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SECTION: CAPITOL HILL HEARING

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HEADLINE: STAKEOUT PRESS BRIEFING
WITH SENATE MAJORITY LEADER
SENATOR TRENT LOTT (R-MS)
FOLLOWING THE REPUBLICAN SENATE POLICY LUNCHEON
THE CAPITOL, THE OHIO CLOCK
WASHINGTON, D.C.

BODY:

SEN. LOTT: This week the Senate will return to the Interior appropriations bill. We'll be having votes on that very important bill for the future of our country, today and on Thursday.

In addition, we will move, I believe, three federal judges today. Two of them will be voted on at 2:15, and I think one more will be moved in close-up tonight.

Tomorrow we'll vote on the Transportation appropriations bill, on cloture, because there is a threat of filibuster on this very important bill for the future of transportation in our country. So that vote will occur at about 9:30 on Thursday. We will continue working on appropriations bills, both those two and then the others -- HUD-VA appropriations bill, and the Labor Department-Health and Human Services bill. We'll continue to move conference reports on appropriations bills when they're cleared and get those on down to the president for, hopefully, his signature.

We'll take up the bankruptcy reform package, hopefully next week. And we hope to move the nuclear waste bill also this month.

We are going to have one final event to discuss the budget for the year, which provides, number one, that we save Social Security first, and we put Social Security in a lockbox. That money can be spent for nothing but Social Security -- nothing but Social Security.

The president says he supports that. [We certainly support that. Secondly, we have money in our budget for reforms of Medicare along the lines of the Medicare Commission.] We still would be interested in trying to achieve that goal.

And we think that the balance, the tax overpayment, should go back to the American people.

When I spoke before groups during the August recess and I outlined what is in this tax relief package, people seemed surprised at what was in it. They knew about our effort to try to eliminate the marriage penalty tax. They might have



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known that we were working to eliminate the death tax penalty. But they were unaware of things like incentives for saving for education. They were unaware about the improvement in the adoption tax credit. They were unaware of the ability for spouses that had been working in the home that goes back out into the public workplace can buy back their savings opportunities. They were unaware of pension savings. So there are many good provisions in this bill that I hope and wish the president would sign.

The American people have made an overpayment, over the next 10 year period, in terms of taxes. They've got change coming to them. We think they should have an opportunity to keep that change that they are entitled to by this overpayment. But we will have the signing ceremony on Tuesday, and we will send the bill to the president Tuesday night or Wednesday of next week.

I might just say that I continue to be disturbed by actions or non-actions at the Justice Department. The recent revelations with regard to the Waco bombing, and the misinformation and the lack of information between the Justice Department and FBI is really of a great concern. We have the Justice Department law enforcement organization of that nature involved in protecting people's rights and prosecuting criminals, not showing competence or probity. That really concerns people. It scares people.

Now I think the attorney general has fallen into a pattern now of not showing competence and now, apparently, not showing probity. That is a very serious matter for the attorney general of the United State. And I hope that the attorney general will take note of the feeling that's out there in this country. And I have urged the Judiciary Committee and Senator Specter and others to pursue aggressively what is the truth?

Shouldn't we at least know the truth?

The other thing, finally, and I'll take your questions, is the matter of pardoning of the Puerto Rican terrorists. This is a horrible precedent. When the president takes this action for what appears to be political reasons, it undermines the very judicial and law enforcement system, especially when law enforcement opposed these proposed pardons and when the Justice Department was apparently not even consulted. This is a major mistake. And I think we're going to have to again have some hearings to try to find out how this decision was reached and what it means for the future.

Q Senator Lott, do you agree with calls that Janet Reno resign?

SEN. LOTT: I think that when you have an attorney general that has developed a pattern of not acting when she should with regard to investigations or, in this case apparently not getting to the truth and not supervising adequately what happened, the combination of a series of events puts her in jeopardy in terms of her ability to do the job. And I think she -- I mean, that's a decision she's got to make, and the president. I'm going to wait for more information and some final conclusions, but I'm beginning to think that she should resign.

Q What about Louis Freeh?

Q You're beginning to think she should --

SEN. LOTT: I'm beginning to think. It's based on the pattern now that has developed over six and a half years and the events involving not only the appointment of independent counsels, her refusal to provide information or answer questions by the Congress, the problem with the Waco investigation, the situation with the Puerto Rican pardons. All of that leads me to conclude that the attorney general should resign.

Q Senator Lott, have you concluded that she should resign?

Q (Off mike)

SEN. LOTT: The Congress is going to investigate what's happened here. And if we

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have to issue subpoenas in order to find out the truth, we will do so. Q Senator Lott, could you talk a little bit about the situation in Indonesia? Secretary Cohen has said that he doesn't see any need at this point for peacekeeping forces. Do you agree with that assessment? And if Indonesia does, in fact, ask for intervention, should we become involved?

SEN. LOTT: Well, I'd want to ask for additional information from the administration. In fact, I'm probably going to try to talk to Senator -- Secretary Cohen about that specific point. Obviously, you know, they had an election and the people expressed their view for independence. It has been chaos since then. I thought that there were some signals that maybe special forces were going on from Indonesia, maybe to help bring some peace there. But at this time based on what I know I would not be an advocate of the U.S. intervening, but hopefully we would like -- obviously we will support diplomatically and through every other way peace there and the stopping of, you know, the killing that's been going on.

Q Senator Lott, tomorrow the Democrats are going to have a big dog and pony show on gun control. Do you think that any events since the recess have made you all want to move faster on the juvenile justice -- i.e., gun control -- bill?

SEN. LOTT: You know, we have a conference involving the problem with juvenile justice in America. We have a problem with juvenile crime. We need to have some additional laws with regard to how you try youths and where you incarcerate them when they're convicted of heinous crimes.

We need to do more about drug and alcohol problems. We need to do more about security, particularly security in our schools. And I think there are some provisions that passed the Senate, that could be included in a conference report between the House and the Senate, with regard to juvenile justice, and even guns. But that conference is meeting, and I'm looking forward to finding out what progress was made during the August recess.

But when I was out in the country -- and I was in four different states; now admitted, they were Western and border and Southern states -- there is no push for taking away people's rights with regard to guns. In fact, there were people that said very strongly, "You know, we support instant checks to make sure that a criminal's not getting guns. But don't take away our fundamental rights."

(Cross talk.) Yeah?

Q You have several issues over the next couple of months where you and the White House are on different sides. What are the prospects for compromise?

SEN. LOTT: I think that remains to be seen. The president has not shown any willingness to compromise this year really on anything. His rhetoric with regard to tax relief for working Americans has been bordering on hysterical, not to mention inaccurate, in many ways.

He stepped in, basically, and killed the **Medicare commission**. [I mean, we had a commission, a bipartisan commission, chaired by a Democrat from Louisiana, John Breaux, that recommended a very thoughtful Medicare proposal, including prescription drugs for up to 135 percent of poverty -- a good proposal-- and the president jerked the rug right out from under them.] It wasn't a very good sign that he wanted to work with us. In fact, I called him the day before he basically killed it, and said, "Mr. President, allow at least one of your appointees to vote for this, so that we can keep the process moving. You'll have input. Let's see if we can get something." And he walked out 24 hours later and just rained all over it. So I haven't seen any indication that the president wants to work with us.

What the president wants is more spending -- more spending -- more spending for everything. He's not for tax relief for working Americans. He wants to spend



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more money on a variety of programs, including foreign policy issues that the American people would not be supportive of. And I certainly don't think we ought to be taking people's Social Security tax money to pay for foreign policy issues. Q Senator Lott, back to Waco. You were talking about Janet Reno's incompetence. What about Louis Freeh's competence?

SEN. LOTT: I've said the Justice Department and the FBI -- I mean, the inaccurate information or incomplete information, you know, is a great concern. I had one guy ask me while I was home, "Well, so what? You know, that was months, years ago." When you cannot rely on information you get from the attorney general or the FBI, you know, two very critical law-enforcement entities -- THE most important law-enforcement entities in the country -- that is of great concern. And it really worries people.

That whole Waco incident worried people -- the way it was consummated; the children that were killed; apparently, you know, actions that caused the fire. And the attorney general went before the Judiciary Committee in the House and said, "I assume responsibility." Now she seems to be saying, "Well, maybe the FBI should assume responsibility."

The idea that the Justice Department would go seize records from the FBI is a curious development. I've never seen anything like that since I've been in Washington over 30 years.

So there are some really fundamental concerns here that must be answered. We've got to find out what is the truth and how did it happen.

Yes, right back here.

Q Senator Lott, you told us at the beginning of the August recess you'd create interest in your tax bill, maybe create a groundswell of support for it. (Off mike.)

SEN. LOTT: Well, I know that House members and senators have been all across the country in their congressional districts and their states talking about the specifics of what's in the tax package. And we have at least two recent polls that show that support for a tax relief package has gone up significantly. One thing you've got to remember, something like 35 or 36 percent of the American people pay no income taxes. They're probably not for a tax relief package. But a lot of young working men and women and older workers in America that are paying more than is going to be needed over the 10 years to keep a balanced budget, would like to correct some of the blatant unfairnesses in the tax code.

So I think we made some progress. And there were a lot of different groups that were running media both for and against it. But I'm certainly contented with it. And I found that my constituency, they -- number one, they want to make sure we save Social Security first; and number two, they think that they should have a fairer tax code; and number three, they think we should pay down the debt. And under our budget plan, we pay down the debt over the next 10 years by approximately \$2 trillion. That is significant in only one decade.

Q What will you do when the president vetoes the tax cut? SEN. LOTT: We will express our concern that it's obvious that he doesn't want a fair tax relief package; it's obvious that he wants to spend more money, and it's obvious that he wants to break the caps and spend Social Security money for other programs. And that is of great deal of concern to us.

The prospects of an agreement on a tax relief package with this president at this time -- he hasn't made any sounds or given any signals that he has a desire to do that.

Q Are you prepared to compromise on -- (off mike)?



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SEN. LOTT: Well, you know, this is a legislative body, and this is the United States Senate. You got to always look at the art of the possible. And I'm hoping that we can get through the fall with some agreements and some compromises on appropriations bills, on everything from Defense to Interior to Veterans and Education. And so we'll work together on that. (Cross talk.) And

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Q (Off mike.)

SEN. LOTT: What were you referring to?

Q (Off mike) -- if you're saying that he's not showing any signs of compromising with you, are you willing to take the first step? And what issues?

SEN. LOTT: I think we've been taking the first step. And you know, I haven't seen any steps from him. I mean, he has not joined us on tax relief. He's not joined us on Medicare. He keeps saying, "I want more money for appropriations, spending bills, for the Washington government." I met with him six weeks or so ago, and there were a lot of things that we went over, that we thought we ought to try to address. And I haven't heard from him since. So I don't know.

Q Senator?

SEN. LOTT: Yeah?

Q On the spending issue, a lot of agencies are saying that they have a lot of trouble really funding their agencies because of the budget caps. And even Chief Justice Rehnquist sent you a letter say that he's going to have trouble. He's \$250 million short. Did you respond to him? How do you respond to those

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SEN. LOTT: I think I read in the press that I got that letter, but I was at home with my people and on vacation with my family. I have not read the letter. I didn't find any real press from anybody that I talked to or that we ran into thousands of people that said, "What we need is more money for the federal judiciary." So I don't know if there's a lot of sympathy for that.

It's the usual deal. In Washington everybody says, "I need more," you know? "I need more to spend." Look, our goal is really very simple. We want less Washington government, less taxes, and more freedom for individuals, for families with children, working Americans. It doesn't call for more spending in Washington.

See, you got to remember, too, spending always goes up; it's just a question of how much. And in Washington, it never seems to be enough for Washington. I want less for Washington and more for Moss Point, Mississippi.

Q (Off mike) -- Justice Department official who says he doesn't even have money to hire FBI agents to fight crime.

SEN. LOTT: You know, I think that there is more money for FBI -- in fact, I'd have to look at the State-Justice-Commerce appropriations bill, but I believe that Senator Judd Gregg, who's chairman of that committee, actually provided more money in the law enforcement area, while he did take it from other areas. Yeah?

Q Senator Lott, back to Waco. If your former colleague agrees to conduct an outside probe, do you still think Congress needs to investigate the matter on its own, and why?

SEN. LOTT: I do, because we have a responsibility here to the American people, as elected officials, to conduct our own investigation and ask questions. We'll be interested in seeing what our former colleague from Missouri finds. And hopefully he can help facilitate getting to the truth.

But I do think we -- in fact, I think Congress has deferred too much investigations and not enough oversight hearings on our own because independent



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counsels have been doing it or some other agencies have been doing it. We have a job to do. And we need to do it better. I don't think we've done a good enough job at it.

Q Do you have doubts about who started the fire because they --

SEN. LOTT: Yeah, there's doubts because of the questions that have been raised. I don't have a clear answer. And I think we need to find that out. How did that happen? Who did it? And why were we not given full information or accurate information? A's not just about that incident, it's about a bigger question. It's the probity of the law enforcement agencies of this country. That is a very troublesome matter if we're not getting accurate and truthful information about actions that are, if they were, in fact, taken the way maybe that it's been indicated, that these fires were caused and it should have been known they were going to be caused, that is very bad.

Yes.

Q Are you saying to the president, It's 792 or nothing, or what are you saying after the veto? What is going to happen after the veto? Are you saying, No other tax bill, this is the only tax bill you'll receive this year?

SEN. LOTT: You know, it's for me alone to say. I've got to talk to a lot of people. I don't see how we do it.

First of all, we had a budget resolution that had a legislative procedure that allowed us to get a tax relief package to people without it being filibustered and with some limits on it. That's called reconciliation, as you know. We don't have that, again. We'd have to pass another budget resolution to provide that procedure.

The president, he continues to talk about tax increases, number one. You need to remember that his budget cut over five years \$10.4 billion out of Medicare, and he provided hundreds of millions of requests, billions of tax increases. So I -- and he continues to say, Oh, nothing more than 300 billion, which was a move from 250 billion. I just -- he has shown no statement, no willingness of any kind that's realistic in trying to deal with this problem. I think maybe we need to go ahead and focus on the work we have to get done this fall. And maybe next year we'll pass another good pro-growth tax reduction package for working Americans, and he'd have this opportunity again next year. But I don't think in the time we have left this year, the bills that we have left to do, that we could go through the whole budget and tax process again and get a favorable result. Plus the way we want to cut taxes is quite different from the way he wants cut taxes, if at all. I don't believe he wants to cut them, he wants to raise them.

Yeah.

Q With a host of new investigations, including Waco, looking into allegations of Russia money laundering schemes, what do you think realistically are the prospects for getting some of the unfinished business done in terms of campaign finance reform, juvenile justice and other work you'll have in the coming weeks?

SEN. LOTT: Well, we need to get our work done. It may not be the priorities -- the ones you've mentioned. We're going to focus on trying to pass, you know, key issues that are outside the appropriations area. We do have the financial services modernization. We do have bankruptcy reform. We do want to do more in the education area. I do think we should pass a juvenile justice bill. And then we will focus to a large extent, though, on passing the appropriations bills, as many as we can, and then, you know, where we don't get a final conclusion before the end of the fiscal year or have a continuing resolution so that we continue to have government services provided, why, we continue to work on appropriations bills. That's got to be our focus.



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Remember, we have four appropriations bills to go. We have a little over four weeks left in this month. So that's got to be our principal focus. And then as we get into October, we will have other issues, like finance reform, that will come up sometime before October the 12th or 14th. I can't remember the exact date. But Senator McCain and I had agreed that we'd go forward with that, even though the Democrats objected to a unanimous agreement on how to proceed. But our priorities are to give the American people tax relief, save Social Security. We're going to have more votes in the Senate on -- or maybe, hopefully, only one more vote -- to have a Social Security lockbox. And we're going to keep focused on the big issues: you know, Social Security, protecting Social Security, tax relief, the bills that keep the government agencies that are running. And then some of the other bills, we'll be working on that, but they will be secondary as we keep focused on the big issues.

Thank you very much.

END

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JULY 28, 1999, WEDNESDAY

SECTION: CAPITOL HILL HEARING

LENGTH: 4187 words

HEADLINE: ROUND TABLE MEDIA BRIEFING
WITH SENATE MAJORITY LEADER
SENATOR TRENT LOTT (R-MS)
WASHINGTON, D.C.

BODY:

SEN. LOTT: Well, why don't I just make a brief statement here and then respond to your questions?

As I said on the floor of the Senate this morning when I opened the session, I really had the words to a song in my mind, "O Happy Day," because it's one of the days in the Senate when we're doing what I think we should be doing more for the American people, and that's giving them more control over their lives, having a discussion about tax relief for working Americans, allowing Americans to keep more of their hard-earned money. We can do it because we do have a projected significant -- and, in fact, large -- surplus in the years ahead. And I think that at least 25 cents on a dollar ought to be returned to the people that actually earn the money.

But also there are so many provisions in this bill that I think are good, that make the tax code fairer. It makes pensions more accessible to women, so that when women do go into the traditional workplace, as opposed to working in the home, they're able to put more into their IRAs, so that they can make up for lost time. It provides more opportunity for child care. It provides, finally, a systematic moving toward the elimination of the marriage penalty tax. I've never been able to find anybody that thinks we ought to pay -- make people pay more taxes when they get married. It encourages people to save for their children's education, through the pre-paid college education tuition savings plan. And it also encourages people to save in general.

Recently Alan Greenspan's been quoted an awful lot, but one of the things he's always expressed concerned publicly and privately about is that Americans still are not saving enough. One of the ways you encourage them to save is give them incentives to save, either for their children's education, for their medical needs, or through the Roth IRA.

So there's a lot of very good things in this tax relief package, a lot of distortion out in the hinterlands by the Clinton-Gore administration. But in the end, I think, on an individual basis, they need to ask people that are working and paying taxes, "Would you like to keep just a little bit more of your money? Would you like to have a tax code that's just a little bit fairer?" I have never found anybody that gave me any answer to those two questions other

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than yes.

With that, I'll take your questions.

Q Generally, though, that reaction -- "that I'd like to keep some of my money" -- most polls over and over again show that ranks far down the list of voter concerns. They're much more interested in shoring up Social Security and Medicare.

SEN. LOTT: Well, as a matter of fact, we do support shoring up Social Security and Medicare.

First of all, under our proposal, \$1.9 trillion of the projected \$3 trillion surplus would be put in a lockbox for Social Security. I think that the Social Security taxes should go for Social Security. Now, we all know for 25 years or more that's been violated. And it's time that the FICA tax -- just like the highway trust fund money, the money that comes from gasoline tax should go for roads and bridges, Social Security taxes should go for Social Security. We also have an allowance in our package for Medicare reform, and including covering costs for prescription drugs for Americans that need it. Not every American. We shouldn't be providing free prescription drugs to everybody, but that's a typical Washington idea: "Oh, geez, we'll just give everybody free prescription drugs." The government can't do that. Somebody's having to pay for that. So we have more than enough allowed for, you know, revenue for Medicare reforms. We should do both of those. But also, I think a significant portion of the surplus -- surplus should go to the people that pay the taxes coming up here.

I mean, we are -- I believe the American people are overtaxed. I think when you look at the percent of GNP, we're at the highest level since World War II. You know, I'm sure everybody feels the same way I do. Every year when I do my income tax return, I get mad again -- mad because it's complicated, mad because it's not fair, mad because I think that the percent of taxes that individuals have to pay is too high.

One of the things -- examples I gave, my daughter, our daughter -- I hate to get into her personal life, but here she is, last year a young 27-year old woman with a college degree working in Jackson, Mississippi, making somewhere over \$30,000, she is in -- but certainly less than a \$35,000 -- she's in the 28 percent tax bracket. Now, if you make \$26,000 a year, you're in the 28 percent tax bracket. Now, that doesn't count payroll tax, that doesn't count sales tax, all the other taxes you have to deal with. When you add them all up, you've got this young woman that's making a relatively small amount of money having about 40 percent or more of her total income taken for taxes. That's wrong. It's a disincentive to do things on your own and to save and to try to own your own home or anything else that really is, I think, positive for the economy.

Polls. Once again let me comment on polls. Unlike Clinton, I don't make every decision that I make as a senator or as majority leader based on a poll.

Do I see polls occasionally? Yeah, but only occasionally. I think that they are interesting information, but I'm not driven by polls.

And the important thing is, polls give you an answer based on who asks the question, what is the question, how loaded is it, what are the choices, when do you ask it. You even get a different answer if you poll people on Friday night than you do if you poll them on Monday night. So I want to -- I have to really analyze a poll and get down below the results you might read in the New York Times or the Washington Post, to get at the truth of a poll.

Q Senator, obviously nobody gets a tax break or a tax cut if a tax bill isn't signed.

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SEN. LOTT: That's right.

Q Is it necessary to go through having a Republican bill and it vetoed before there's any kind of serious negotiations? I mean, why not start those negotiations now on a tax bill the president can sign?

SEN. LOTT: Because the president has shown no willingness to do that. And in fact, he's been totally irresponsible in the way he has been critical of this plan. He has shown no willingness to really engage with us. He's talking about really a tax increase, if you analyze what he proposes; it's next to nothing, at the minimum, or at the maximum it's next to nothing. You know, I met with him last night, and we talked about it.

But remember this: He started off the year saying he was going to veto the education flexibility bill, but he signed it. He said he was going to veto the national missile defense bill, but he signed it, and then distorted what the bill said. He said he was going to veto and fought till the last minute the year 2000 computer liability problem (sic), but he signed it.

Now, you know, if he will do what is in the best interest of working Americans, he'll sign this bill. I mean, he -- every time it's a bill that he didn't pull out of his hip pocket, he throws up a veto up here.

But, you know, on Medicare reform, you know, we're serious. I haven't seen any indication that they're serious. He shot down the most serious effort to have Medicare reform we've had in years. We had a Medicare commission chaired by his hand-picked chairman, John Breaux, a Senator, a Democrat, from Louisiana, who did an excellent job. He jerked the road right out from under the Medicare commission.

He says now he's got a plan, but we didn't even see any of the details, really, until last week. And till this minute, so far as I know, no Democrat has endorsed or introduced it. Is he serious? I can't figure out whether he is totally consumed in trying to help Al Gore be president and his wife, Hillary, to be a senator, or whether he wants to do some things for the country.

Now I'm a guy that over the years has worked to try to get some positive things done since I've been the majority leader. And over the past few years, we've had improvements in safe drinking water. We've had illegal immigration reform, welfare reform, Medicare reform, tax relief, budget restraint. We have done a lot of things together that has led us to this unique moment in history where we have this projected \$3 trillion surplus. And I just believe part of that ought to go back to the people that are being overtaxed in a way that provides this tremendous surplus.

Q Senator, there are reports, however, today that this could a precursor and preamble to some kind of a negotiating session down the line. What broad areas might you be willing -- is this 800 -- this nearly 800 billion -- is that locked in -- (off mike)? Is it the marriage tax?

SEN. LOTT: I'll tell you one of the reasons why I want it to be a tax relief as great as possible: first of all, because I think people are overtaxed; secondly, because I think there's a lot of unfairness in the tax code; but lastly, and very importantly, experience has shown me that in Washington, if the money's not returned to the people, it will be spent, it'll be frittered away, one place or another, for bigger Washington government. I don't believe the people want that.

But if we could come to some understanding of a significant tax relief package that would really help the people, that would be broad-based in nature, and would encourage economic growth over a sustained period of time, while reaching a responsible Medicare reform package, I'm certainly willing to consider that, and I've held out that olive branch all year, and I've done it repeatedly. And usually what I have gotten in return is my hand has been bitten when I've



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reached out. And I'm getting tired of being smitten by the folks down at the White House.

Q Smitten or bitten?

SEN. LOTT: Smitten or bitten. (Laughter.) Take whichever one makes the best radio bite. (Laughs.)

Q (Laughs.) SEN. LOTT: Oh, no pun there. Sorry about that.

Q Senator, in this meeting with the president last night --

SEN. LOTT: Yeah?

Q -- did you agree on a budget summit in September?

SEN. LOTT: No. This was just a general discussion. Periodically, you know, I talk with the president, either on the phone or individually. I hadn't talked to him much lately, and we talked about a number of issues, and no -- no secret deals. No news was made.

We were just talking through things with each other.

Q Just a little while ago, senators Breaux, Chafee and a bunch of others were introducing what they are calling a compromise, about a \$500 billion package.

SEN. LOTT: The president says he'll veto that.

Q Would that get to be closer to serving as something to start from?

SEN. LOTT: I don't think that you start lowering the bar when you begin a race because, if you do, the bar will get lower and lower. And at the end, you'll wind up with a level that's inadequate.

I appreciate the genuine courage that's been shown by Bob Kerrey and John Breaux. They both voted for the package the came out of the Finance Committee at the \$792 billion level. I think that, typically, of the two of them, they would like to get some results -- and so would I.

But the president -- this shrill criticism coming out of the White House, the distortion of the facts, make it awfully hard to seek any common ground.

Q Senator, you have personally supported an across-the-board --

SEN. LOTT: I do.

Q -- (inaudible) -- as is in the House. Would you also support a change the House made at the last minute, tying it to a reduction of the public debt?

SEN. LOTT: I'd have to look very closely at that concept to see what its real impact would be and how that would work.

Government spending, whether it's for discretionary spending, like education and Interior programs, or mandatory programs, can be changed from year to year, if you have to, when there are budget problems.

The same thing is true with the tax incentives that you give people. If you run into difficulty, in terms of a war or an economic turndown, you can always revise or scale back what you have done on a tax-cut plan.

Remember, these are mostly phased in over a 10-year period. The House 10 percent across-the-board tax rate cut, which is the fairest-type cut in my opinion, is phased in I believe, 1 percent a year over a 10-year period.

And if you ran into a difficulty at any juncture, you could stop it at -- I'm not advocating this, but at six. If you got to the sixth year and you ran into difficulty, you could say, well, we're not going to do the next increments of the tax rate cuts. But I would prefer that.

I think that Chairman Roth deserves credit for an ingeniously designed package that allowed the bill to come out of the Finance Committee on a bipartisan vote and one that's probably going to pass the Senate before this week is out. It could have run into difficulties on one side or the other. But it's just like



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any other large bill; you could ask 100 senators to write the package and you'd get 100 different ideas of how to do it. There are a lot of good things in the Roth bill and there are a lot of good things in the Archer bill, that are not necessarily in each other's bill, but it's a good menu from which to develop a really good bill out of conference.

Q Senator, are you at all concerned about the fact that the surplus is beginning to be -- the projected surplus is beginning to be frittered away by emergency declarations such as declaring that the 10-year census is an emergency worth \$4.5 billion?

SEN. ROTH: I do worry about emergency designations, which can be abused in an effort to find a way to not, theoretically, break the caps. But there are legitimate emergencies -- you know, disasters, natural disasters. I think what we have seen with agriculture over the past two years, nobody could have foreseen the multiple years of bumper crops and depressed prices caused by, among other things, the loss of trade markets because of the Asian flu. And you have to deal with these emergencies when you are confronted with them. And that also included, of course, the conflict in Kosovo.

But I think we need to be careful. I wouldn't say that designating the census as an emergency would not qualify. You know, we have a situation here where you've got two different views of how the census should be taken. I think the Constitution is clear and the courts have indicated that they think there should be actual enumeration. But to try to work out the disagreements over that, you know, basically what you may have is it may be done two ways. It may double the cost that's involved. So that presents a unique set of circumstances. But I hope we'll be careful about, you know, overuse of the emergency designation.

Yes?

Q Senator, you talk about across-the-board -- the differences in the bills. There's no cap gains in the Senate's version.

SEN. LOTT: Right.

Q Am I getting from you that it's -- that we may not fight it out on the floor about those items this week instead in Senate -- in conference and fix it there, or is there going to be an effort on the floor to establish some of things in the Senate bills?

SEN. LOTT: There will be some amendments and maybe even some substitutes, in whole or in part, offered on the floor of the Senate. That -- some of them, you know, may be seriously debated and even accepted or defeated. But I think that probably most of what you see in the Roth bill will be what's in the final product, and then some of those difficulties or disagreements will be worked out in conference. And I would actually be an advocate of doing it that way. Again, I want to emphasize there are some provisions in the Roth bill that are clearly better than what's in the House bill. And the marriage penalty tax is one example. The education savings accounts are another. The -- I think the -- of course, obviously, the overall Roth savings accounts are increased more in the Senate bill.

The House bill does have two provisions I like better, and that's the across-the-board tax rate cuts and the reduction in the capital gains tax rate. I think that that should occur. I think we should continue to lower the capital gains tax rate. I think we should encourage people to hold capital longer, but get benefits if they do that. Eventually, I hope the day will come when we will eliminate, for the most part, the capital gains tax and emulate more what is done in countries like Japan and Germany in that particular area.

Q Senator, can I ask you a non-tax question?

SEN. LOTT: Sure.



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Q A year after the shootings in the Capitol, the proposed visitors center seems to be stuck, dead center, not going anywhere. Can you commit to people that it's going to happen on your watch? And who's going to pay for it?

SEN. LOTT: Yes, the visitors center on the East Front of the Capitol, which will be predominantly under ground, will go forward. It's the right thing to do. It would be beneficial to our constituents in terms of educational opportunity, convenience, access to the Capitol, and security for the Capitol. It should absolutely be done. I believe it will be done. I've asked the secretary of the Senate, Gary Sisco, to act as our staff point person on that. He's doing that. A good portion of the money for the visitors center will come from the private sector, through coin sales, through the Capitol Historical Society, but there will be some federal funds involved, too.

I always encourage as much as possible private funds being involved where they can be legitimately without conflicts, but I think it should be done. And quite frankly, if it doesn't go forward, I'm prepared to start pointing fingers.

Q (Off mike) -- a date?

SEN. LOTT: You know, you're dealing -- even in the non-political world, you know, getting money and getting started takes time, and the actual construction takes time. I believe that within the next year, it will be started, and I'm hoping that within the next three or four years, it will actually be completed. But now that's just a shot in the dark. I haven't talked to the architect about exact dates. You've got to have plans, you've got to have architectural plans, you've got to work through a lot of different people. But it should be done. And I don't want another disaster like happened a year from now to occur any time in the future. And I want my conscience to be clear that I've done everything I can to push this visitors center forward. It's the right thing to do. It's the safe thing to do. And I feel very strongly it should be done.

Q What's your reaction to General Clark being forced out early as NATO commander?

SEN. LOTT: I don't know the details of what happened with General Clark. I know that General Ralston, his supposed successor, is an outstanding general, Air Force general, and maybe there is a unique need for his talents there. So I don't have any inside information or criticism of either one of the generals.

Q Senator, on another non-tax issue, the District of Columbia budget bill has cleared the Senate, but in the House, it looks like there's going to be some social riders on it that I'm told the White House might object to, might threaten a veto -- the needle exchange issue, not letting the city have that, (off mike) -- on medical marijuana, on gay rights and abortion, and even a move to make smoking cigarettes under the age of 18 a criminal offense in the city, where it isn't anywhere else. But anyway, with that said, if those things stay in the bill and it comes to the Senate, would you be supportive of a move to strip -- strike some of those?

SEN. LOTT: Oh, yeah, I would be supportive of a move to strike some of them. I don't know exactly what's been happening on that in the House; I've been pretty busy with the Senate. But you just mentioned a couple things. The idea of making it a criminal offense to smoke cigarettes under 18 is absolutely ludicrous, and I would hope that, while I want to discourage teenage smoking and smoking in general, I think that would be clearly an inappropriate thing to do.

On the other hand, I will always be opposed to needle exchanges, period, anywhere, everywhere, including the District of Columbia. And I feel extremely



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strongly about -- that's one of the last issues we dealt with in the omnibus bill in 1998, and I basically told Erskine Bowles and the White House, "They're not going to have the needle exchange program in the District of Columbia. Get used to it."

Q On the --

SEN. LOTT: That -- I just -- I just --

Q I'm sorry.

SEN. LOTT: I just disagree so strongly with that -- that program.

Q There is a lot of opposition --

SEN. LOTT: Yeah, mm-hmm.

STAFF: (Off mike.)

SEN. LOTT: Okay.

Q Would it be your intention to be your intention to send a conference report on the tax bill to the president at the beginning of the recess, or at the end of the recess?

SEN. LOTT: Yes. (Laughter.)

Q And what are the pros and cons?

SEN. LOTT: But you said "either/or," and I answered yes -- (chuckles) --

Q (Off mike.)

SEN. LOTT: Let me just say, first of all, I think that the wise thing to do is for us to go ahead and get it -- the tax relief bill -- through the Senate and through conference and through the Congress before the August recess begins. That is a significant challenge -- (laughter) -- just from paperwork standpoints. And you know -- but I hope it can be done. I think it's the right thing to do.

And then, you know, we could make a decision about whether to send it on down to the president before or as we go home, or hold it until September. My inclination would be to try to get done before we leave and hold it and send it to him the 1st of September, because I don't want him to veto it either in the quiet of the night or with great fanfare when we're not here.

But I also would like for us to have an opportunity to go to our respective districts and our states, and tell the American people and the people in our respective states why this is the right thing to do, what their benefit is going to be.

I tell you, I -- there are a lot of people now that are looking inward to the makeup of the bill, saying, you know, "We need this, we need that, we want that." But the minute this bill is completed, they're going to turn their sights in a different direction, and the direction -- their sights are going to be on the president and others, saying, "Yes, we want this."

And I'd like for us to -- I'm going to advance it. I'm going to ask the people in my state to vote when I go home. I'm going to ask them, you know, "How many of y'all think we should eliminate the marriage penalty?" Every hand will go up. "How many of you think we should encourage savings for education?" Every hand will go up. "How many of you think we should eliminate the capital gains tax rate?" Every hand will go up. And even in the poorest state in the nation, I will ask, "How many of you think we ought to eliminate the death tax?" And every hand will go up.

And most of the time, 90 percent of the people in the room will never be affected by it, but they are offended by the idea that you work all your life, your family works all their life, and when your father dies after your mother has died, or vice-versa, the federal government shows up and says give me 40 or

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50 percent of it. There's just something, you know, wrong about that, and whether you're rich or poor, you feel it.

Q What are you hearing from House leaders on their willingness to go -- (off mike) -- conference this weekend?

SEN. LOTT: The speaker and I were able to get commitments from Chairman Roth and Chairman Archer, at this very table, almost a month ago that they would be prepared to stay all weekend this weekend and work on this conference report. And I assume that's going to be the case. Now again, it's a monumental undertaking to get the paperwork done for the conference, to get agreements worked out between the two bodies and the paperwork done after the agreements are done. But it's like anything else: If you have six weeks, that's what you'll take; if you have six days, that's what you'll take. (Laughter.) There's no reason why this bill shouldn't be completed. And it will be a happy day for the American people.

Thank you very much.

Q Thank you.

Q (Off mike) -- final vote for Thursday night, or will it be Friday?

SEN. LOTT: I'm encouraging the members to agree to a final vote Thursday night, and if we finish Thursday night, we're through for the week. If we don't, we'll be here Friday. (Laughter.) It has a real lubricating effect -- (laughter) -- on the Senate if you put it to them that way.

Okay. Thanks, (boys ?).

Q Thank you.

Q Thank you.

SEN. LOTT: I'm glad there's one group in this city that reports the truth. And that is whatever I (say ?). (Laughter.)

END

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U.S. SENATOR TRENT LOTT (R-MS),

BODY:

GOP SENATORS HOLD MEDIA AVAILABILITY ON TAX CUTS

JULY 27, 1999

SPEAKERS: U.S. SENATOR TRENT LOTT (R-MS)

U.S. SENATOR WILLIAM ROTH (R-DE)

U.S. SENATOR PETE DOMENICI (R-NM)

U.S. SENATOR KAY BAILEY HUTCHISON (R-TX)

*

LOTT: Hello, everybody.

Senator Roth will be joining us momentarily, and -- as chairman of the Finance Committee, and Senator Domenici of the Budget Committee also will be here momentarily. But I'd like to make, if I may, just an opening statement, and then call on Senator Hutchison for her comments and then we'll take questions.

On Wednesday, a long-awaited opportunity will be before us in the Senate. We will be taking up the Taxpayers Relief Act that I think is very important for the working people in America, for families and for future economic growth. I want to emphasize that we have some projected \$3 trillion in surplus that we will have to work with over the next 10 years, and that number may actually go up. We all hope it does.

We have worked assiduously to set aside \$1.9 trillion of that \$3 trillion for Social Security, because that is Social Security-FICA tax income. So we should put that Social Security money in a lock box and use it for nothing else. Republicans have been calling for that all year. The president has said he's



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for lock box. The House has voted 415-12 for the lock box, and only the Senate Democrats have refused to go along with this very simple device that would lock up Social Security for Social Security.

We also have funds that are available for Medicare, for Medicare reform and for the provision of prescription drugs for those that really need it, not for those that don't need it, but for those that now don't have it, can't get it, and need some assistance. We are prepared to do that and we had a **Medicare commission** that came up with a very positive bipartisan proposal that we should act on.

But we feel very strongly that of that \$3 trillion, 25 cents on the dollar ought to go back to the people that actually paid the taxes -- the tax overpayment. We are now being taxed at the highest percent of GNP since World War II. There are a lot of things that we can do that would make the tax code fairer, like eliminating the marriage penalty tax. There are some things we could do that would encourage savings in America for our children's education, and we have the education savings account in this bill, as well as to encourage generally the savings through Roth IRA and other provisions.

This is the right thing to do. We should not be bringing this money to Washington that's a tax overpayment, and then trying to send it back the way Washington would like to see it done. We ought to leave it with the people that earned the money in the first place and let them choose how to use it best for themselves, their families, their communities, and their churches and synagogues or whatever.

LOTT: So we think this is a matter of fundamental fairness, and we are very anxious to take this legislation up. And we believe that before this week is out, the Senate will pass a significant tax relief package for working Americans.

And now, I'd like to call on Senator Hutchison of Texas who has been a leader for -- ever since she's been in the Senate, perhaps before that, in saying we ought to get rid of the marriage penalty tax. We shouldn't be taxing people just because they get married any more than we should tax them just because they die. But she is interested in a number of the provisions in this bill that would be very important to women in America.

Senator Hutchison.

HUTCHISON: Thank you. I think that as we take up this tax cut bill, it is very important that we put it in perspective. And that is that we're only talking about 25 cents on the dollar. Seventy-five cents of the dollar is going to go for Social Security stability, for Medicare reform, for other spending programs that are very essential. But we do believe that the 25-cent extra payment that every taxpayer has made should be returned. So the question is how.

I think this bill addresses especially the concerns of women and families. The marriage tax penalty is ludicrous. For the president to say he wants a bill that helps women in our country and to not agree to sign a bill that gives marriage tax penalty relief just doesn't add up. If a policeman and a schoolteacher get married, they automatically owe about a \$1,000 more in taxes



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just because they got married. This is wrong. So we are going to eliminate the marriage penalty tax in the Senate bill.

Secondly, I have been talking about the discrimination against women in pension funding. Women live longer. They also go in and out of the workplace, so they are docked from being able to build up their pension like a person who stays in the workplace for 25 or 30 straight years is able to accumulate.

HUTCHISON: So this bill addresses part of that problem by giving women the opportunity to catch up on their pension and IRA payments so that they will not have that terrible pension gap that women who go out of the workplace to have children or raise their children for part of their education time would have. So we are going to address the pension inequality for women.

We also are giving tax credits in our bill for corporations that will have child care on their facilities. It is so much better for a working woman to be able to be next to her child, to be able to eat lunch with her child, or to be able to respond if her child gets sick, if the child is right there. So we give tax breaks for corporations that will do this. And we give more child care tax credits to families, because we all know that this is a major issue.

Last but not least, there are other provisions that help women, but I think a tax credit for caring for an elderly relative is also very important for the families in our country who are looking at the very real possibility of caring for an elderly parent or elderly relative, and we want to help families get through this time.

So I think we are quite responsible in paying down debt, giving Social Security stability, Medicare stability with 75 cents of every surplus dollar. But 25 percent, 25 cents, will go back to the taxpayer who earned it. This is their money, they should be able to decide how to spend it.

Thank you.

LOTT: Just one other point. I think Senator Hutchison covered most of the points that would be of particular interest to women and to families with children. One provision that is included, or two provisions, actually, would make it much easier for college to be affordable too. It would make it easier to pay off college loans and it would also allow families to save for their prepaid college tuition.

LOTT: So these are two important provisions for college and university education.

And I see the distinguished chairman of the Budget Committee is here. He is the bearer of accurate facts, which is very hard to get from this administration or in this city in general. But he does wonderful work in dealing with the realities of the numbers. He's chairman of our working group that is making sure that senators and the American people understand what is in this Taxpayers' Relief Act, and that we are saying that we should return at least 25 cents on the dollar to the people that earned this money, instead of sending it all to Washington.



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Senator Domenici.

DOMENICI: Well, thank you.

I assume you all have seen my hearty dollar, so I don't know that I want to show it anymore.

But the whole issue is if the surplus is a dollar, is giving back the American people a quarter -- oh. I almost took out of my pocket what the president wants to give them back. Maybe I should do that. The president would like to give them back six cents, six cents on the dollar or seven. We'd like to give them back a quarter.

Is that unreasonable? Is that ludicrous? Is that risky? I believe it is the most prudent plan in town. And frankly, it's going to be good for the American economy when you see it's going to be phased in. And so we're going to continue to ask the question: Who should spend the surplus, the government of the United States, or should the people spend 25 percent of it when they get it back in their pockets and decide what's best to do with it?

And the other question will be: Do the American people want 100 percent of this giant surplus to be used to grow more government, or would they like a little bit of it to go back to the American taxpayer who has made it all possible? I think those are the issues. The president will distort the facts. They're talking about our tax cut as if it were 75 percent of this surplus. I repeat for you, if you want the exact number, it's 23.4 percent that we are giving back to the American people of this total surplus. I use a quarter, because it's a pretty good stand-in for 23-plus cents.

So I repeat, that's the fact, no matter what line you start at, that's the fact.

QUESTION: Could I ask you a question about the lock box?

DOMENICI: No, let me tell you one more thing.

DOMENICI: The administration is busy saying there is no money in our plan to spend for anything else. We have in our final recap, which we will use henceforth -- which we worked on last night -- there's \$505 billion left over after you take care of Social Security, after you give back the people 25 percent for themselves, there's \$505 billion -- a very large amount of money that can be used for high priority items such as education, defense, and repairing and reforming Medicare, including prescription drugs.

Now, those are the facts as we will present them. And we believe they are accurate, and we believe they are fair.

QUESTION: Can I ask you a question about the lock box?

DOMENICI: Of course.

QUESTION: You -- the \$14 billion 2000 on-budget surplus has already been sort of frittered away to give to the appropriators via scorekeeping adjustments, and now you want to give Senator Stevens \$10 billion more to go above and beyond



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that. Isn't it actually already gone?

DOMENICI: That is not true. We have...

QUESTION: (OFF-MIKE)

DOMENICI: ... we made them, but we didn't take it out of the surplus. Let me tell you, there is currently in the Senate in terms of things we have done with the money, there's over \$10 billion left in the on-budget surplus in the first year. That has not been spent. It is not going anywhere yet. If it goes somewhere, so long as it's not more than \$10 billion, it will not be using any of the Social Security trust fund money.

That's the facts on our side. I don't know about the House. The leader and I can't -- we can't be every day wondering what they're doing with emergency measures. What we know is what I've just told you.

QUESTION: You and other Republicans have repeatedly said that if you don't give some of the money back in tax cuts, it will stay in Washington and be spent. With Republicans still in control of Congress for at least the next year and a half, why is it that it will be spent if you guys don't spend it?

DOMENICI: Well, let me first tell you, nobody has to worry about us getting rid of the surplus in the first year for taxes, because there is no tax cut of any significance in the first year. There just isn't any.

DOMENICI: So when people say this year you're going to spend all the money on taxes, there is no money to spend. I think there's \$4 billion if you want to just be accurate.

So the truth of the matter is we haven't broken the caps yet. And remember, it's the president of the United States who is also saying don't break the caps.

We'd like to work with him and see how we can do this without breaking the caps or have him join us...

QUESTION: But he just proposes. You guys make the decision whether to spend it or not. And you argue that it will be spent. Don't you Republicans have to decide to spend it if it will be spent?

DOMENICI: Well, yes. Look, I'm talking about a 10-year program, you keep harping on one year. On a 10-year program I'm merely telling you that \$792 billion is a fair amount.

LOTT: Anybody have any questions? Senator Hutchison, anything you'd like to add?

HUTCHISON: No. I think you've covered it.

LOTT: I was going to get Chairman Roth so that he could come and respond to questions too. We are having a conference at this moment, so...

QUESTION: (OFF-MIKE) would you ask Chairman (OFF-MIKE) to come.



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QUESTION: Senator Lott, could you respond to the president's criticism of the Republicans' tax plan this morning?

LOTT: I didn't hear the president's criticism this morning, but all he does is to, apparently, fly off to a fundraiser and then come back to town and be critical of what we're trying to do. That's a point that we're making here. We're trying to help the workers of America. As Senator Domenici just said, we think at least 25 cents on a dollar of the surplus bought to go back to the workers of America.

What the president wants to do and what the Democrats always want to do is find more and more and more ways to spend more money from Washington in Washington beyond what has already been appropriated, accounted for in the budget.

So I didn't hear his criticisms, but, you know, I've never seen him really -- he says that he wants a tax cut, and yet in his own proposal you probably had what was a net tax increase. He is more inclined to propose tax increases on working Americans than tax cuts.

But we'll have a full debate on that and we'll advance the case for this tax release (ph), which we think is very fair, and we'll go from there.

QUESTION: (OFF-MIKE) that you can finish this bill in two days?

LOTT: Well, because this bill is in reconciliation, we don't respond to that because to -- you know, the American people, what does that mean? We have a budget process which guarantees that we can take up a tax relief bill, have amendments, have debate, but the debate time is limited to 20 hours, and so all amendments and the votes that come over that 20 hours, any amendments that are left at the end, you just vote on them one after the other.

So this can basically be done in something around 20 or 25 hours. So we should be able to finish it Thursday night. If we can't finish Thursday night, we're prepared to go over into Friday and work until its completion.

But it is a -- it is a bill that can clearly be done within two or three days without any threat or a filibuster or protracted debate.

QUESTION: Senator Lott, are you going to be one of the sponsors of the substitute to the Roth bill? And if you are, could you describe how its different?

LOTT: There will be on this bill a number of amendments, and probably three or four substitutes, which would -- a lot of the Roth proposal is a part of what of what they're suggesting, but with some other proposals.

I have voted for cutting the rates across the board by 10 percent. I think that that affects more people. I think it also would have a more positive effect on the economy as it did in the '80s, and it did in the, I think in the '60s when they had a rate cut. So I'm firm believer in across-the-board tax-rate cuts.



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I also have supported the idea developed by Senator Coverdell and Senator Torricelli that we would raise by \$10,000 for individuals and \$5,000 -- or \$10,000 for couples, \$5,000 for individuals the 15 percent rate up to about \$35,000 before you get kicked into that 28 percent bracket.

To have people making \$26,000 a year, you know, single, working mother having to pay 28 percent to me seems fundamentally unfair.

But the main thing here is, there are a lot of good provisions in the Roth bill.

LOTT: I had voted for the Roth Bill. I may vote for some of the other proposals, but I want to look at them very carefully.

The main thing here now is to fulfill our commitment to provide at least 25 cents on the dollar back to the people that earned this money.

And not have it stay in Washington and be spent on more and more and more Washington programs.

QUESTION: Senator Lott, the vice president this morning said that the Republicans simply want to heat up the economy only to force the Fed to cool it down again with this tax proposal. What is your reaction?

LOTT: First of all as Senator Domenici said there is a relatively small amount that actually will stay with the people in the first year. Most of this is phased in over 10 years.

We have the chairman of the Finance Committee here. You're talking about cutting rates by one percent a year in that one proposal over 10 years. You're talking about in the case of the marriage penalty, we'd like to eliminate it immediately.

It's phased out over a period of years and then you allow couples to have what we call income splitting. So it certainly is not going to have a heating up effect in the near term on the economy.

But there are also those of us that think that to encourage savings is good, to encourage marriage is good, to encourage working to save something for your children at the end of your life is a good idea and to encourage economic growth in the future is the American way.

We're still thinking we can make the pie bigger and this is one of the ways to do it. Let me go to Chairman Roth who can pick up on that particular point.

ROTH: Well let me start out by saying that what they are trying to do with the Senate tax cut is to address the problems the typical American family faces.

We focused really on two aspects. First of all, we want to give a broad-gauge tax cut and we do that. We reduce the 15 to 14 percent and then we enlarge the bracket. This means practically every tax payer gets a significant tax cut. Something like 55 percent of the taxpayers are in that 15, 14 percent bracket.



ROTH: Secondly, we do address the problem of the marriage penalty. That is a matter that is of much concern to the typical family back home. And we would allow the American family to have separate accounts in their tax returns. So we end the marriage penalty. I think that's a solid step forward.

Then we try to focus on some of the problems, or opportunities as you may want to call it, that the typical family faces: sending their children to college, health care, retirement, savings and of course, most people would like to leave their hard-earned savings to their children.

Let me point out that we, with respect to college, would make tax free prepaid tuition plans -- very significant break for those who want to send their children to college.

Health care. We've got something like 42, 43 million who do not have health care. What we provide there is for both the self-employed would be phased in immediately, but we would also provide the same kind of a break to those employees who work for employers that have no health care. We would let them -- their premiums be deductible.

I'm concerned about savings. Alan Greenspan, for example, has said that's our most serious problem. If we had indexed the \$2,000 for IRAs back in the early '80s it would be \$5,000 today, and we upped that to \$5,000. So we do a number of things to attract more savings on the part of the American family. And that's not only good for the family, it's good for the country.

And finally, people are unhappy that they can't leave significant sums to their children. And we make a very significant change there. We would make the exemption \$1.5 million instead of \$1 million.

So what we've tried to do in this tax cut proposal is to help American families meet the various issues that they face throughout their life.

QUESTION: Many of the same ideas about what you ought to fix -- in the House and the Senate, you've got a vast difference in how you go about doing that, plus a lot of the very small provisions -- special -- smaller breaks are very different. Do you see any way of getting this bill negotiated and back to the House and Senate before the August recess?

ROTH: Looks like I'll have a busy weekend. The answer is yes, we hope to.

QUESTION: (OFF-MIKE) very confident you will get it done, then?

ROTH: I'm going to do everything I can to make it possible.

QUESTION: Is there any kind of manager's or substitute amendment that you'll be offering as chairman of the committee? I don't know if that's allowed under the process. Of will you be making any recommended changes when it comes to the floor?

ROTH: Well, no major ones.

QUESTION: (OFF-MIKE) the Clinton Administration now says it doesn't even want



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a bill that's \$500 billion. Do you feel as though the sides are growing farther apart in stead of closer together now?

ROTH: Well, I would hope not. As I said in the Senate Finance Committee, it was passed out of the committee by a bipartisan vote. We're hopeful that we will pick up some Democrats in the Senate action. As far as the White House is concerned, it's changed its mind before and we hope it can do it again.

QUESTION: How many Democrats do you think (OFF-MIKE)?

ROTH: I'm not going to make any predictions at this time.

Thank you very much.

QUESTION: Thank you, Senator.

END

NOTES:

???? - Indicates Speaker Unkown

- Could not make out what was being said.

off mike - Indicates Could not make out what was being said.

LANGUAGE: ENGLISH

PERSON: TRENT LOTT (96%); WILLIAM V ROTH JR (92%); PETE V DOMENICI (72%); KAY BAILEY HUTCHISON (71%); UNITED STATES (86%); WASHINGTON, DC, USA (76%);

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BYLINE: ANCHOR: ELIZABETH FARNSWORTH; GUESTS: SEN. TRENT LOTT, Majority Leader;
KEVIN PHILLIPS, Author, "The Cousins' War" CORRESPONDENTS: MARGARET WARNER;
DAVID GERGEN; ELIZABETH BRACKETT; ROGER ROSENBLATT; PHIL PONCE

BODY:

ELIZABETH FARNSWORTH: Good evening. I'm Elizabeth Farnsworth. Jim Lehrer is away. On the NewsHour tonight, Margaret Warner interviews Senate Majority Leader Trent Lott about Kosovo, nuclear secrets, and more; Elizabeth Brackett reports on welfare reform in Illinois; David Gergen talks to Kevin Phillips about a new book on the triumph of Anglo-America; and Essayist Roger Rosenblatt considers loyalty. It all follows our summary of the news this Monday.

NEWS SUMMARY

ELIZABETH FARNSWORTH: Kosovar Albanians said today they were "ready to sign" a peace deal. They said they hoped to sign it tomorrow. The word came as Kosovar and Serbian negotiators met again in France. The Kosovars agreed to a two-part plan, which will give them autonomy, and provide for a NATO peacekeeping operation in the province. The Serbs have opposed military intervention, and did not acknowledge today's announcement. Western powers have said if the Kosovars sign, the pressure would mount on the Serbs to make peace or suffer NATO air strikes. President Clinton reiterated that position today. He met with NATO Secretary-General Javier Solana at the White House. They spoke to reporters at a picture-taking session. Mr. Clinton was asked whether he thought Yugoslav President Milosevic would agree to a truce.

PRESIDENT CLINTON: I think it's clearly the right thing to do. From his point of view, I think it's the best chance to preserve the integrity of Serbia and to avoid economic and other adversity. So I would hope that he would do that.

REPORTER: Is it a certainty that NATO will strike Serbs if Milosevic does not sign?

PRESIDENT CLINTON: Well, all I can tell you is I think we have a clear statement out there about what our policy is. And if he shows intransigence and aggression, I think that from my point of view we would have little option.

ELIZABETH FARNSWORTH: Senate Majority Leader Trent Lott said today in a NewsHour interview the Senate will try to impose conditions on U.S. participation in a NATO peacekeeping force in Kosovo. But he acknowledged that



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"the votes are probably not there" to block the President's plans. We'll have the Lott interview right after the News Summary. In Kosovo today, the fighting continued in spite of the news from France. We have more from Bill Neely of Independent Television News.

BILLY NEELY, Independent Television News: The cost of Kosovo's conflict was measured in coffins today, as the victims of the weekend's three bombings were buried. On a rocky hillside, another atrocity: Two 15-year-old boys and two men lay dead, killed, says the sole survivor, by Serbian police. They were ambushed while cutting wood. The real fear is that the violence is now spreading quickly across the land in between. -- [machine gun fire] -- and it did today, Serbian troops moving into areas not occupied before, bombarding villages where this morning, they say, rebels attacked them with automatic weapons. The conflict is intensifying. Serbia is reinforcing its troops here, artillery fire lighting up the evening sky, the fires from villages the night sky, fires across Kosovo that will not easily be put out.

ELIZABETH FARNSWORTH: In Turkey, Kurdish rebels declared war on tourists today. The Kurdistan Workers Party issued a statement saying attacks on tourist sites will escalate until the Government releases the party's leader, Abdullah Ocalan. The group has been blamed for several bombings since the rebel leader's capture last month. Thirteen people died over the weekend when an Istanbul department store was set ablaze. The rebels have vowed to continue their 15-year fight for autonomy from Turkey. And back in this country, major charges were dropped today against a Marine navigator for last year's cable car accident in Italy. Captain Joseph Schweitzer will not be tried for involuntary manslaughter or negligent homicide, his lawyer said. Schweitzer was the navigator when a Marine jet severed a ski gondola's cables, killing 20 people. The pilot of the jet was found not guilty of similar charges in a court martial two weeks ago. Both still face obstruction of justice charges. And on Wall Street today, the Dow Jones Industrial Average reached another record high, but fell short of the 10000 mark. It rose 82 points to end at 9959. The NASDAQ Composite Index also rose 50 points to 2431. A winter storm pummeled the East Coast today with heavy snow, sleet, and freezing rain. Up to a foot of snow fell in parts of New England and the mid-Atlantic. Nearly 150 flights were canceled at Boston's Logan Airport. The storm knocked out power to 75,000 people in the Philadelphia area and shut down schools from Virginia to Maine. Senator John Chafee of Rhode Island announced today he'll retire. The 76-year-old Republican said he will not pursue a fifth term in 2000. He was first elected in 1976. Chafee is considered a liberal Republican. He was one of five Republicans who voted against convicting President Clinton on both articles of impeachment. And that's it for the News Summary tonight. Now it's on to Senate Majority Leader Trent Lott, welfare reform in Illinois, a David Gergen dialogue, and a Roger Rosenblatt essay.

NEWSMAKER

ELIZABETH FARNSWORTH: The Trent Lott interview is first tonight. Two weeks ago we spoke with Senate Minority Leader Tom Daschle. Margaret Warner talked with the Senate Majority Leader this morning at the Capitol.

MARGARET WARNER: Thanks for being with us, Senator Lott.

SEN. TRENT LOTT: Thank you, Margaret.



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MARGARET WARNER: Just a couple hours ago, the White House announced that the Kosovar Albanians say they're ready to sign this peace agreement in Paris. Now they say the pressure is going to be on the Serbs. As you know, the President has essentially committed the United States to one of two things: Either to help NATO put in a peacekeeping force to enforce an agreement if the Serbs agree, or to bomb Serbia if Serbia doesn't agree. Do you support either of those options?

SEN. TRENT LOTT: Well, I think we should proceed with some degree of caution, and I think the President needs to do a better job in explaining to the Congress and the American people what is our national security interest in Kosovo. We've got to ask ourselves a lot of questions. What are going to be the rules of engagement if we do put troops in there? What is the exit strategy? How will that work? How will this be paid for? It's estimated it will cost \$2 billion a year if we have ground troops in Kosovo. That can't come out of the Social Security Trust Fund. It's got to be paid for. It's got to be offset some way. The administration has not answered that question. So there are some really fundamental questions we need to ask ourselves in the Congress and ask the administration. The administration needs to answer these questions before we could get into what we would do. I want to work with the administration. This is a critical area. We don't want slaughter come spring. We do want to work with our NATO allies. But to go quickly to bombing in order to force an agreement to have troops on the ground before a number of questions are answered, I have problems with that right now.

MARGARET WARNER: Is the Senate this week going to try, though, to put any limits really on the President's options, either the bombing option or, which has been more talked about, the option of putting 4,000 U.S. troops in as peace keepers?

SEN. TRENT LOTT: The Senate will have a debate on this issue, and I think we should. We should not allow this administration or any administration to initiate this type of activity without advising Congress, without congressional input. And I think it's legitimate we have a debate. I believe that Senator Kay Bailey Hutchison and others -- I think it will probably be bipartisan -- will want to have some conditions that will need to be met, questions that will need to be answered. That will be debated and voted on. I think it's legitimate that we have these debates and that we have these conditions in place.

MARGARET WARNER: Will these be conditions that put any real practical limitations on the President's ability to do this?

SEN. TRENT LOTT: I don't think the Congress is going to be inclined, as you saw just a few days ago in the House, to say to the administration, "You cannot put U.S. troops into a NATO operation where there are small numbers." The votes are probably not there to put that kind of limitation. Of course, Congress still has the power of the purse. If the action is taken improperly or without consulting adequately with the Congress, funds could be withheld. But Congress is hesitant to do that. But to the average American out there in Arizona or in New York or in Mississippi, I'm not sure they understand why we would want to bomb Serbia and put ground troops into Kosovo. And so a lot of work has yet to be done.

MARGARET WARNER: Let's turn to another foreign policy issue in which



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Republicans have been very critical of the President, too, and this is this nuclear spying, China nuclear spying controversy. Last week after a lot of Republican criticism, the President, Energy Secretary Richardson, and the National Security Advisor Sandy Berger all came forward and said, we did take steps. You know, we tightened security at the labs. We cut off the suspect's access to classified information. Have you been reassured at all by what you've heard in the last few days from the administration?

SEN. TRENT LOTT: I have not been reassured by what I've heard the from the administration. As a matter of fact, it's raised more questions in my mind. I thought it was really humorous if it weren't so serious, that they tried to say, "Oh, this was done back in the Reagan administration." It's been -

MARGARET WARNER: The original spying?

SEN. TRENT LOTT: Yes. But it's been on their watch for six -- over six years. And I watched Secretary Richardson on one of the Sunday talk shows. I felt like he was really struggling to try to answer the questions about what is happening now. I thought National Security Advisor Berger was awfully defensive, but having said that, what we need is answers. What has happened? Why wasn't more done sooner? Why don't we declassify, and make available to the Congress and the public what is in the Cox Report, the Chris Cox, California Report that has done some work in this area? What I really want is answers. And then most important, what are we doing about it? What are we going to do about it? This is dangerous.

MARGARET WARNER: All right. So what is Congress or the Senate going to do about it?

SEN. TRENT LOTT: Well, I believe that Chairman Cox and others in the House are going to work with the administration, try to declassify and get this information that they have out in the Senate.

MARGARET WARNER: Just to explain, we're talking about this bipartisan report

SEN. TRENT LOTT: Bipartisan.

MARGARET WARNER: -- that they came up with in December but has been classified since then while they negotiate all this.

SEN. TRENT LOTT: Right, right. And then in the Senate there will be meetings and hearings this week by the Senate Intelligence Committee with Secretary Richardson. I believe the FBI is going to brief them. I hope to be able to attend at least part of those meetings myself to try to get some answers. And then we can decide what action to take based on what we find out if, in fact, legislative action is required.

MARGARET WARNER: Are these hearings going to be opened or closed?

SEN. TRENT LOTT: I believe they will be closed, although I have urged the Chairman, Chairman Shelby of Alabama, to have some open hearing, as much as he can. But the most important thing is to get the answers, and if it has to be in closed meeting because of intelligence risks, then you just have to do that. But I think the American people need to know the seriousness of this. And they need



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to know that we're going after it seriously, and then we need to be able to take some actions.

MARGARET WARNER: This past weekend, a couple of major foreign policy figures with long-time ties to Republicans, Henry Kissinger, Former Secretary of State; Robert Gates, Former head of the CIA, have both written or said that, look, it's naive to think that the Chinese don't spy on us or we don't spy on them; that is part of a modern relationship with another major power, and that it really shouldn't affect the broader relationship between the two countries. Do you agree with that?

SEN. TRENT LOTT: Well, I understand what they're saying. But in the case of China, they have been trying to get our technology, military technology, nuclear weapon technology. Their trading policies are predatory. They're targeted. I don't think they're trading with us fairly. Their human rights policies have not been getting better, even though the President went over there and went all over China. They got worse, either while he was there or immediately thereafter. The pattern with regard to China is troublesome. We had this policy of engagement. And they have a policy of take advantage of this engagement.

MARGARET WARNER: But are you suggesting then that the administration should pull back on the policy of engagement say in the area of trade?

SEN. TRENT LOTT: I think we should stay involved in engagement. That's my own view. But I think we need to do it in a way with greater strength to say, you know, you are not going to be able to unfairly take advantage of our trade policies. You cannot continue to try to steal from us in a way that is going to cause great alarm or great loss militarily. You must deal with human rights policy. I think to stay engaged is one thing, but to become a sycophant, to just accept conduct which the American people do not accept has got to stop.

MARGARET WARNER: Again, in practical terms, what really can Congress make the administration do? You've got Zhu Rongji, the Chinese premier, is coming here in April for instance. I mean, what specifically do you really want to see the administration do?

SEN. TRENT LOTT: I think the Congress during that time when he's here can express our concern, in fact, our alarm at a number of areas from human rights to trade to national security interests. But I think also the Congress can take specific actions to deal with some of these problems -- just one example: If they need more funds for counterintelligence, activities at Los Alamos, let's provide that. In fact, let's require that. So there are some legislative actions or some financing things that we can do. In the area of trade, you know, they do get Most Favored Nation status. I have supported that in the past.

MARGARET WARNER: And many other Republicans.

SEN. TRENT LOTT: But I mean, there - you know -- there can be a limit.

MARGARET WARNER: But are you saying now that, for instance, you would oppose Most Favored Nation status?

SEN. TRENT LOTT: No. I'm not saying that, but I'm saying that we should raise questions and we should not put that off the table. If you have a full debate



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and if you feel like they are taking advantage of it and there is enough cause for concern there, then you do change your position. I'm not threatening that, but I have struggled with it every year.

MARGARET WARNER: Is this a coincidence that these two very hot issues right now, Kosovo and China, are sort of on the table and are points of contention between the Republican Leadership and the White House, or is there a feeling among Republicans that just national security in general was really a pretty potent political issue for Republicans against this administration?

SEN. TRENT LOTT: I think to a degree it's coincidence. But I must say that this administration is skating very close to the edge in terms of confidence in the Congress, and I think the American people, in the actions that they have been taking in foreign policy. There are questions now about why are we bombing in Iraq every day? What did we get for that last bombing situation that cost about \$1.6 billion? Why are we getting so spread all over the world where we have to be the policemen of the world or the nanny of the world? And also I think it's important to add that there is bipartisan concern about a number of these areas. There are a lot of Democrats that are concerned about this loss of technology and now the intelligence that we're losing and the information that was obtained from Los Alamos. So I don't think it's just partisanship. I think it's legitimate national security interest. And I think the American people would say to us, and are already saying to us, Hey, Congress, why aren't you doing more? We have a co-equal responsibility. And we're trying to fulfill that.

MARGARET WARNER: Do you think there's any or is there any post-impeachment residue in the relationship between Republicans and the President that is affecting the debate on these issues or others? It's been a month now since the impeachment.

SEN. TRENT LOTT: I think in the Senate, and that's the one I deal the closest with, there is a positive residue from the experience we had, and there has been bipartisan cooperation on bills involving our soldiers and sailors, education, and now even missile defense. We've been passing bills by overwhelming majorities. With regard to the administration, I think there that there is still a degree of concern and worry about just how much we can trust this President. I think with regard to my own situation, I'm looking at the President and I'm wondering, has he made the choice? He is at a fork in the road. Is he going to go down the road of trying to get things done from Medicare reform to Social Security reform to budget agreements, or is he going to go down the road of confrontation, try to work on taking control of the House or to just work to support Al Gore? I can't tell if he's made a decision.

MARGARET WARNER: Well, when you say there's a question of whether you can trust him, how does that affect the way -- do you think that's going to get in the way of, for instance, coming to some deal on the Medicare, Social Security, tax cut, budget issue?

SEN. TRENT LOTT: Well, the Medicare is real simple. It comes to a head this very week. We set that Medicare Commission up to try to come up with some reform ideas. We also set it up that it took a super majority, 11 of the 17, to make a recommendation. For weeks now, all of the Republicans, eight of them, plus two Democrats, the chairman, John Breau, and Bob Kerrey, ten total have been supporting a reform idea that John Breau came up with. It's innovative. It will



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help address the long-term needs of Medicare. But not one of the President's appointees, not one of the four had been willing to engage with those ten. And so this week it may collapse. And so I would call on the President, show your good faith, Mr. President; engage now. You have two days left to save the Medicare Commission. If they collapse, then John Breaux and the Senate Finance Committee will try to move Medicare reform, but it's a signal to me that apparently he's going to try to politicize Medicare instead of produce real reform. But we will know this week.

MARGARET WARNER: All right, well, thank you very much Senator Lott.

SEN. TRENT LOTT: Thank you, Margaret.

FOCUS - WELFARE TO WORK

ELIZABETH FARNSWORTH: Now, how welfare reform is working in Illinois. Elizabeth Brackett of WTTW-Chicago reports.

ELIZABETH BRACKETT: Officials in the state of Illinois are bragging about people like Yavanous

Jackson. Jackson was on welfare for over five years. But now she's earning almost \$8 an hour

working at the post office.

YAVANOUS JACKSON: It made a big difference because, I mean, when I was on public assistance, I only received a certain amount and I had to live really budget. I couldn't do the things I wanted to do for the children and for myself, so I have a job now so I can do more things for myself. I have extra money to do the things they like to do and what I like to do.

ELIZABETH BRACKETT: Despite the challenges of finding transportation and good day care for her two children, Jackson says her life is better now that she's working.

YAVANOUS JACKSON: Sometimes it was to the point where I couldn't like, where -- where am I going to get the money to pay for this and where am I going to get the money to pay for that? But now I don't have to think like that any more. I know that I'll go to work everyday. When my rent is due, I have to pay when my rent is due. I mean, I have a phone bill I can pay that. I can pay all my expenses and still have some money left.

ELIZABETH BRACKETT: Jackson is one of 3.8 million Americans who have left the rolls since President Clinton signed the welfare reform bill in 1996. Aid to Families with Dependent Children -- or AFDC, became temporary assistance for needy families -- or TANF. The new program sets a five-year time limit for benefits. In Illinois, about 25 percent of its recipients have left the rolls since the state implemented its welfare to work program. Howard Peters heads Illinois' Department of Human Services or DHS.

HOWARD PETERS: I think Illinois has done very well. The goal was to help independency and help parents move towards self-sufficiency and greater independence, put them in a better position to care for their children. And I think it has gone very well. Over 45,000 families have worked their way off of



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welfare, and in Illinois when we talk about working your way off welfare, we're talking about a family earning at least three times as much as they would have if they were just taking a welfare check.

ELIZABETH BRACKETT: In Illinois, when welfare recipients start working, their assistance checks are supposed to be cut only \$1 for every \$3 they earn. Under the old system they lost dollar for dollar. Illinois also is unusual in that it stops the five-year time limit clock and the state picks up the tab for clients who work at least 25 hours a week. So the Department says that -- in addition to those who have left the rolls - 40 percent of TANF clients are working their way off welfare. John Boaman is an attorney who represents people on welfare. He agrees that there's been an impressive exodus from the welfare rolls, but he says more families lose their benefits for disciplinary reasons than because they have found work.

JOHN BOAMAN: Every month, there is a nice number of people who are cut off of benefits because of employment. They've worked their way all the way off welfare. On the other hand, though, you've got what are called administrative terminations that are two times more every month than the terminations for employment. Those are just flat out cut-offs, without really any warning. There is a notice that goes out, but without the sanction and good cause process. That is being increasingly used by case workers I think as a shortcut for -- to achieve case load reduction.

ELIZABETH BRACKETT: According to Illinois' own figures, 4,680 cases were canceled last December because the family was earning income. But more than 8,000 cases were canceled the same month because of non-compliance. Advocates for the homeless say increasing numbers of those cases wind up in a homeless shelter like this one. Pamela Grimes and her three children had been in this city-run shelter for women and families for a month when we saw them. Grimes said her benefits were cut when she failed to show up at a job training program arranged by her caseworker.

PAMELA GRIMES: I had told her that my mother had got sick and I didn't have nobody to keep my children because she had got sick. She had told me I'd be cut off.

ELIZABETH BRACKETT: What did she say when you told her that your mother had gotten sick?

PAMELA GRIMES: She said, well try to get somebody else to keep them. I said, but I don't have anybody else to keep them. She said well you will be cut off -- and I am. I am cut off.

ELIZABETH BRACKETT: So when that happened, you could no longer pay rent?

PAMELA GRIMES: Nope, and I got evicted from my property. That is why I'm here at the shelter.

ELIZABETH BRACKETT: Secretary Peters says that's not the way the system is supposed to work.

SECRETARY PETERS: There's a whole series of opportunities for a person to reconcile, eliminate the problem before they ever get into sanction or getting



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off welfare. Now if they absolutely refuse, and in America people have a free will, we're talking about adults who can say, I don't want to go to treatment, I don't want to go to training, I'm not doing it, either send me free money with no obligations, or I'm out. Well, we're not going to send people free money without obligation because good things don't happen as a result of that.

ELIZABETH BRACKETT: Good things have not happened to Mary Ricks and her three children. They too were at the people reaching out shelter when we spoke with them. Ricks lost her benefits when she failed to comply with strict work requirements for those with older children. Ricks' seventeen-year-old daughter, Shastidy, says her mom has tried her best to support the family--and that DHS should be a little more understanding.

SHASTIDY: All I can say is that people make a lot of judgments on how other people have done things before. And I'm not trying to give excuses for the people, because you know there are people that manage to cheat the system. But I think every case is different and when I mean they come to you and they have

proof that this is where we stay, we don't have an apartment of our own--I think depending on the circumstances, they should be a little bit more lenient. It shouldn't have to be that way, but they are. A lot of those people my mother tells me, they are mean and they yell at you and they don't know how to compromise. And it's hard when everything in your life is compromised.

SPOKESPERSON: This woman is homeless because she tried; she couldn't make it.

ELIZABETH BRACKETT: This group of shelter operators were being trained by the Coalition for the

Homeless to respond to a national survey to determine how many of their clients had been on welfare.

SPOKESPERSON: I know exactly where they're going, and that's why we want to do the survey, so we can say, you know, whatever happened to people moving off rolls; they're becoming homeless; we want to have the evidence to show that.

ELIZABETH BRACKETT: Jim Lewis, a researcher for the Urban League, says there's strong evidence to suggest that there are more people living in poverty as a result of welfare reform.

JIM LEWIS: I think there is a question there on a national level whether the welfare reform process--because it in part it took those benefits away from people and some of those people who went into

jobs didn't hold them and some of them may have gotten jobs ultimately that pay less than their benefits would have been. There are more people potentially in poverty now than ever before. If you measure this in terms of the general interest being lifting people out of poverty, at this moment the numbers are less favorable.

ELIZABETH BRACKETT: One reason the numbers look less favorable is that many former

recipients first enter the work force just making the minimum wage -- and



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they often lose those jobs within the first few months. That happened to 23 year old Tamara Rufus. She has had three minimum wage

jobs, all lasting less than a month, since she began trying to work her way off welfare. Trying to find child

care for her six year old daughter often tripped her up.

TAMARA RUFUS: At that time, I didn't know nobody in this complex at all, so when I was working there, I would have to leave here, go way to my Mom's house, drop her off, come way back over here, go to work, go way back to my Mom's house, pick her up, way back here and come home.

ELIZABETH BRACKETT: So how long did that last?

TAMARA RUFUS: Like I said, that wasn't even a whole -- about 5-6 weeks. Not even too long. I got three checks I think.

ELIZABETH BRACKETT: Rufus hopes to break the cycle of going from one low-wage job to the next with the help of Project Match, a privately funded welfare-to-work program. Project Director Toby Herr says they have learned that many welfare recipients need a great deal of individualized support as they try- and often fail- to hold on to jobs.

TOBY HERR: I would say what we do best, is what we call reemployment -- that is when someone loses a job, getting them back in here fast, talking to them, not treating it as a major failure, just treating it as a learning experience and getting them back out in the work force fast.

ELIZABETH BRACKETT: It was working for Rufus when we followed her. She had found more

stable child care and was making the hour and a half commute to a training program for reservations agents run by Marriott Hotels. The training program pays \$7.15 an hour with good chance for advancement. Rufus say she couldn't have done it without help from Project Match and she worries about recipients who only have DHS caseworkers to help them.

TAMARA RUFUS: I pray for them and their kids, because it's hard, it's real hard. I mean, it's not so much hard as getting out there, finding the jobs. I mean--when you're under that much pressure, knowing that you have kids to take care of, that you have bills to take care of, that you know without you, your household is nothing. I mean, that's a lot of stress on you.

ELIZABETH BRACKETT: Cases like Rufus's have so impressed DHS that it is looking at a program

designed by Project Match called Pathways as a potential model for hard to serve clients.

SPOKESMAN: A model that really helps prepare these parents for work before they're sent out on a job; and that's really the strength of what we're buying into, that it's a really intense, kind of, encounter group



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effort that really causes a parent to look at his or her situation and figure out what I need to do in order to

advance to the next step.

SPOKESPERSON: Every month, we're going to go through the diaries that are in front of you.

ELIZABETH BRACKETT: At this first Pathways meeting for the Department of Human Services, clients are asked to lay out their goals. The philosophy behind the program is that there are different pathways to ultimately entering the work force.

WOMAN: OK, but, say I can't -- I can't really plan really this month because I found out my daughter is asthmatic. So?

TOBY: The plan will be what you have to do with her for her asthma. That's the plan then.

ELIZABETH BRACKETT: Whatever the plan, clients will be closely monitored along the way.

SPOKESPERSON: In this system what we're saying is taking kids to activities, being on the Policy Committee at a Head Start, volunteering at your kids school, even getting your kids to scouts -- all of those things count. And they're steps along the way. You don't do them forever, but you do them to help you stabilize, to help you get organized, to help you build confidence and then you just keep moving on to the next step.

ELIZABETH BRACKETT: And with the clock ticking on recipients' five-year time limit to receive benefits, welfare officials will continue to look for innovative approaches that get the hard core clients off the rolls and on the road to self sufficiency.

ELIZABETH FARNSWORTH: Still to come on the NewsHour tonight, a Gergen dialogue, and an essay on loyalty.

ELIZABETH FARNSWORTH: Next, a Gergen dialogue. David Gergen engages author and political analyst Kevin Phillips. His new book is "The Cousins' War: Religion, Politics, and the triumph of Anglo-America."

DAVID GERGEN: Kevin, you began this project by trying to write a book about Saratoga, the turning point in the American Revolution, and then you expanded and expanded your focus, and you decided to write not only about the American Revolution, but the British Civil War, and then later on the American Civil War, three wars covering three centuries.

KEVIN PHILLIPS, Author, "The Cousins' War:" Well, I had two views of them. The first is that they were the principal civil wars of the English-speaking peoples: The American Civil War, the American Revolution, and the English Civil War in the 1640's. But beyond that, for somebody with my political background, they were the first emerging Republican majorities. Now, that's the book I wrote more than 30 years ago about the politics of the 1960's. But the first emerging Republican majority was the one in 1860 with Abraham Lincoln, capital "R" Republican. Then you go back to the emerging republican small "r" majority of



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1776 and then to the first English-speaking republican majority, very brief, in the English Civil War, and there was a real lineage, and by the time I'm getting into the real lineage, I'm hooked.

DAVID GERGEN: Okay. Well, now, tell us what the lineage is, because you clearly believe the three wars are connected, and they've had an enormous impact upon history, not only in this country, but upon world history.

KEVIN PHILLIPS: Well, they're related in a lot of ways, but they're especially related in certain functions and alignments. They shared constituencies. The prevailing force in each of these civil wars can be traced from the Southeast of England, the people who supported parliament and the Puritans against the king in the English Civil War, then over to the new world.

DAVID GERGEN: This is Cromwell's people?

KEVIN PHILLIPS: Yes, that's right.

DAVID GERGEN: They came out of East Anglia -

KEVIN PHILLIPS: They came out of East Anglia, and a lot of their cousins had already left and gone to New England. Then you had in the American Revolution the real key to the fighting. The beginning of the tension and the hostility was in New England, more than in Virginia, which came a bit later. And then in the American Civil War, it was a war again where the Republican Party was led by Greater New England. The slavery issue had mobilized, essentially, the Yankees much more than anybody else. Now, at the same time as you had this phenomenon, this ancestry that they shared, what you had on each of the winning sides in these wars was that victory went to the side that represented commerce, that represented the middle class, that was pushing for "liberty," that was low church as opposed to high church, and that really had more of a vision of the future and wanted to step out of the feudalism, whether it was the feudalism of the 17th century or the mercantilist system of the 18th or the slaveocracy and plantation system of the 19th. So luckily for us, out of each of these wars, the winning side created a forward motion, and created something that differentiated the English-speaking peoples from the continent of Europe, which was much more authoritarian, high church, much less flexible, much less experimenting. And the English-speaking peoples picked up the marbles.

DAVID GERGEN: And they were also much more dedicated toward freedom, toward political freedom, toward personal freedom.

KEVIN PHILLIPS: Political freedom, and, in the end, religious freedom, because you had so many brands of Protestantism competing that in the end, they couldn't stick with a state church. I mean, the British have one now, but it's very nominal. But in the United States, the competition of Protestantism made for religious freedom, and as a result, the English-speaking peoples have those two beacons, political and religious freedom.

DAVID GERGEN: Talk a bit more about the religious connection, because you pointed out in your book that you think there's a triangle here between war, religion, and politics.



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KEVIN PHILLIPS: Absolutely, because war was something that was almost second nature in the Europe of the Reformation and the Counterreformation. And what they were fighting over, whether it was in Spain or the Mediterranean or wherever, they were fighting over religion -- Protestants versus Catholics, and sometimes variations on Protestantism. And as a result, the politics was religion, the war was over the politics of religion, and it really was a triangle. And a lot of the historians will say that it's actually hard to go in and make the differentiations that the 20th century wants to separate politics and religion and then to separate the rationales and reasons for war from religion, because it was just so much assumed back then that it all rolled together.

DAVID GERGEN: But there was a lineage, a common lineage on the religious side that went from the English Civil War of the 1640's, the kinds of people, the kind of approach they brought to religion, that there was a common lineage down to the American Revolution.

KEVIN PHILLIPS: Absolutely. The divisions in the American Revolution, even though it was 130 years later, followed the same basic alignments of the English Revolution, which is to say you had a variation of the Puritans and the low-church Anglicans against the High-Church Anglicans, and that was the basic framework of the English Civil War. And you had it again in the American Revolution. The High-Church Anglicans were the Tories in the colonies and the bulwark of the war over in England. The Country Party, low-church Anglicans were the Virginians, and the Puritans were the Yankees up in New England. And once you understand that, you really get a major key to understanding the divisions within the American Revolution and how it was a civil war. It was a fighting civil war on our side of the Atlantic, but it was a bitter political war within Parliament and in petition drives over in the United Kingdom.

DAVID GERGEN: Did it also make this country more egalitarian, and also more of a populist nation?

KEVIN PHILLIPS: This, in my opinion, is the secret not just of the American Revolution, but of the success of the English-speaking peoples, because whereas none of the other major political, linguistic blocks in Europe were capable of doing this, the English would basically let their colonies be settled by dissenters and political troublemakers, and as a result, a major component in the American Revolution was the restiveness of the Puritans, of the Scottish and the Scotch-Irish dissenters, the Quakers and others, just a whole lot of people who were there because they were troublemakers, and they set up an American Republic, which was the country of the troublemakers, of the people who were left out, who had fled for religious freedom. And it became one magnet, and Britain was another magnet. It was a magnet for aristocracy, for imperialism, for maritime success around the world. And the two together swept an incredible dragnet because they appealed to two different centuries in many ways. The British controlled the imperial century, and America took over in the democratic century.

DAVID GERGEN: The imperial century being the 19th?

KEVIN PHILLIPS: Even the end of the 18th, because the British became top dog after the French and Indian War in 1763.



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DAVID GERGEN: The bottom line, then, is that these wars and their impact, the way they changed the politics and the religious framework in these two countries really had a dramatic change by the 20th century.

KEVIN PHILLIPS: They were the central staircase, in my opinion, of the evolution of the English-speaking peoples -- politically, culturally, and religiously. And more than that, one of the things they did in the 19th century, which had an enormous influence on the 20th century, is they removed populations from Europe and changed their politics. If the English had never been able to squeeze troublemakers out of the British Isles, they would have had a Parliament in 1914 that would have been 35 or 40 percent Irish. They would have been up the creek without a paddle. But they probably never would have gotten that far, because the Irish and the Scots would have fought alongside the French or the Spanish, and England might have been blocked. Then we get to the 20th century, and we've got a situation in which huge numbers of Germans that could have tipped the balance of power in Europe were there stretched out in this huge mass from Pennsylvania to the Great Plains, some of them still speaking German, and when they come into the wars in Europe, two of them, they're wearing khaki, and they're saying, "one, two, three, four," instead of "Eins, zwei, drei, vier," and that was just an enormous impact.

DAVID GERGEN: Kevin Phillips, thank you very much.

KEVIN PHILLIPS: Thanks.

ESSAY - LOYAL TO THE BONE

ELIZABETH FARNSWORTH: Finally tonight, essayist Roger Rosenblatt has some thoughts about loyalty.

SPOKESMAN: Show me the money. [Laughing]

ROGER ROSENBLATT: Everyone remembers "Jerry Maguire" for its creed to cash, "Show me the money," but the movie wasn't about getting rich; it was about loyalty. Cuba Gooding stayed loyal to Tom Cruise; Cruise stayed loyal to Gooding; Cruise and his girl stayed loyal to each other. And in the end, loyalty triumphed. That was the movies, of course, which are not to be confused with real and awful life, in which, recently, the New York Yankees traded David "Boomer" Wells to Toronto for Roger Clemens, in spite of the fact that "Boomer" pitched a perfect game last year for the Yanks, carried the club through the World Series, and, as a model of the lovable beer-drinking fat man, won the hearts of the fans. But Clemens, though a snarly SOB, is the best pitcher in baseball, with five Cy Young Awards, a 2.95 Lifetime ERA, five 20-game seasons, and 235 lifetime wins. And so, with hardly a "bye-bye, Boomer," the New York Press started panting, rolling over, and licking Clemens' pitching hand. Now, I don't expect anyone outside New York to care about the Yankees or Boomer Wells or Clemens or even baseball. This is hardly the first time in sports that a team has dumped a star, or a star a team. In the NBA, Shaquille O'Neal walked out on the Orlando Magic, and the New York Knicks said thanks to John Starks and Charles Oakley for years of excellence by trading them for a known felon. In hockey, the Great Wayne Gretsky has taken his greatness from place to place. It's the way of the world, but it's the way of the world I'm complaining about. Loyalty counts for nothing anymore. Well, it counts for a little. When the delightful Linda Tripp betrayed Monica, she was properly thought reprehensible.



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And when Hillary stood by her man-child, she was properly thought admirable. But these were low-pulse responses, fleeting and not deeply felt. Loyalty has simply vanished as an appreciated virtue. A long time ago, the Knights of the Round Table were loyal -- most of them -- to King Arthur. When Brutus stabbed Caesar, he got his "et tu" because such disloyalty was unthinkable.

ACTOR: Et tu, Brute?

ROGER ROSENBLATT: Today it would be a race to see if Brutus could stab Caesar before Caesar fired Brutus. Businesses dump employees. Authors dump publishers. Even the latest "Batman" movie saw a rift between the once-dynamic duo. In the modern culture, at the drop of a hat, Abbott would leave Costello; Ozzie, Harriet; Frankie, Johnny; George would walk out on Gracie. If someone showed her the money, Bonnie would plug Clyde -- [gunshots] -- which brings me to our family dog, Hector, a West Highland White Terrier of glossy coat and saintly disposition. Hector has enjoyed eight very productive seasons with us. Until I read of the Wells-for-Clemens deal, it would not have occurred to me to trade Hector for a more valuable dog. And dogs, being the very essence of loyalty, it would never occur to Hector that such a transaction were possible. Yet, there is a beagle down the street who is younger than Hector and who has a wicked slider, and a black Lab, a southpaw, who can do more tricks. Frankly, Hector's only trick is to answer to the name "Hector." You get the point. Of course, if I were willing to trade Hector, I'd also have to be willing to tempt the gods, just as the Yankees have. Last year with Boomer Wells, the Yankees won 125 games and were cited as one of the best baseball teams ever. Now they've messed with the lineup, and we'll see. The Yankees may know something about pitching arms, but they sure don't know a lot about mythology. But I do. And needless to say, I will not trade Hector. I would not trade Hector if you showed me all the money in the world. If I did, I would have to look into his eyes while he told me that he could not fathom why a creature of his proven excellence, devotion, lovability, and statistics could be discarded so cruelly. Then I would have to tell him that he was out of it, old-fashioned. And finally, I would have to explain to him that he was thinking like a dog -- decently, honorably, and loyal to the bone. I'm Roger Rosenblatt.

ELIZABETH FARNSWORTH: Again, the major stories of this Monday: Kosovar Albanians said they would sign a peace deal tomorrow, as a second round of negotiations with Serbs resumed in France. Kurdish rebels in Turkey said they would wage war on tourists until their imprisoned leader is released. And the Dow Jones Industrial Average hit another record high, closing up 82 points at 9959. We'll be with you online and again here tomorrow evening. I'm Elizabeth Farnsworth. Thank you and good night.

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LEVEL 2 - 31 OF 76 STORIES

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HEADLINE: An Interview With Speaker **Hastert**

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It has been 10 weeks since Rep. J. Dennis **Hastert**, R-Ill., was elevated, thanks to a stunning and strange set of circumstances, from a chief deputy whip who was little-known even to some Washington insiders, to House Speaker. During a March 17 interview with reporters from National Journal Group's CongressDaily, **Hastert**, 57, discussed how he has tried since then to fulfill his promise to "get down to business." He outlined an ambitious legislative agenda that emphasized early completion of the budget resolution, as well as action on banking, health care, and nuclear-waste disposal legislation. And he signaled that he would like to reach agreement with the White House on Social Security reforms before Congress acts. The following are edited excerpts from the interview:

Q: What are the top priorities for House action between the Easter recess and Memorial Day recess?

Hastert: Well, I'll start out with one of the things I said early on: We need to get our work done, and everything is pretty much predicated on getting the budget done. So, I laid out some ground rules and some deadlines. First of all, our budget has to be out of committee by today. I think we're there; the Senate is working on theirs. We get it out of the House by March 27, and we move it off the floor by April 15, hopefully. I think in recent memory, there's only been one other time that we have matched that. I'm not in any race to get things done. But it really sets the predicate for what we're ready to do. And then we need to move the appropriations bills. And, of course, the budget sets the tenor for what we're going to do here.

One of our goals early on was to save Social Security and make sure that those dollars were there for this generation, future generations--to make sure that Social Security is sound. And also, we want to be able to address the issues of the armed services. It costs us a million dollars to train a young man or



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woman to fly a jet airplane; it costs us a half-million dollars to train a navigator on a nuclear submarine. We want to get some (money for the military) to pay for their lifestyle and quality of life. We need to increase retention.

Education's a big issue. I've worked in education half my working life, and my wife taught for 33 years. I think we need to make sure that every kid has a good school and a good environment to be able to learn. And that's not the case. Of course, Republicans in the past have always talked about private education, tuition waivers. I think that's good. I think it brings competition to the fray. I think we also need to be concerned about our public school kids. Eighty percent of the children in this country go through public schools, and we think we need to not intervene in what the public schools do, but give moms and dads and teachers, and locally elected school boards, any wherewithal. Instead of increasing government regulations, they should have the ability to make their decisions on their own.

Of course, the good news is, we have a (budget) surplus. The bad news is, we have a surplus. . . . A lot of people are going to take credit for it, but we (Republicans) did change the way the government goes in 1995, when we came into power. . . . We cut spending, and made sure that our budgets were balanced, and as a result of that, we have a surplus. And even cut taxes, to some degree, in the interim. And today, we have about three choices: You can spend it--and whenever that money is on the table in this town, some people would like to spend it. You can kind of sock it away for a rainy day, or put it under the mattress--that way, money kind of gets frittered away, just like any family would do if you stuck it there. Or, you can take it and you can pay down the mortgage of your house. And if you do that, then you do two things, you actually pay down debt, and you avoid future interest costs. That's why fixing Social Security also is tied with paying down the debt. I think that is a positive thing.

Finally, it came out today that there's over 6 percent growth in this last quarter. There may be extra (surplus) dollars out there, and part of that re-estimation may come sometime at the end of July or in the first part of August. There may be a predicate to do tax cuts now. Our feeling is, whenever there's extra dollars that the government brings in, we set this money aside for Social Security, and (for) what the Social Security interest rates would be. Then if there is any more coming in, that means there's an overcharge--we're paying too much taxes. . . . We need to return some of that money back to the people.

So, those are issues that we need to go forward with. We need to get the budget done so we can set the parameters for what the debate is going to be. Then we need to move through the appropriations bills. There's other issues that are going to be out there. There's going to be some kind of health care initiative; we passed one last year. I'm sure that we're going to

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pass one again this year, and hopefully, the Senate takes it up and we put it on the President's desk. And we need to move forward on some type of an energy reform bill. There's some motion for that to happen. We need to take nuclear waste and find a way to dispose of it. The government has promised to do that by 1998, and they haven't done it. And we need to have some type of banking reform; H.R. 10 is out there, and it's moving.

I think that's a pretty full plate. All of us (in the House) become cramped up because the Senate has a lot longer debate, and they have filibusters and those types of things. But we need to get those things done over there, so that legislation can move.

Q: Several reports have indicated that you are considering moving a series of smaller, incremental managed health care reform bills. Is that accurate?

Hastert: That is old news. The reality is, we will probably move larger bills. . . . My bottom line in this is that I want to make health care more available and more affordable. Our whole issue last year was that we're going to get people into the doctors' offices and hospital rooms, and not necessarily the lawyers' offices and courtrooms, before they get their health care. It all pivots on liability.

You have the potential of raising health care costs up so high that, all of a sudden, a lot of the small businesses are self-insured. Medium-sized businesses and big businesses say, 'We're not going to touch this. Why should we put ourselves out on the line when it is a liability issue?' And they will retract from offering health care to their employees. There's a consequence to that: Instead of 40 million uninsured folks, you're going to have 80 million, or who knows. That's a real issue out there.

Q: It appears, in the wake of the **Medicare commission's** position not to endorse the proposal by Sen. John B. Breaux, D-La., and Rep. William M. Thomas, R-Calif., that the Senate will move a very similar bill through the Finance Committee and onto the floor. Do you plan to wait for the Senate to act first?

Hastert: I think that the Breaux commission certainly did credible work on this, and there seems to be bipartisan support for it in the Senate. I would like to see that start to jell, and see how it moves through the Senate. And if there's bipartisan support for such a bill here (in the House), then I'm going to take a look at it.

Q: What is your response to the Social Security chief actuary's statement, saying essentially that the Republican Social Security reform proposal would not affect the long-term solvency of the trust fund?



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Hastert: What has happened in Social Security since basically 1965, when LBJ put Social Security on-budget, is when Social Security comes in . . . there's a Treasury note that's drawn on that, a promissory note. That money, that dollar of the Social Security funds, goes into the general fund, and it was spent. The biggest shock I ever had was when I was a freshman here, and we were gallantly saying we weren't ever going to raise the debt ceiling, but the Secretary of the Treasury said we had to raise the debt ceiling. We said, 'We're not. Why should we?' He said: 'Well, next Tuesday, Social Security checks are due, and we have to borrow money to pay Social Security recipients.' I said: 'What do you mean? You're taking all this money that was in the trust fund.' He said: 'Well, there's no money in the trust fund.'

So basically, what we were doing--for every dollar that came in, we're writing a Treasury note, which is something that was due in the future, we're spending the dollar of Social Security because it went into the general fund and got spent. And, by the way, anytime we had to pay Social Security checks to Social Security recipients, we had to borrow money to do it. So for every dollar that came in, we were in debt, however I looked at it, either two dollars or three dollars. That's why we're \$ 6 trillion in debt today--in large part. So what we're trying to do is say: Let's set this money aside--the Social Security trust fund money, which is basically what comes in payroll taxes, and the imputed interest that goes with it. Set it aside. For every dollar that comes in, we'll buy a dollar of debt--that is, we'll pay off public debt. And so that brings the public debt down.

That's important. It's important for our future. . . . We need to do that first. We need to pass this budget. We need to set that money aside. Then, let's bring forward the ideas for Social Security reform. Until we have a reform bill, that money is not being spent.

I'm not trying to get into a fight with the President. We've got to work with the President. But even the President, in his budget, spends out \$ 50 billion of Social Security trust funds. So we're saying, Let's keep a discipline. . . . We've got to be responsible and do the right thing with (the surplus), and that's what we are trying to do.

Q: Do you see a possibility this year for any sort of bipartisan effort to reform the Social Security program?

Hastert: I would hope so. We need to have a serious discussion--and not a partisan discussion--with the President. And he has to have the will to come forward, at least to sit down and to agree to try to work out a plan. If we do anything, whether it's partisan or bipartisan, the President has to sign it. So we need to have some type of agreement. In my view, we need to have that agreement up front, and not after the fact. It's much tougher after the fact, because everybody needs to get



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their two cents' worth in, when you are making this agreement. . . I certainly hope that we can do something in the near future.

Q: The budget caps set in the 1997 balanced budget deal are very tight for this year, but House and Senate leaders have pledged to stick to them. How will the House proceed if, as expected, the Congressional Budget Office this summer increases its estimates of the surplus?

Hastert: If you had a zero spending increase this year, we would still be over the caps. . . . I felt that it was very important to set the tone, that we need to be able to pay for the money that we're sending out. I'm not sure that it's all going to be paid for. . . . We'll have to see what happens. But there are some ways to find some (extra flexibility).

We've got three primary concerns. First of all, education. There is no magic formula, no black hat that you can pull this stuff out of. So we're looking at how you can consolidate a lot of those mandated dollars and give school districts better flexibility on how to spend it. The Ed-Flex bill that we passed this week helps do that. We're looking at other dollars that are out there, that we can help direct toward education.

There's also ag problems that we have in this country. You have farm prices at relatively--for this modern era--low levels: low bean prices, low hog prices, and low wheat prices. You have to be able to sustain the American farmer. I think that we've been moving in the right direction, but there's an attitude out there, in the middle of the heartland of this country, that there's something we (members of Congress) have to do. Partly, we have to have a better crop insurance program. So our ag guys are working on that. I don't see any huge government bailout program, but people need to have a legitimate comfort that they're going to put in a crop and be able to get a fair price, even a top price, out of that.

And then the other issue is the military. Of course, we've got folks out there who are pressuring me and who would like to have an \$ 8 billion special emergency appropriation. I don't think we're going to do that. I think we need to jump on board, in the 'regular order,' and try to work these problems out and see where there are dollars that we can get.

We're guessing about that golden egg that the goose (the CBO) is going to lay sometime in July. I'd like to take all (the extra funds) and put them in tax breaks. I don't know if we are going to be able to do that or not. But I think I want to be as strong as I can. We're not going to break the caps, but there's a possibility that some of those new dollars might have to go in a couple other places--as well as tax breaks.

We can't promise big tax breaks this year. I have never



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promised (that tax breaks will be enacted in) the year 2000. But I do think we need to do that within this Congress, and that we need to start to lay the predicate for the next 10 years. If there is going to be continuing surpluses, then we need to make sure that once Social Security is taken care of, that those surpluses go back to the American people.

Q: Controversy over the census has bogged down the entire Commerce-Justice-State appropriations bill, and funding for the current fiscal year runs out on June 15. Are Republicans prepared to shut down those three departments over this issue?

Hastert: First of all, we would never shut down the government. We will give the President a (Commerce-Justice-State spending) bill that--although I'm not sure what the structure will be--will make sure that the American people are counted in as thorough a manner as possible, according to what the Supreme Court decision said. He'll have a decision whether he wants to veto that. That decision is really in his court, but I don't want to start throwing those rocks yet, before we find some kind of resolution to it.

We have a Supreme Court decision that's certainly in our favor in how we do the census, and we'll try to give him the most reasonable piece of legislation that sticks to the premise of the Supreme Court decision. We'll see what happens.

Q: Do you look favorably toward the bill, sponsored by moderate Rep. Jack Quinn, R-N.Y., to raise the minimum wage over three years? Is this an issue that you see as coming to a House floor vote in the near future?

Hastert: I don't want to have to jump on that topic until we have to. So I'm not rushing to a decision. But, realistically, what I want to do is to be able to find a balance. . . . I talked to (Federal Reserve Chairman) Alan Greenspan, who, about a week ago, said, "To do this is a dangerous thing, because what you do is take away the entry-level jobs for people coming to the work force." Now does anybody today really scream about the minimum wage? Not in my district, because people can't find anybody to work (for them). Unemployment is down to about 3 percent to 3.5 percent--pretty low, maybe lower than that. . . .

Is there going to be a movement (in Congress) to have a minimum-wage increase? I think probably so. The reality of this thing is that do we (Republicans) have the votes not to have a minimum-wage (bill) move forward? Probably not. The balance that I'm going to try to find is that we keep small businesses in place and in business--the mom-and-pop, heart-and-soul work force.

Q: How did you work through your disagreements on Kosovo with the Democrats, particularly House Minority Leader Richard A. Gephardt, D-Mo.?



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Hastert: I told the White House that I felt the House should have a say in this. For the past five years, all these decisions on the Balkans, Rwanda, and others have just been made on a unilateral basis. And you've been laying straws on the proverbial camel's back. We spent over \$ 20 billion on these efforts, expeditions--whatever you want to call them--and the Congress has had to come up and pay for them. If we're trying to work a balanced budget, if we're trying to have some semblance of order, we need to buy into the process. I wasn't going to look the other way.

The Congresses, basically, over the last few years, have looked the other way. The decisions have been made sometimes just to go along, or to be able to have that debate between the Secretary of State and the principals. I think the Congress ought to have that debate. That's what I insisted upon doing. That's what I said was my intent to the White House, and I told Mr. Gephardt, early on, that was my intent.

Q: How would you describe your relationship with Gephardt?

Hastert: I think it has been a good relationship. It started the day that I was sworn in (as Speaker, on Jan. 6). He made a public statement that he was going to bury the hatchet, or hope that we could bury the hatchet. So I take him at his word. I think there's pressure (on Gephardt from other House Democrats) to run a different agenda than maybe we want to. But I think that the important things that we need to pass in this Congress, need to be passed on a bipartisan basis.

I would hope that there could be a reaching across the aisle. I've done that on numerous occasions up to this point. And I hope that we don't have to pass every bill with 218 votes.

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HEADLINE: GOP Congressional Leaders Believe President Committed to Working With
Them on Social Security and Medicare

BYLINE: Tony Guida

HIGHLIGHT:

Senate Majority Leader Trent Lott and Speaker of the House Dennis Hastert hold a
media availability in which they report on their meeting with President Clinton.

BODY:

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

TONY GUIDA, CNN ANCHOR: We want to go back to our story about tax cuts.

Congressional leaders who have been meeting with President Clinton have now
come out of that meeting, and you see the speaker of the House, Dennis
Hastert, is commenting. Let's listen.

(JOINED IN PROGRESS)

SEN. TRENT LOTT (R-MS), MAJORITY LEADER: I thought the most significant thing
at the beginning of the meeting and throughout the meeting was the commitment of
the president to the Social Security lockbox that Republicans have been
advocating. He agrees we need to lock that Social Security tax money up for
nothing but Social Security. The House has already voted for that. Senator
Daschle indicated that he would work with me in the next couple of days to see
if we couldn't come to an agreement of how to, in fact, get the Social Security



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funds locked up for Social Security.

The second thing is the committee -- the president committed to work with us on Medicare. ~~We~~ have very good work that's been done by the Breaux-Thomas Medicare Commission. The Finance Committee intends to take that issue up. And he indicated that he would engage and would work with us on seeing if we could come to an agreement on how to proceed on Medicare.

And we made the point, very strongly, that two of every three dollars that we're going to have in the surplus we're prepared to commit to retirement security for our seniors in America. But we think that that other dollar, the bulk of that should go to the taxpayers, the working families of America.

So I thought it was a good meeting. It's the first meeting we've had of this type since February. We tried to make it clear that we wanted to work with the president, we want cooperation, not partisanship. His tone was the same, and so we hope now we can go forward and begin working on those issues, because this is a critical time. During the next month, we're going to be dealing with tax relief for working families, Medicare and appropriations bills.

QUESTION: Senator, some in the White House seem to singing a different song, saying that if you get the tax cuts you want, they won't be able to save Medicare. LOTT: Well, the president is still in charge over here, and I thought that he was -- I think -- I thought, talking positively about us getting some tax relief and working together on Medicare. They are two separate issues. They should be treated separately. But we can do both of those, and we ought to make our very best effort to accomplish that for the benefit of the America people.

QUESTION: Senator, on what single issue are you most optimistic that you can get a deal with the president? Is the lockbox, Social Security...

REP. DENNIS HASTERT (R-IL), SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES: I think absolutely. Set Social Security aside. You get the lockbox on Social Security and then make sure that we pay down the public debt with every dollar that comes into Social Security until we get reform on Social Security and Medicare. That's something we've agreed on. I think that's a positive first step. And I think other things will come after that.

Thank you.

QUESTION: How about Medicare? (OFF-MIKE)...

HASTERT: I would hope so. I hope we can.

QUESTION: Did the president mention any numbers on taxes?

HASTERT: We didn't talk about numbers today.

QUESTION: He said -- his aides were here. They said you don't have a Medicare plan. You don't have money for Medicare. You don't have a specific plan. Do you have a specific plan, and how come to devote money from the general revenue surplus to Medicare?



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HASTERT: Well, we think that there are dollars that we can find both in the dollars that we've set aside in the lockbox to preserve both Social Security and Medicare. We need to sit down with the president. He needs to show us his plan. We'll talk about the various plans we have -- one in the Senate, one in the House -- and try to move forward from there.

LOTT: Let me give you just one example. The president's Medicare proposal had a net cost, I think, of -- according to their proposal, of \$45 billion or \$46 billion. We have \$90 billion in our budget resolution that we passed that was unspecified. And the lockbox proposal passed by the House provided that that money would be locked up for Social Security and Medicare.

So we need reform in Medicare first, but there's also some opportunity there to be of assistance with prescription drugs, for instance.

QUESTION: Leaving the meeting today, do you think it's possible to get Medicare and a tax cut dealt with this year, leaving Social Security for a lockbox to be dealt with later on? Do you think that's a likely scenario, leaving the meeting today? **HASTERT:** The meeting we had today talked about the possibilities -- the possibilities of tax reform, tax relief for the American people; the possibility of working on Medicare; the possibility of working on Social Security and some other related issues. But the fact is we need to work together, we need to keep the lines of communication open. The House and the Senate will work on a lot of these issues on regular order, but we need to keep those lines of communication open so we can start to work together to find common solutions, and I think that's a good first step.

LOTT: There's no question we can we do. The question is will we do it.

REP. RICHARD ARMEY (R-TX), MAJORITY LEADER: Let me just say, I was impressed with the president's commitment. I think...

GUIDA: All right. You've been listening to House Speaker Dennis **Hastert** and Senate Majority Leader Trent **Lott** after meeting with President Clinton: both claiming that they've got the president's commitment to work with them on Social Security and Medicare, and even on tax cuts. But as Congressman **Hastert** said, we didn't talk numbers on a tax cut today.

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NEW YORK

NUMBER OF MEDICARE BENEFICIARIES (SENIORS & DISABLED), 1998

- 2.7 million Medicare beneficiaries in New York
 - 1.6 million women Medicare beneficiaries in New York (58%)
 - 310,000 Medicare beneficiaries age 85 and older in New York

SOURCE: Health Care Financing Administration.

NUMBER OF SENIORS (NOT ALL BENEFICIARIES), 2025

- 3.3 million seniors (not including people with disabilities) in New York in 2025 – a 38 percent increase from 2.4 million seniors in 2000. This growth rate is over 4 times the general rate of projected population growth in New York.
 - 1.8 million older women in New York in 2025 – a 29 percent increase from the 1.4 million senior women in 2000.

SOURCE: U.S. Census Bureau, “Population projections for States, by Age, Sex, Race and Hispanic Origin: 1995 to 2025,” Population Paper Listings #47.

ACCESS TO MANAGED CARE PLAN

Often Medicare beneficiaries turn to managed care to get the extra benefits – especially prescription drugs or reduced preventive services cost sharing. However, not all beneficiaries have this option.

- In 1999, nearly 250,000 New York Medicare beneficiaries had no managed care option. Another 350,000 had only one option for managed care.

Source: Health Care Financing Administration.

LOW-INCOME BENEFICIARIES

The President’s prescription drug proposal gives all beneficiaries the option to access affordable, prescription drug coverage. It provides special protections to low-income beneficiaries. Those below 135 percent of poverty (\$11,500 for a single, \$15,000 for a couple) would pay no premiums or cost sharing, and those with income up to 150 percent of poverty (\$12,300 for a single, \$16,500 for a couple) would pay a reduced premium.

- At least half a million beneficiaries in New York would be able to participate in the Medicare prescription drug option without paying premiums or cost sharing. (Based on the fact that, in 1998, there were 476,000 Medicare beneficiaries with incomes below 120 percent of poverty in New York.)

SOURCE: Families USA. “Shortchanged: Billions Withheld from Medicare Beneficiaries,” July 1998.

Talking Points on a Medicare Board

The Breaux-Thomas proposal included a Medicare Board as part of their premium support proposal. Senator Roth is also likely to include a Board in the Chairman's mark of the Finance Committee's Medicare reform bill.

There is no good reason for a Medicare Board and there are plenty of reasons against it.

Breaux and Thomas claim that their goals are to remove Medicare coverage policy from the political process and to fix the "conflict of interest" that they claim HCFA has against managed care.

I believe that this Medicare Board idea is just another way for managed care plans to avoid federal oversight and get more money from Medicare.

Managed care plans know they're losing the fight against a meaningful Patients' Bill of Rights so they're using the Medicare Board to get out from under Medicare's quality and payment requirements.

This Board would restrict the ability of Congress influence Medicare coverage and payment policy. Congress may be unable to use Medicare subsidies to protect teaching hospitals and hospitals that serve the low-income. FEHBP, the model for the Board, does not subsidize these entities.

With a Board, plans may not be held accountable for the way they treat patients and providers, including teaching hospitals. Medicare's social mission to support this nation's teaching institutions would be weakened.

Bifurcating the responsibility for managing Medicare between HHS and a Board would create a new and duplicative bureaucracy since many of the Board functions would be the same as are now performed by HHS.

Congress and Hospitals will have to deal with both a Board and HCFA to understand and influence Medicare policies.

I also question whether a Medicare Board is prudent public administration. Serious questions of accountability would arise by carving out a part of Medicare - and billions of dollars - to be administered by an outside organization. The normal oversight activities, both within HHS and in Congress, would no longer apply.