ``that they would allow (the Clintons) to have some family time."

``We asked not them to ask for autographs or any other administration matters," she said.

That didn't stop folks from queuing up along the beach just outside the ``no

-stopping zone" designated in front of the home where the Clintons are vacationing.

Clinton does have special dispensation from at least some Renaissance conference ground rules.

For one, he doesn't have to wear the read

-it

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-the

-room name tag that is mandatory attire for everyone else.

The 4

-by

-6

-inch tags display first names in bold lettering, with last names less prominently depicted. Home towns are provided, but no titles or occupations.

Last year, when Clinton was president

-elect, he wore a tag.

This year, he's tagless.

Lader said she didn't make one for Clinton.

"I knew he wouldn't wear one," she said.

Clinton also is exempt from the policy that participants refer to one another by first name, Lader added, saying, "It is a tradition in this country that we call the president of the United States 'Mr. President.'"

Guests seemed to catch on right away.

"I didn't see anyone call him 'Bill,'" said Clinton spokesman Jeff Eller.

Clinton's celebrity status is being kept within limits, however.

At Thursday morning's session, he sat at a table in the second row from the back.

First lady Hillary Rodham Clinton was nowhere to be seen.

"Sleeping in," Eller explained.

The president will have his moment in the spotlight on Saturday night, when he and conference founder Phil Lader, deputy White House chief of staff, moderate a panel called "What I've Learned." A day earlier, Mrs. Clinton is a panelist for a discussion entitled, "Hard Choices."

Both were assigned topics, not the Clintons' choices.

One panel the Clintons have no official role in: ``Year One: A Clinical View of the Clinton Administration."

Another possible session of interest for Clinton: ``Advice for the President."

Before Thursday's discussion groups got under way, dozens of Renaissance joggers got their hopes up when rumors circulated that Clinton would join in the daily 7:30 a.m. fun run.

Runners formed up at the Hyatt Hotel, drifted toward the president's beach house and eventually went on without him.

To the patient went the reward.

Clinton emerged at 9 a.m. for a half

-hour jog.

BC

-USA

-ECONOMY (SCHEDULED)

SOARING HOME SALES COULD MEAN STRONG 1994 ECONOMY

By Glenn Somerville

WASHINGTON, Dec 30 (Reuter) - Soaring home sales and fewer claims for unemployment insurance reported by the government Thursday added a rosy glow to the U.S. economy as it heads into 1994 in its healthiest shape in years.

New

-home buyers rushing to get cheap mortgages drove sales to a seven and one

-half year peak last month, while claims for jobless benefits fell to the lowest in five years at Christmas as job prospects brightened, separate reports from the Commerce and Labour departments showed.

``The American people are taking control of their economic destiny," President Clinton said from South Carolina, where he was on vacation.

``This shows the results of low interest rates, low inflation, bringing the deficit down and increasing investments," a White House spokesman quoted Clinton as saying. ``People are getting more optimistic about the future."

The Commerce Department said sales of new homes jumped 11.3 percent last month to a seasonally adjusted annual rate of 807,000 units -- the strongest sales pace since 857,000 in April 1986. In October new home sales fell 2.2 percent.

Meanwhile the Labour Department said the number of people applying for first

-time unemployment benefits fell sharply by 39,000 in the week ended December 25 to 291,000. That was the lowest figure for any week since February 4, 1989, when there were 286,000 claims.

"We're probably entering 1994 on a better level of overall economic activity and of confidence than we've seen in a decade," said economist Daryl Delano of Cahners Economics Inc in Newton, Mass.

Not only did new

-home sales surge in November, but so did sales of existing homes as surveys showed consumers became increasingly confident about economic prospects toward the end of the year.

Delano said he expects the Labour Department to announce next week in its December employment report that 200,000 more jobs were created this month. Though it is evidence of a strengthening labour market, it still constitutes only modest jobs growth and may limit the rate of economic expansion later next year, he said.

"Beyond the first quarter, the economy is very much up in the air," Delano cautioned. "But certainly we're entering the first quarter on a very strong note."

One issue looming over next year's prospects is whether the Federal Reserve Bank will hike interest rates to prevent the economy from overheating. Analysts said fear of higher rates in 1994 was a factor driving new and existing home sales up in late 1993.

"The downtrend in interest rates is behind us or very nearly behind us," said economist David Seiders of the National Association of Home Builders.

Nonetheless Seiders expects rises in 30

-year mortgage rates during 1994 will be modest and said chances are that home construction and sales can keep growing in 1994 even if it is not at current rates.

Mortgage rates in November for a 30

-year loan picked up to 7.16 percent from a 25

-year low of 6.83 percent in October. But rates remain low by historical standards.

On Wednesday the National Association of Realtors said sales of existing homes shot up in November by 2.9 percent to a record seasonally adjusted annual rate of 4.21 million.

November's seasonally adjusted annual sales rate of 807,000 units was a whopping 31.2 percent higher than a year ago, in November 1992, when the rate was 615,000.

REUTER

-pols
SHOULD FOREIGN AFFAIRS
GET BACK

-BURNER STATUS?

Eds: Weekly column or analysis; moving on Washington
column wires.

By RICHARD BENEDETTO=
Gannett News Service=

WASHINGTON Perhaps Americans are right. Foreign policy
is the least of our concerns, and the U.S. government
should just forget it and spend its time worrying
about things that matter jobs, health care, crime,
deficit reduction and welfare reform.

Latest polls continue to show foreign affairs ranking
at the bottom of our list of priorities, as they have ever
since the end of the Cold War turned us into a nation of
narcissists. And the Clinton White House, highly sensitive
to political winds, has reflected that view in its conduct
by focusing most of its energies on domestic problems,
while seemingly giving short shrift, except in the area of
trade, to foreign policy.

President Clinton himself is said to spend only about
one hour a week boning up on foreign affairs. If true, his
record in overseas management, after nearly a year on the
job, shows it. Aside from passage of the North American
Free Trade Agreement and reaching accord on the GATT world
trade talks, Clinton has little to point to in the way of
foreign policy success.

Indeed, most issues that have required U.S. attention
have either met with disaster, as with the situation in
Somalia, confusion, as with the crises in Bosnia and
Haiti, or nervous stalemate, as with the potentially
dangerous problem of nuclear weapons in North Korea.

Only in his steadfast support of Russian President
Boris Yeltsin in the face of continuing economic and
political ferment in the former Soviet Union does Clinton
get high marks on foreign policy.

Just this week, Martin Walker, a Washington
correspondent for a leading British newspaper, the
Guardian, gave Clinton a "D and possibly an F" in his
conduct of foreign policy.

Walker expressed a view that seems to be growing in
Europe, although most here still seem to be oblivious to
it the view that Clinton has failed to provide the
traditional leadership our European allies have looked to
the U.S. president to provide since the beginning of World
War II. Some analysts say U.S.

-European relations have not
been so low since the 1930s.

True, the world looks a lot different now that the
Soviet Union no longer poses the threat to world freedom

that it did for nearly five decades. But economic woes and ethnic rivalries throughout the former Soviet bloc and its one

-time satellite countries, combined with the continuing possession by Russia and Ukraine of the largest nuclear arsenal in the world, continue to make unified and bold Western diplomacy a key to European stability.

Meanwhile, the Middle East, despite a tenuous peace between Israel and the Palestinian Liberation Organization, needs careful management with very direct U.S. involvement if lasting peace is to be found.

Then, there's the matter of China, whose Most Favored Nation trading status with the United States expires in six months. Clinton, in June, extended MFN to China for one year on the condition that it improve its human rights policy and handling of political prisoners. So far, little progress seems to have been made on that front. Therefore, Clinton may face another tough choice when that time limit is reached.

The list goes on: trade barriers in Japan, unstable governments in Africa, an unrepentant Saddam Hussein, an economically cornered North Korea, an unresolved Bosnia. All will require careful U.S. attention and time in the coming year.

Clinton has shown signs of realizing he needs to get his foreign-policy act together, first by dumping Les Aspin as secretary of defense, and now by putting Soviet expert Strobe Talbott in the No. 2 job at the State Department.

But personnel changes alone won't do it. Real change has to come from the the leadership of the president himself. And unless Mr. Clinton is willing to step forward into the void and become the kind of leader the world has come to expect from American presidents, those of us who think we no longer have to worry about foreign policy may be in for a rude awakening.

(Richard Benedetto writes for USA TODAY.)

bc

-newpolitic

SOME '94 POLITICAL PREDICTIONS

Eds: Originally moved Wednesday; retransmitting for all needing

By CHUCK RAASCH=

GNS Political Writer=

WASHINGTON With ``change" now status quo in the Capital (``change agent" having become a more revered title than ``statesman"), it is a most risky proposition to predict changes.

But what is New Year's for if not pulling out the

crystal ball?

Herewith are 13 predictions for 1994. Given the perils of predictive pursuit, a batting average of a \$3 million utility shortstop would be acceptable. That is, 3 of 13 (.231) would be good enough.

1. At year's end, Congress still will be struggling with health care reform, having passed compromise pieces perhaps a phased

-in ``goal" of universal coverage by 1998 and targeted projects in test states to convince angry voters before the fall elections they're doing something. States that become laboratories will complain that mandates are coming without money to handle them.

2. President Clinton will face a serious foreign policy challenge in 1994, most likely dealing with nuclear arms, most likely at the frayed edges of the former Soviet empire.

3. Fidel Castro, having suffered the humiliating defection of his daughter, will offer reform measures aimed at normalizing relations with the United States. He will be rebuffed initially because the reforms do not mean him giving up any power.

4. The Cleveland Indians will be in the playoffs for the first time since Ike was president, but their World Series with the Atlanta Braves will be marred by demonstrations against the teams' nicknames. (Clinton in April will throw out the first pitch at the Indians' new stadium, bounce a left

-handed throw on the plate, and be roundly booed. It's the American way).

5. H. Ross Perot will resurge momentarily in February over the balanced budget amendment fight. His organization will announce that month that it has 3 million members. Perot, with a long memory, will issue a new challenge to Al Gore to debate the balanced budget amendment. The vice president will decline, saying he gored Perot enough in their TV fight over the North American Free Trade Agreement. ``We will remember in November" will be a faint echo by October.

6. The Arkansas highway patrolmen's 1993 charges of salacious extramarital behavior by Clinton will go nowhere except provide endless tabloid titillation. The investigation into the Arkansas savings and loan with ties to the president and first lady eventually will create a political and legal confrontation between the White House and Attorney General Janet Reno, with Republicans cheering Reno from the sidelines.

7. Colin Powell, former chairman of the Joint Chiefs of Staff, will declare himself a Republican and begin appearing at GOP gatherings around the country in the fall. His star will be tarnished somewhat when the press begins asking seriously whether a great general makes a

great politician.

8. The fall television season will be steeped in shows intended to placate the "Family Values" crowd. Most will bomb. Hollywood, cajoled by Clinton in 1993 to take a look at the violence its images portray, will produce a heavy crop of Capra

-esque films with '90s edges; look for historical escapism, or movies with a theme of triumph over adversity on the mean streets. Audience reaction will be lukewarm; there's just something about that "Terminator."

9. Political consultant Ed Rollins, whose post

-election bragging in New Jersey tarnished Christine Todd Whitman's gubernatorial victory, will reappear briefly to announce that he is quitting political consulting and starting his own philanthropic organization. Its goal: to raise money and solicit business from his fat

-cat GOP contacts for jobs programs for inner

-city African Americans. The Rollins

-New Jersey fiasco, in which he had bragged the Whitman campaign spent \$500,000 to suppress the black vote, is hereby dubbed "Mouthgate."

10. Boris Yeltsin will not be in control of Russia by Thanksgiving.

11. Michael Jordan will be playing professional basketball again, having decided that starring in shoe ads does not satisfy his zest for competition.

12. Abnormally nasty weather will continue to make news with heavy snows and bad storms the story of this winter. How far from left field does this prediction come, you say? Think triple cycle: Two years ago, it was fires, last year, floods. This year, ice. Revelations

-based predictions on the end of the world will increase as a result.

13. More incumbents than either party expected will get tromped in the fall elections, but Democrats will retain control of both houses of Congress. The House losses won't be large for the Democrats, but they will retain the Senate by such a close margin that a new coalition of Republicans and southern Democrats will be viewed as the dominant force on Capitol Hill.

In the long run, this will be good for Clinton because it allows him to play politics toward the middle of his party and the middle of the country. That's where a lot of the change is hitting right now.

BC

-Walter Mears, Adv02,0755

\$adv02

For Release Sunday Jan 2 and Thereafter

When a Vote Meant to Balance the Budget Won't Do Any Such
Thing

An AP News Analysis

By WALTER R. MEARS= AP Special Correspondent=

WASHINGTON (AP) Early in the congressional new year,
they'll be ringing in a campaign issue by voting on a
constitutional amendment meant to balance the federal
budget.

It won't.

To really balance the budget, Congress, the government,
and Americans who usually rally to preserve their benefits
when threatened, would all have to change habits that will
be even more difficult to amend than the Constitution.

Nonetheless, the balanced budget amendment has
political allure that may prove hard to resist. It's the
kind of a vote many a campaigner would like on the record
heading into the 1994 congressional elections symbolic
but useful.

"Saying it will not make it happen, even if it is the
Constitution that says it," said Sen. Robert C. Byrd.

"This is an empty exercise in voodoo budget balancing ...
a feel good amendment."

But advocates argue that without a constitutional
mandate, Congress never will get budgets balanced. "It is
going to mean that we are forced to make some tough
decisions," said Sen. Paul Simon of Illinois, Democratic
sponsor of the amendment.

That's backwards, say opponents who argue that the
tough decisions ought to be made first, to control the
spending and raise the revenues it will take to put
budgets in the black.

The amendment would require Congress to "enforce and
implement this article by appropriate legislation,"
leaving for later the question of how to end the deficit
spending that has been chronic since 1969.

Under the amendment, three

-fifths majorities in both
the Senate and the House would have to vote for any
spending that exceeded revenue estimates. It also would
require those margins to increase the limit on the
national debt, a pressure point because as matters stand,
the government has to be able to keep borrowing or
default.

The debate has been going on for years on an issue that
was a favorite of conservatives even before Ronald Reagan

pushed it while deficits spiraled.

The arguments don't change. Perspectives do. Secretary of the Treasury Lloyd Bentsen, for example, sponsored a balanced budget amendment when he was a Texas senator. Now, in line with administration policy, he opposes it.

President Clinton discounted political advice when he told congressional leaders Nov. 5 that he wants the amendment rejected. "It would promote political gridlock and would endanger our economic recovery," the president said.

"... We came up with a better idea," Bentsen said, meaning the five

-year deficit reduction plan in Clinton's budget. "If we didn't have this \$500 billion deficit reduction, I'd be right back there supporting it again," he said on NBC's "Meet the Press."

But, he added, the Clinton plan is as far as the government can go without jeopardizing economic growth.

A balanced budget amendment would require much more, much faster. The deficit in the 1999 budget, the first that could be covered were the amendment adopted, is projected at \$223 billion.

It would take two

-thirds majorities in the Senate and the House to approve the amendment. Past votes on the question have come close, reflecting the political appeal of balanced budgets although as Byrd points out, the polls that indicate 70 percent to 80 percent support for the amendment do not deal with the cuts and taxes needed to really enforce it.

The Senate came within one vote of approval in 1986; the House within seven in 1990, nine in 1992, after a Democratic lobbying campaign so intense that a dozen sponsors voted no.

Were Congress to approve the amendment, it would go to the states, and if three

-quarters voted to ratify, it would become part of the Constitution.

Simon has said supporters are within two votes of the 67 it would take for Senate approval, despite the opposition of Democratic leaders and elders like Byrd, chairman of the appropriations committee.

It will come up first in the Senate, probably in February.

In the House, Democratic leaders who oppose the amendment have promised to put it to a vote should it win Senate approval.

EDITOR'S NOTE Walter R. Mears, vice president and columnist for The Associated Press, has reported on Washington and national politics for more than 30 years.

End Adv Sunday Jan 2

Appeals court asked to reconsider Demjanjuk case
By MICHAEL KIRKLAND=

WASHINGTON (UPI) The Clinton administration Thursday asked an appeals court to reconsider its government fraud ruling in the case of John Demjanjuk, who had been accused of being a Nazi war criminal.

A three

-judge panel of the 6th U.S. Circuit Court of Appeals in Cincinnati had found that the Justice Department was "reckless" in its pursuit of his case.

The ruling found that the Justice Department's attorneys committed fraud in the 1980s by failing to produce key evidence and failing to follow up its own internal reports, though it found there was no intention to commit fraud.

The Justice Department asked the appeals court to consider a rehearing and suggested that the case be reheard "en banc" by all 15 active judges on the 6th Circuit court rather than a three

-judge panel.

The 6th Circuit ruling followed an investigation by a "special master," a federal judge appointed to follow up allegations of government misconduct in the investigation.

The government brief requesting the rehearing said the special master had concluded the government attorneys in the Justice Department's Office of Special Investigations had acted in good faith and without fraud.

The Justice Department contends the 6th Circuit ruling, by deviating from the special master's report, sets up a legal oxymoron: a "good faith fraud."

The Anti

-Defamation League, which fights anti

-Semitism,

filed a friend of the court brief supporting the Justice Department's request. The ADL said the court had no legal basis for its conclusion and its findings contained inaccuracies.

The Cincinnati ruling in effect a rap on the knuckles for former OSI prosecutors is separate from current efforts to deport Demjanjuk, a retired autoworker from the Cleveland area.

Attorney General Janet Reno has vowed to pursue deportation efforts against Demjanjuk because of unresolved allegations, even though the Israeli Supreme Court cleared him of being "Ivan the Terrible," a notorious guard at the Treblinka concentration camp.

The Israeli high court did not deal with separate allegations that Demjanjuk had been a guard at other

concentration camps.

Demjanjuk entered the United States after World War II, saying he had served in the Red Army.

After he was stripped of his naturalized U.S. citizenship, Demjanjuk was deported to Israel in 1985 to face charges of being "Ivan."

In 1988 a three

-judge panel in Israel convicted him of war crimes at Treblinka. He was sentenced to death.

But Israeli prosecutors obtained new evidence from the former Soviet Union, specifically files on the interrogations of Nazi prison camp guards. The Israeli Supreme Court freed Demjanjuk earlier this year.

He returned to the United States after the 6th Circuit blocked a Justice Department effort to prevent his return.

BC

-HEALTH

-FIBROSIS

U.S. LICENSES DRUG TO TREAT CYSTIC FIBROSIS

By Robert Trautman

WASHINGTON, Dec 30 (Reuter) - The Food and Drug Administration said Thursday it was licensing the drug DNase as the first product in 30 years specifically developed to treat the inherited lung disease cystic fibrosis.

It said DNase, made by recombinant DNA technology -- genetic engineering -- has been shown to reduce the frequency of respiratory infections and improve lung function.

The disease affects some 30,000 Americans.

David Kessler, head of the Food and Drug Administration, or FDA, said "although this new product is not a cure for cystic fibrosis, the clinical data show that it can make a real difference in the quality of life for many patients."

He added that "this is the first treatment that specifically improves lung function in cystic fibrosis patients."

DNase, also called dornase alfa, was licensed to Genentech Inc, which said the drug would be marketed as Pulmozyme and shipped to distributors starting by mid

-January.

Robert Beall, a Cystic Fibrosis Foundation official, said that while DNase was shown to improve lung function and reduce both antibiotic use and the number of hospital stays, equally significant was that it made patients

``feel better."

``Before Pulmozyme, to 'feel better' was something they could only dream about," he said.

The FDA said the application for DNase was jointly reviewed with the Canadian Health Protection Branch and was approved simultaneously in both countries.

Cystic fibrosis is characterized by thick mucous secretions in the lungs. The retention of mucous contributes to reduced lung function and chronic lung infections. Respiratory complications are the major cause of death.

The FDA said that daily doses of DNase when used with standard therapies reduced the risk of severe respiratory tract infections by 27 percent and increased patients' lung function.

It said that side effects included inflammation of the throat, chest pain, voice alteration and laryngitis.

It added that DNase safety and effectiveness tests had not been conducted in children under five years of age, in patients with breathing functions measured at less than 40 percent or in patients for longer than 12 months.

REUTER

BC

-USA

-GAYS

CLINTON AVOIDS LEGAL SHOWDOWN ON GAYS IN MILITARY

By James Vicini

WASHINGTON, Dec 30 (Reuter) - The Clinton administration avoided a legal showdown over the Pentagon's controversial ban on gays in the military by refusing Thursday to appeal a landmark ruling that struck down the old policy.

The Justice Department said in an 11

-page court

document that it disagreed with the ruling, but would not appeal because the ban has been replaced by President Clinton's compromise policy, dubbed ``don't ask, don't tell, don't pursue."

The case involved a precedent

-setting ruling last

month by a U.S. Court of Appeals in Washington, D.C., which voted 3

-0 to declare unconstitutional the Pentagon's
50

-year

-old ban on gays.

The decision did not address Clinton's new policy, which takes effect in February and allows gay men and lesbians to serve as long as they keep quiet about their sexual orientation and abstain from all homosexual conduct.

The Justice Department did appeal a technical part of the ruling that had ordered the Navy to commission as an officer Joseph Steffan, a former midshipman at the U.S. Naval Academy who was discharged after admitting he was gay.

In asking the entire appeals court to review the case, Justice Department lawyers argued the order was improper because only the president, with the advice and consent of the Senate, can commission an officer.

Evan Wolfson, the attorney for Steffan, said he was pleased the administration would not challenge the important constitutional principles at the heart of the ruling.

But Wolfson, an attorney at the gay

-rights group

Lambda Legal Defence and Education Fund in New York, said he planned a challenge to the new policy within the next few weeks.

“The old and new versions all share the same constitutional defect because they are just discrimination based on prejudice,” he said. “This issue will not go away.”

He expressed disappointment that the government will “continue this petty effort to deny an outstanding midshipman his commission,” referring to Steffan.

Steffan was forced to resign shortly before graduation in 1987 after acknowledging his homosexuality to a classmate. He ranked in the top 10 percent of his class, and there was no evidence that he ever engaged in any homosexual conduct.

In the appeal, Assistant Attorney General Frank Hunger expressed confidence the new policy would be upheld.

“The new statute and regulations make clear that ... the military's policy on service by homosexuals is directed to conduct rather than status or orientation,” he said.

The Defence Department issued a separate statement saying it was in “profound disagreement” with the court's ruling.

“The decision was based on an erroneous interpretation of the old policy and failed to accord traditional deference to the judgment of the armed forces on military matters,” it said.

Since 1989 more than 3,500 servicemen have been discharged under the military's regulations on homosexuality.

The decision not to appeal the Steffan case could have important implications for other gay servicemembers who

have been discharged and seek reinstatement.

The constitutionality of restrictions on gays in the military is expected to be ultimately decided by the Supreme Court.

REUTER

AM

-US

-North Korea,320

Both Sides Says Talks Yield Progress on Nuclear Issue

By GEORGE GEDDA= Associated Press Writer=

WASHINGTON (AP) The United States and North Korea both reported progress Thursday in their long

-running dispute over the Pyongyang government's nuclear weapons capability.

The comments by the two sides were the most promising sign to date that a peaceful resolution may be possible in a conflict seen by some as the most dangerous international issue facing President Clinton.

The Central Intelligence Agency believes the North Koreans have one or two atomic bombs, although there is widespread disagreement over whether they can deliver the weapons. The issue has prompted fears of a nuclear arms race in Northeast Asia.

State Department spokesman David Johnson reported that the administration has ``moved closer" to meeting its objectives in talks with the North Koreans and that additional discussions are expected soon.

In Pyongyang, an unidentified Foreign Ministry official was quoted by the official Korean Central News Agency as saying a meeting Wednesday at the United Nations led to a ``breakthrough."

He is reported to have said that the United States indicated a willingness to meet a longstanding North Korean demand for an end to joint U.S.

-South Korean military exercises, usually held each year in March.

In addition, he reportedly said that North Korea would allow limited international inspections of nuclear facilities and that full access was subject to negotiation.

Johnson reaffirmed that the United States seeks North Korean acceptance of International Atomic Energy Agency inspections at seven nuclear facilities. Another goal, he said, is a serious North

-South dialogue on the nuclear issue.

``As a result of the most recent talks, we believe we

have moved closer to those objectives," Johnson said.

The unidentified North Korean official went further, asserting that ``through the latest contact, the sides removed a series of stumbling blocks ... and made a breakthrough," the North Korean news dispatch said.

Palestinian

-Israel talks to resume in Egypt

CAIRO (UPI) The Palestine Liberation Organization's chief negotiator Thursday said talks aimed at hammering out details of a transfer from Israel to Palestinian rule will resume soon in Egypt's Red Sea resort of Taba.

Top PLO delegate Nabil Sha'ath said the two sides will take negotiations back to Taba, where they were opened Oct. 13 and continued until they moved in late November to Cairo, Paris and Oslo.

Sha'ath was speaking to reporters in Cairo after PLO Chairman Yasser Arafat left Cairo at the end of two days of talks with Egyptian leaders on problems holding up the implementation of a limited self

-rule plan for
Palestinians.

Sha'ath told the Arabic service of the British Broadcasting Corp. that talks in Cairo this week ``have succeeded in bringing closer the viewpoints but were never designed to arrive at a final agreement, as they were not concerned with reaching such an agreement but rather with solving problems that prevent reaching that agreement."

He said although he saw some progress in an Israeli proposal to ``add some posts" to the area of Jericho that will be administered by Palestinians, the PLO was still not satisfied.

Sha'ath also said the PLO leadership was not satisfied with an Israeli plan for controlling the border crossing points.

BC

-COLOMBIA

-USA

COLOMBIA ARMY BACKS U.S. TROOP PRESENCE, ROW GROWS

By Michael Stott

BOGOTA, Dec 30 (Reuters) - Colombia's armed forces commander Thursday defended the arrival of U.S. troops on the country's Pacific coast, saying they had come for community work and not to combat the country's drug cartels.

One Colombian mayor has ordered the town hall flag

flown at half

-staff until the U.S. troops leave.

But Colombian armed forces chief General Ramon Emilio Gil Bermudez said he could not understand the fuss.

"I can't see why there is mention of violation of sovereignty as there is no such act, nothing which goes beyond helping the community" Gil told a news conference. "There is nothing hidden there, everything is in the open."

Soldiers from the 46th Engineer Battalion at Fort Rucker, Alabama, began arriving in Colombia Tuesday and were expected to continue arriving through the week until about 150 soldiers are on site. They will stay up to two months to build a school, clinic and road in a deprived area, officials said.

The U.S. troops were going to an area near a drug trade center, but a Pentagon spokeswoman said the exercise "has nothing to do with drugs."

Colombian media and politicians were unconvinced.

They said the troops' arrival comes just four weeks after the U.S. ambassador urged the Colombian government to pursue the Cali drug cartel after the police killing of Medellin cartel boss Pablo Escobar.

The Bahia Malaga naval base where the Americans are stationed and the area near the village of Juanchaco where they plan to work are just 60 miles (100 km) northwest of the city of Cali where the drug cartel is based.

Television news programmes have broadcast interviews with inhabitants of the area who said they saw Americans wearing Drug Enforcement Agency badges taking photographs of houses and villagers.

Gil denied any connection between the soldiers and the war on the Cali cartel. "Drug trafficking is totally alien to the matter," he told reporters.

Gustavo Alvarez Gardezabal, mayor of the city of Tulua located near Cali, protested the U.S. troops by decreeing Wednesday that the Colombian flag which flies atop the town hall be flown at half mast until the "invaders" left, he told a local newspaper.

REUTER

AM

-World Incomes, HFR,500

For Release at 3 p.m. EST

Switzerland Has Highest Incomes; Japan and Hong Kong
Longest Lives

With AM

-World Incomes

-Box

By CARL HARTMAN= Associated Press Writer=

WASHINGTON (AP) The average Swiss makes more money than people in any other country \$36,230 in 1992 and people live longest in Japan and Hong Kong, the World Bank said Thursday.

In the United States, the average 1992 income was the world's eighth highest at \$23,120, according to the bank. U.S. life expectancy, at 76, lags behind 18 other countries.

A Japanese or Hong Kong baby can expect to live until 79, according to the "World Bank Atlas 1994," published Thursday. Other countries with life expectancies higher than the United States include Australia, Canada, Iceland and several European nations.

In 1997, the British colony of Hong Kong is due to become part of China, where life expectancy is only 71 years. The average income in Hong Kong in 1992 was \$15,380, compared with \$380 in China.

Between Switzerland and the United States in income are: Luxembourg with \$35,260, Japan with \$28,220, Sweden with \$26,780, Denmark with \$25,930, Norway with \$25,800 and Iceland with \$23,670.

Germany took ninth place with \$23,030 and Finland was 10th with \$22,980.

The bank calculates these averages by dividing a country's population into the value of its total production. That gives production per citizen, including babies and pensioners, which the bank considers roughly equal to income per citizen.

The United Nations criticizes this method as ignoring what the income can actually buy in the country where it is earned. By the U.N. system of "purchasing power parities," the United States comes in first with an average income of \$21,449 and Switzerland second, with the equivalent of \$20,874. The U.N. figures are for 1990.

The least attractive prospects are in Africa, the World Bank reports. A baby born in Guinea

-Bissau is expected to live only to age 39. The average resident of Mozambique earned only \$60 in 1992, when an accord was signed to end the country's 16

-year civil war.

The bank found that in 1992, average incomes fell in all 15 former Soviet republics. In Russia, the figure for 1992 was \$2,680, down from \$3,470 in 1991. Russian babies have an estimated 69 years to live.

But the bank warned that figures for the former Soviet Union are preliminary.

The atlas includes a variety of information, from literacy rates to the number of cubic meters of water the average citizen uses in a year.

Among the new items was a table showing average

inflation for the years 1985 to 1992. Nicaragua's was highest. Prices paid by consumers there rose by an annual 2,533.8 percent: a basket of goods that cost 100 Nicaraguan cordobas on Jan. 1 of an average year would cost about 2,500 cordobas by Christmas.

The rise slowed sharply after the end of the Nicaraguan civil war, to only 20 percent in 1992, according to the International Monetary Fund. The fund reported top 1992 inflation in Zaire, which had 4,129.2 percent.

RECORD TYPE: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: David K. Kleinberg (KLEINBERG_D) (OMB)

CREATION DATE/TIME:03-JAN-1994 16:56:00.00

SUBJECT: BR PRESS BRIEFING BY DEE DEE MYERS

TO: FAX (96906896,Williams/Apfel) (TLXA1MAIL_\\F:96906896\C:WILLiams/Apfel\\) (DEFAULT)
READ: UNKNOWN

TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 3, 1994

PRESS BRIEFING
BY DEE DEE MYERS

The Briefing Room

1:43 P.M. EST

MS. MYERS: A couple of quick things. First of all, as you know -- at 4:00 p.m. today in the OEOP the different departments will meet on radiation. There will be representatives there from Veterans, Defense, Energy, OMB, Justice, NASA and HHS, as well as White House officials. It is being coordinated by Phil Lader and Christine Varney. Mark Gearan will also attend that meeting and be here in the briefing room sometime, probably between 5:00 p.m. and 5:30 p.m. for a readout.

Q Can we have a little photo op?

MS. MYERS: No, probably not, but I'll take it and see if we want to do that. And perhaps a White House photo, but I'm not sure we can turn it around quick enough. So we'll take a look at that and let you know.

Q What's this again? (Laughter.)

MS. MYERS: This is the radiation meeting. You know, there's been this issue -- (laughter.)

Q Will the President drop in?

MS. MYERS: I think it's unlikely. It's still possible. It's not on his schedule. He said that he may drop by. He may choose to do that, but I think it will probably be conducted on a staff level.

And then I just thought a little readout from this morning's health care meeting --

Q Before you do that, can I ask who Markey was meeting with?

MS. MYERS: Markey came over -- I'm not sure who all he met with, but he did -- as you know, he produced a report -- his office produced a report on this issue sometime ago. Many of the issues that are now being discussed were covered in that report, and

he came over here to talk with some White House officials about what his --

Q Why is the CIA not at this meeting today? Because there has been some information from Markey and others that the CIA is not being as cooperative as some of these other agencies in releasing their information.

MS. MYERS: I'm not sure why they're not there, but I'll certainly take the question and find out if they were ever part of this process and what the status of that is.

Q Does the President agree with what Secretary O'Leary said about compensation? What is the latest thinking about whether compensation should be made to all who have been affected, including --

MS. MYERS: Well, I think that's the goal of this meeting, is to find out -- to begin a fact-finding process to find out exactly what the status is, what the state of play is and then begin to make decisions about how best to proceed.

I think if there were injustices rendered that need to look at compensation, the President certainly believes that. But I think at this point I think the process needs to move forward with the fact-finding.

Q Did the White House give O'Leary the go-ahead before she made this promise to compensate victims?

MS. MYERS: I think it's been something that she's been working on at the DOE. Certainly the President -- part of what initiated this process was the President's directive last year to begin declassification of documents, something he certainly supports. I think we'll see where the process goes from here.

Q But did she go to the White House first and ask permission before she came out publicly with this?

MS. MYERS: No, I think -- I'm not sure that she asked for permission, but it is something that she's discussed with White House officials.

Q Did she notify the White House in advance of the amount that she was going to make?

MS. MYERS: Of the compensation?

Q Well, the first part -- and separately, the conversation.

MS. MYERS: Yes, yes. I'm not sure about the compensation but it's certainly -- because I'm not sure what the exact chronology was. But it's certainly something that she's been in discussion about, as she is about a number of issues that they're undertaking at DOE.

Q Could you give us a health care readout?

MS. MYERS: Sure. As you know, the President called together the working group on health care today to kick off the new year. I can -- what we'll do is post the list of -- I guess you guys saw the attendees. We don't need to do that.

He began by thanking the Cabinet members for their work on health care over the previous year, and for the appearances that many of them made, particularly in the last few months since the President announced the health care plan in September. He talked about the importance of continuing to coordinate closely between agencies, about the importance of the initiative, about getting

health care passed this year, about the absolute immutability of universal coverage and comprehensive benefits that can never be taken away.

The First Lady, I think, underscored that. She talked about the importance of coordination and consultation between the various agencies. And I think they talked about a number of areas where coordination is particularly important on a policy level, on a legislative level -- as all the different agencies will have legislative liaisons on the Hill working the various committees and members of Congress who will be key players on this. They talked about communications, making sure that we all work together on a communications level, and outreach to various constituencies who will be affected by health care reform.

The First Lady suggested that there should be regular meetings of this working group, which is something that's been fairly regular throughout the previous year and will certainly be intensified this year -- and I think talked a little bit about -- the President talked a little bit about how health care would fit into his overall domestic agenda for the coming year; how important it is both to the continued economic recovery, to other initiatives -- everything from worker training to welfare reform; how all of those initiatives fit together; how health care reform is central to achieving other points of the President's domestic agenda.

The meeting lasted about 50 minutes.

Q How many agencies would be involved in this consultation-coordination? And obviously, that were not involved before. And how many lobbyists does that mean on the Hill for the administration if each agency sends people up?

MS. MYERS: Well, the Cabinet agencies that were represented today -- the Secretaries who were there were Bentsen, Shalala, Ron Brown, Jesse Brown, Reich, Riley, Reno, Cisneros; the Vice President, obviously, was there and Laura Tyson. So those are just the various Cabinet members that were present at the meeting. Each of those agencies has had and will continue to have a role in health care reform.

Q They will be the ones who will be consulting?

MS. MYERS: Sure, as part of the overall working group. I think our strategy is to work collectively, to have a collective strategy that deals with both the policy issues as well as the legislative issues. There will be a number of committees. I think that still remains to be seen in the Senate. There are three primary committees in the House, plus additional committees that will be -- have primary jurisdiction over the health care bill. And then there will certainly be other committees that will have different pieces of it. So there will be no shortage of members of Congress involved, and certainly the administration wants to work closely with them.

Q Did anyone in this meeting sit down and give the President an objective assessment of where Congress is on this issue right now?

MS. MYERS: No. I think that's something that we've certainly followed very closely last year and continuing to evolve. I think that there is generally optimism that this is something the President believes that we can get done this year. It is something that we have no illusions that it will be a very difficult fight.

It's a complicated issue, and one that affects one-seventh of the domestic economy. I think that generally the assessments were that people are ready to buckle down and to work very hard to get this done this year, and that Congress is also willing to go along. But it's going to be a tough fight.

Q The President spoke about the need for crime, for education, job training and health care reform, but didn't say anything about welfare reform in his agenda for this new year that he outlined --

MS. MYERS: He did touch on it in the radio address. I think it's certainly something -- health care reform is certainly a component of welfare reform. It's something the President has always said that until you can guarantee people the same benefits by working that they now receive by being on welfare, then you can't either get them to move from welfare to work or keep them working -- unless they have a guarantee that their children will be provided for, that their families will be provided for. So it's certainly an important component of welfare reform. But the President will also have a comprehensive welfare reform package this year.

Q Does that mean -- just to go back -- that until health care reform, really the outline of the deal is struck, there's no sense in going ahead with welfare reform -- to delay welfare reform for the time being?

MS. MYERS: No, I don't want to say that. There are certainly -- but health care is an important component of welfare reform, just as the earned income tax credit which was passed last year is an important component of welfare reform. But the President will come forward with a comprehensive welfare reform proposal, and we'll have to see exactly how the sequencing and timing of that works out.

Q You're not saying January anymore?

MS. MYERS: I think -- I'm not sure that we'll have the whole comprehensive package. I think it's something that the President will certainly address in the State of the Union on the 25th.

Q Mrs. Clinton talked about the human working groups this group is going to need. Does she mean at the Cabinet level? Are they actually going to spend their time rather than their deputies?

MS. MYERS: No, I think there's certainly be -- I think this group will be convened periodically, but the majority of the work will be done at an assistant level: assistant secretaries, deputy secretaries, other staff members.

Q The President said beyond universal coverage he's willing to talk about the details when he was asked about compromise. It seems like an awfully early time for him to be responding that way and agreeing to compromise.

MS. MYERS: That's been our position for months, that the two components of this that we're absolutely not able to compromise on were universal coverage and comprehensive benefits that can't be taken away. That's not a new position.

Q That's right, he's reiterated his willingness to compromise beyond that point. I'm wondering why, before the fight is even underway, he's talking compromise.

MS. MYERS: Well, I think we've outlined a very comprehensive, detailed health care plan -- one that addresses everything from financing to the specific benefits included in the package. As we move into a debate in Congress, I think that the onus will be on other people with other plans now to be as detailed, to be as comprehensive as the President has been.

So far we haven't seen that from any of the other plans. I think at that point, once other people have put forward the specific details of their financing, where the money's going to come from, or have outlined the specific benefits that will be covered in their packages, we can discuss how best to go about it. I think when the President made the announcement of the health care package, he said he didn't come down from the mountain with the stone tablets. That's certainly our posture. What we did do was put together what we think is the best plan, the most comprehensive plan, and it should be a benchmark in terms of specificity.

Q Have you seen any one thing he likes in any of these other plans?

MS. MYERS: I think there are a lot of elements that are shared. A couple of the plans include universal coverage. Others include elements that he likes. I still think that the President's view is that his plan is the best plan; that's why he put it forward. Certainly things like the employer mandate looked at a number of ways of providing universal coverage. He thinks that's the best. But as the process goes forward, we're certainly going to debate this and look at a number of other ideas.

Q Can you give us some sense of how the President's preparing for his trip to Europe?

MS. MYERS: He's going to be spending a lot of time this week in briefings, both at a staff level. He has a couple of briefings today at a --

Q Who is briefing him?

MS. MYERS: He has one with the Joint Chiefs this afternoon, and most of them are done at staff level. Tony Lake is coordinating a series of briefings. I believe -- there are certainly people from the State Department who will be participating. Strobe Talbott was here this morning for a briefing. I believe Secretary Christopher is here part of this afternoon. But mostly it's NSC, State Department officials. He'll also meet with some outside people -- has a dinner tonight -- I mean, tomorrow night with outside experts to talk just generally about --

Q With Kissinger --

MS. MYERS: I don't have a list, but we can certainly see if we can provide that for you. So there will be a --

Q You'll find out what -- all parts of it, or NATO?

MS. MYERS: Different parts of it. There are, obviously, a number of different parts, and I think the -- outsiders will represent a variety of different areas of expertise. Today, he's looking at some overall -- sort of the overall trip. That was this morning. There will be a meeting to look at NATO and one to look at Central Europe. Certainly he'll spend time discussing Russia as well as the Middle East, in preparation for the meeting.

Q Does he have decisions to make? I mean, the policy is, as has been described by State Department briefers in recent days

in terms of the balance between Partnership for Peace and the Russian involvement. Those decisions have been made or does he actually have decision-making meetings?

MS. MYERS: Most of the decisions in reference to the trip have been made. So this is to bring him up to speed on all the details of the schedule. Certainly, he's got a number of bilaterals, he's got a number of multilateral meetings to prepare him for the substance of those meetings so that he can have thoughtful, meaningful conversations just to continue to bring him up.

Q He's not for taking Poland, Hungary and the Czech Republic into NATO at this time?

MS. MYERS: The Partnership for Peace establishes a vehicle for evolution, for full participation. And it is, I think, a truly historic initiative, and one that we'll be discussing after the NATO summit. We will start briefings for you all perhaps as early as tomorrow, but definitely by Wednesday, and we'll do a number on a number of different issues from, again, NATO, Central Europe, Russia, Belarus, and then probably what's going to happen in Geneva.

Q Can we get a briefing with Strobe?

MS. MYERS: I think he was one of the briefers, and I'm hopeful that that will not change, given his new responsibilities.

Q He's much too important now.

MS. MYERS: He's a veritable Bigfoot now. (Laughter.)

Q Do decisions have to be made on a specific aid package? Is a new aid package being announced in Moscow?

MS. MYERS: I don't think so. No.

Q We're not going there with any type of new --

MS. MYERS: No. I mean, the purpose of it I think is to continue to work with the Russians to encourage them on the road to democratic and market economic reforms, and to talk about a number of ways we can help them in that transition. But I don't expect the President to announce any major new aid package.

Q How do we encourage them? I mean, what incentives do we offer?

MS. MYERS: Well, part of it has been outlined before in helping to make sure that the aid that we've already promised gets delivered efficiently, working with them on a number of -- everything from economic cooperation to a number of initiatives that we've already talked about -- environmental, other economic, energy -- just to continue to move forward on those kinds of initiatives. And we can certainly have more details on exactly the content of those meetings as we move a little bit closer to it.

Q What does the President expect to get out of this trip?

MS. MYERS: I think in NATO, I think we plan to underscore that this is still the most important geopolitical relationship to the United States -- and certainly NATO has been the most effective such partnership in history -- and that it will continue to be the central organization for our relationships in Europe. We'll also meet with leaders from the EU to continue to discuss ways to increase our economic relationship with Europe.

Then we'll move on to Prague where we'll continue to work with the Central European countries, the Visegrad countries, in their transitions to democracy. We want to continue to encourage

them and to help them in their transition.

And then on to Russia -- same thing. Certainly the stop in Minsk will underscore, among other things, the importance of their initiatives to denuclearize. And then on to Geneva.

Q Back to Moscow. Is there any change of heart in meeting with Zhirinovsky?

MS. MYERS: No schedule -- no plans to meet with Zhirinovsky.

Q On that point, in July, even before the election in Japan, the President went out of his way to meet with opposition leaders, including the man who became the Prime Minister. Why would he go to Moscow immediately following an election that signaled a lot of opposition to the guy we've thrown in with and not see anyone? Not even -- it wouldn't have to be Zhirinovsky.

MS. MYERS: We're not -- that is incorrect. We are seeing other people, certainly.

Q Who are they?

MS. MYERS: We will have a more detailed schedule, but we will certainly meet with other members of Parliament, members of the democratic -- other democrats there who aren't necessarily Yeltsin supporters. I think we fully expect to expand out contacts while in Moscow. That's part of the reason for the trip.

Q Isn't it unusual that you're kind of not -- you're not going to meet with the person who is considered the key -- the biggest opposition leader? And you've said, leading up to this trip, of course, you plan to meet with all opposition leaders.

MS. MYERS: Well, I don't know that he's the key. I don't think that's necessarily our assessment.

Q Well, 25 percent --

MS. MYERS: Twenty-five percent of one portion of the vote does not reflect his strength in the Duma. Certainly there are a lot of other forces there, which is why we, again, are going to expand our contacts and meet with some other folks while we're in Russia. But I think many of the views that Zhirinovsky had expressed are an anathema to what we believe, and at this point we have no plans to meet with him.

Q To meet --

MS. MYERS: We just have no -- absolutely.

Q Has he asked for a meeting with the President?

MS. MYERS: Not that I know of.

Q When you say, "we're meeting with these democrats," you mean Clinton?

MS. MYERS: Yes. I'm sorry, we -- pretty much me and Don and -- (laughter.)

Q What happens in the end?

MS. MYERS: We have no plans to meet with him. I don't expect that that will change.

Q Has Zhirinovsky requested a meeting with you or any of the advisers?

MS. MYERS: Again -- just asked that question, and the answer is, not that I know of. I don't think there have been any requests from Zhirinovsky or his people for a meeting.

Q Will there be meetings with members of any parties outside the two reformist parties?

MS. MYERS: We'll have a more complete list now, but I do expect us to expand.

Q Nonreformist?

MS. MYERS: I think it will be confined mostly to reformists. But, again, I'll wait until we have a more complete list.

Q Do you expect him to see President Kravchuk in Moscow?

MS. MYERS: I believe there will be some meetings, not with -- are you sure? We'll have to get back to you on that. I'll take that question.

Q Dee Dee, has the President spoken with anyone in the Israeli government, and is he concerned about the Middle East peace process at this point?

MS. MYERS: He has not spoken to anybody in the last, certainly recently. The question is, has the President spoken to anybody in the Israeli government, and is he concerned about the peace process. With regard to the peace process, obviously he is interested in seeing the principles in the declaration implemented, we're continuing to encourage the parties there to work toward that. As you know, they are continuing, some point, face-to-face meetings in Egypt, and we certainly expect that process to go forward, and we'll do what we can to encourage it to go forward.

Q Dole and Gingrich yesterday both called for an appointment of a special prosecutor in the Whitewater case. Does the White House think that would be appropriate at this time, and do you think that the Republicans have just seen a political opening here and are trying to take advantage of it?

MS. MYERS: Yes, I think -- yes. The Republicans would be political? I find that hard to believe. (Laughter.) Yes, I do think it's not a coincidence that people who have been staunch opponents of reauthorizing special prosecutor statute -- independent prosecutor statute -- are now calling for an independent prosecutor. I don't think that's that hard to figure out.

At this point, we have taken the initiative and turned over all of the --

Q No, you haven't yet, have you?

MS. MYERS: I'm sorry, we have not. We're in the process -- they're being catalogued and will be turned over within the next couple of weeks.

Q Why catalogued?

MS. MYERS: There's actually quite a bit of documents, and this includes campaign files, personal files, things -- there's quite a bit, and we just want to make sure that it's catalogued as complete and we will hand it over to the Justice Department.

Q Dee Dee, is it also not a coincidence that someone -- that people who said that this administration have always supported an independent council law would now be resisting it?

MS. MYERS: I don't think we're resisting it. It's not up to us to make that decision. The Attorney General said today that she wasn't going to appoint a special prosecutor, but I think that there's no -- first of all, we handed over the Whitewater documents in support of an ongoing investigation in the Madison Guaranty. There is no other investigation that we know of, ongoing, and I don't think

we have anything to add to what we've already said about this.

Q To whom are you giving these documents if they weren't requested?

MS. MYERS: We turned them over --

Q Which office --

MS. MYERS: -- of our own initiative, but we will turn them over to the Justice Department.

Q -- to the people pursuing --

MS. MYERS: Madison.

Q You haven't turned them over yet?

MS. MYERS: We're in the process. We've made clear our intention to turn them over.

Q It's going to take a few more weeks?

MS. MYERS: It will take a couple of weeks.

Q Who is doing this cataloging?

MS. MYERS: It's being coordinated, I believe, by the White House Counsel's Office, but I will take that question and make sure.

Q Are these the files that were in his private lawyer's --

MS. MYERS: Some of them are in the private lawyer's, some of them are --

Q Why would the House Counsel's Office be overseeing that?

MS. MYERS: I'm taking the question. I think that they're playing a role, but I'm not sure that they're the ultimate point person.

Q How many documents are you talking about? Like boxes --

MS. MYERS: I don't know. I think that there are some documents -- campaign -- as you know, we went through this once in the campaign. There are a number of files there. Most of it is public -- a lot of it, I'm sure, in those files is public information, things that were collected through the campaign.

Q Did you finish your answer to Gwen? You said some of them were in the custody of private lawyers, some are -- who has the rest?

MS. MYERS: Some are in the campaign, and I think that's it.

Q So there's none here now?

MS. MYERS: No, those were turned over.

Q Dee Dee, does the President still support the reauthorization of the independent counsel law?

MS. MYERS: Yes.

Q Why does he think that's a good law? What is the purpose?

MS. MYERS: He believes that it helps provide independent inquiry and has --

Q In what kind of cases?

MS. MYERS: Cases of alleged public corruption, I suppose. He hasn't said a whole lot about that. I think that the parameters of the statute are pretty obvious.

Q Dee Dee, a number of us have asked on various occasions whether, in fact, Mrs. Clinton got the power of attorney

she requested over Whitewater. Can you answer that question for us now, and if not, why not?

MS. MYERS: I failed to find out the answer to that. I'm not sure, Deborah, and I'll have to take it and get back to you.

Q Have you asked Mrs. Clinton's people? I mean, it's a simple question.

MS. MYERS: I just don't have an answer for you, I'm sorry. I apologize. I will take the question.

Q What is the position regarding making these documents, once they have been catalogued, public, available to all of us?

MS. MYERS: We're going to hand them over to the Justice Department and have no plans to make them public.

Q Why is that?

MS. MYERS: We'll let the Justice Department review them.

Q Why not make them public? Wouldn't that just clear the air entirely?

MS. MYERS: Again, I would just emphasize that there is no investigation ongoing -- we turned over these documents in support of an investigation into a savings and loan. There is no investigation. There is no allegations of impropriety with reference to the Clintons.

Q No, but there certainly is an air of questions --

MS. MYERS: We voluntarily handed these over to the Justice Department -- are in the process of handing these over to the Justice Department, and we think that that's sufficient. And I have nothing else to say about this.

Q Is the President ready to normalize relationships with Vietnam?

MS. MYERS: As you know, the President has maintained that that is contingent on progress on POW and MIA issues. Certainly there has been some progress and we've taken a couple of steps -- or took a couple of steps last year, allowing IFI funding and allowing American companies to participate in some of those projects. Further change in the relationship will be contingent on additional progress. Win Lord came back from Vietnam; it was a good trip, a productive trip. And we're still reviewing the status of that.

Q Is the White House looking into evidence that American POWs or MIAs may have been held by Laos after the war was over?

MS. MYERS: That's something that's been looked into, but as you know, the criteria we have for progress -- there are four areas, and one of them is the trilateral relationship, Vietnam, the U.S., and Laos. So it's always been something that we felt was an important part of our sort of progress, of guaranteeing progress, and something that we'll be looking at. But none of this information, I don't think, is really new.

Q Do you have any comment on the government in Mexico

--

Q But that's not the point.

MS. MYERS: No. I think, certainly they're handling it there. (Laughter.)

Q I don't think it's correct to say that none of the

information is new. We're saying for the first time that U.S. intelligence officials may have been aware that there was as many as 300 POWs in Laos and that -- I mean, in the same way that you're going back through the files and finding out who knew what about radiation experiments, are you not going back and trying to figure out who knew what about POWs?

MS. MYERS: There were a number of congressional inquiries into this. I think the files were looked at. I don't want to suggest that there won't be new evidence coming to light, but -- and I think the officials at the time were fairly extensively interviewed and testified as to this. But I want to make it clear that the trilateral relationship between Laos, Vietnam and the U.S. is an important part of our furthering relationships with Vietnam, and anything that's new will be, I'm sure, reviewed.

Q But you're not going back to make sure that there's not new information or there's no information that perhaps has never come to light?

MS. MYERS: I'll have to take that and see exactly what, if anything, is being done about that right now.

Q Could you explain the current situation with North Korea?

MS. MYERS: There's been no change in that, and dialogue is ongoing. We think that there has been some progress, but dialogue is ongoing and our criteria has not changed.

Q It's now a month after the IEA suggested it had to know within weeks, had to inspect within weeks. What's the state of the urgency now? Where are we now in terms of being able to continue to certify North Korea does not have nuclear weapons?

MS. MYERS: Well, there's been no certification of a break in inspection. I think, again, that we feel like we've made some progress in the dialogue. The dialogue is ongoing and we're continuing to move forward on that. I think, again, we continue to insist on full inspections. We think we're going to get inspections. And we will continue to work with the North Koreans as we work toward final resolution of this.

But again, I wouldn't suggest that it all has been completed, but I think there is some -- has been some progress.

Q If I can follow, since we have not inspected and since the time continues to pass, where's the progress?

MS. MYERS: The progress is in the dialogue.

Q Then where was the initial urgency to inspect?

MS. MYERS: I think that there is still a sense of urgency attached to this. I don't think we ever attached a deadline to it. We certainly didn't, and I don't remember hearing the IAEA attach a specific deadline to it. I think that the dialogue has been ongoing, there have been a number of meetings in New York between North Korea and the U.S. on this. As those meetings have progressed, there has been some progress. We do believe, as Secretary Christopher said last week, that we're moving toward inspection. That's important and there's been no -- we believe there has been continuity, and at this time we're going to continue to press for a resolution. And we think we're making progress toward that.

Q What about the deal that Kim was talking about in his New Year's radio address, saying that the North Koreans had

reached some sort of agreement with the United States?

MS. MYERS: I think that's the status of the dialogue now. I think we're still in dialogue, so I don't want to suggest that it's completed. But I think as President Kim sort of indicated, that there will be inspections.

Q But we have made a deal?

MS. MYERS: We're not there yet.

Q There was a report this morning from South Korea saying that IAEA inspectors could get into North Korea as soon as January 10th. Is that consistent with the progress you mentioned or

--

MS. MYERS: I don't have any specific deadlines, other than to say that the discussions are ongoing.

Q Has the White House received the Justice Department's report on Pollard?

MS. MYERS: Not yet.

Q Do you anticipate it this week?

MS. MYERS: I think the Attorney General wanted to comment and ask -- said that hers wouldn't be ready until after today -- until at least the 3rd. So I think we expect it soon, although we don't have any specific deadlines. It could come as soon as this week.

Q What's the focus of the Thursday speech?

MS. MYERS: On Thursday, the President goes back to the Pabst Theater in Milwaukee where he gave his democracy speech in October of '92, toward the latter months of the campaign. This will be, I think, also about looking forward to the European trip, talking about the importance of Europe, Central Europe, Eastern Europe in our geopolitical view and our continuing efforts to build on NATO and the European union. So it will sort of foreshadow, I think, in many ways why the American people should care about this, how does it affect the United States.

Q Day trip?

MS. MYERS: It's a day trip. He'll go to Milwaukee in the morning, give the speech, I believe at 11:00 a.m. or 11:30 a.m., meet with some local leaders there and then come back by evening.

Q What's the coverage of the meeting with the local leaders? It's not like a town meeting?

MS. MYERS: No, no. It will be private meetings. It's conceivable we could do a pool spray, but I don't think we've decided that yet.

Q Who is this to?

MS. MYERS: The speech is to -- it's at the Pabst Theater and it's sort of foreign relations organization, different ethnic groups and people that will come. It's sort of a community-wide -- it's not any particular organization, but just organizations that will invite both their members and their friends. The theater holds a couple of hundred people.

Q How about tomorrow, the CIA?

MS. MYERS: Let me give you the week ahead here. Tomorrow, 10:15 a.m., he will be at the CIA in the lobby of the headquarters where he will speak briefly to employees. Then he will

--

Q Is that open coverage?

MS. MYERS: Yes, it will be open coverage, yes.

Q What's the subject?

MS. MYERS: The subject will be --

Q Can't talk about it. (Laughter.)

MS. MYERS: I think generally about thanking them for their work, about the importance of intelligence in a changing world, and just sort of welcoming them to the Clinton team. (Laughter.)

Periodically, he has gone to a number of different agencies and spoken to employees. As you recall, he's been to Justice and Treasury and other places not only to talk to them about issues of concern, but to talk to them about his views a little bit since they are now part of the Clinton team.

Q Is he going to lay out his vision of the role of intelligence?

MS. MYERS: No. (Laughter.)

Q How many minutes?

MS. MYERS: It's about 20 minutes.

Q A 20-minute speech?

MS. MYERS: Yes.

Q Is this the first time he's been to the CIA?

MS. MYERS: I believe this is the first time as President, and I don't know if he'd ever been there before. I don't know.

MS. MYERS: But he will certainly talk -- I just wouldn't look for this to be a major policy overview of the importance of intelligence. It's more of a periodic view, and then he will be briefed privately out of the view of your eyes and ears.

Then he will have lunch with the Vice President. At 5:00 p.m. he will meet with Prime Minister Lubbers of Holland. That will be followed by a written readout. There's a photo op at the top -- pool spray at the top of that meeting.

Q What time does he meet?

MS. MYERS: Five o'clock. Five to five-thirty in the Oval Office with the Prime Minister of Holland followed -- and again, the readout will be written.

On Wednesday, at this point, the President has no public schedule, although he has a number of briefings with regard to the upcoming trip and other meetings at the White House.

On Thursday, as we talked about, he will go to Milwaukee. The Pabst Theater speech is a 11:30 a.m. He will leave and be back here sometime in the late evening.

On Friday, he will be briefed -- he will meet with congressional leaders, bipartisan congressional leaders regarding the Europe trip in the morning. And as of right now, that is the only public schedule, public event on the schedule.

Saturday, he will give his radio address live at 10:06 a.m. and then leave that night at roughly 11:00 p.m., maybe a little bit before, for Brussels.

Q Lubbers is not an official -- I mean, it's not a full-scale --

MS. MYERS: It's not the longer working format.

Q You said you'll have a written statement after?

MS. MYERS: Yes. So 5:00 p.m. pool spray, 5:00 p.m. to 5:30 p.m. Oval Office meeting; written readout at some point as soon

as possible.

Q Dee Dee, can I ask a question on Saturday? Are there any other events that you're planning as like a farewell beyond his radio address?

MS. MYERS: No. He'll spend the rest of the day probably doing some work here and some final briefings for the trip. But that's it.

Q On the "don't ask, don't tell" revision late last month, why did the White House find it necessary to bring the Joint Chiefs over here and ask them not to criticize it publicly?

MS. MYERS: That's fiction. And I think General Shalikashvili will issue a statement to that effect later today.

Q Well, he wasn't at the meeting.

MS. MYERS: You might check, but the Joint Chiefs were -- certainly General Powell who was the Chairman at the time, was very involved in the development of the "don't ask, don't tell, don't pursue" policy. It something that we have consulted closely with them throughout.

Q Which part of the story are you saying is fiction? That there was a meeting at all?

MS. MYERS: That they were somehow muzzled, which is the implication of the article.

Q Was there such a meeting where they came and --

Q What were they asked at the meeting?

MS. MYERS: They had been consulted regularly about this, and certainly made aware of progress on the debate. I'm not sure who was at the meeting, so I can certainly take that.

Q Were the Joint Chiefs here on that day for a meeting on that topic?

MS. MYERS: I'm not sure who all was here on that day for a meeting. There were a number of meetings. I'll have to check specifically who was here. But again, a number of them have been here periodically, have certainly been consulted on this process throughout, have worked closely with the White House both in the drafting and in the drafting of the regulations about it.

Q So are you saying that there was a meeting; it was for the White House to inform them of the announcement after it was made and to brief them in advance, not to tell them please don't go out and attack this --

MS. MYERS: Correct. I mean, it was something that they had worked with us on throughout.

Q Well, why did they have to be told about a policy that Aspin was going to announce?

MS. MYERS: I think they were --

Q Don't they kind of work for Aspin in a way over there?

MS. MYERS: I think they work for the President ultimately. And I think that since the White House was working closely with DOD, that it was certainly part of the process to let them know. And again, I didn't check -- I need to check to see exactly who may have been at the meeting. But the point is that they were involved throughout the process, that they were informed about the process and the progress as it went along, and that they were certainly never muzzled.

Q If your going to inform them in advance of the think, aren't you going to ask them to wait before they comment until after the Secretary speaks? Aren't you at least going to muzzle them to that degree?

MS. MYERS: As you do with any policy announcement. But that's different, that's not what the allegation is.

Q Markey said before he went into this meeting that he would recommend that not just the agencies represented here this afternoon, but CIA and others that may have sponsored radiation testing also ought to be examined to see what went on and that there be full tracking of people who, unbeknownst to themselves, were exposed to this. In addition, he said he wanted the government then to provide medical follow-up tests and compensation where damage was done. Do those recommendations track current White House thinking or do they go beyond what you folks have in mind at this point?

MS. MYERS: Well, as you know, Congressman Markey met with people here at the White House today, and I think that the point of the meeting this afternoon is to review the state of play and to decide what steps to take next. I think that we'll wait until this meeting takes place and see what the results are of that meeting.

Q Do you expect some policy guidance following the meeting?

MS. MYERS: Yes. As I said at the beginning of this, Mark Gearan will give a readout after the meeting. What level --

Q Who's running this meeting? What level is it at and --

MS. MYERS: Phil Lader's running it here for us. Certainly Mack, Phil and John Podesta and Christine Varney have been sort of the point people in the White House as this thing has come together over the last few days.

Q Will Mark be able to walk us through the President's specific involvement from beginning to end in this -- exactly when he was notified about it and how -- what the directives have been?

MS. MYERS: Sure, we can get that for you by then.

Q Will Mark be for camera?

MS. MYERS: Probably. The first five minutes probably.

Q Can we get a list of the people participating in this meeting?

MS. MYERS: Sure. That can be part of Mark's readout.

Q Can we get back to North Korea for a second? Reuters is quoting a senior U.S. official as saying that the United States and North Korea are near a deal on Pyong Young's nuclear program that could be wrapped up this week.

Q Is that you?

MS. MYERS: Exactly. (Laughter.) I said they were making progress. You're -- as always, Wolf, you're ahead of me on that. I'll have to --

Q Is that possible that this week they could wrap up a deal?

MS. MYERS: I would be very reluctant to put any kind of deadline on that. I mean, I think we are making good progress, and we'll have an announcement when we have an announcement. Hopefully, soon.

Q On these nuclear experiments, do you know whether they are conducted on any non-Americans, outside of Hiroshima and Nagasaki?

MS. MYERS: I don't know, and again, that's something that we -- (laughter.) Not that I know of. We'll have more on all of that sometime between 5:00 p.m. and 5:30 p.m when Mark comes back.

Thank you.

END

2:19 P.M. EST

RECORD TYPE: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:03-JAN-1994 10:48:00.00

SUBJECT: This Wk W/David Brinkley text

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

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THE REUTER TRANSCRIPT REPORT
ABC ``THIS WEEK WITH DAVID BRINKLEY"
WITH HOST: SAM DONALDSON
JOINED BY: COKIE ROBERTS AND GEORGE WILL
INTERVIEW WITH:
ZBIGNIEW BRZEZINSKI
FORMER NATIONAL SECURITY ADVISER
SUNDAY, JANUARY 2, 1994

MR. DONALDSON: Joining us now is Zbigniew Brzezinski, who was national security adviser in the Carter administration. Welcome.

MR. BRZEZINSKI: Nice to be with you.

MR. DONALDSON: Good to see you. And joining me in the questioning will be George Will and Cokie Roberts, both of ABC News.

Well, Mr. Brzezinski, you've just come back from a trip to, what, Poland and Russia?

MR. BRZEZINSKI: No, to Central Asia, which used to be part of the Soviet Union -- Kazakhstan, Krygyzstan, Uzbekistan, and also to Georgia, where I was meeting with Shevardnadze and other leaders.

MR. DONALDSON: So I was about 5,000 miles off, but that was fairly close -- (laughter.) Let's talk about -- Georgia was a little closer. Let's talk about President Clinton's trip. He leaves on the 8th of January to go to Brussels, first stop his first NATO meeting. It's clear the United States wants to go very slowly in trying to offer admission to NATO to states in Eastern Europe. Do you think that's the right policy?

MR. BRZEZINSKI: I think this trip could be momentous in its historic consequences. It could be meaningless and could be even malefic, harmful. That is to say, if the president takes advantage of the opportunity and sketches out a vision of a Europe that's enlarged, of an enlarged democracy that eventually embraces Russia, and is concrete about it -- sets a time frame, defines certain criteria, then I think it will be momentous, comparable to what happened when NATO was founded.

MR. DONALDSON: But what do you think about --

MR. BRZEZINSKI: If he merely engages in symbolism, it will be meaningless. If he engages just in propitiation

of Moscow, it's going to be damaging.

MR. DONALDSON: Well, as usual, you've painted a very large picture, but let me get down to the specific of offering membership in the near future in NATO to former communist states of Eastern Europe. Do you think we ought to do that, or actually go as slow as the administration's now proposing?

MR. BRZEZINSKI: I think we ought to be explicit in setting some timing, in defining the criteria for membership, such as a democratic stability, no territorial conflicts, territorial propinquity to NATO, and say that the process of enlarging NATO is under way, that these countries that qualify within these criteria should be members, can be members within five or six years, and that at the same time we are prepared to offer a relationship of alliance with Russia, between Russia and NATO, in order to reassure Russia that we view it as a partner. But we should not propitiate Russia by refusing membership to these countries, thereby perpetuating a political vacuum in the heart of Europe.

MR. WILL: All kinds of people say, unless NATO changes in this, that or some other way, it will go into the dust bin of history with the crisis that called it into existence. Why shouldn't it go into the dust bin of history with the crisis that called it into existence?

MR. BRZEZINSKI: It shouldn't because Europe needs a system of security. There is, in fact, the need for a Euro

-Atlantic system of security that ties the United States to Europe. And if we want to consolidate the gains that were accomplished through the victory in the Cold War, I think we want to expand the zone of security, peace and democracy. And I believe that this issue is being actively debated in the administration and two contending schools of thought are engaged in the debate.

There is the school that believes in the democratic enlargement, which means expansion, consolidation of the gains; and there is a school which believes in the propitiation of Russia, which means waiting and seeing whether the Russians are going to be willing to accommodate to such new reality or not.

MR. WILL: Let's talk about Russia. Mr. Zhirinovsky has been compared to Pirog (ph), Ross Perot, Huey Long, George Wallace, and Hitler, in ascending order. What is he?

MR. BRZEZINSKI: He's a little bit of all of these. I don't think he is quite a Hitler in the sense that Hitler, first of all, had a Germany which was ready to be

expansive and had the potential for prompt expansion. I don't think Russia has that at this stage, except perhaps vis

-a

-vis its immediate neighbors within the former Soviet Union. But secondly, Zhirinovsky strikes me too much as a clown, a person who's deliberately trying to provoke others.

MR. WILL: As Hitler did to a great many people.

MR. BRZEZINSKI: But the danger he poses is that he may undermine the process of democratization of Russia and pave the way for more intelligent and more menacing chauvinist, perhaps militarist.

MR. WILL: You've just been to the Korean peninsula, and some people say the South Koreans are less agitated about the possibility of a nuclear North Korea than we are. Do you think North Korea has the bomb? And do we have any option whatever, diplomatic or military, to dissuade them from acquiring it or keeping it?

MR. BRZEZINSKI: I have no way of knowing if they have the bomb. I suspect that they do. Or if they don't, they're awfully close to it and this explains their dilatory tactics in the negotiating process.

What options do we have? I exclude at this stage any military option because we don't have the support for it in the region or in the United States and I'm not even sure it would be effective, which leaves us with the option of doing nothing or of applying some pressure.

I would favor deploying more American forces in South Korea as a form of deterrent and as a message of commitment and moving towards some form of sanctions if there is no accommodation, because if we don't, then nuclear non

-proliferation is a dead letter.

Our policy right now on this issue is like our policy on gays. Don't ask, don't tell. (Laughter.) And that's not going to work.

MS. ROBERTS: Mr. Brzezinski, you seem to be saying there that you think that there is a danger that the administration would not do something. And you've just said that the president could do damage in the NATO summit. Do you think that this administration's foreign policy is damaging to the interests of this country?

MR. BRZEZINSKI: No, I don't think so, but it could be. If we fundamentally misjudge the opportunities and the long

-range dangers in Europe, we could adopt policies which would be damaging. I think some of our policies in

the middle of the '40s were damaging in the sense that they misinterpreted the nature of the historic challenge and took years to make up for it.

I think we now have a unique opportunity to widen the framework of cooperation and stability in Europe and, on that basis, to engage the Russians in a constructive relationship. And if we fumble the ball because of excessive caution, then I think we'll be making a mistake. And many people say, well, don't do anything unless Russia turns authoritarian, dictatorial. And my answer is, you don't take out insurance after the barn has burned down. You do it before.

MS. ROBERTS: But do you think that this administration has been excessively cautious, for instance, in relation to Bosnia or now North Korea?

MR. BRZEZINSKI: I think on Bosnia we have been too passive, although I think in fairness to the administration, one also has to say that this is a problem it inherited from the Bush administration, which mishandled the problem. But there is an obvious dissonance between what the president was saying when he was campaigning for office and even what he and the secretary of state said repeatedly and what they subsequently did not do. And I think that is damaging to American credibility --

MS. ROBERTS: But do you think that's a pattern, though?

MR. BRZEZINSKI: -- and has weakened our position in Korea --

MS. ROBERTS: Is that a pattern that we're seeing out of this administration, saying one thing and doing nothing?

MR. BRZEZINSKI: Well, I don't want to engage in a general indictment of the administration, but I think on this issue there has certainly been inconsistency, and I think that inconsistency is damaging to our efforts in Korea. Because I'm sure that in Pyongyang, they are also calculating what are we likely to do. And when they see us saying, we will threaten you, we will do certain things, and then we don't do them, as was the case in Bosnia, it certainly weakens our negotiating ability with the Koreans.

MR. DONALDSON: Mr. Brzezinski, as a veteran of Washington internecine warfare, what's your prediction about Warren Christopher, the secretary of state? Will he

survive this year or not?

MR. BRZEZINSKI: I think he has prolonged his tenure of office by reducing the scope of his authority.

MR. DONALDSON: Meaning he's given away his authority in order to sit there --

MR. BRZEZINSKI: Well, there's no doubt that his deputy is going to be very directly involved in what is the central issue in our foreign policy agenda, namely, fashioning a meaningful relationship with the former Soviet Union, with Central Europe.

MR. DONALDSON: But if that's the central issue, are you saying that Strobe Talbott is actually going to be the secretary of state except in name?

MR. BRZEZINSKI: No, I'm not saying that, but I am saying exactly what I said, which is that the secretary of state has prolonged his tenure of office by reducing the scope of his authority.

MR. DONALDSON: Okay. (Laughter.) Thank you very much, Zbigniew Brzezinski, for being with us today.

INTERVIEW WITH:
CONGRESSMAN NEWT GINGRICH (R

-GA)

SUNDAY, JANUARY 2, 1994

MR. DONALDSON: Joining us now from Los Angeles is Representative Newt Gingrich, who is the House minority whip. As such, he often finds himself at odds with the Clinton administration.

Welcome, Mr. Gingrich.

REP. GINGRICH: Sam, good to hear from you.

MR. DONALDSON: How was the Rose Bowl?

REP. GINGRICH: It was great. My son

-in

-law is from
Sheybogan, so from a cheese

-head standpoint, it was a
great day. And, frankly, the Rose Bowl itself was an
amazing spectacle. We had a wonderful kick

-off to the new
year.

MR. DONALDSON: Okay. Let's talk about the new year when it comes to the team of Clinton and Gingrich, which delivered the NAFTA vote. Now, you weren't at odds then. What are we going to see in 1994? Will that team survive or will you go back to being the loyal but opposite side?

REP. GINGRICH: Well, I think that depends partly on whether President Clinton's policies match his speeches. When I hear a Clinton speech, I'm normally applauding and saying, Boy, I agree with that.

If he really does want to work together, for example, to build more prisons, to make it possible to lock up more violent criminals, I think we could pass a bipartisan bill. If he's also willing to have genuine welfare reform -- and I think when we talk about crime, that the welfare reform bill is as important as the lock

-up criminals bill

-- then I'm very willing to work with him.

I think that with Rick Santorum and Tom DeLay and others, Clay Shaw, we produced a very good welfare reform proposal and we could pass something, I think, in the first 90 days of the year. We could pass both anti

-crime

legislation and dramatic welfare reform legislation to require people to work, to cut children off from government money in the sense of women who are 12, 13, 14 years old who are currently being paid to have more children. Now, if we don't have that kind of fundamental effort that goes in and says let's look at adoption, let's look at foster care, let's look at orphanages, but let's really dramatically draw the line about 12- and 13- and 14- and 15

-year

-old mothers, who I think become in the end, because of the breakdown of the family, that becomes the next generation's crime.

And so I think we've got to address that issue both in terms of locking up criminals and reforming the welfare system on behalf of children, giving them a chance to grow up in a structured environment where they have a future and they have an education, and they have a job, and they don't turn to drugs and crime as their primary avocation at 13, 14, 15 years of age, which is --

MR. WILL: Congressman Gingrich --

REP. GINGRICH: -- what's happening to young males here in LA and back home in Atlanta, frankly. I think we could work together there.

I think there are other things we could work together on. Illegal aliens. I think there's a broad consensus in this country to stop the inflow of illegal aliens and to stop subsidizing illegal aliens by paying them, putting them on welfare, and doing a variety of --

MR. WILL: Congressman --

(Cross talk.)

MR. DONALDSON: Congressman, I asked you, but let's let George now get in and parse this.

MR. WILL: Time out for just a moment. Now, on welfare, knowing what you know about the Democratic Party and particularly the strong liberal representation in the House of Representatives, what chance do you think there really is for a welfare reform bill that has a serious penalty for refusal to work and that cuts off women who continue to have children out of wedlock?

REP. GINGRICH: Well, I'm less worried about cutting off women than I am about sending the signal to 12-, 13-, 14-, and 15

-year

-olds that this is not desirable, this is not going to be subsidized, this is not something that you should engage in in 5th, 6th and 7th grades.

But, George, let me say this: When the president showed real courage on NAFTA -- and I think it was real courage; he was prepared to take on the left wing of his party, he was a new Democrat -- we formed a coalition that was surprisingly strong. And with 132 Republican votes, we were able to work with 102 Democrats in the House. We passed NAFTA by a margin that surprised people.

I believe the country understands the linkage between crime and welfare. I believe the country understands that we need to do more than just lock up the current criminal, we need to try to stop the future criminal from occurring

--

MR. WILL: With regard to that --

REP. GINGRICH: -- and I believe --

MR. WILL: -- Congressman, with regard to that, the conservative Republicans have their own problem with welfare, and that is that it may be expensive to prepare people after two years to get off welfare. That is, there needs to be day care and there needs to be job training programs, and they can be very expensive. Are you insisting on a deficit

-neutral welfare plan or are you ready to spend money for it?

REP. GINGRICH: Let me say first of all, George, if you simply cut off illegal aliens from current expenditures, that's \$11 billion a year. Just making sure that you're giving money only to legal Americans and legal immigrants saves you \$11 billion a year. No one has suggested that stopping welfare money going, for example, to 13- 14- and 15

-year

-olds who are having children, that that is going to cost anything like \$11 billion a year to train people.

Secondly, I think if Robert Reich, the secretary of labor, would be willing to work with us, we could develop a business

-based, practical apprenticeship and training program that was real, that would help get people off welfare and that would be effective. I think we could pass that and I do think we could provide in the larger framework of reshaping the government and taking savings from one area and applying them to another, we could both build enough prisons for the current generation of

criminals and find enough training and apprenticeships to block the next generation of criminals.

MS. ROBERTS: Congressman Gingrich, I didn't know you were so eager to be in the Senate. We're getting filibusters here --

REP. GINGRICH: I'm sorry --

MS. ROBERTS: I'm wondering on the question of crime bill, turning around George's question about the liberal Democrats on the welfare bill, are the conservative Republicans on the crime bill, how likely is there to be a crime bill that has even stricter gun controls than you currently have in law?

REP. GINGRICH: Well, I think that's, frankly, one of the places that the administration's got to make a big decision. Let me say, first of all, the most tragic and publicized death in California this last year, of Polly Klaas, was done with a knife by a man who had been released again after a violent crime. So I'd like to control criminals, I'm prepared to help build the prisons necessary to do it, I'm prepared to turn over surplus military bases for prisons --

MS. ROBERTS: And will you support gun control?

REP. GINGRICH: But I won't support gun control because the only people it's going to affect are middle class, law

-abiding citizens. If we lock up all the violent criminals and we have enough prisons built and that doesn't work, then I'm prepared to look at gun control. But for the moment, I think it is a false trail to suggest to middle class, law

-abiding people that if only we had more gun training -- and I don't object to more gun training, but does anybody seriously believe the latest gang murder in East LA was done by somebody who wasn't trained in a gun? I think that's just -- it's a false trail --

MS. ROBERTS: Congressman --

REP. GINGRICH: Lock up criminals --

MS. ROBERTS: Moving on to health care, you have been

one of the few people in the Republican party who has said, let's just fight President Clinton's health care bill. What do you think the dangers are there for Republicans?

REP. GINGRICH: Let me say, first of all, Cokie, for 30 months I have been co

-chairman with Bob Michel of the House leadership task force on health. We introduced a bill on health care, the Action Now bill, while Bill Clinton was still governor of Arkansas. I'm very prepared to pass a bipartisan health care bill that would include

medical savings accounts, it would increase personal responsibility, it would allow managed care for Medicaid. We have a bill like that. It has more cosponsors than the Clinton bill has. I'm very prepared to work on a positive bill.

What I'm not prepared to do is turn power over to the secretary of the Treasury to set taxes by himself, repudiating in effect the Magna Carta, turn power over to the secretary of health and human services to take over an entire state's health program, which is virtually a dictatorship on health care, and turn power over to a single state to decide to take senior citizens out of Medicare and put them in a state

-run monopoly, a government

-owned single system of health care that every person in that state would have to pay. That's what's in the Clinton bill.

And the fact is, there has never been an administration in American history with a bigger gap between the president's speeches and the legislation they sent up. The bill is radically different from his speech.

MS. ROBERTS: But if, in fact, you are perceived as fighting the president on fixing health care, is that a danger politically for Republicans?

REP. GINGRICH: I think Republicans who say only let's do nothing are totally wrong about where this country is at. Republicans who say we need a health reform that is pro

-market, that is pro-entrepreneur, that is pro

-personal responsibility, we need medical savings accounts, we need for you to have greater control over your life and to make sure that you rather than a Washington bureaucrat is concerned about your health care, I think that's a very positive position.

Let me say, I don't find anybody in America who thinks that "If you like public housing, you're going to love public medicine" is a very good battle cry, and I think that the more people know about the Clinton bill, the more they're going to want a Republican alternative or

a bipartisan common sense alternative to the Clinton big bureaucracy, bigger tax plan.

MR. DONALDSON: Mr. Gingrich, before we let you go, do you, like your -- like Senator Dole, want to see an independent counsel appointed to look into the Clinton's Whitewater Land Development Corporation records?

REP. GINGRICH: Well, Sam, I think if you look at

what? Congressman? Jim Leach, who's a very widely respected moderate, has said as our leader on the Banking Committee, there is no question that we need an independent counsel on Whitewater. By any standard affecting Carter or Reagan or Bush, the Whitewater Development Corporation mess would get an independent counsel, by any standard, and I think the longer the Clintons avoid doing that, the more, frankly, people are going to suspect that there's a reason they don't want an independent counsel.

Now, if they're --

MR. DONALDSON: Well, are you? Republicans?--

REP. GINGRICH: -- innocent, if they're innocent, why don't they go ahead and agree to an independent counsel to clear their name? If they're not innocent, then every Democrat in the House and? Senate? has an obligation to help us pass an independent counsel bill and to force the appointment of an independent counsel. Whitewater Development is not going to go away. There are too many questions and there are too many implications, frankly, of breaking the law.

MR. DONALDSON: Mr. Gingrich, what if there is some wrongdoing there? So what? And I put that not as a cynic, but I just want you to tell me what would happen then? Would you move to impeach the president?

REP. GINGRICH: Let me say, first of all, I think people deserve to know whether or not the Small Business Administration was lied to, people deserve to know whether or not the RTC was lied to, people deserve to know whether or not money was being taken illegally, I think just as a basic matter of public knowledge. I'm surprised, Sam, given your entire career, if this were Richard Nixon or Jimmy Carter or Ronald Reagan or George Bush, my guess is that it would be automatic, that the entire press corps would say, of course there has to be an independent counsel.

Now, people say, well, we're exhausted and tired of finding out whether or not people tell the truth, so what you're going to say to some young kid growing up in East LA or in downtown Atlanta is, ``Boy, if you break the law,

it's really tough. But by the way, if it happens to be the president of the United States and his wife or if it happens to be their close friends or the number two person at Justice, that's not a big deal."

I'm not prejudging him --

MR. DONALDSON: Okay --

REP. GINGRICH: -- but I'm saying that the standard we've established since Watergate, as painful as it is, is essentially the right direction. The public has the right to know. And then you've got to decide, you know, what are you talking about? Congressman Jim Leach has it exactly right. We ought to focus on the civil side, but the country deserves to know the full facts about what happened in Arkansas and whether or not, in fact, the law

was broken, and I think that's just a minimum standard to have a free society.

MR. DONALDSON: Thank you very much, Mr. Gingrich. No one can accuse you of being a slug this New Year's weekend. (Laughter.) You are in top form. Thanks very much.

REP. GINGRICH: You're welcome.

INTERVIEW WITH:
GEORGE STEPHANOPOULOS
SENIOR ADVISOR TO THE PRESIDENT FOR POLICY AND STRATEGY
SUNDAY, JANUARY 2, 1994

MR. DONALDSON: Mr. Stephanopoulos, welcome.

MR. STEPHANOPOULOS: Happy new year, Sam.

MR. DONALDSON: Good to see you. Happy new year to you. Well, let's begin where? Congressman? Newt Gingrich left off. Would you oppose an independent counsel to look into the Whitewater Land Development Corporation affair?

MR. STEPHANOPOULOS: Well, I think this is a remarkable conversion on the part of Congressman Gingrich and other ?Republicans.?As you know, 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.

This is being investigated by the Justice Department. The president has turned over all the documents to the Justice Department. It was exhaustively looked into during

last year's campaign. The president was part of a real estate deal many years ago where he lost a lot of money. Those are the facts. No laws were broken. The Justice Department investigation will show that. But there is no need at this time for an independent counsel.

MR. DONALDSON: But you see, that's the problem. The origination of independent counsel law, as you know, was on the theory that the Justice Department of an administration can't really investigate that administration. I mean, the president's turned over documents to the Justice Department, but there's no guarantee they would be made public or that there would be a review of the Justice Department's investigation.

MR. STEPHANOPOULOS: First of all, this has been looked at by newspapers and is being looked at by the Justice Department --

MR. DONALDSON: You didn't turn over the documents to newspapers --

MR. STEPHANOPOULOS: Let's be clear -- let's be clear on what the charges are. There are no suggestions that the president was involved even with this Madison Guaranty Savings and Loan. He was part of a real estate deal that was also owned by the leader of the S&L. There is no necessary connection at all. He has done nothing wrong and the investigation will show that.

MR. DONALDSON: Well, the -- or the suggestion is, which is, yes, it may not be true at all is that the president gave favored treatment to that S&L to keep it open because it had been a conduit for money to some of his campaigns --

MR. STEPHANOPOULOS: Well, again, that's a suggestion but there's absolutely no evidence of that and I think that that's what the investigation will show.

MR. WILL: Is that a no, by the way? You're against an independent counsel?

MR. STEPHANOPOULOS: Well, it's up to the attorney general, but at this time, the Justice Department is going forward with an investigation.

MR. WILL: Okay. The president in some of his end

-of

-the

-year interviews said one of the things that struck him after a period now in Washington is the cynicism of the town, the delight, the carnivorous delight in tearing people down, the credence given to uncorroborated charges. Does that -- do you share that view?

MR. STEPHANOPOULOS: Well, I think it certainly happens at times. I mean, I think that's something everybody who's been living in Washington for some time learns how to deal with. It is part of the process here and it's just something you have to live with.

MR. WILL: You believe Anita Hill told the truth?

MR. STEPHANOPOULOS: I don't know whether or not she told the truth, but I think she's overall --

MR. WILL: You're an agnostic on that --

MR. STEPHANOPOULOS: -- a credible witness. I was not working on it at the time.

MR. WILL: You're an -- yeah, but come on now, we were all watching television -- (laughter) -- I think that weekend. You're an agnostic on Anita Hill?

MR. STEPHANOPOULOS: No, I think generally she was telling the truth, but I did not study it in detail.

MR. WILL: Any corroboration for that or is that just part of the cynical tearing down of people that --

MR. STEPHANOPOULOS: Well, this was --

MR. WILL: -- you may be a premature prodigy at -- (laughter) --

MR. STEPHANOPOULOS: I don't know about premature prodigy, but I do know that probably what's going on here now with the president is a little bit of a backlash against that. I was not on the Senate committee -- not on the Senate committee staff. I don't know all the details but I think she generally made a persuasive case.

MR. WILL: Welfare. It is said that the president wants a deficit

-neutral plan. Is that conceivable?

MR. STEPHANOPOULOS: Absolutely. I mean, there is now savings to be found in the entitlement programs, in Medicare and Medicaid, part of health care, in the range of programs now going forward on welfare reform, and that's going to be at the heart of the president's plan.

MR. WILL: But deficit

-neutral would mean that --

MR. STEPHANOPOULOS: You cut --

MR. WILL: -- the deficit would come out to the same place, but you'd be spending more on welfare.

MR. STEPHANOPOULOS: Right. You cut spending in some areas in order to make sure that you have the -- that you're spending on training and child care.

MR. WILL: What is the minimum that the president can get in health care reform that he can still with a straight face say to the country, Yeah, that's my program? What does he have to have?

MR. STEPHANOPOULOS: Well, the heart of the president's health care reform package has to be universal coverage. You can't have a health care system that controls cost and provides coverage for anybody unless you assure that universal coverage. And that's what we're committed to and that's exactly what we're going to get. If you listened --

MR. WILL: So the Cooper plan --

MR. STEPHANOPOULOS: -- to Congressman Gingrich, there wasn't a universal coverage there.

MR. WILL: Right. And there's not in the Cooper plan either -- universal access.

MR. STEPHANOPOULOS: No --

MR. WILL: So if the Cooper plan passes, if Cooper says, I claim paternity, the president is shut out of that one, then.

MR. STEPHANOPOULOS: If -- no, I mean, if there is universal coverage, it is a plan the president can support, but right now his is the only plan on the table, the only credible plan on the table that provides that.

MS. ROBERTS: In the last few weeks, we've had stories about radiation exposure to lots of Americans. The secretary of energy has produced these --

MR. STEPHANOPOULOS: Done a great job.

MS. ROBERTS: I think it's sort of puzzling to a lot of us about why she's done that, one. But, two, are you planning to push for compensation of all of the people who have been affected?

MR. STEPHANOPOULOS: Well, I think we have to look at that. As you know, the White House is calling a meeting tomorrow with all the relevant agencies involved to

determine the next step.

Secretary O'Leary's done the country a great service by turning up these files and showing what happened many

years ago. We want to make sure we have all the facts and then we'll determine the next steps.

MS. ROBERTS: Well, if in fact you decide to do compensation or even if you don't, I would assume people will start to sue in rather large numbers. Is this something this government can afford? You're talking about an awful lot of people.

MR. STEPHANOPOULOS: You are talking about an awful lot of people, but you're also talking about an awful lot of injustice if these facts are true, and we have to get to the bottom of it.

MS. ROBERTS: And so the administration would not oppose that?

MR. STEPHANOPOULOS: Again, we're going to go forward and look at all the facts and determine the next steps, but --

MR. WILL: Is it a cost question or a justice question?

MR. STEPHANOPOULOS: Well, I think --

MR. WILL: You're saying it might be expensive, but justice must prevail.

MR. STEPHANOPOULOS: If these people were tested against their will, if they were injected with plutonium against their will, certainly something must be done to right that.

MS. ROBERTS: And speaking of cost and justice, the other question that a lot of people are talking about in town right now is the question of entitlements, a perennial. A lot of talk about this is the year to really try to do something, get entitlements under control. Is the administration going to push in any way to do that?

MR. STEPHANOPOULOS: That's precisely what the administration's doing with health care reform. I mean, when you talk about getting entitlements under control, you have to look at what's happened. First of all, we cut \$90 billion in entitlements in the deficit reduction package last summer. If you look at the president's health care package, he cuts over \$100 billion over time in Medicare and close to \$60 billion in Medicaid. The way to get entitlements under control -- the fastest growing entitlements are Medicare and Medicaid -- the way to get them under control is health care reform.

MS. ROBERTS: Well, except that you could make the argument that health care is creating a whole new entitlement, an entitlement to health care.

MR. STEPHANOPOULOS: It is creating, making sure that everybody can have health care, but that will bring costs down. Now, right now everybody's paying for health care

because costs are shifted. If you guarantee coverage, you can make sure that the costs go down.

MR. DONALDSON: Some housekeeping questions, if I may. Mr. Brzezinski, as you may have heard, said that the secretary of state has retained his post by giving up some of his power to his new deputy, Strobe Talbott. And other people in this town are not so generous. They're saying now Strobe Talbott is going to be secretary of state in a de facto sense.

MR. STEPHANOPOULOS: Well, it's a good line. I'm just not sure that it's true. Clearly --

MR. DONALDSON: You're not sure?

MR. STEPHANOPOULOS: -- the secretary of state -- it's not true -- the secretary of state is in charge. He has strengthened his team by bringing Strobe Talbott, who's done a wonderful job as the ambassador at large for Russia and the new republics, over into the deputy slot, and I think they've worked well together this year and they will continue to work well.

MR. DONALDSON: Speaking of good lines, you just gave me one. I can't help but remember the last secretary of state who suggested "I'm in charge here," lasted just a few months after that. (Laughter.) Mr. Haig.

MR. STEPHANOPOULOS: I think there's no danger at all

--

MR. DONALDSON: That's unfair. But I do want to ask you a very serious question -- (laughter) --

MR. STEPHANOPOULOS: Thanks for saying so. I didn't even have to say it.

MR. DONALDSON: I want to ask you a serious question about something that African Americans and other minorities are very concerned with. You still have not named a deputy attorney general for civil rights, a head of the EEOC, or someone to the top post of this nature in the Labor Department. Does President Clinton not care?

MR. STEPHANOPOULOS: He absolutely cares --

MR. DONALDSON: Then why hasn't he done this?

MR. STEPHANOPOULOS: He has put forward nominees for the top job at civil rights. Unfortunately, we've had some difficulties with them and Mr. Payton has withdrawn. But we're going to get back to that right at the beginning of the year and we'll certainly have one --

MR. DONALDSON: What about EEOC?

MR. STEPHANOPOULOS: We're making progress on all of these at this time, but right now we don't have them, but we will have it early in the year.

MR. DONALDSON: It's been a year, Mr. Stephanopoulos.

MR. STEPHANOPOULOS: And we've had some difficulties, but I'm sure it'll be fixed right in the beginning of the year.

MS. ROBERTS: Well, on this point, there are also 113 federal judges. I mean, this has been, as Sam says, a

year, and there are 113 vacancies in the federal judgeships.

MR. STEPHANOPOULOS: There was an awful big backlog when the president came into power. We've made good progress on the judges throughout the year. We've actually been ahead, as you know, of both Reagan and Bush in appointments in our process, but it's a very long, laborious process, as you know. The new background checks have also caused some problems, but we think that we're on track and will continue to make progress in the beginning of the year.

MR. WILL: On another personnel matter, some people are wondering if Mr. Gergen will stay there, although he does say he was never a Republican anyway when he was working for Reagan and Bush and Nixon -- or Ford, I guess. Some people say he doesn't want to stay during the partisan activities in an election year. Have you talked with him about this?

MR. STEPHANOPOULOS: I haven't talked to him about it, but I've -- he's doing a great job for the president and the president has full confidence in him and I expect he'll stay as long as he feels --

MR. WILL: Is he a Democrat?

MR. STEPHANOPOULOS: That's a question you have to ask him. (Laughter.)

MR. WILL: You've never sort of leaned over and said, "What are you?" (Laughter.)

MR. STEPHANOPOULOS: Just doing my job.

MR. DONALDSON: Thank you very much, Mr. Stephanopoulos --

MR. STEPHANOPOULOS: Thank you very much.

MR. DONALDSON: Thanks for being with us today. Appreciate it.

MR. STEPHANOPOULOS: Good to be here.

END