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SUBJECT: LEXIS(R)-NEXIS(R) Email Request (40:0:10196162) (part 1 of 13)

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Client ID/Project Name:

Research Information:

General News:gore AND transition AND cabinet AND administration

Note:

1 of 142 DOCUMENTS

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San Antonio Express-News

June 7, 2000, Wednesday , METRO

SECTION: EDITORIAL; Bush and Gore should be penciling in the people

who would run the next administration. ; Pg. 4B

LENGTH: 187 words

HEADLINE: Not too early to pick team

BODY:

David Broder had a good column on the page opposite this one Tuesday.
The
respected Washington Post political reporter urged Al Gore and George W.
Bush to
begin building their administrations now.

Why? Because whoever is elected has just 73 days to pick a Cabinet,
agency
heads, foreign ambassadors and White House staff.

The reason the potential presidents should be thinking about
appointees is
the increasingly lengthy investigation and confirmation process. More
than half
the presidential appointees confirmed between 1984 and 1999 waited five
months
for approval. Charles Peters reported in Washington Monthly magazine.

The good news, as Broder reported, is that four think tanks,
representing
the right and the left, all have major transition studies under way and
will be
sharing their findings with President Bush or President Gore.

Because it implies arrogance and may hurt some big supporters, picking
a
team isn't discussed during the heat of a presidential race.

That doesn't mean the future president shouldn't be penciling in names.

It will be too late on Nov. 8

LANGUAGE: ENGLISH

LOAD-DATE: June 7, 2000

2 of 142 DOCUMENTS

Copyright 2000 Chicago Tribune Company

Chicago Tribune

June 6, 2000 Tuesday, CHICAGO SPORTS FINAL EDITION

SECTION: Commentary; Pg. 23; ZONE: N

LENGTH: 795 words

HEADLINE: NEVER TOO EARLY TO START MAKING PLANS;
THE MAKING OF A WHITE HOUSE ADMINISTRATION

BYLINE: David Broder, Washington Post Writers Group.

DATELINE: WASHINGTON

BODY:

If you call the Bush or Gore campaigns, as I did, and ask if anyone is planning the transition to the presidency, the answer is an astonished "No!" It's months until the conventions and the focus is entirely on the fall campaign, they say. First things first. It would be presumptuous to think otherwise.

But the strongly held view of those who have been through this sequence before is that George W. Bush and Al Gore ought to be thinking about the takeover of government now, and starting to plan the process very soon, well before they know which of them will be successful on Election Day.

"Remember you have only 73 days" from election to inauguration, Theodore C. Sorensen, the counsel in the Kennedy White House, said last week at a conference sponsored by the Heritage Foundation. "You better begin planning before Election Day."

That advice was echoed by veterans of the Johnson, Carter, Reagan and Bush White Houses--and by a trio of scholars who have been plumbing the records of past transitions.

In fact, such advance planning has been done in many past campaigns--but covertly, to avoid conveying a sense of smug overconfidence to the voters. Jack Watson, who became Jimmy Carter's chief of staff, told the Heritage audience that he had retrieved a memo from the Carter archives he had written the former Georgia governor on May 11, 1976, soon after Carter won the Pennsylvania primary and established himself as the favorite for the nomination. It suggested that as outsiders to Washington, they needed to start organizing themselves soon for the possibility of taking over the executive branch. Carter gave him the go-ahead on May 27--just about this point in the cycle--but ordered secrecy.

Why the need for such a long headstart? Mainly because the process of identifying the key officials and getting them in place can be so agonizing. C. Boyden Gray, counsel in the Bush White House, said the president elect should be ready to give the FBI the names of 100 to 150 people "immediately after the election," so the clearance procedures can begin. "Do it, even if you don't know what their jobs will be," Gray said, "because there will always be a glitch."

Who are those key officials? Richard E. Neustadt, the Harvard professor whose work on the presidency has been a handbook for several administrations, was unequivocal in his answer. "Choose the White House staff before you pick the Cabinet," he said, "so they can begin to relate to each other in the process of Cabinet selection. Don't do the Cabinet first."

President Clinton famously did the opposite and dallied so long in Cabinet -making that he barely got his White House aides named before he moved from Little Rock to Washington. He paid a price; many of those last-minute White House appointees turned out to be ill-suited for their jobs and had to be replaced.

The Reagan transition is considered by scholars the best of recent times. Planning began well before Election Day and was aided by the outgoing administration, said Edwin Meese III, the transition director who later became attorney general. Carter and Watson were so grateful for the help they had received four years before from defeated President Ford, through his top aides Richard Cheney and John O. Marsh, that they went out of their way to help the Reagan people.

No one can predict how much help the retiring Clintonites will give their successors, though it presumably would be extended automatically to Gore's people. But there will be plenty of guidance available to the incoming

president
from outside government.

Four think tanks--Heritage, the American Enterprise Institute, the Brookings Institution and the Center for the Study of the Presidency--all have major transition studies under way and will be ready with briefing papers for the winners.

In addition, the American Political Science Association, with a Pew Charitable Trusts grant, has a White House 2001 project. Martha Kumar, a professor at Towson University, and her colleagues have interviewed 75 officials from the past six White Houses and are building what Kumar calls "the first institutional memory" of seven key White House offices, which together make up the nerve center of the presidency.

They will present the president-elect's team with seven short essays, drawn from the interviews, on "how the place should work," plus something that never before existed--a Rolodex of past officials in those offices and their phone numbers. This may sound elementary, but the reality is that when a new president moves in, his top aides find bare desks, empty filing cabinets and disconnected computers. They need help.

And it will be there, especially if Gore and Bush don't procrastinate in starting their transition planning.

GRAPHIC: GRAPHICGRAPHIC: Illustration by Geoffrey Moss.

LANGUAGE: ENGLISH

LOAD-DATE: June 6, 2000

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Copyright 2000 International Herald Tribune
International Herald Tribune (Neuilly-sur-Seine, France)

June 6, 2000, Tuesday

SECTION: Opinion; Pg. 8

LENGTH: 664 words

HEADLINE: Time Now to Get Ready to Govern

BYLINE: By David S. Broder; The Washington Post

DATELINE: WASHINGTON

BODY:

If you call the Bush or Gore campaigns and ask if anyone is planning the transition to the presidency, the answer is an astonished "No!" It is months until the conventions, they say, and the focus is entirely on the fall campaign. First things first.

But the strongly held view of those who have been through this sequence before is that George W. Bush and Al Gore ought to be thinking about the takeover of government now.

"Remember, you have only 73 days" from election to inauguration, Theodore C. Sorensen, the counsel in the Kennedy White House, said at a recent conference sponsored by the Heritage Foundation. "You better begin planning before election day."

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Such advance planning has been done in many past campaigns, but covertly, to avoid conveying a sense of smug overconfidence to the voters. Jack Watson, who became Jimmy Carter's chief of staff, told the Heritage audience that he had retrieved a memo of his from the Carter archives dated May 11, 1976, soon after Mr. Carter won the Pennsylvania primary and established himself as the favorite for the nomination. It suggested that as outsiders to Washington, they needed to

start organizing soon for the possibility of taking over the executive branch.

Mr. Carter gave him the go-ahead on May 27.

C. Boyden Gray, counsel in the Bush White House, said the president-elect should be ready to give the FBI the names of 100 to 150 people "immediately after the election" so that the clearance procedures can begin. "Do it, even if you don't know what their jobs will be," Mr. Gray said, "because there will always be a glitch."

Said Richard E. Neustadt, a Harvard professor whose work on the presidency has been a handbook for several administrations: "Choose the White House staff before you pick the cabinet, so they can begin to relate to each other in the process of cabinet selection. Don't do the cabinet first."

Bill Clinton famously did the opposite and dallied so long in cabinet-making that he barely got his White House aides named before he moved from Little Rock to Washington. He paid a price. Many of those last-minute White House appointees turned out to be ill-suited for their jobs and had to be replaced.

The Reagan transition is considered by scholars the best of recent times. Planning began well before election day and was aided by the outgoing administration, said Edwin Meese 3d, the transition director who later became attorney general. Mr. Carter and Mr. Watson were so grateful for the help they had received four years before from defeated President Gerald Ford, through his top aides Richard Cheney and John O. Marsh, that they went out of their way to help the Reagan people.

Plenty of guidance will be available to the incoming president from outside government. Four think tanks - Heritage, the American Enterprise Institute, the Brookings Institution and the Center for the Study of the Presidency - all have major transition studies under way and will be ready with briefing papers for the winners.

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LANGUAGE: ENGLISH

LOAD-DATE: June 6, 2000

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Copyright 2000 The Commercial Appeal

The Commercial Appeal (Memphis, TN)

June 4, 2000, SUNDAY, FINAL EDITION

SECTION: VIEWPOINT, Pg. B6

LENGTH: 793 words

HEADLINE: TRANSITION STARTS NOW

BYLINE: David S. Broder; David S. Broder is a columnist for The Washington Post.

DATELINE: WASHINGTON

BODY:

If you call the Bush and Gore campaigns, as I did last week, and ask if anyone is planning the transition to the presidency, the answer is an

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"No:" It's months until the conventions and the focus is entirely on the fall campaign, they say. First things first. It would be presumptuous to think otherwise.

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In fact, planning has been done in many past campaigns, but covertly, to avoid conveying a sense of smug overconfidence to the voters. Jack Watson, who became Jimmy Carter's chief of staff, told the Heritage audience that he had retrieved a memo from the Carter archives he had written to the former Georgia governor May 11, 1976. That was soon after Carter won the Pennsylvania primary and established himself as the favorite for the nomination. The letter suggested that, as outsiders to Washington, they needed to start organizing themselves soon for the possibility of taking over the executive branch. Carter gave him the go-ahead May 27 - just about this point in the cycle - but ordered secrecy.

Why the need for such a long head start? Mainly because the process of identifying key officials and getting them in place can be agonizing. C. Boyden Gray, counsel in the Bush White House, said the president-elect should be ready to give the FBI the names of 100 to 150 people "immediately after the election," so the clearance procedures can begin.

"Do it, even if you don't know what their jobs will be," Gray said, "because there will always be a glitch."

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They will present the president-elect's team with seven short essays, drawn from the interviews, on "how the place should work," plus something new: a Rolodex of past occupants of key positions and their phone numbers.

This may sound elementary, but the reality is that when a new president moves in, top aides find bare desks, empty filing cabinets and disconnected computers. They need help.

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NOTES:
Commentary

LOAD-DATE: June 5, 2000

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Copyright 2000 The Denver Post Corporation

The Denver Post

June 4, 2000 Sunday 2D EDITION

SECTION: PERSPECTIVE; Pg. H-02

LENGTH: 806 words

HEADLINE: Now's the time to start White House transition

BYLINE: David Broder,

BODY:

If you call the Bush or Gore campaigns, as I did last week, and ask if anyone is planning the transition to the presidency, the answer is an astonished 'No!' It's months until the conventions and the focus is entirely on the fall campaign, they say. First things first. It would be presumptuous to think otherwise.

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Who are those key officials? Richard E. Neustadt, a Harvard professor whose work on the presidency has been a handbook for several administrations, was unequivocal in his answer. 'Choose the White House staff before you pick the Cabinet,' he said, 'so they can begin to relate to each other in the process of Cabinet selection. Don't do the Cabinet first.' President Clinton famously did the opposite and dallied so long in Cabinet-making that he barely got his White House aides named before he moved from Little Rock to Washington. He paid a price; many of those last-minute White House appointees turned out to be ill-suited for their jobs and had to be replaced.

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LOAD-DATE: June 02, 2000

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Copyright 2000 The Houston Chronicle Publishing Company

The Houston Chronicle

June 04, 2000, Sunday 2 STAR EDITION

SECTION: OUTLOOK; Pg. 3

LENGTH: 759 words

HEADLINE: Bush, Gore need to plan as if they've already won

BYLINE: DAVID BRODER; Broder, a Pulitzer Prize-winning political reporter, writes a nationally syndicated column from Washington, D.C.

BODY:

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LANGUAGE: ENGLISH

TYPE: Editorial Opinion

LOAD-DATE: June 5, 2000

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The Plain Dealer

June 4, 2000 Sunday, FINAL / ALL

SECTION: FORUM OPINION & IDEAS; Pg. 2G

LENGTH: 761 words

HEADLINE: PLANNING FOR THE PRESIDENCY

BYLINE: By David Broder

BODY:

WASHINGTON

If you call the Bush or Gore campaigns, as I did last week, and ask if anyone is planning the transition to the presidency, the answer is an astonished "No." It's months until the conventions and the focus is entirely on the fall campaign, they say. First things first. It would be presumptuous to think otherwise.

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LANGUAGE: ENGLISH

LOAD-DATE: June 5, 2000

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Copyright 2000 The Washington Post

The Washington Post

June 4, 2000, Sunday, Final Edition

SECTION: OP-ED: Pg. B07

LENGTH: 800 words

HEADLINE: Start Thinking Transition

BYLINE: David S. Broder

BODY:

If you call the Bush or Gore campaigns, as I did last week, and ask if anyone is planning the transition to the presidency, the answer is an astonished "No."

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LOAD-DATE: June 04, 2000

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May 29, 2000, Monday

SECTION: WIRE; Pg. A02

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HEADLINE: Cohen criticizes Bush pledge

BYLINE: New York Times News Service

BODY:

WASHINGTON -- Secretary of Defense William Cohen Sunday invited Gov.
George
W. Bush of Texas and his national security advisers to the Pentagon for a
briefing on the state of the nation's strategic nuclear arsenal after
criticizing Bush's recent pledge to reduce the number of American nuclear
warheads.

The Bush campaign responded by pointing to the military credentials of
the
Texan's advisers and suggesting that the campaign of Vice President Al
Gore was
playing politics with the Joint Chiefs of Staff.

Cohen extended the invitation following Bush's proposal last week to
consider
making unilateral reductions in nuclear weapons, possibly deeper than
those
being negotiated between the United States and Russia. Bush, the
presumptive
Republican presidential nominee, also pledged to construct a far more
expansive
antiballistic missile defense than the one currently contemplated by the
Clinton
administration.

Cohen, appearing Sunday on NBC's "Meet the Press," said Bush's proposals
contained "internal inconsistencies." Building a larger missile defense
than the
administration's limited one, Cohen added, would force the Russians and
other
nations, like China, to respond with increases in their offensive nuclear
arsenals, making negotiated reductions less likely.

"Any military commander will tell you, it's far better to have more
numbers
against a defense than to have a higher defense," Cohen said. "And so
what you
do by going up higher on defense, you will force the Russians and others
to
raise their limits much higher."

Cohen's criticisms echoed those of Bush's challenger Vice President Al
Gore,
who used a commencement address at the United States Military Academy on
Saturday to attack the governor's proposals as harmful to arms control and
threatening to global stability.

Although critical of Bush's ideas, Cohen tried to couch his remarks as a
nonpartisan effort to inform the emerging political debate over the
nation's
nuclear arms and defense strategy. Cohen, a former senator from Maine and

the only Republican in Clinton's cabinet, expressed his "high regard" for the governor and his advisers, who include a number of luminaries from past Republican administrations.

He said he would invite Bush to meet with members of the Joint Chiefs of Staff and Adm. Richard W. Mies, commander of the American nuclear arsenal, as a matter of fairness in the presidential campaign.

"I think the joint chiefs would be willing certainly to do this, and I think it would be important," he said, "because if this is going to become an area of debate in the fall elections, then I think both candidates ought to have equal opportunity to have access to the information that the vice president does."

"I think that he and then Vice President Gore will be in a better position to debate this in a way that's responsible and, I think, informed," he said.

Mindy Tucker, the Bush campaign's press secretary, said in response to Cohen's proposal, referring to two key Bush advisers:

"Surely Secretary Cohen is not suggesting that Defense Secretary Dick Cheney and General Colin Powell, who led our defenses, don't understand them. And we are confident that the Joint Chiefs of Staff would welcome Governor Bush's proposal, because it allows military planners to determine the appropriate levels of security based on new guidance and a new security era."

"We would hope that Al Gore would call on his administration not to play politics with these briefings or the Joint Chiefs of Staff," Tucker said.

Pentagon officials said the invitation to Bush was Cohen's idea. While it is common for a president-elect to receive high-level national security briefings as part of the transition to the White House, it is unusual to extend such an early invitation to a presidential candidate from the party out of power, especially one who has not yet received his party's formal nomination.

Cohen said he "was appointed in this position to take the politics out of national security debates."

The invitation, nonetheless, offered tantalizing political implications.

In light of Cohen's criticism, the invitation could be seen as a suggestion that Bush's ideas are ill-formed. At the same time, having Bush discuss nuclear strategy with senior commanders could lend weight to the governor's handling of defense issues in the coming campaign.

Pentagon officials said they had not yet made arrangements for a briefing. One potentially knotty problem could be the level of secrecy surrounding the nation's nuclear weapons. Since Bush does not have a security clearance, he might be able to receive only an unclassified briefing.

In his proposal last week, Bush did not say he would reduce the number of nuclear weapons automatically. Instead, he said he would consider reductions based on recommendations by the Pentagon's military commanders. Last Tuesday, even as Bush made his proposals, those commanders appeared on Capitol Hill and said they would oppose reducing the number of warheads below the 2,000 to 2,500 being negotiated under the third strategic arms reduction treaty, or Start 3.

Under Start 2, which Russia's parliament recently ratified, the American and Russian arsenals are supposed to come down to 3,000 to 3,500, from roughly 6,000 today.

In his remarks Sunday, Cohen defended the administration's efforts to negotiate the Start 3 reductions with the Russians, as well as changes to the Antiballistic Missile Treaty of 1972 that would allow for a limited missile defense aimed at emerging threats from countries like North Korea.

"I think we have to do it in the context of how we balance the defense and the offense," Cohen said. "And we should do so in a very methodical, thoughtful, and intellectually sound way."

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The New York Times

May 29, 2000, Monday, Late Edition - Final

SECTION: Section A; Page 10; Column 1; National Desk

LENGTH: 961 words

HEADLINE: Defense Chief Invites Bush to Pentagon for Briefing

BYLINE: By STEVEN LEE MYERS

DATELINE: WASHINGTON, May 28

BODY:

Secretary of Defense William S. Cohen today invited Gov. George W. Bush of Texas and his national security advisers to the Pentagon for a briefing on the state of the nation's strategic nuclear arsenal after criticizing Mr. Bush's recent pledge to reduce the number of American nuclear warheads.

Mr. Bush's campaign aides responded by pointing to the military credentials of his advisers and suggesting that the campaign of Vice President Al Gore was playing politics with the Joint Chiefs of Staff.

Mr. Cohen extended the invitation after Mr. Bush proposed last week to consider making unilateral reductions in nuclear weapons, possibly deeper than those now being negotiated between the United States and Russia. Mr. Bush, the presumptive Republican presidential nominee, also pledged to construct a far larger antiballistic missile defense than the one now contemplated by the Clinton administration.

Mr. Cohen, appearing today on NBC's "Meet the Press," said Mr. Bush's proposals contained "internal inconsistencies." Building a larger missile defense than the administration's limited one, Mr. Cohen added, would force the Russians and other nations, like China, to increase their own offensive nuclear arsenals, making negotiated reductions far less likely.

"Any military commander will tell you, it's far better to have more numbers against a defense than to have a higher defense," Mr. Cohen said. "And so what you do by going up higher on defense, you will force the Russians and others to raise their limits much higher."

Mr. Cohen's objections echoed those Mr. Gore made during his commencement address at the United States Military Academy on Saturday, when he said Mr. Bush's proposals were harmful to arms control and threatening to global stability.

Mr. Cohen tried to couch his remarks as a nonpartisan effort to inform the emerging political debate over the nation's nuclear arms and military strategy. Mr. Cohen, a former senator from Maine and the only Republican in Mr. Clinton's cabinet, expressed his "high regard" for the governor and his advisers, who include a number of members from past Republican administrations.

He said he would invite Mr. Bush to meet with members of the Joint Chiefs of Staff and Adm. Richard W. Mies, commander of the American nuclear arsenal, as a matter of fairness in the presidential campaign.

"I think the Joint Chiefs would be willing certainly to do this, and I think it would be important," Mr. Cohen said, "because if this is going to become an area of debate in the fall elections, then I think both candidates ought to have equal opportunity to have access to the information that the vice president does."

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For his part, Mr. Cohen said he "was appointed in this position to take the politics out of national security debates." The invitation, nonetheless, offered tantalizing political implications.

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Bush discuss nuclear strategy with senior commanders could lend weight to the governor's handling of military issues in the campaign.

Pentagon officials said they had not yet made arrangements for a briefing.

One potentially knotty problem could be the degree of secrecy concerning nuclear weapons. Since Mr. Bush does not have a security clearance, his briefing might be limited to unclassified information.

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<http://www.nytimes.com>

GRAPHIC: Photo: Defense Secretary William S. Cohen objected to a nuclear proposal. (Meet the Press)

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May 24, 2000; Wednesday

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HEADLINE: PRESS BRIEFING BY JOE LOCKHART

CONTACT: 202-456-7150

BODY:

MR. LOCKHART: Good afternoon. Let me just make one travel announcement. On Friday, May 26, the President will travel to Assateague National Seashore in Virginia to make an environmental announcement. He will helicopter there, departing the South Lawn at 12:00 noon. The event will be at 1:30 p.m. At this point, the event is in-town travel pool only. We're working on the facilities out there to see if we can make that an open press event. We'll let you know hopefully later today.

Q Does that coincide with the annual pony swim?

MR. LOCKHART: No. I hope not. Otherwise we're going to have a much bigger crowd than we anticipated, two and four-legged types.

The President will then return at 4:30 p.m. He will spend the holiday weekend at Camp David, departing either late Friday or early Saturday. He'll be back at the White House on Monday morning to attend annual Memorial Day events.

Okay, that's all I've got. That's what we've got. New York would have been better, for the crowd in the back, but -- yes?

Q How do things stand on PNTR?

MR. LOCKHART: I don't have that much more to report to you than what we talked about this morning. I think the President has spent some time on this this morning. He's either met with or talked on the phone with a handful of members who are still making up their minds. I think as we said some months ago, we expected to be able to provide a good number of Democrats for this vote. I think the most accurate range or estimate was about 70 members. We expect when the vote's taken at the end of the day that the President will be able to deliver on the pledge that he made.

I think to put that in some perspective, if you look at the last major trade vote, which was fast track, as far as the Democratic Party, our vote was somewhere south of 40. So this involved a lot of work, a lot of time for the President, but I think we will get to the place where we thought we could be.

Q Does that mean you're going to win -- short of declaring victory now?

MR. LOCKHART: I can't declare that now because we're not there yet, and I can't, with any sort of certainty, talk about where the Republicans are. I know that they've made comments and I have no reason to have -- take any exception with any of what they've said. It's just that we've been talking to a lot of members who are making up their mind on the Democratic side on a regular basis, and not spending that kind of time on the Republican side. So I just don't know where they will come in.

Q Are you encouraged after the procedural vote? Are you encouraged after the recent procedural vote?

MR. LOCKHART: The rules vote? Yes -- I mean, the rule generally, at least in the majority party, will get a lot of support within the party because it is a procedural vote, so I don't know that we'd read too much into it. This is not a vote where we haven't spent a lot of time talking to everyone who is on the fence and is trying to make up their mind, so I don't know that you read too much into that. But I think with each call, with each meeting, with each session with -- whether it be Bill Daley or Steve Richetti here at the White House, or the others in the Cabinet, we're feeling better about getting to the number.

Q What has the President specifically been doing today?

MR. LOCKHART: I know he had -- we had one member down here today who he met with; he's been on the phone with others. He left the budget meeting and interrupted the budget meeting to excuse himself for a moment to talk to a member on the phone. And that's basically it. He's going to continue doing that through the afternoon as appropriate.

Q How many members has he talked to on the phone, do you know?

MR. LOCKHART: Just a handful. I don't have an exact number, but I think we're in the range of three or four at this point.

Q Why do they want to talk to him specifically, Joe? Is it others on the staff can't make the same arguments, or he's in a position to give them other things they want or --

MR. LOCKHART: No, I think the President is in a position to make the argument to demonstrate to members of the Democratic Caucus how important this is to him. And I think when you're a member of Congress making up your mind, you have every reason and every right to want to talk to the President about the issue, and not to some staff person.

Q Joe, obviously some members who decided at this late date to support this have come out with some projects in their districts. So I mean, how much did those projects play a role in convincing some of these members?

MR. LOCKHART: I think -- listen, I think you can go back and

look at other legislative efforts and find that this one will be singularly marked by how much it was debated on the merits. And this was a very -- and continues to be very healthy and lively debate. Those who are against it are very much against it, and have made their case aggressively over the last few months. Those who are for it have done it quite forcefully on the other side. So I don't think that this is a case where it was the so-called horse-trading that is moving people. Certainly, some members -- and a very small number -- have raised particular issues that are important to the economics of their districts. And we believe that's appropriate; the President had addressed those in conversations with members. But this really has been a debate that's been marked by the merits on both sides.

Q Just to follow up on that -- but you're not saying -- there's been some horse-trading that's moved some members?

MR. LOCKHART: No, I think -- certainly some members have talked about how this vote might impact their district, and to the extent that we can address those, we do. But there's been, I think -- if you look at previous, over time, legislative battles, this one I think will be looked at and remembered for being debated on the merits on two strongly held views.

Q How could this legislation, even hypothetically, hurt someone's district? Isn't it the White House's position that there would be no jobs lost here as a result of this?

MR. LOCKHART: I think, overall, the net benefit, and what we've always said is that this will be positive for our economy. That doesn't mean there aren't areas that might suffer some transition and have some issues that need to be addressed. But, overall, we believe strongly -- and I think a majority in Congress believe that this will be good and an important element of continuing the economic prosperity that we've enjoyed the last seven years.

Q Joe, one of the representatives, Representative Martin Frost of Texas, has publicly talked about what he wanted from the White House, and that was for the White House to talk to Northrup Grumman and not close the factory in his district. What did the White House say to Grumman, a private corporation, in regards to convincing them not to close that factory?

MR. LOCKHART: I don't really know. But if they've decided to stay there and Representative Frost looks upon this in a positive way, that's a good thing.

Q Joe, in his speech on the floor, Minority Leader Gephardt said today that the human rights record of China has not gotten better over the past few years, and that China hasn't earned permanent normal trade relations. Does the President just think Gephardt is wrong on this?

MR. LOCKHART: No, I think we have a -- we both recognize what the situation is in China, but we do have a fundamental disagreement of how to move forward. I think the President has made this point very clearly in the dozens of speeches that he's now given on this subject. And we believe it's in the long-term interests of promoting the rule of law, democratic, economic reform, human rights, religious freedom to engage China, encourage them to participate and belong to rules-based organizations.

And that is a difference. I mean, there are a number of members of Congress who don't take that view in both parties. There is certainly a contingent of House Republicans who have argued strong religious freedom; others that have argued on human rights. I think it's a judgment you have to make, and it's certainly our hope that a majority of Congress will reach the same judgment we have.

Q Joe, does the President see a need to do something to bring people like Gephardt back together, to show some Democratic unity?

MR. LOCKHART: Well, listen, I think the great part about the Democratic Party is we're not afraid to disagree when we disagree, but we understand those things that bind us. And we have a very strong, positive agenda that differentiates ourselves from the Republicans this year and brings us together. And we're going to get right back at this. Tomorrow morning we'll be back out talking about our health care agenda with Democratic leaders. We're going to be talking about minimum wage, patients' bill of rights, prescription drugs for Medicare, gun safety, investing in education. These are issues that define the differences between the Democrats and the Republicans. And I think you'll find as we move on through this year that the issues that divide us will be completely overwhelmed by the issues that unite us.

Q So you're saying that no damage has been done to the unity of the Democratic Party by this?

MR. LOCKHART: I'm saying that the great thing about the Democratic Party is that we can agree to disagree on some issues, but we agree on the vast majority of issues. And it's my judgment that at the end of the day, at the end of this year, the Democratic Party will be more united than ever before.

Q What about healing rifts with labor and unions that are -- with Democrats normally?

MR. LOCKHART: I think you can apply the same model to that. The Democrats -- this President has worked very closely with labor on the vast majority of issues that they consider to be important, whether they be economic, social, whether it be about health care, whether it be about investing in education. There are issues on trade where we have disagreements, but that is the exception rather than the rule. And I expect the President to continue to work with labor, to work closely with labor on issues that are important to them. And I expect a strong relationship to continue.

Q If you were looking at PNTR and eventually its passage today, how would you evaluate it in terms of Clinton administration achievements?

MR. LOCKHART: I think the President's approach to promoting economic prosperity is one of the most important things that has changed over the last seven years, as far as reducing the deficit, getting interest rates down, getting unemployment down. These are benefits that all Americans have enjoyed over the last seven years.

Opening markets abroad is a key part of his economic strategy. I think this is one of the most important votes on that front that's been taken. It's crucial to continue our economic prosperity, but it also has an added element of national security. China is obviously, no matter where you come on this -- no matter how you approach this debate, China is an important relationship for the United States and our national security moving into the future. And we believe this is an important step toward moving, as the President has said, moving China in the kind of direction we think they should go as far as democratic reform, economic reform and basic respect for human rights.

Q Joe, there seems to be a notable absence on the Hill of a Republican movement to deny Clinton a victory just for the sake of denying him a victory. Is there some kind of rapprochement going on between the White House and the Republican leadership, you being friends for the last six months?

MR. LOCKHART: Listen, I will let the Republican leadership speak for themselves. I think certainly, there are a number of Republicans who agree with the President on free trade who disagree with him on a whole host of other issues. The President, I think, for the last seven years has focused on getting things done, and getting things done in the area of trade has meant relying on a coalition of free trade Democrats and Republicans and we have a number of achievements. When we look back, you will be able to say "promoted a free trade agenda."

As far as this meaning something for the next four or five months, it's hard to say. We have an agenda, we have differences -- whether it be on patients' bill of rights or prescription drugs for Medicare -- but we actually believe that we can make progress and get things done as the Republicans move closer to our view on these issues. We'll have to wait and see, we'll have to wait and see over the next few months to see what happens.

Q Has the White House or the President been working with the Republican leadership to pass this bill?

MR. LOCKHART: Well, I think the President, early on in the process, in meetings here at the White House -- the meetings in the Yellow Oval, which I think there were seven of them -- I'd say the first one or two were bipartisan in nature, so he did talk to some Republican

members. He's taken the opportunity at events, at things like yesterday's event. There's a whole host of events we've done over the last two or three months where Republican leaders have been down here and Republican rank-and-file members. And he's pressed the case to them.

But I think his primary focus has been on trying to bring along a number of Democrats in order to get to the point where this would pass, and that's been the primary focus of his effort.

Q Joe, who came by today, what congressmen came by to see the President this morning?

MR. LOCKHART: I don't know.

Q Can you find out?

MR. LOCKHART: I have actually, I think for two months, done a good job about not revealing the names, based on if they want you to know who it is, they'll tell you, and I think I'll keep that for a few more hours.

Q How soon will we see the President after the vote today?

MR. LOCKHART: Pretty quickly, I think.

Q Joe, the President called last night's event for half-a-million-dollar donors and fundraisers "a truly wonderful thing." How can the President term a truly wonderful thing what critics have called a blatant exercise, selling access to the President?

MR. LOCKHART: Well, we don't agree with the critics. And on the \$500,000, I would say "donor," because it's my understanding there is only one person who has given at that level. This is primarily people who have helped raise money from both their own resources and their ability to bring others into the Democratic Party. I mean, the President's view on campaign finance and the Democrats' view on campaign finance is very clear -- we want to change the system. There is only one single reason why the system hasn't been changed, and that's the Republican leadership that has thwarted now three years in a row a process that could have brought us fundamental change in the system. As long as the system is -- as long as they block that change, we will continue to work within it and work to ultimately elect leaders who will stop this effort to block campaign finance.

Q If you disagree, if you say that this is not selling access to the President, then what's the President's concern about the system as it is now?

MR. LOCKHART: Because the President thinks there's too much money; there's too much time spent on it; there's too much influence

that is -- too much effort has to go into sort of affording your ability to get your message out. This is not just about money; the President has talked for years now about the ability to get reduced or free time to get your message out. And this is a debate that has gone on now for years, and we don't seem to get anywhere because the Republican leadership is dug in. And even despite the fact that a majority of the House of Representatives -- I believe a majority, it's certainly all 45 Democrats in the Senate -- support changing the campaign finance laws, the leadership is stopping it because in their narrow self-interests, they believe that it's bad for them. And because they have leadership positions, they have the ability to stop it.

Q But when the President goes to a \$25-million event, as he will tonight, do you think that sends a message that he thinks there's too much money in the system?

MR. LOCKHART: I think you should look at the event he goes to tonight. And I think you should look around the room and find that 75 percent of the people who are at that event tonight paid \$50, and draw the parallel with a big Republican event that was here last month, and draw your own conclusions.

This is an important event for the Democrats because we're involving some 12,000 people who are coming to honor the President and to try to help elect Democrats around the country, particularly Vice President Gore to succeed President Clinton. And I think when you look at this event and find that most -- the vast majority of the people there are small givers, \$50, this is a positive event for Democrats.

Q The majority of people may be small donors, but only 30 percent -- they only account for 30 percent of the money. The other 60 percent of the money --

MR. LOCKHART: John, you have no way of knowing how it will come out, so --

Q Well, 13,000 times \$50 is \$6 million.

MR. LOCKHART: You have no way of knowing until the fundraiser is over. Terry McAuliffe estimates that at or more than half of this will come from small donors, people at \$50, at \$100, at \$250. So we'll just have to wait and see. But I think you will see a complete different event than the one you looked at a couple of weeks ago.

Q Does the President have any queasiness about a fundraiser of this magnitude?

MR. LOCKHART: No. I think again there is going to be thousands and thousands of people who are involved who are not the same group that showed up several weeks ago here in Washington for the party opposite's event, and I think he's excited about it.

Q Going back, the view you expressed that the President thinks the system needs to be changed -- I mean, just, how do you reconcile that with the fact that the President, right now may be the largest fundraiser ever for political candidates in the history of politics?

MR. LOCKHART: Listen, this is an argument that I've had for two years here and my predecessor had for a previous two years. And it's not changing, and it's not changing for a simple reason, which is the Republican leadership has blocked any meaningful campaign finance reform.

The President believes it's important to help elect Democrats; it's important that he uses his abilities to help close the gap, the resource gap that has always existed among Democrats and Republicans. And I'll tell you one thing -- we are closer today, I think, than we were six, seven, 10 years ago to getting meaningful change. And if we can move the ball to the extent where Democrats regain control of the House or the Senate or both, I think you'll see a different posture.

Q Do you think tonight's event could actually advance the case for campaign finance reform, because so much money is being brought in that it will call attention to it?

MR. LOCKHART: I think that for those people in the country who are interested in meaningful campaign finance reform, they will find a home in the Democratic Party; they will find a hostile environment in the Republican Party.

Q On another subject, police brutality and racial profiling -- Al Sharpton's bringing it up with commemorating the 37th anniversary of the March on Washington, and he's calling for President Clinton to issue an executive order. And he says this data collection is not good enough. What is the President's thought?

MR. LOCKHART: The President has spoken on this subject, believes racial profiling is wrong and it's bad police and law enforcement practice. But we are going about this in a, I think, appropriate way in gathering data to see to the extent if there is a problem within federal law enforcement. We have been working with people like Republican Conyers to work to do the same on a local level. And we think that's the appropriate way to do it.

Q What do you say to critics who say that President Clinton has already been informed about this, because he, himself, has admitted to profiling in Arkansas?

MR. LOCKHART: Well, listen, we're talking here about what the federal law enforcement agencies are doing. We are proceeding, based on the President's direction to all federal law enforcement authorities to collect data on this, and we think that's the appropriate way to proceed

here.

Q Back on PNTR. Can you talk about what this vote means for the high-tech industry?

MR. LOCKHART: I think it means -- it's good news for the high-tech industry if it passes. It's also good news for all U.S. industries that rely on exports. And ultimately, it's good news for working families.

We believe that opening markets abroad is a key to continuing our prosperity here at home, both in jobs and the overall impact it has on our economy. And I think you're in a situation where virtually all Americans will benefit by this one-way agreement to open up the Chinese market. And the high-tech industry as a leader in our economy now, I think is particularly well-positioned to take advantage of an opening in the Chinese market.

Q Joe, regarding tonight's dinner, one more time, despite the fact that there will be millions of dollars of soft money raised tonight, it is still the President's position that he supports a ban on soft money?

MR. LOCKHART: It's the position of the McCain-Feingold bill that the President supports and the President would love and would open up any time, day or night, any time of the year in any season to sign, if congressional Republicans would stop blocking it.

Q On PNTR again, the President mentioned that if it didn't happen, there would be almost immediate repercussions that we would feel about now passing it. Can you give us a sense as to how long you think it would take for Americans to feel the benefits of it, whether it's economic benefits or human rights improvements? When do we start feeling this?

MR. LOCKHART: Certainly, it's not one of those things that I think there will be instantaneous -- America will wake up tomorrow morning in a good mood because PNTR passed. But I think if you look over the long-term, at both the economic and national security benefits, these will be things that Americans will feel in very real and tangible ways.

Q Sorry, bad math. I've been guilty of that for years. The majority of the people who paid \$50 tonight will only account for as much as \$600,000 of the estimated \$25 million to \$26 million. So what does that say about where the rest of the money is coming from, and what does that say about campaign finance reform?

MR. LOCKHART: Listen, we have said a lot about campaign finance, and we will continue to and will continue to work to change the

system. But as long as the system, the rules are as they are now, we're going to continue to work within the system. I think you will find --

and you should talk to the DNC and Mr. McAuliffe -- you will find that 50 percent or so of this will come in federal money, which is less than -- it's a \$1,000 or less. And you can look at the numbers. They won't know this for a while.

But I think if you want to look at the differences, look on the issues, on the issue the Democrats over -- unanimously support changing the campaign finance law; the Republicans have blocked it. And if you want to look at the events, we're bringing together 10,000, 12,000 people, most of whom are small donors that are excited about the Democratic Party. And that's a different picture than you saw two weeks ago.

Q Joe, is there anything on Israel or Lebanon that you can add today about the reaction or what the U.S. might be doing to --

MR. LOCKHART: No, I can't add much more today. I understand that the Secretary General's Special Representative is in the region. They're in the process now of certifying the Israeli withdrawal. They will then take the next step of working with the Lebanese government to restore their control. We are working directly within the U.N. and we are talking to the parties and the neighboring countries.

Q Joe, the Maryland State Prosecutors just dismissed the Linda Tripp wiring tap case -- that sort of looked like that might have been happening in the last day or two. Is there some White House reaction you can offer, especially since the key reasoning here is that Monica Lewinsky would not have been able to have authenticated the tape?

MR. LOCKHART: No.

Q One basic question about the DNC Gala tonight --

MR. LOCKHART: Yes. (Laughter.)

Q You got him on that one.

Q One basic question about the fundraiser.

MR. LOCKHART: Yes.

Q Why do need such huge sum of money in American politics?

MR. LOCKHART: Well, it's very expensive to get your message out. People primarily use television and radio to lay their views out to their constituents. That's a very expensive proposition. We don't have a system where you have reduced cost or free cost. That's something that I think the President has strong feelings about, and has tried to change -- unsuccessfully, to this point.

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Q Radio is not that expensive, Joe. (Laughter.)

MR. LOCKHART: All I can tell you is, they may not have been telling you about the Knoller mark-ups. (Laughter.) But we feel them, we feel them. And I'll be glad to share that with you when you go into your next contract negotiation.

Q How much money would you ballpark that the President has raised since he took office?

MR. LOCKHART: I don't have the slightest idea. I really don't. I think you'd have to check with the DNC, the DSCC, the DCCC, and you'd have some sense there.

Knoller, what is it? (Laughter.)

Q Billions. (Laughter.)

MR. LOCKHART: Okay. Thanks.

REGION: 4th U.S. Circuit Court of Appeals - Virginia, West Virginia, North Carolina, South Carolina, Washington, D.C.

INDUSTRY-CODE: Executive, legislative, and general government, except finance

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May 24, 2000, Wednesday

SECTION: WHITE HOUSE BRIEFING

LENGTH: 4555 words

HEADLINE: THE WHITE HOUSE REGULAR BRIEFING

BRIEFER: JOE LOCKHART, WHITE HOUSE SPOKESMAN

LOCATION: WHITE HOUSE BRIEFING ROOM, WASHINGTON, D.C.

TIME: 1:47 P.M. EDT DATE: WEDNESDAY, MAY 24, 2000

BODY:

MR. LOCKHART: Good afternoon.

Let me just make one travel announcement. On Friday, May 26th, the president will travel to Assateague National Seashore in Virginia to make an environmental announcement. He will helicopter there, departing the South Lawn at 12 Noon. The

event will be at 1:30. At this point, the event is in-town travel pool only.
We're working on the facilities out there to see if we can make that an open press event. We'll let you know, hopefully later today.

Q Does that coincide with the annual pony swim?

MR. LOCKHART: No. I hope not. Otherwise, we're going to have a much bigger crowd than we anticipated, two- and four-legged types.

The president will depart -- will then return at 4:30. He'll spend the holiday weekend at Camp David, departing either late Friday or early Saturday.
He'll be back -- (laughter) -- glad to serve, everybody back there. He'll be back at the White House on Monday morning to attend annual Memorial Day events.

(Laughter.) Okay, that's all I've got. That's what we've got.
Presumably New York would have been better -- for the crowd in the back -- but -- yeah?

Q How do things stand on PNTR?

MR. LOCKHART: I don't have that much more to report to you than what we talked about this morning. I think the president has spent some time on this this morning. He's either met with or talked on the phone with a handful of members who are still making up their minds. I think, as we said some months ago, we expected to be able to provide, you know, a good number of Democrats for this vote. You know, I think the most accurate range or estimate was about 70 members. We expect when the vote's taken at the end of the day, that the president will be able to deliver on the pledge that he made.

I think to put that in some perspective, if you look at the last trade -- major trade vote, which was fast track, you know, as far as the Democratic Party, our vote was somewhere south of 40. So, this involved a lot of work, a lot of time for the president, but I think we will, you know, get to the place where we thought we could be.

Q Does that mean you're going to win, short of declaring victory now?

MR. LOCKHART: Well, I can't declare that now because we're not there yet and I can't, you know, with any sort of certainty talk about where the Republicans are. I know that they've made comments, and I don't -- you know, I have no reason to take any exception with any of what they've said. It's just that we don't -- you know, we've been talking to a lot of members who are making up their mind on the Democratic side on a regular basis, and not spending that kind of time on the Republican side.

So I just don't know, you know -- you know, where they'll come in.

Q Are you encouraged after the procedural vote? Are you encouraged after the recent procedural vote? (Cell phone rings.)

MR. LOCKHART: The Rules vote?

Q (Inaudible.)

MR. LOCKHART: Yeah -- I mean -- you know, well, the Rules generally, at least in the majority party, will follow -- will get a lot of support within the party because it is a procedural vote. So I don't know that we'd read too much into it. And this is not a vote where we haven't spent a lot of time talking to everyone who is on the fence and is trying to make up their mind. So I don't know that you'd read too much into that.

But I think -- you know, with each call, with each meeting, with each session with -- you know, whether it be Bill Daley or Steve Ricchetti here at the White House or the others in the Cabinet, you know, we are feeling better about getting to the number.

Q And what has the president specifically been doing today?

MR. LOCKHART: I know he had -- we had one member down here today, who he met with. He has been on the phone with others. You know, he left the budget meeting and interrupted the budget meeting to excuse himself for a moment to talk to a

member on the phone. And that's basically it. He is going to continue doing that through the afternoon, as appropriate.

Q How many members have you talked to on the phone, do you know?

MR. LOCKHART: Just a handful. I don't have an exact number, but certain -- you know, I think we're in the range of three or four at this point.

Q Why do they want to talk to him specifically, Joe? Is it that others on the staff can't make the same arguments or he is in a position to give them other things they want?

MR. LOCKHART: No. I think the president is in a position to make the argument, to demonstrate to members of the Democratic Caucus how important this is to him. And you know, I think when you are a member of Congress making up your mind, you have every reason and every right to want to talk to the president about the issue, and not to some staff person.

Q Joe, obviously some members who decided at this late date to support this have come out with some projects in their districts. So I mean, how much did those projects play a role in --

MR. LOCKHART: I think -- and you know, listen, I think you can go back and look at other legislative efforts and find that this one will be singularly marked by how much it was debated on the merits. And this was a very -- and continues to be -- a very healthy and lively debate. Those who are against it are very much against it and have made their case aggressively, over the last few months. Those who are for it have done it quite forcefully on the other side.

So I don't think that this is a case where it was, you know, the so-called horse trading that is moving people.

Certainly some members, and a very small number, have raised particular issues that are important to the economics of their districts, and we believe that's appropriate. The president has address those in conversations with members.

But this really has been a debate that's been marked by the merits on both sides.

Q Joe, can we get --

Q Just to follow up on that.

MR. LOCKHART: Yeah.

Q But you're not saying there's been some horse-trading that's moved some members.

MR. LOCKHART: Well, I think certainly some members have talked about how this voted might impact their district. And to the extent that we can address those we do. But there's been, I think if you look at previous, over time legislative battles, this one I think will be looked and remembered for being debated on the merits, you know, on two strongly held views.

Q How could this legislation, even hypothetically, hurt someone's district. Isn't it the White House's position that there would be no jobs lost here as a result --

MR. LOCKHART: I think overall, the net benefit, and what we've always said, is that this will be positive for our economy. That doesn't mean there aren't areas that might suffer some transition and have some issues that need to be addressed. But overall, we believe strongly and I think a majority in Congress believe that this will be good and an important element of continuing the economic that we've enjoyed the last seven years.

Q Joe, one of the representatives, Representative Martin Frost of Texas, has publicly talked about what he wanted from the White House, and that was for the White House to talk to Northrop Grumman and not close a factory in his

district.

What did the White House say to Grumman, a private corporation, in regards to convincing them not to close that factory?

MR. LOCKHART: (Pause.) I don't really know. But if they've decided to stay there and Representative Frost looks upon this in a positive way, that's a good thing.

Q Joe, in his speech on the floor, Minority Leader Gephardt said today that the human rights record of China has not gotten better over the past few years and that China hasn't earned Permanent Normal Trade Relations. Does the president just think Gephardt is wrong on this?

MR. LOCKHART: No. I think we have a -- we both recognize what the situation is in China, but we do have a fundamental disagreement of how to move forward. And I think the president has made this point very clearly in the dozens of speeches that he's now given on this subject. And we believe it's in the long-term interest of promoting the rule of law, democratic/economic reform, human rights, religious freedom to engage China, encourage them to participate and belong to rules-based organizations, and that is a difference.

I mean, there are a number of members of Congress who don't take that view, in both parties. There are certainly, you know, a contingent of House Republicans who have argued strongly on religious freedom, others that have argued on human rights. I think it's a judgment you have to make. And it's certainly our hope that a majority of Congress will reach the same judgment we have.

Q Joe, did the president see a need to do something to bring people like Gephardt, you know, back together to show some sort of Democratic unity?

MR. LOCKHART: Well, listen, we -- I think the great part about the Democratic Party is we're not afraid to disagree when we disagree, but we understand those things that bind us. And we have a very strong, positive agenda that differentiates ourselves from the Republicans this year and brings us together. And we're going to get right back at this. By, you know, tomorrow morning we'll be back out, talking about our health care agenda with Democratic leaders. We're going to be talking about minimum wage, Patients Bill of Rights, prescription drugs for Medicare, gun safety, investing in education. These are issues that define the differences between the Democrats and the Republicans. And I think you'll find, as we move on through this year, that the issues that divide us will be completely overwhelmed by the issues that unite us.

Q So are you saying no damage has been done to the unity of the Democratic Party from this?

MR. LOCKHART: I'm saying that what's -- the great thing about the Democratic Party is that we can agree to disagree on some issues, but we agree on the vast majority of issues. And it's my judgment that at the end of the day, at the end of this year, the Democratic Party will be more united than ever before.

Q What about healing rifts with labor and unions that are --

MR. LOCKHART: I think that -- I think you can apply the same model to that. The Democrats -- this president has worked very closely with labor on the vast majority of issues that they consider to be important, whether they be economic, social, whether it be about health care, whether it be about investing in education. There are issues on trade where we have disagreements. But that is the exception rather than the rule, and I expect the president to continue to work with labor, to work closely with labor on issues that are important to them. And I expect a strong relationship to continue.

Yeah? Sorry.

Q Joe, can we get more sweeping here for a minute? If you were looking at PNTR and eventually its passage today, how would you evaluate it in terms of Clinton administration achievements?

MR. LOCKHART: Well, I think the president's approach to promoting economic prosperity is one of the most important things that has changed over the last seven years, as far as reducing the deficit, getting interest rates down, getting unemployment down. This -- these are benefits that all Americans have enjoyed over the last seven years. Opening markets abroad is a key part of his economic strategy. I think this is one of the most important votes on that front that's been taken. It's crucial to continue our economic prosperity, but it also has an added element of national security. China's a -- obviously, no matter where you come on this -- no matter how you approach this debate, China is an important relationship for the United States and our national security moving into the future. And we believe this is an important step toward moving -- as the president has said, moving China in the kind of direction that we think they should go as far as democratic reform, economic reform, and basic respect for human rights.

Q Joe, there seems to be a notable absence on the Hill of a Republican movement to deny Clinton a victory just for the sake of denying him a victory. Is there some kind of rapprochement going on between the White House and the Republican leadership? Are you going to be friends for the last six months of the administration? (Laughter.)

MR. LOCKHART: Listen, I will let the Republican leadership speak for them themselves. I think certainly there are a number of Republicans who agree with the president on free trade who disagree with him on a whole host of other issues. The president, I think, for the last seven years has focused on getting things done. And getting things done in the area of trade has meant relying on a coalition of free-trade Democrats and Republicans. And we have a number of achievements when we look back, you'll be able to say promoted a free trade agenda.

As far as this meaning something for, you know, the next four or five months, it's hard to say. We have an agenda. We have differences, whether it be on Patients' Bill of Rights or prescription drugs for Medicare. But we actually that we can make progress and get things done as the Republicans move closer to our view on these issues. You know, we'll have to wait and see. We'll have to wait and see over the next few months to see what happens.

Q Joe, who --

Q How closely has he been -- has the White House or the president working with the Republican leadership to pass this bill?

MR. LOCKHART: Well, I think the president early on in the process in meeting here at the White House, the meetings in the Yellow Oval, which I think there were seven of them, I'd say the first one or two were bipartisan in nature, so he did talk to some Republican members. He's taken the opportunity at events, at things like yesterday's event, and there's a whole host of events that we've done over the last two or three months where Republicans leaders have been down here and Republican rank-and-file members, and he's pressed the case to them. But I think his primary focus has been on trying to bring along a number of Democrats in order to get to the point where this would pass, and that's been the primary focus of his effort.

Yeah, John.

Q Joe, who came by today? What congressman came by to see the president this morning?

MR. LOCKHART: I don't know.

Q Can you find out?

MR. LOCKHART: I have actually, I think, for two months done a good job about

not revealing the names based on whether they -- if they want you to know who it is, they'll tell you. And I think I'll keep that for a few more hours.

Q How soon will we see the president after the vote today?

MR. LOCKHART: Pretty quickly, I think.

Q Joe, the president called last night's event for half- million-dollar donors and fundraisers "a truly wonderful thing."

MR. LOCKHART: Yeah.

Q How can the president term a truly wonderful thing what critics have called a blatant exercise in selling access to the president?

MR. LOCKHART: Well, we don't agree with the critics. So -- and, you know, and on the 500,000, I would say donor, because I think it's my understanding there's only one person who's given at that level. This is primarily people who have helped raise money from both their own resources and their ability to bring others into the Democratic Party.

I mean, the president's view on campaign finance and the Democrats' view on campaign finance is very clear: We want to change the system. There is only one single reason why the system hasn't been changed, and that's the Republican leadership that has thwarted now three years in a row a process that could have brought us fundamental change in the system. As long as the system is -- as long as they block that change, we will continue to work within it, and work to ultimately elect leaders who will block -- who will stop this effort to block campaign finance.

Q If you disagree, if you say that this is not selling access to the president, then what's the president's concern about the system as it is now?

MR. LOCKHART: Because the president thinks there's too much money, there's too much time spent on it, there's too much influence that is -- too much effort has to go into sort of affording your ability to get your message out. This is not just about money. The president has talked for years not about the ability to get reduced or free time to get your message out. And, you know, this is a debate that's gone on now for years. And we don't seem to get anywhere because the Republican leadership is dug in, and whether -- even despite the fact that a majority of the House of Representatives, I believe a majority -- certainly all 45 Democrats in the Senate support changing the campaign finance laws. The leadership is stopping it because in their narrow self-interest, they believe that it's bad for them and, because they have leadership positions, they have the ability to stop it.

Q Well, when the president goes to a \$25 million event, as he will tonight, do you think that sends a message that he thinks there's too much money in the system?

MR. LOCKHART: I think you should look at the event he goes to tonight. And I think you should look around the room and find that 75 percent of the people who are at that event tonight paid \$50, and draw the parallel with a big Republican event that was here last month and draw your own conclusions. This is an important event for the Democrats because we're involving some 12,000 people who are coming to honor the president and to try to help elect Democrats around the country, particularly Vice President Gore to succeed President Clinton.

And I think when you look at this event and find that, you know, most the vast majority of the people there are, you know, small givers \$50 -- this is a positive event for Democrats.

Q Joe, the majority of people may be small donors, but only 30 percent -- they only account for 30 percent of the money. The other --

MR. LOCKHART: That's -- first off, Tom, you have no way of knowing how it'll

come out. So --

Q Oh, 13,000 times \$50 is \$6 million.

MR. LOCKHART: Well, there's -- you have no way of knowing until the fundraiser is over. Terry McAuliffe estimates that at or more than half of this will come from small donors, people -- that \$50, that \$100 or \$250. So we'll just have to wait and see. But I think you'll see a completely different event than the one you looked at a couple weeks ago.

Q Does the president have any queasiness about a fundraiser of this magnitude?

MR. LOCKHART: No. I think again there's going to be thousands and thousands of people who are involved who are not the same group that showed up several weeks ago here in Washington for the party opposite's event, and I think he's excited about it.

Q Joe, just going back to the view you expressed, that the president thinks the system needs to be changed, can you just -- how do you reconcile that with the fact that the president right now may be the largest fundraiser ever of -- for political candidates in the history of politics?

MR. LOCKHART: Well, listen, this is an argument that I've had for two years here and my predecessor had for a previous two years. And it's not changing, and it's not changing for a simple reason, which is the Republican leadership has blocked any meaningful campaign finance reform. The president believes it's important to help elect Democrats, it's important that he uses his abilities to help close the gap, the resource gap that has always existed among Democrats and Republicans. And I'll tell you one thing: we are closer today, I think, than we were six, seven, 10 years ago to getting meaningful change. And if we can move the ball to the extent where the Democrats regain control of the House or the Senate of both, I think you'll see a different posture.

Q So do you think tonight's event could actually advance the case for campaign finance reform because so much money is being brought in that it'll call attention toward it?

MR. LOCKHART: I think that for those people in the country who are interested in meaningful campaign finance reform, they will find a home in the Democratic Party, they will find a hostile environment in the Republican Party.

Q Joe?

MR. LOCKHART: Yeah.

Q On another subject, police brutality and racial profiling, Al Sharpton's bringing it up with -- commemorating the 37th anniversary of the march on Washington. And he's calling for President Clinton to issue an executive order. And he says that data collection is not good enough. What is the president's (thought on this ?) ?

MR. LOCKHART: Well, you know, the president has spoken on this subject, believes racial profiling is wrong, and it's bad police and law enforcement practice. But we are going about this in a, I think, appropriate way in gathering data to see to the extent if there is a problem within federal law enforcement. We have been working with people like Representative Conyers to work to do the same on a local level, and we think that's the appropriate way to do it.

Q Well, what do you say to critics who say that President Clinton's already had an informed -- been informed about this because he himself has admitted to profiling in Arkansas?

MR. LOCKHART: Well, listen, we're talking here about what the federal law enforcement agencies are doing. We are proceeding based on the president's direction to all federal law enforcement authorities to collect data on this, and we think that's the appropriate way to proceed here.

Yeah.

Q Back on PNTR, can you talk about what this vote means to the high tech industry?

MR. LOCKHART: Well, I think it means -- I mean, it's good news for the high tech industry if it passes.

It's also good news for all U.S. industries that rely on exports, and ultimately it's good news for working families.

We believe that opening markets abroad is a key to continuing our prosperity here at home, both in jobs and the overall impact it has on our economy, and I think you're in a situation where virtually all Americans will benefit by this one-way agreement to open up the Chinese market. And, you know, the high-tech industry is a leader in our economy now; I think it's particularly well-positioned to take advantage of an opening in the Chinese market.

Q Joe, regarding tonight's dinner, one more time, so despite the fact that there will be millions of dollars of soft money raised tonight, it is still the president's position that he supports a ban on soft money?

MR. LOCKHART: It's the position of the McCain-Feingold bill that the president supports, and the president would love and would open up any time, day or night, any time of the year, in any season, to sign, if congressional Republicans would stop blocking it.

Q Joe, on PNTR again, the president mentioned that if it didn't happen, there would be almost immediate repercussions that we would feel about not passing it. Can you give us a sense as to how long you think it will take for Americans to feel the benefits of it, whether it's economic benefits or human rights improvements? When do we start feeling this?

MR. LOCKHART: I don't -- certainly it's not one of those things that I think there will be instantaneous -- America will wake up tomorrow morning in a good mood because PNTR passed. But I think if you look over the long term at both the economic and national security benefits, these will be things that Americans will feel in very real and tangible ways.

Q Sorry, back --

MR. LOCKHART: Yeah.

Q (Off mike.) The majority of the people who pay \$50 tonight will only account for as much as \$600,000 of the estimated \$25 (million) to 26 million. So what does that say about the where the rest of the money is coming from? (Off mike.) MR. LOCKHART: Well, listen. What -- we have said a lot about campaign finance, and we will continue to and we will continue to work to change the system, but as long as the system, the rules are as they are now, we're going to continue to work within the system. I think you'll find, and you should talk to the DNC and Mr. McAuliffe (sp), you'll find that the, you know, 50 percent or so of this will come in federal money, which is less than -- it's \$1,000 or less. And you can look at the numbers; they won't know this for a while. But I think if you want to look at the differences, look on the issues, on the issue of the Democrats over -- unanimously support change in the campaign finance law. The Republicans have blocked it. And if you want to look at the events, we are bringing together 10,000, 12,000 people, most of whom are small donors. They're excited about the Democratic Party and that's a different picture than you saw two weeks ago.

Q Joe, is there anything on Israel and Lebanon that you can add today about reaction or what the U.S. might -- (off mike)?

MR. LOCKHART: I can't add much more today. I understand that the secretary-general's special representative is in the region. They're in the process now of certifying the Israeli withdrawal. They will then take the next step of working with the Lebanese government to restore their control. We are

working directly within the U.N., and we are talking to the parties and the neighboring countries.

Q Joe, the Maryland state prosecutor has just dismissed the Linda Tripp wiretap case, that sort of looked like that might be coming, happening in the last day or two. Is there some White House reaction you can offer, especially since the key reasoning here is that Monica Lewinsky would not have been able to have authenticated the tapes?

MR. LOCKHART: No.

Q Joe, one basic question about the DNC --

Q The gala.

Q -- gala tonight. (Laughter.)

MR. LOCKHART: Yes.

Q You got him on that one. (Laughter.)

MR. LOCKHART: Yes. I'm sorry.

Q I've been there.

Q One basic question about the fundraiser.

MR. LOCKHART: Yeah. Right.

Q Why do you need such a huge sum of money in American politics?

MR. LOCKHART: Well, it's very expensive to get your message out. People primarily use television and radio to lay their views out to their constituents.

That's a very expensive proposition. We don't have a system where you have reduced costs or free costs. That's something that I think the president has strong feelings about and has tried to change, unsuccessfully to this point.

But, you know, the Democratic Party has traditionally been out-raised and outspent by the Republicans in some cycles and at levels of four and five to one. And we think it's important, given how important the issues that Democrats care about are, that we do what we can to close that gap.

Q Radio is not that expensive. (Laughter.)

MR. LOCKHART: Well, all

Q Or -- (off mike). (Laughter.)

MR. LOCKHART: All I can tell you is, they may not have been telling you about the Knoller markups, but we feel them. (Laughter.) We feel them. And I'll be glad to share that with you when you go into your next contract negotiation.

Q How much money would you ballpark that the president has raised since he took office?

MR. LOCKHART: I don't have the slightest idea. I really don't. I think you'd have to check with the DNC, the DSCC, the DCCC, and you'd have some sense there.

Q Or Knoller.

MR. LOCKHART: Knoller? Knoller, what is it? (Laughter.)

Q Billions? (Laughter.)

MR. LOCKHART: Okay.

Q Thank you.

MR. LOCKHART: Thanks.

END

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FDCH Political Transcripts

May 24, 2000, Wednesday

TYPE: NEWS BRIEFING

LENGTH: 4625 words

HEADLINE: JOE LOCKHART HOLDS NEWS BRIEFING; WASHINGTON, D.C.

SPEAKER:
JOE LOCKHART, WHITE HOUSE PRESS SECRETARY

BODY:

WHITE HOUSE REGULAR NEWS BRIEFING

MAY 24, 2000

*** Elapsed Time 00:00, Eastern Time 13:48 ***

SPEAKERS: JOSEPH LOCKHART, WHITE HOUSE PRESS SECRETARY

*

LOCKHART: Good afternoon.

Let me just make one travel announcement. On Friday, May 26, the president will travel to Assateague National Seashore in Virginia to make an environmental announcement. He will helicopter there, departing the South Lawn at 12 noon. The event will be at 1:30. At this point, the event is in-town travel pool only. We're working on the facilities out there to see if we can make that an open press event. We'll let you know, hopefully, later today.

QUESTION: Does that coincide with the annual (OFF-MIKE).

LOCKHART: No. I hope not, otherwise, we're going to have a much bigger crowd than we anticipated -- two- and four-legged types.

The president will then return at 4:30. He will spend the holiday weekend at Camp David, departing either late Friday or early Saturday. He'll be back at the White House on Monday morning to attend annual Memorial Day events.

That's all I've got.

QUESTION: How do things stand on PNTR?

LOCKHART: I don't have that much more to report to you than what we talked about this morning. I think the president has spent some time on this morning. He has either met with or talked on the phone with a handful of members who are still making up their minds. I think, as we said some months ago, we expected to be able to provide, you know, a good number of Democrats for this vote. You know, I think the most accurate range for -- or estimate, was about 70 members.

MOREn

LOCKHART: We expect, when the vote's taken at the end of the day, that the president will be able to deliver on the pledge that he made.

I think, to put that in some perspective, if you look at the last trade -- major trade vote, which was fast track, you know, as far as the Democratic Party, our vote was somewhere south of 40. So this was -- involved a lot of work, a lot of time, for the president, but I think we will get to the place where we thought we could be.

QUESTION: Does that mean you're going to win, sort of declaring victory now?

LOCKHART: Well, I can't declare that now because we're not there yet, and I can't, you know, with any sort of certainty, talk about where the Republicans are. I know that they've made comments, and I know don't -- you know, I have no reason to take any exception with any of what they've said. It's just that we don't -- you know, we've been talking to a lot of members who are making up their mind on the Democratic side, on a regular basis, and not spending that kind of time on the Republican side. So I just don't know, you know, where they'll come in.

QUESTION: So are you encouraged after the procedural vote? Are you encouraged after the recent procedural vote...

(CROSSTALK)

LOCKHART: The rules vote?

QUESTION: (OFF-MIKE)

LOCKHART: Yes. Well, the rule generally, at least in the majority party, will fall -- will get, you know, a lot of support within the party because it is a procedural vote. So I don't know that we read too much into it.

This is not a vote where we haven't spent a lot of time talking to every one who's on the fence and is trying to make up their mind. So I don't know that you read too much into that, but I think, you know, with each call, with each meeting, with each session with, you know, whether it be Bill Daley or Steve Ricchetti here at the White House or the others in the Cabinet, you know, we're feeling better about getting to the number.

QUESTION: What has the president specifically been doing today?

LOCKHART: I know he had -- we had one member down here today who he met with. He's been on the phone with others.

LOCKHART: He left the budget meeting -- interrupted the budget meeting to excuse himself for a moment to talk to a member on the phone.

And that's basically it. He's going to continue doing that through the afternoon as appropriate.

QUESTION: How many members have you talked to on the phone, you know?

LOCKHART: Just a handful. I don't have an exact number, but, you know, I think we're in the range of three or four at this point.

QUESTION: Why do they want to talk to him specifically, Joe? Is that others on the staff can't make the same arguments or he's in a position to give them other thing they want?

LOCKHART: No, I think president's in a position to make the argument to demonstrate to members of his -- of the Democratic caucus how important this is to him. And, you know, when you're a member of Congress making up your mind, you have every reason and every right to want to talk to the president about the issue and not to some staff person.

QUESTION: Joe, obviously some members who decided at this late date to support this have come out with some projects in their districts. So, I mean, how much did those projects play a role in...

(CROSSTALK)

LOCKHART: I think, you know, listen, I think you can go back and look at other legislative efforts and find that this one will be singularly marked by how much it was debated on the merits. And this was a very -- and continues to be -- very healthy and lively debate.

Those who are against it are very much against it and have made their case aggressively over the last few months, and those who are for it have done it quite forcefully on the other side.

So I don't think that this is a case where it was, you know, the so-called horse-trading that is moving people. Certainly, some members and a very small number have raised particular issues that are important to the economics of their districts, and we believe that's appropriate. The president has addressed those in conversations with members.

But this really has been a debate that's been marked by the merits on both sides.

QUESTION: Joe, can we just follow up on that. But you're not saying there's been some horse-trading that's moved some members.

LOCKHART: No, I think you -- certainly some members have talked about how this vote might impact their district, and to the extent that we can address those we do.

LOCKHART: But there's been, I think, if you look at previous over-time legislative battles, this one, I think, will be looked at and remembered for being debated on the merits, you know, on two strongly held views.

QUESTION: How could this legislation even hypothetically hurt someone's district? Isn't it the White House's position that there would be no jobs lost here...

LOCKHART: I think overall the net benefit -- what we've always said is that this will be positive for our economy. That doesn't mean there aren't areas that might suffer some transition and have some issues that need to be addressed, but overall we believe strongly, and I think a majority in Congress believe that this will be good and an important element of continuing the economic prosperity that we've enjoyed the last seven years.

QUESTION: Joe, (inaudible) Representative Martin Frost of Texas publicly talked about what he wanted from the White House, and that was for the White House to talk to Northrop Grumman and not close a factory in his district. What did the White House say to Grumman, a private corporation, in regards to convincing them not to close that factory?

LOCKHART: I don't really know, but if they've decided to stay there and Representative Frost looks upon this in a positive way, that's a good thing.

QUESTION: Joe, in his speech on the floor, Minority Leader Gephardt said today that the human rights record of China has not gotten better over the past few years and that China hasn't earned permanent normal trade relations.

QUESTION: Does the president just think Gephardt on this?

LOCKHART: No, I think we have a -- we both recognize what the situation is in China, but we do have a fundamental disagreement of how to move forward. And I think the president has made this point very clearly in the dozens of speeches that he has now given on this subject. And we believe it's in the long term interest of promoting the rule of law, democratic/economic reform, human

rights,
religious freedom to engage China, encourage them to participate and
belong to
rules-based organizations.

And that is a difference. I mean, there are a number of members of
Congress
who don't take that view, in both parties. There are certainly, you
know, a
contingent of House Republicans who have argued strongly on religious
freedom.
Others that have argued on human rights.

I think it's a judgment you have to make. And it's certainly our hope
that a
majority of Congress will reach the same judgment we have.

QUESTION: Joe, does the president see a need to do something to bring
people
like Gephardt back together to show Democratic unity?

LOCKHART: No. Listen we -- I think the great part about the Democratic
Party
is, we're not afraid to disagree when we disagree, but we understand those
things that bind us. And we have a very strong, positive agenda that
differentiates ourselves from the Republicans this year, and brings
together.
And we're going to get right back at this.

Tomorrow morning, we'll be back out talking about our health care
agenda with
Democratic leaders. We're going to be talking about minimum wage,
Patients'
Bill of Rights, prescription drugs for Medicare, gun safety, investing in
education.

These are issues that define the differences between the Democrats and
the
Republicans. And I think you'll find, as we move on through this year,
that the
issues that divide us will be completely overwhelmed by the issues that
unite
us.

QUESTION: Are you saying no damage has been done to the unity of the
Democratic Party from this?

LOCKHART: I'm saying that what's -- the great thing about the Democratic
Party is that we can agree to disagree on some issues, but we agree on
the vast
majority of issues. And it's my judgment that at the end of the day, at
the end
of this year, the Democratic Party will be more united than ever before.

QUESTION: It seems to be labor and unions that are (OFF-MIKE)?

LOCKHART: I think you can apply the same model to that. The Democrats
--
this president has worked very closely with labor on the vast majority of
issues
that they consider to be important, whether they be economic, social,
whether it
be about health care, whether it be about investing in education.

There are issues on trade where we have disagreements. But that is the
exception rather than the rule, and I expect the president to continue to
work
with labor -- to work closely with labor on issues that are important to
them,
and I expect a strong relationship to continue.

QUESTION: Joe, can we get more sweepy here for a minute? If you were
looking
at PNTR and eventually it's passage today, how would you evaluate it in
terms of
Clinton administration achievements?

LOCKHART: Oh, I think the president's approach to promoting economic
prosperity is one of the most important things that has changed over the
last
seven years as far as reducing the deficit, getting interest rates down,
getting
unemployment down. These are benefits that all Americans have enjoyed
over the
last seven years.

Opening markets abroad is a key part of his economic strategy. I think this is one of the most important votes on that front that's been taken. It's crucial to continue our economic prosperity.

But it also has an added element of national security. China's a -- obviously, no matter where you come on this -- no matter how you approach this debate, China is an important relationship for the United States and our national security, moving into the future. And we believe this is an important step toward moving -- as the president said, moving China in the kind of direction that we think they should go as far as democratic reform, economic reform and basic respect for human rights.

QUESTION: Joe, there seems to a notable absence on the Hill of a Republican movement to deny Clinton a victory just for the sake of denying him a victory.

QUESTION: Is there some kind of rapprochement going on between the White House and Republican leadership? Are you going to be friends for the last six months in the administration?

LOCKHART: Listen, I will let the Republican leadership speak for themselves. I think, certainly there are a number of Republicans who agree with the president on free trade, who disagree with him on a whole host of other issues.

The president, I think for the last seven years, has focused on getting things done. And getting things done in the area of trade has meant relying on a coalition of free trade Democrats and Republicans. And we have a number of achievements, when we look back, you'll be able to say promoted a free trade agenda.

As far as this meaning something for, you know, the next four or five months, it's hard to say. We have an agenda. We have differences, whether it be on Patients' Bill of Rights or prescription drugs for Medicare, but we actually believe that we can make progress and get things done as the Republicans move closer to our view on these issues, you know, we'll have to wait and see. We'll have to wait and see over the next few months to see what happens.

(CROSSTALK)

QUESTION: ... has the White House or president been working with the Republican leadership to pass this bill?

LOCKHART: Well, I think the president, early on the process in meetings here at the White House, the meetings in the Oval -- I think there were seven of them. I'd say the first one or two were bipartisan in nature, so we did talk to some Republican members. He's taking the opportunity at events, at things like yesterday's event and there's a whole host of events we've done over the last two or three months where Republican leaders have been done here and Republican rank-and-file members and he's pressed the case to them.

But, I think his primary focus has been on trying to bring along a number of Democrats in order to get to the point where this would pass and that's been the primary focus of his effort.

QUESTION: Joe, who came by this today -- what congressman came by to see the president this morning?

LOCKHART: I don't know.

QUESTION: Can you find out?

LOCKHART: I have actually, I think for two months, done a good job about not revealing the names based on whether they -- if they want you to know who it is, they'll tell you, and I think I'll keep that for a few more hours.

QUESTION: How soon will we see the president after the vote?

LOCKHART: Pretty quickly, I think.

QUESTION: Joe, the president called last night's event for \$500,000 donors and fundraisers a truly wonderful thing. How can the president term a truly wonderful thing what critics have called a blatant exercise in selling access to the president?

LOCKHART: Well, we don't agree with the critics. So -- and, you know -- and on the \$500,000 I would donor, because I think it's my understanding there's only one person who's given at that level. This was primarily people who've helped raise money from both their own resources and their ability to bring others into the Democratic Party.

I mean, the president's view on campaign finance and the Democrat's view on campaign finance is very clear: we want to change the system. There is only one single reason why the system hasn't been changed and that's the Republican leadership that has thwarted now three years in a row a process that could have brought us fundamental change in the system.

As long as the system is -- as long as they block that change we will continue to work within it and work to ultimately elect leaders who will block -- who will stop this effort to block campaign finance.

QUESTION: Well, if you disagree, if you say that this is not selling access to the president, then what's the president's concern about the system as it is now?

LOCKHART: Because the president thinks there's too much money, there's too much time spent on it, there's too much influence that is -- too much effort has to go into, sort of, affording your ability to get your message out. This is not just about money; the president has talked for years now about the ability to get reduced or free time to get your message out.

And, you know, this is -- this is a debate that's gone on now for years, and we don't seem to get anywhere because the Republican leadership has dug in and whether -- even despite the fact that a majority of the House of Representatives, I believe a majority, it's certainly all 45 Democrats in the Senate support changing the campaign finance laws, the leadership is stopping it because, in their narrow self-interest, they believe that it's bad for them, and because they have leadership positions, they have the ability to stop it.

QUESTION: Well, when the president goes to a \$25 million event, as he will tonight, do you think that sends a message that he thinks there's too much money in the system?

LOCKHART: I think you should look at the event he goes to tonight. And I think you should look around the room and find that 75 percent of the people who are at that event tonight paid \$50 and draw the parallel with a big Republican event that was here last month, and draw your own conclusions.

This is -- this is a important event for the Democrats because we're involving some 12,000 people who are coming to honor the president and to

try to
help elect Democrats around the country particularly Vice President Gore
to
succeed President Clinton.

And I think when you look at this event and find that most -- the vast majority of the people there are, you know, small givers, \$50 -- this is a positive event for Democrats.

QUESTION: Joe, the majority of the people may be small donors, but only
30
percent -- they only account for 30 percent of the money. The other...

LOCKHART: That's -- first off, John, you have no way of knowing how it will come out. So...

QUESTION: (OFF-MIKE) 15,000 times \$50 is \$6 million.

LOCKHART: Well, there's -- you have no way of knowing until the fund-raiser is over. Terry McAuliff estimates that at or more than half of this will come from small donors, people at \$50, at \$100 or \$250. So we'll just have to wait and see.

But I think you'll see a completely different event than the one you looked at a couple of weeks ago.

QUESTION: Does the president have any queasiness about a fund-raiser of this magnitude?

LOCKHART: No. I think -- again, there's going to be thousands and thousands of people who are involved, who are not the same group that showed up several weeks ago here in Washington for the party opposite's event. And I think he's excited about it.

QUESTION: Joe, just going back though, the view you express of the president thinks the system needs to be changed. I mean, just how do you reconcile that with the fact that the president right now may be the largest fund-raiser ever for political candidates in the history of politics?

LOCKHART: Well, listen, this is -- this is an argument that I've had for two years here, and my predecessor had for a previous two years. And it's not changing. And it's not changing for a simple reason, which is the Republican which is the Republican leadership has blocked any meaningful campaign finance reform.

LOCKHART: The president believes it's important to help elect Democrats, it's important that he uses his abilities to help close the gap -- the resource gap that has always existed among Democrats and Republicans.

And I'll tell you one thing: We are closer today, I think, than we were six, seven, 10 years ago, to getting meaningful change. And if the -- if we can move the ball to the extent where Democrats regain control of the House or the Senate or both, I think you'll see a different posture.

QUESTION: Joe, do you think tonight's event could actually the case for campaign finance reform because so much money is being brought in that it'll call -- cause attention for it?

LOCKHART: I think that for those people in the country who are interested in meaningful campaign finance reform, they will find a home in the Democratic Party; they will find a hostile environment in the Republican Party.

QUESTION: Joe, on those (inaudible) police brutality and racial profiling: Al Sharpton's bringing it up with commemorating the 37th anniversary of the march on Washington. And he's calling for President Clinton to issue an executive order, and he says this data collection is not good enough. What is the president...

(CROSSTALK)

LOCKHART: Well -- I mean -- you know, the president has spoken on this subject; believes racial profiling is wrong and it's bad police and law enforcement practice. But we are going about this in a, I think, appropriate way in gathering data to see to the extent that there is a problem within federal law enforcement.

We've been working with people like Representative Conyers to work to do the same on a local level, and we think that's the appropriate way to do it.

QUESTION: (OFF-MIKE) President Clinton has already had an informed -- been informed about this, because he himself has admitted to profiling in Arkansas.

LOCKHART: Well, listen, we're talking here about what the federal law enforcement agencies are doing.

LOCKHART: We are proceeding, based on the president's direction to all federal law enforcement authorities to collect data on this. And we think that's the appropriate way to proceed here.

QUESTION: Back on PNTR. Can you talk about what this vote means to the high-tech industry?

LOCKHART: Well, I think it means -- I mean, it's good news for the high-tech industry, if it passes. It's also good news for all U.S. industries that rely on exports. And also, it's good news for working families.

We believe that opening markets abroad is a key to continuing our prosperity here at home, both in jobs and the overall impact it has on our economy. And I think you're in a situation where virtually all Americans will benefit by this one-way agreement to open up the Chinese market.

And you know, the high-tech industry is a leader in our economy now. I think it's particularly well positioned to take advantage of an opening in the Chinese market.

QUESTION: Joe, regarding tonight's dinner, one more time. So, despite the fact that there will be millions of dollars of soft money raised tonight, it is still the president's position that he supports a ban on soft money.

LOCKHART: It's the position of the McCain-Feingold bill that the president supports. And the president would love and would open up any time, day or night, any time of the year, in any season, to sign, if congressional Republicans would stop blocking it.

QUESTION: Joe, on PNTR again, the president mentioned that if it didn't happen there would be almost immediate repercussions that we would feel about not passing it. Can you give us a sense as to how long you think it will take for Americans to feel the benefits of it, whether it's economic benefits or human rights improvements, and when do we start feeling this?

LOCKHART: I don't. Certainly, it's not one of those things that I think there will be instantaneous -- America will wake up tomorrow morning in a good mood because PNTR passed. But I think if you look over the long term, at both

the economic and national security benefits, these will be things that Americans will feel in very real and tangible ways.

QUESTION: The majority of the people who paid \$50 tonight will only account for as much as \$600,000 of the estimated \$25 million to \$26 million. So what does that say about where the rest of the money coming from?

LOCKHART: If you look -- well, listen, what -- we have said a lot about campaign finance and we'll continue to and we'll continue to work to change the system. But as long as the system -- the rules are as they are now, we're going to continue to work within the system.

I think you'll find and you should talk to the DNC and Mr. McAuliffe. you'll find that the -- you know, 50 percent or so of this will come in federal money which is less than -- it's a \$1,000 or less -- you can look at the numbers, they won't know this for a while.

But I think if you want to look at the differences: Look on the issues, on the issue the Democrats over -- unanimously support changing the campaign finance, while the Republican have blocked it. And if you want to look at the events we're bringing together, you know, 10,000 -- 12,000 people, most of whom are small donors, they're excited about the Democratic party and that's a different picture than you saw two weeks ago.

QUESTION: (OFF-MIKE) Lebanon that you can add today about reaction or what U.S. might be doing (OFF-MIKE)

LOCKHART: No, no, I can't add much more today. I understand that the secretary general's special representative is in the region. They're in the process now of certifying the Israeli withdrawal. They will then take the next step of working with the Lebanese government to restore their control. We are working directly within the UN. We are talking to the parties and the neighboring countries.

QUESTION: Joe, Maryland state prosecutor has just dismissed the Linda Tripp wiring tap case. I guess that sort of -- that might be coming and happening in the last day or two. Is there some White House reaction you can offer, especially since the key reasoning here is that Monica Lewinsky would not have been able to authenticate the tape?

LOCKHART: No.

QUESTION: Joe (OFF-MIKE) a question about DNC tonight...

LOCKHART: Yes.

(LAUGHTER)

QUESTION: You got away (ph) with the that one.

LOCKHART: Yes, I'm sorry.

QUESTION: A basic question about the (inaudible). Why do you need such huge sums of money in American politics?

LOCKHART: Well, it's very expensive to get your message out. People primarily use television and radio to lay their views out to their constituents. That's a very expensive -- that's a very expensive proposition.

Now we don't have a system where you have reduced cost or free costs. That's

something that the president has strong feelings about and has tried to change, unsuccessfully to this point.

But, you know, the Democratic Party has traditionally been out-raised and out-spent by the Republicans in some cycles at levels of four and five to one. And we think it's important, given how important the issues that Democrats care about are, that we do what we can to close that gap.

QUESTION: Radio is not that expensive.

(LAUGHTER)

(CROSSTALK)

LOCKHART: All I can tell you is, they may not have been telling you about the Knoller markups...

(LAUGHTER)

... but we feel them, we feel them. I'll be glad to share that with you when you go into your next contract negotiations.

QUESTION: How much money would you ballpark that the president has raised since he took office?

LOCKHART: I don't have the slightest idea, I really don't. I think you'd have to check with the DNC, the DSCC, DCCC, and you'd have some sense there -- Knoller.

(LAUGHTER)

Knoller, what is it?

QUESTION: Billions.

(LAUGHTER)

LOCKHART: OK, thanks.

END

NOTES:

Unknown - Indicates speaker unknown.

Inaudible - Could not make out what was being said.

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

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TASS

May 23, 2000, Tuesday

LENGTH: 2289 words

HEADLINE: Itar-Tass economic news digest of May 23

BODY:

MOSCOW-- The Russian president and premier departed for Minsk on Tuesday at 11.56 where meetings of the heads of state and government of the Customs Union as well as of the Collective Security Council of the Commonwealth of Independent States will be held on May 23-24. The meeting of the Customs Union heads of state (Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan) will be held on

May 23 both in a narrow format and with the participation of delegations. The leaders of six member countries of the CIS Collective Security Council will hold their meeting on May 24. The Russian president plans separate meetings with the heads of Belarus, Kazakhstan, Kyrgyzstan, Armenia and Tajikistan. Kasyanov will hold talks with Belarussian Prime Minister Vladimir Yermoshin. The head of the Russian cabinet will return to Moscow on Tuesday evening.

MOSCOW-- Russia has proposed to the world community the cheapest way of launching satellites with the use of planes. Specialists developing the unique "Vozdushny start" (air launch) project announced this at a news conference on Tuesday. The aerospace corporation of this name consists of leading Russian enterprises -- Polyot air company, designers and manufacturers of space rockets, engines, control systems, as well as the designers of the unique An-124 "Russian" cargo aircraft. The supervisor of the programme, president of "Vozdushny start" aerospace corporation Anatoly Karpov said that putting into orbit one kilogram of payload with the use of an An-124 aircraft will cost 5,000-7,000 dollars while the launching from the ground costs 150 percent more. In addition, the implementation of this project will make it possible to create 100,000 jobs, Karpov said.

RIGA-- Jean Lemierre, elected as president of the European Bank for Reconstruction and Development on Monday, said Russia plays a big role in the bank's plans. "There is a huge challenge, which is Russia," he told a news conference. Charles Frank, who has been acting EBRD president over the past few weeks, expressed satisfaction over new appointments in the Russian cabinet and its pledge to continue market reforms. He praised Russian Prime Minister Mikhail Kasyanov for what he called an open position.

MOSCOW-- Russia's inflation will not exceed 12 percent in 2000 and the cabinet is planning a 10-11 percent inflation for next year, Finance Minister Alexey Kudrin said on Tuesday. In an interview published by Rossiiskaya Gazeta, the minister said the cabinet expects a better situation with "the social protection of citizens that should be in the focus of attention of the government." Kudrin said that the current industrial growth is creating new working places and that real incomes in the first quarter of this year grew up to 7.8 percent from the same period in 1999. "It is a considerable growth as calculations took the inflation into account. And don't forget incomes that so far are not seen by statistics," Kudrin said.

VLADIVOSTOK-- Owners of private planes from Japan are arriving in Russia to familiarize themselves with aerodromes and landing sites near Vladivostok in the Russian Far East with the aim to study the possibilities for flights from Japan to Primorye on board small aircraft. The press service of the administration of Primorye reported that the delegation is represented by the Association of owners of private aircraft and pilots which incorporates 300 members. They have arrived in Primorye at the invitation of their colleagues from Vladivostok on board two private planes which have successfully withstood the flight across the Sea of Japan.

NAKHODKA-- The Far East Shipping Company on Tuesday announced a program to build within five years ten tankers with the deadweight of 20,000 tons each. They will replace old tankers in service for more than twenty years. The press center of the shipping company said nine foreign shipbuilding companies had been looking for a contract. Five of them have been shortlisted for the tender.

ORENBURG-- Orenburg Governor Alexei Chernyshev called useful his business trip to Japan where he travelled on a delegation of the Russian government and the Federation Council upper chamber of the Russian parliament. Speaking with reporters here on Tuesday, he said that the main aim of the trip was to present leaders of Russian regions to major Japanese corporations. In Japan, the head of

the regional administration offered for consideration several investment projects, meeting the interests of the Orenburg Region. These are mostly projects on the development of the oil and gas industries. The Japanese side displayed interest in boosting oil and gas production, prospects for the development of the Sol-Iletsk mine and other economic projects. Japanese firms expressed regret that the region had been closed for them previously.

NEWYORK-- Priority tasks facing the new administration of Russian President Vladimir Putin and the forthcoming Russian- American summit were the main topics for discussion at a two-day forum of the Russian and American business elite, which ended in New York. It was held for the sixth time on the initiative of the influential research institution RAND Corporation from California. Jeremy Asrael, director of the Centre for Russia and Eurasia under RAND Corporation, told Tass that the leading advisers of the presidential candidates from the Democratic and Republican Parties, Albert Gore and George Bush, had taken part in the forum. The main problem they had discussed with the delegates to the forum had been possible changes in Russian- American relations if this or that candidate won the presidential election.

VLADIVOSTOK-- The shipping harbours of Primorye (Russia's Maritime Territory) have begun to transship containerised cargoes sent from China's northern provinces to various countries. The first Chinese containers from the city of Mudanjiang have reached the deep-water port Vostochny of the Nakhodka Free Economic Area (NFEA) on their way to Japan. This virtually marks the beginning of the transshipment of cargoes along the East-West international transportation corridor, on the establishment of which the NFEA Administrative Committee and the Maritime Territory administration have been working for the past five years. For the time being, containerised cargo are to be delivered to port Vostochny by road from the northern Chinese cities of Harbin, Mudanjiang, and Suifenhe.

MOSCOW-- The rouble's mean weighted rate to the U.S. dollar went up by 0.88 copecks and amounted to 28.2862 roubles for one dollar during Tuesday's MICEX unified trading session, as compared with Monday. The volume of trades was 152.060 million dollars, 1719 deals were concluded.

MOSCOW-- The rouble's mean weighted rate to euro went down by 32.49 copecks and amounted to 25.8026 roubles for one euro during Tuesday's MICEX unified trade session, as compared with Monday. The volume of trades was equal to 3.308 million euro, 189 deals were concluded.

MINSK-- Economic aspects of the speeding up of integration of member countries of the Customs Union, as well as collective security, will be the main problems to be discussed here by Russian President Vladimir Putin, who arrived in Minsk at 12.55 on Tuesday. The leaders of five member countries of the Customs Union are expected to express various opinions during the discussion and at a regular session of the Collective Security Council. Kazakh President Nursultan Nazarbayev expressed serious concern recently over a slow pace of integration in the Customs Union and blamed for that the leaders of the member countries. Experts believe the discussion in Minsk will be rather keen, but still the presidents are expected to reach agreement on some measures to be taken, specifically, on the creation of common economic space on the territory of the Customs Union member countries.

MINSK-- Russia and Belarus have drafted an accord on setting up a common money issue center and introduction of a common currency, the Russian prime minister's press service told Itar- Tass on Tuesday. Under the Russian-Belarusian union state agreement, the issue center and common currency accord was to be drafted in the first quarter of this year. The press service said the accord was prepared two days ago.

MINSK-- Resignation of the Central Bank of Russia's chairman Viktor Gerashchenko has not been considered or discussed, Prime Minister Mikhail Kasyanov said here on Tuesday in a comment on Western media reports that Kasyanov could be dismissed. "Before the middle of June, we in Russia are going to finish the formation of the governmental programme. Naturally, the

programme must envisage elements of the credit and money policy, and I am sure the government will find a common language with the Central Bank," Kasyanov said. The government will cooperate with the Central Bank in following a money policy which would serve further improvement of Russia's macroeconomic situation and would help development of market mechanisms, he said.

MINSK-- The presidents of Belarus and Tajikistan on Tuesday declared for closer economic cooperation in the framework of the Customs Union. Byelorussian President Alexander Lukashenko, receiving Tajikistan's president in his residence on Tuesday said that "meetings of the Interstate Council of the Customs Union and the Collective Security Council of the Commonwealth of Independent States will be held at an important period of transition when it is necessary to decide where these countries will go, whether they will be advancing or regressing". The Tajik president is to participate in these meetings. Lukashenko expressed the wish that the meetings should adopt good constructive decisions.

MOSCOW-- President Vladimir Putin "has confirmed his intention to take part in the work of the St.Petersburg economic forum, due to be held on June 13-17," Valerian Viktorov, executive secretary of the organising committee, said at a press conference in Moscow on Tuesday. The president is very much pressed for time, he continued, and for that reason Putin will fly to St.Petersburg for a few hours only and will speak at the opening ceremony. Besides, the president will hold several bilateral meetings with participants of the forum, Viktorov said. According to his information, "about half of the members of the new Russian government will attend the forum," the fourth of this kind to be held in St.Petersburg.

LONDON-- Russia is going to hold talks with the Paris Club early next autumn. Moscow hopes that the creditors will agree to the restructuring of its debt on the terms, similar to those worked out with the London Club. According to reports reaching here, Russian Deputy Finance Minister Sergei Kolotukhin said so at an annual meeting of the European Bank for Reconstruction and Development in Riga. Germany, Russia's main creditor in the Paris Club, is inclined to agree to the writing off of part of the debt, Kolotukhin stressed. French Minister of Economy, Finance and Industry Laurent Fabius expressed the intention to promote the reform process in Russia and said that Paris was analysing ways of the restructuring of the debt.

MOSCOW-- For the first time Russia's gold stock in the first quarter of 2000 has been higher than Russia's liabilities to international financial organizations, Central Bank Chairman Viktor Geraschenko told the tenth congress of the Association of Russian banks on Tuesday, Prime Tass reported. In April, the tendency of a growing gold stock had been improved with the surplus estimated at 3,7 billion roubles, Geraschenko said. Thus, the accumulation of Russia's own funds in the structure of its gold reserves has begun, Geraschenko declared. The task set forth to the Central Bank of Russia now is to strengthen and develop the tendency of economic growth maintaining low inflation rates, Geraschenko said.

NEWDELHI-- Sources in the Indian Ministry of Oil and Natural gas told Itar-Tass here on Tuesday that India intends to request the Russian Gazprom to draw up feasibility study of a project to build a maritime pipeline to transport natural gas from Iran to the republic. India takes great interest in the construction of the pipeline which has been recognised as an alternative to the project to supply Iranian gas to India via Pakistan. In the opinion of the Indian side, an invitation to Gazprom to take part in the implementation of this large-scale project, estimated at several billions of U.S. dollars, will promote revival of Russia's and India's cooperation in the production and transportation of energy resources.

MOSCOW-- Agents of the Russian Federal Taxation Police have been searching several offices of the "AvtoVaz" company. The search began at 10:00 AM Tuesday,

the press service of the Federal Taxation police told Itar-Tass. Investigating activities against the "AvtoVaz" have been administered, the press service said. At the same time, the press service reminded of the fact that it is not the first time that investigating activities against "AvtoVaz" were launched.

KIEV-- Representatives of the foreign ministries of CIS countries now conduct in Kiev consultations on problems of bringing the agreement on a free trade zone into effect. It is planned to coordinate approaches of the sides to the formation and functioning of the free trade zone. Tass learnt from the press service of the Ukrainian Foreign Ministry on Tuesday. Most participants in the CIS, except for Georgia and Russia, have already informed officially the Executive of the Commonwealth about fulfilling interstate procedures and are ready to conduct negotiations on reducing the list of restrictions on the free trade regime.

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HEADLINE: Giuliani Bows Out of New York Senate Race

GUESTS: Betsy McCaughey Ross, Michael Tomasky, John Fund

BYLINE: Bobbie Battista, William Schneider, John King, Frank Buckley

HIGHLIGHT:

Three weeks ago, New York Mayor Rudy Giuliani announced that had he had prostate cancer. Last week, he told reporters that he is seeking a legal separation from his wife. Today, Mayor Giuliani backed out of the New York Senate race.

BODY:

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

BOBBIE BATTISTA, HOST: Good afternoon, everyone, and welcome to TALKBACK LIVE.

Three weeks ago, New York Mayor Rudy Giuliani announced that had he had prostate cancer. Last week, he told reporters that he is seeking a legal separation from his wife. Today, Mayor Giuliani is backing out of the New York Senate race. We expect to hear from the mayor this hour.

A news conference is scheduled shortly, and we of course will bring that to you live. Here to talk about it now beforehand are Michael Tomasky, a political columnist for "New York" magazine. Michael joins us by phone. CNN's senior political analyst Bill Schneider is with us here in Atlanta. And Betsy McCaughey Ross is with us, former New York lieutenant governor.

Betsy, thank you for joining us.

Bill, let me start with you. What do you think finally convinced the mayor not to run for the race? Was it more health problems or the threat of scandal? What do you think finally pushed him over?

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Well, we're going to hear in a few minutes when he has his press conference and makes his statement, but it would be my guess that it was his health problems. He's always indicated that he's a fighter. He was determined to make this race, but from what we know about the course of treatment that's likely for someone with this kind of cancer at this stage, it could take him out of really being able to campaign for six weeks, maybe 10 weeks or longer. And that would make it very, very difficult for him to campaign. And that's, I believe, what he's going to say when he makes his statement.

BATTISTA: Betsy, was anyone really surprised by that decision?

BETSY MCCAUGHEY ROSS, FORMER NEW YORK LIEUTENANT GOVERNOR: No one could predict ahead of time what the mayor's decision would be, but let me just add to what Bill said that although the mayor will undoubtedly emphasize his health -- and we're all very concerned about his health -- he undoubtedly has also been listening to his expert advisers who have been telling him not to be misled by the polls. Voters are reluctant to admit to pollsters that they are influenced by a politician's private life, nevertheless they are. And he probably is very concerned about voter reactions to his adulterous behavior. BATTISTA: Michael, how much of a blow is this for New York Republicans?

MICHAEL TOMASKY, "NEW YORK" MAGAZINE: For a little while at least it's a major blow. You know, they had a game plan, and the game plan centered around Rudy Giuliani. Rudy Giuliani's the quarterback, right? And you build a game plan around the quarterback. So now their quarterback is off on the sidelines.

But I think that Rick Lazio, if he is indeed the candidate -- and it looks like he will be -- is potentially quite a strong one. He doesn't have a lot of the baggage that Giuliani does. There are a lot of voters in New York City certainly who, to be frank about it, hate Rudolph Giuliani. I don't think I -- I can't think of any voters who hate Rick Lazio. And he's suburban, he's Catholic, he's from Suffolk County. Those are all very good things indeed for a candidate seeking statewide office in New York to be.

So Hillary Clinton doesn't have as big a target, and as a candidate, on paper at least, he's an appealing one.

BATTISTA: Bill...

MCCAUGHEY ROSS: This is actually going to be a more difficult race for Hillary Clinton than a race against Rudy Giuliani. So far, this race has been a referendum on Rudy's temperament and Rudy's conduct. But with Hillary running against a relative unknown like Rick Lazio, suddenly the shift will be back to a referendum on her conduct, her history, her qualifications for office. It's very difficult for a candidate with high negatives, as someone as well known as Mrs. Clinton is, to run against an unknown, Mr. Somebody Else, and win.

BATTISTA: Wasn't Rick Lazio the pick, Bill, before Rudy Giuliani expressed interest in the race?

SCHNEIDER: Well, he expressed interest in running. Even after Rudy Giuliani said he wanted to run. Rick Lazio said he might go ahead and run. And then he was kind of crowded out by the Republican establishment in Washington and in New York, who didn't want to see Rudy Giuliani face a primary fight.

To the argument that Rick Lazio is totally unknown, there's one thing that he is: He's a congressman, a member of the Republican majority in the Congress. A lot of New Yorkers don't like the Republican Congress, and you can bet that the first thing the Clinton campaign is going to try to do is to paint Rick Lazio as a loyal lieutenant in the Republican Congress which tormented her husband, which goes after her. It got Al D'Amato in a great deal of trouble when he

went after
her as a Republican member of the Congress. He ultimately lost his
Senate seat
to a relatively unknown member of Congress, Chuck Schumer.

They're going to try to portray him as a national Republican and part
of that
party.

BATTISTA: CNN's senior White House correspondent John King is also with
us.

John -- there you are. He's not the only congressman, by the way, who
has
expressed an interest in replacing Rudy as the nominee. We heard on CNN
just a
few moments ago on the phone from Representative Peter King. What's the
likelihood of him being part of this?

JOHN KING, CNN SENIOR WHITE HOUSE CORRESPONDENT: Well, Peter King has
said
all along he would like to run if the mayor did not run, but again the
state
Republican Party has a great deal of control over the nominating
process. They
had cleared the race. Chairman Powers, Bill Powers, Governor Pataki had
convinced Congressman Lazio not to run. They are now both working the
phones,
we're told, trying to clear the field so there will be no competition for
the
Republican nomination.

And Congressman King has said that he would like to run, that he thinks
of
himself as the better candidate than the congressman from the neighboring
district, Mr. Lazio. But he has also said that if the cards were stacked
against him, that he would understand that and that he most likely would
not
run. We're told one of the phone calls that Chairman Powers will make
today is
to Congressman King. Expect pressure from the governor as well. I think
within
the next 24-48 hours what most New York Republicans expect is that they
will
have one candidate, and that that candidate will be Rick Lazio.

BATTISTA: Michael, what is the process for selecting the Senate
candidate in
New York, and how smooth a process you think that will be?

TOMASKY: I think it will be pretty smooth at this point. The state
Republican Party has its nominating convention, you know, similar to a
national
party's nominating convention. But in this case, Republican delegates
from the
state on May 30th in Buffalo. They want to obviously leave that
convention with
a candidate.

It is possible -- how you become candidate there is either, of course,
by
acclamation -- Hillary Clinton was nominated by the Democrats by
acclamation
last Wednesday in Albany when they had their convention -- or if a
candidate
doesn't reach a certain threshold at the convention, then that candidate
is
entitled to go out and gather signatures on nominating petitions. But by
tradition in the Republican Party, they usually do it by the agreement of
the
party leaders, and I don't see any reason to think that it's going to be
any
different this time.

BATTISTA: Is there going to be any fighting, Bill, do you think over
this, or
should it be fairly smooth behind Lazio?

SCHNEIDER: Not likely to be any fighting, because anyone who challenges
Lazio
is going to find that his fund-raising -- his or her -- fund-raising
sources are
going to disappear.

The first lady is going to -- the Democrats are going to run this
campaign,
they're not going to pay a lot of attention to Lazio. They're going to
say, this
is a campaign against the Republican Congress. They're going to see him
as the
face of the Republican Congress.

He's going to run a different campaign. He's going to say, I'm a New
Yorker.
I was born here, I grew up here, I've lived here all my life. I'm one of
you.
And, you know, there's only one case I can find of someone winning a
statewide
office for senator or governor who's never live or worked in the state.
And

that was Robert Kennedy in 1964. She's hoping to do what he did. I don't know.
There might be people here from New York. I wonder how ordinary voters feel about voting for someone, even a first lady, who's never lived or worked in a state.

BATTISTA: We've had definite sentiments about that. I'm sure we'll get a few from the audience in just a minute. They generally don't like that, I can tell you. At least they start...

SCHNEIDER: Well it rarely happens.

BATTISTA: Yes, when we talked about it earlier in the campaign, they were not in favor of that for the most part. So...

SCHNEIDER: And that's going to be the Lazio message.

BATTISTA: But wasn't it the our own Jeff Greenfield who said at some point, by the time this campaign is over, Betsy, you will think Hillary will have lived in this state for 30 years.

MCCAUGHEY ROSS: It appears that the carpetbagger issue is more or less disappearing from the concerns of most New Yorkers. On the bright side, one of the positive developments for Hillary is that her likely opponent is not going to be from New York City. For a Democrat to win statewide in New York state, that Democrat must win 65 percent of New York City, break even in the suburbs, and avoid a real defeat upstate.

When she was running against a New Yorker, the first man of New York, Rudy, it was unlikely that she would get 65 percent. She was only at 57 percent. But running against a suburban opponent, she's likely to take a much larger majority of the New York City vote, and it will increase her likelihood of winning in November.

BATTISTA: John, it would appear to me at this point that Hillary Clinton has the advantage in terms of money right now, but, I mean, who's going to get Rudy's money? I mean, how -- if it is Rick Lazio, how does he get that?

KING: Rudy can't give any of his money except for writing a personal contribution. He could not give any of the large -- the millions he has raised to Rick Lazio. Rick Lazio will have to go out and raise money on his own, and we understand Governor Pataki is already ready to endorse Rick Lazio, ready to help him raise money. They will calm on Republicans around the country, including their presidential nominee, George W. Bush, to help out in this case.

What Rudy could do is to give a large amount of his money to the state Republican Party. The state Republican Party could then use that money to run issues ads, to promote the themes that Congressman Lazio would promote in the race. So the mayor could use some of his money to indirectly help Rick Lazio. But to run the Senate race, most people think this will be \$25 million apiece or more, perhaps the most expensive Senate race in history. To raise most of that money, Congressman Lazio is going to have to raise it on his own.

BATTISTA: Let me go to the audience real quickly -- Jim, a thought?

JIM: I had a quick question of why Governor Pataki did not make himself available as a candidate. He's a better-known Republican. Why did he not get in himself?

BATTISTA: Yes, go ahead, Bill.

SCHNEIDER: We don't know. I mean, he could run for a third term as governor. He's not term-limited the way Rudy Giuliani is in New York City. He appears to be happy. He's popular and successful in the job in New York state, far less controversial than Rudy Giuliani. I've heard many views, including one fairly evil conspiracy theory that says he really will endorse Lazio and expect Lazio to lose, and then he will be Nelson Rockefeller, the king of the Republican Party in New York. There will be no Republican senator, there will be --

Mayor
Giuliani will be wounded, and the Republican Party, Pataki can say, is
mine, all
mine.

BATTISTA: That makes for a good book.

Michael, thoughts on that?

TOMASKY: My theory is a little more benign. I think he just doesn't
want the
job and doesn't want to go through the grueling work that you have to go
through
to get the job. You know, he's -- let's put it this way, and this has
been in
the papers. But, you know, there seem to be days when he doesn't even
exactly
show up for work. Running for Senate is an 18-hour-a-day job. He's in a
pretty
comfortable position right now, governor. He's got his schedule the way
he
likes it, and I don't think he wants to put in the hours you have to to
run
against Hillary.

BATTISTA: We've got to take a quick break while we wait for His Honor's
news
conference. We'll be back in just a minute, and we'll talk about whether
or not
this race will maintain the national interest that it's had without Rudy
Giuliani.

Back in a moment.

(COMMERCIAL BREAK)

STEVE: Hi, my name is Steve at American University. Hopefully the
Republicans can find a strong candidate to defeat Hillary and send her
back to
her real home in Arkansas.

BATTISTA: All right, Vicky in the audience from Texas, and she thinks
maybe
we're putting just a little too much emphasis on this New York race.

VICKY: I
do. It's just one of 50 states, and I've always felt my senator is as
important
as the senator from New York or the senator from Wyoming, and I feel
because it
involves the first lady, the media is putting undue importance on one
Senate
seat.

BATTISTA: Let me ask Michael, because I know he has to go here shortly.
Michael, do you think this race will maintain the same level of interest
on the
national level, assuming that it's there, and we're not just all naval
gazing,
without Rudy Giuliani?

TOMASKY: Not the same, but I think it still it will be high. I see the
woman's point. But you know, there's only one race where, you know, the
sitting
first lady is running, and it's the first time it's even happened in
history, so
you know, naturally it's -- and a person who's not from the state and all
that,
so naturally it's more of a story than some other races. She is the main
part
of the story. You know, if Rudy Giuliani had been running against Nita
Lowey,
Democratic congresswoman from Westchester County. I've covered a lot of
New
York Senate races. We wouldn't even be covering it yet. We'd start
talking
about it in Labor Day, after New Yorkers all got back from their summers
at the
Hamptons. We've been covering this race pretty intensely since July,
1999, when
Hillary went to when Hillary went to Pat Moynihan's farm that morning,
and we've
been covering it more because of her than him, so I think it will still
maintain
a pretty high degree of coverage, but obviously not quite the same.

BATTISTA: All right, Michael Tomasky, I know you're got to go. Thanks
very
much for joining us. And again, a reminder, we are awaiting the mayor's
news
conference, which should be coming up at any moment now, to get the final
story
on this. And I wanted to go to Nate in the audience who had a question
here for
our analysts.

NATE: Well, I was just going to say that any kind of gains that Hillary
Clinton might be making in New York City, that 65 percent threshold that
she
needs to reach, she might lose in the upstate, because now the
Conservative

Party is going to come out and endorse Rick Lazio, will is going to unify the Republican Party upstate, and so I think it's probably going to swing more toward Rick Lazio now.

SCHNEIDER: What a shrewd comment. This guy should be a political analyst on CNN. The fact is that's exactly right.

BATTISTA: And he's from Texas, I might add.

SCHNEIDER: Well, that's exactly right, Upstate New York doesn't like New York City. You know, they see New York City as another world that dominates their state's politics. They see Washington as another world, too, so when they looked at a choice between mayor of New York and the first lady of Washington, they said this is not a good choice for them as all, and the race was very close upstate, whereas a Republican like Rick Lazio out to have a much, much bigger advantage in that race.

MCCAUGHEY ROSS: Bobbie, Bill is right in the sense that Rudy and Hillary as equally outsiders. If you look in Schenectady and you're looking at two candidates who are from outside of the Schenectady area, they both have to prove that they're familiar with your concerns, with your local problems. So to that extent, Rick Lazio, who's a suburbanite, has something of an advantage.

I disagree with Bill's comment, however, that Hillary is going to wage her race with the theme "I'm running against the Republican Congress." She's very glad that there's one word nobody has mentioned recently, and that word is "impeachment." She wants to put it behind her, and she doesn't want to dredge it up at all. So this is not going to be a race waged against the Republican Congress on the issue of what was done to her husband.

SCHNEIDER: She will replace the word "impeachment" with the word "tax cut," particularly risky tax cut that a lot of New Yorkers really don't want.

MCCAUGHEY ROSS: That's right, or attacks on Medicare or Social Security.

BATTISTA: John, what are your thoughts on how Hillary Clinton should or should not change her strategy?

KING: Well, she won't change her basic strategy, which is to run a national campaign on national themes. At the New York State convention just the other day when she accepted the nomination, here's a quote from her speech: "Together, we must stand against a Republican leadership that is set on irresponsible fiscal policies that threaten to return us to the battle days of skyrocketing deficits and recurring recessions." Sounds familiar.

Bill Clinton ran a re-election on those themes. Al Gore is running for president on those themes. She will try to make this a national race. The challenge is to define Congressman Lazio, assuming he's the candidate, before Congressman Lazio can define himself, because he agrees with Mrs. Clinton on several of the key issues she wants to highlight in this campaign: gun control, almost an agreement on abortion rights. Although he has voted against federal funding for abortions, he does support abortion rights. Family leave, something the first lady talks about all the time: Congressman Lazio broke from the Republican leadership. He voted for it.

Betsy was just mentioning impeachment. This is a text of the Congressman's speech, very hard decision in which he finally announced he would vote for impeachment. He voted to impeach the president after discussing this issue with the president on Air Force 1 on a flight to the Middle East. Congressman Lazio said then -- this is December, 1998, hate to take everybody back that far -- "With this vote, we will help set a standard of acceptable presidential behavior. Will we judge presidential perjury to be acceptable? Is it asking too much of the president that when he takes an oath, he tell the truth?" That an issue.

Obviously, impeaching the president was unpopular in the state of New York statewide. The congressman popular in his district. He could cast that vote. Will the first lady make that an issue? It was an unpopular vote by the Congressman, but does Mrs. Clinton want to talking about the impeachment

debate
as she run for Senate? I think not.

MCCAUGHEY ROSS: Absolutely not. One of the other interesting questions is what the impact of this latest development will be on the presidential race in New York State. Will it increase turnout for the Bush voters or for the Gore voters?

BATTISTA: Let me let that question hang here, because I've got to go to commercial break, and we've just been informed that Hillary Clinton will also be making some remarks following Rudy Giuliani's news conference, which we expect at any moment now.

We'll take a break, and we'll talk with some New York voters in the crowd when we come back.

(COMMERCIAL BREAK)

CARLOS: Hi, I am Carlos Cardinas (ph) from American University. In light of recent political patterns I believe that we should focus more on (UNINTELLIGIBLE) rather than on personal characteristics.

BATTISTA: Didn't quite get that there.

All right, Bill is on the phone, a voter from New York. Bill, go ahead.

BILL: Yes, hi. I just wanted to say I've lived here for six years and I'm an outsider myself coming from Atlanta, and who cares if she's an outsider if she can represent me better than Giuliani can, because I just have to say on such a horrible rainy nasty day here it's such great news that something this good could happen.

BATTISTA: Well...

BILL: Because she's much better for this state than he is.

BATTISTA: Gee, how do you really feel about, Bill? How about Rick Lazio, what are your thoughts about that race?

Bill, are you still there? No, I guess not, I guess he hung up. One happy day there for Bill.

Let me go to a couple of voters from New York, younger voters in our audience here. Is it Armand (ph)?

ARMAND: Yes.

BATTISTA: Yes, go ahead.

ARMAND: Yes. I agree with Bill, with what he said. I think if Hillary can represent us and -- better than Giuliani can I don't have any problem with her being outside of the state. I believe in what she stands for, and I think she's a very intelligent woman that's perfectly capable of the job and I have absolutely no problem with the fact that she's from outside of the state.

BATTISTA: And, Jimmy, your thoughts, too. JIMMY: I definitely have a problem with her running in New York as a -- for a senator. I think because she has the money to buy the house, she has the name of the first lady, she can just run. I'm sure she has the ability, but I think if she wants to start political career she should start in her home state.

BATTISTA: All right, also with us now is John Fund.

(APPLAUSE)

BATTISTA: A little applause there.

John Fund, who is on the editorial board of "The Wall Street Journal." John, what are your thoughts on this day when the whole -- it's a whole another ballgame, shall we say?

JOHN FUND, "THE WALL STREET JOURNAL": I think it's expected because the mayor was juggling four different things, he has to run the city of New York, that's 8 million people, and all of the employees work for the city. He was going to run for the Senate. He was going to have to handle difficult decisions on

prostate cancer treatment and of course he had to preside over the dissolution of his personal life, with regard to his wife. It was too much and I think it was asking too much for the voters of the Republican Party and perhaps his family to handle.

BATTISTA: And your thoughts on Rick Lazio should he become the replacement nominee here?

FUND: Well, I can understand that Hillary Clinton is going to try to tie him to the Newt Gingrich Congress. The problem is I've done an extensive look at his voting record and that's going to be hard to do. He operates on a very independent basis. He just passed a housing bill through Congress with only dissenting votes. He was a lead sponsor on that. If anything, he's too liberal for many Republicans in New York state, and on the other hand I also think he has very warm relations with Mike Long, who is the chairman of the Conservative Party.

Mike Long did not like the mayor. Mike Long was going to withhold the Conservative Party endorsement for Mayor Giuliani. I think that endorsement is now going to go to Representative Lazio and that will mean that Congressman DiGuardi (ph) who was getting 5 percent in some of the recent polls is probably going to be frozen out.

MCCAUGHEY ROSS: John has raised a very important issue and that is dispelling all the confusion about the role of the third party lines in New York state.

For a major candidate to win in New York state statewide that candidate has to run on at least two lines and Rudy Giuliani was unable to get the Conservative Party line because of his position on choice, and what was really up in the air is who was going to get the Liberal Party line, Hillary Clinton or Rudy Giuliani, who has traditionally had very close relationships with the head of the Liberal Party, Ray Harding. Now it's quite clear that Hillary Clinton will get the Liberal Party line. The Republican will have the Conservative Party line. And what's really up in the air is what the role of the Independence Party will be.

SCHNEIDER: Can I ask John Fund a question to clarify?

BATTISTA: Yes, go right ahead, Bill.

SCHNEIDER: I have heard Rick Lazio called pro-life and pro-choice. Now, the Conservative Party says he's acceptable to them because his views on abortion are more conservative than those of Mayor Giuliani, yet currently his office -- Lazio's office says he supports abortion rights.

Mr. Fund, you've done research on his record, can you enlighten us as to how you would describe his position on abortion?

FUND: I think it's in the mainstream of most Americans. He favors Roe v. Wade. However, he opposes federal funding of abortions, a majority of voters go along with that. He opposes partial birth abortion. That's pretty much in the mainstream.

MCCAUGHEY ROSS: It's not, however, in the mainstream in New York state. Most New Yorkers believe that every woman should have the freedom to choose regardless of her financial circumstances. So a candidate who opposes Medicaid funding for abortion is saying only rich women can really make that choice.

FUND: Betsy, Senator Daniel Patrick Moynihan has had a rather rich voting record in that respect. He voted against partial-birth abortion. There has been times in Mr. Moynihan's career where he has had reservations about public funding of abortion. You can go back and look. Mr. Moynihan never really had a

problem on that. On a partial-birth abortion, I think Rick Lazio is right in the mainstream of New York voters.

MCCAUGHEY ROSS: I'm talking about the access that all women should have, regardless of their financial circumstances.

BATTISTA: We're going down that slippery slope on that subject. That's another show.

I've got to take a break, Charity, and then I'll take your comment or question when we come back.

(COMMERCIAL BREAK)

BATTISTA: Now we are still waiting for the mayor to hold his news conference and make a statement about why he has decided finally here not to run for the Senate in the state of New York. We're also told now that the Republican presidential -- likely Republican presidential candidate George W. Bush will be making a statement in a few moments here also on the Giuliani situation, so we will bring all that live to you when it does happen.

Meantime, Bill, let me ask you -- oh, I'm sorry, Charity, I said I'd go to you first, and then I'll do my question -- go ahead.

CHARITY: Well, I can only imagine how I'd feel if even the first lady decided to move into my state because she thought it was an easy win, just buy a house and move to Virginia and represent me when she doesn't know anything about my state, never lived there or paid taxes, but I also have to say if she does win, she'll be a junior senator in a Republican-controlled Senate. So her name might get her there and her money might get her there, but she's not going to go very far once she's in there.

BATTISTA: Betsy?

MCCAUGHEY ROSS: Well, one of the interesting issues is exactly what committees would Hillary Clinton sit on, and how much power would she have. Clearly, her name recognition, her very high standing in Washington will mean that she would have much more authority, much more influence than the ordinary junior senator, and New York is going to have a junior senator, whether it's Republican or a Democrat. The issue is, how can you make the most of it? And Mrs. Clinton certainly would.

BATTISTA: Bill, is there enough time here for Lazio or whoever ends up being to gear up and run a Senate campaign?

SCHNEIDER: Well, there's just with about enough time. I mean, they're going to nominate the candidate, the Republicans in 10 days. Normally, this is when a race is really, more or less, really getting started. But he's been eager to run for some time. He's already got about \$3.5 million. So yes, I'd say there's enough time. And there's going to be a lot of media coverage of this race. So even though he's an obscure member of Congress, he's not going to have to struggle very hard to get name recognition.

BATTISTA: What's going on in that chatroom? Any questions there?

MCCAUGHEY ROSS: Bobbie, one of the interesting issues is just much how much money Rudy Giuliani would be willing to contribute to the state Republican Party. He has such an enormous war chest that even if he gave half of it to the State Republican Party, it would more or less out the funding, indirect funding, available to Mrs. Clinton and to Rick Lazio to run this race, and it would leave Rudy Giuliani in much better standing for a future Republican race in the state. He's going to be somewhat persona non grata among many Republicans for waiting this long and for presenting the party with so many problems, but a hefty check to the state party could make a big difference.

BATTISTA: Let me get to that chatroom and Internet question in a moment.

First I'll take Russell on the phone from New York -- Russell, go ahead.

RUSSELL: Hello.

BATTISTA: Hi.

RUSSELL: Hi, how are you?

BATTISTA: Good, how are you?

RUSSELL: I think the carpetbagger issue is a dead point, because in order -- I would rather hire the person that's best suited for the job. In order for me to vote for Rick Lazio because he's from New York, I might as well vote for someone just because they're black.

BATTISTA: All right.

Beth, Internet questions.

BETH: Really we haven't seemed to have too many questions. They seem to be split right down the middle on what they think should happen.

SCHNEIDER: You know, it would be interesting. If Hillary Rodham Clinton is elected senator from New York and let's say Al Gore loses the presidency, who do you think is going to be the Democrat with the strongest national following in the country? This is if Gore is not president.

BATTISTA: That's the thinking, isn't it?

SCHNEIDER: And you know, she's already told the voters of New York, she pledged that if she becomes senator, she will not run for president in 2004, but I maintain...

BATTISTA: Do you believe that?

SCHNEIDER: Well, that's what she said. Her husband made that pledge the last time he was elected governor, and he broke it. Nevertheless, she says she won't run for president. There are a lot of people who think if Gore is not president and she is the most famous senator in the United States Senate, she will have the national following, and she'll be well on her way to running as the first female candidate for president.

BATTISTA: John Fund, you agree.

FUND: If you took that to Las Vegas right now, they would say that Al Gore is the underdog and Hillary Clinton has at least a 50 percent chance of being senator. So right now, Hillary Clinton...

BATTISTA: Let me interrupt, John, I'm sorry. Hold on. George W. Bush is making comments.

GOV. GEORGE W. BUSH (R-TX), PRESIDENTIAL CANDIDATE: A call from my friend Rudy Giuliani. He was calling to inform me that he was dropping out of the race for the United States Senate in the state of New York. My reaction was this: I told Rudy that I understood it was a very difficult decision for him to make, and our prayers are with him, that I understood, that he is my friend, whether he's a candidate or not, for the United States Senate. I reminded him he needs to be proud of the job he has done as the mayor of New York City. He's got an excellent record as mayor. And now that our party -- it's time for our party to move on, I am confident that the New York Republican Party will nominate a New Yorker who will be able to win the United States Senate race next fall.

QUESTION: Are you disappointed?

BUSH: Well, it's hard for me to be disappointed when a friend is battling cancer, and what I'm hopeful about is that he'll have a speedy recovery, that his health will be strong and that -- but you know, life sometimes you can be dealt a cruel blow, and Rudy was when it came to his health.

QUESTION: Who would you like to see run?

(CROSSTALK)

BUSH: Well, we'll have to see how his health goes. As you know, I'm not picking cabinets yet, Allison. As a matter of fact, I haven't even picked a vice president yet. But that's up to the party, and I'm confident the party

will select a good, capable New Yorker to take on Mrs. Clinton.

Because I want to carry the state.

Well, because I want to be the president, and this is a swing state. This is a state that we hadn't done very well in 1992 and 1996. It's going to be different in the year 2000. I'm glad to be here in Western Kentucky. It's kind of got an interesting feel to it. It kind of reminds me of eastern Texas.

BATTISTA: George W. Bush making comments on Rudy Giuliani dropping out of the New York Senate race.

Boy, the senator hasn't even been out there to formally announce he's dropping out, and already, Bill, the presidential candidates are in on this.

SCHNEIDER: That's right. Well, this is a national issue, because Hillary Rodham Clinton is not just the first lady, it's not just the fact that she's first lady, but the fact that her name is Clinton. That is a very divisive name in this country. Even though Bill Clinton is a pretty moderate Democrat, he himself and she have both divided a lot of Americans. There are Americans out there who hate the name Clinton. They have been miserable for the last seven and a half years that he's been in the White House, and their ultimate nightmare is to have to live with the name Clinton in the news forever, because she can be elected and re-elected. There's no term limits. That's why they're desperate, who will save us from this meddlesome woman? And they're looking to anybody to come in who can win this race. And you just heard George Bush say they'll nominate a good New Yorker. That's part of the message.

BATTISTA: Right. That was kind of obvious I thought. But, John Fund, I interrupted you, I'm sorry.

FUND: I had an interview with Rudy Giuliani's direct mail people, and Bill is absolutely right. She -- there's enormous passion in favor of her and enormous passion against her. Rudy Giuliani's direct mail people told me they have the only candidate in the country that could mail the phonebook and raise money from it.

BATTISTA: Comment from the audience here -- Rick.

RICK: I was just going to say that we shouldn't lose sight of the fact that Mayor Giuliani is facing a cancer diagnosis. That's enough to take the political wind out of anyone's sails. I think you combine that with the thought that he's thinking that, hey, I don't want to be in the middle of a three-ring media circus not having the energy to be up for it. I think his will is broken.

BATTISTA: That would make fighting a disease like cancer very, very difficult. I think everybody agrees with that.

Internet question up here about Rick Lazio. "Has Lazio raised any money for this Senate race?"

MCCAUGHEY ROSS: Yes, \$3.5 million so far.

TOMASKY: I think it just wasn't several hundred thousand dollars today. And it will go up several hundred thousand dollars every day.

MCCAUGHEY ROSS: Thanks for the update, John.

BATTISTA: Betsy, has there been a reaction from -- or some kind of formal statement yet from Hillary Clinton?

MCCAUGHEY ROSS: Not that I'm aware of. She does plan to have a news conference right after the mayor's news conference.

She has been very cautious over the last three weeks, and understandably so. This has been a very dangerous time for her, as well as for the mayor politically, because anything she says could be interpreted as insensitive or tasteless or uncaring. So she has kept her remarks totally on the issues and expressed only concern for the mayor's health and for his family's situation. And it will be interesting to hear what she says after the mayor's statement. But I predict it will be mostly expressions of concern.

BATTISTA: We've got to take another break. I'll go to the audience when we come back, Kevin.

(COMMERCIAL BREAK)

BATTISTA: All right, during the commercial break we did get the two-minute washing for the mayor's news conference.

CNN's Frank Buckley is there on the scene at city hall.

Frank, a lot of excitement I would imagine. FRANK BUCKLEY, CNN CORRESPONDENT:
Indeed, Bobbie. This is a public hearing room at the city hall, not the traditional blue room that's used for news conferences, which is a fairly sizeable room to begin with. This is a public hearing room that they've decided to move this news conference into.

You can't see the cameras that are behind you, in essence, but essentially two rows of risers that are full of television cameras. This room is full of reporters, aides, city hall officials who are filling what appear to be church-like pews, awaiting the arrival of Mayor Giuliani to make this formal announcement that he is dropping out of the race for the U.S. Senate.

BATTISTA: I imagine you've been there for a little while, Frank. What's the buzz?

BUCKLEY: Well, clearly, we've been able to confirm through the Giuliani campaign, also with state Republican officials, you also just heard from George W. Bush that, in fact, Rudy Giuliani is pulling out of this race. It really creates quite a situation for the Republican Party here in New York, which is up against this May 30th date by which they wanted to nominate a U.S. senator to the Republican side.

This takes place against the backdrop of the Democrats just doing that formally with first lady Hillary Clinton this week in what was really a picture of party unity. The Republicans would like to have a similar picture of party unity at the end of this month when they nominate their Republican candidate, which will presumably be Lazio.

BATTISTA: Do you think that he will publicly endorse Rick Lazio today?

BUCKLEY: That's hard to say. We do know that Mayor Giuliani had a conversation with Rick Lazio, I believe it was about a week ago. We weren't privy to the -- exactly what that conversation consisted of. Giuliani is friendly with last Lazio. They have shaken hands on occasions, public occasions. We know that they've had discussions, but it would clearly be something that the Republican Party establishment would like to see. But we don't know if that's going to happen.

We're being given a warning, so I'm going to step out of the way for a moment, as we show you the scene of the mayor's expected to come in. This is the door from which Mayor Giuliani is expected to emerge, aides saying please stand by as we now await the official announcement from New York City Mayor Rudy Giuliani that he is dropping out of this New York Senate race -- Bobbie.

BATTISTA: Well, I think we're about to hear from the mayor. I'm not sure who all these people are. I'm sure they're friends and aides and that sort of thing.

And here's the mayor.

(APPLAUSE)

MAYOR RUDY GIULIANI (R), NEW YORK CITY: Thank you. Thank you. Thank you very much. Thank you. Thank you. Please, thank you.

Thank you very, very much. I'm a very fortunate man and this is one demonstration of why I'm a very fortunate man. God has given me a lot. And whatever obstacles that are placed in your way, I think the way to deal with it is to try to figure out how to make it -- make it make you a better person.

The reason I'm such a fortunate man is that I have people that love me, and I love them, and they care for me and I care for them. And that's the greatest

support that you can have in life.

And I think I'm fortunate because I probably have a few more people like that. Governor Pataki told me once a long time ago that your real friends are the friends that will love and care about you after you're the mayor, the governor, the senator or the president, and I have some friends like that, and I'm a very fortunate man.

So whatever I decide, and I'm going to tell you what I decided, I feel very, very lucky.

I'm also very, very fortunate because not only I have very good friends and people that I love and love me, but I have -- I have a job as the mayor of New York City, being the mayor of the city that I love very much, people that I've always had a great deal of connection to and love for, and over the last few weeks they've given me a great deal of support. There's isn't anyplace I can go in which they don't come up to me and give me notes or cards or -- and tell me, I hope you get better. And I thank God for that.

When I was -- when I was first told that I had cancer, I thought this was going to be a much easier decision.

I thought all of it was going to be easier. I thought the decision about treatment would be made like I -- you know, like I've made lots of other decisions in my life, some of them real tough -- none like this, but -- and I thought the decision about running would be sort of a calculation that you would make about how tired you would be or not be and I found that it's much, much more difficult than that.

And I find myself unable to make -- really make the treatment decision yet, even though I've been over and over it. And about the decision to run, I was almost in the same position, not being able to make it, which has never really happened to me. I've always been able to make decisions.

I've also found in thinking about it, suffering over it, that something -- it's very painful and it's very difficult, but something very beautiful happens. It makes you figure out what you're really all about and what's really important to you and what should be important to you. You know, where the core of you really exists.

And I guess because I've been in public life so long and politics, I used to think the core of me was in politics probably. It isn't. When you feel your mortality and your humanity, you realize that the core of you is, first of all, being able to take care of your health and make sure that you --- that you're in good health, and to deal with a disease like cancer in the most effective way possible so you can be useful to the people that you really care about and really care about you.

Then your obligations are the people that love you and you love them.

In my case, I also have an obligation to the people of New York City that elected me as the mayor to do my job with the time and the energy in what I have left in going through the cancer.

And then I have -- I felt this very, very strongly and still feel it, feel that I have obligations to the all the people that supported me and helped me and assisted me in the race for the Senate, because there were many of them, and they gave a lot of their time and energy and money and support. So it's a very difficult set of decisions.

I've decided that what I should do is to put my health first, and that I should devote the focus and attention that I should to running -- to be able to figure out the best treatment and not running for office. This is not the right time for me to run for office.

If it were six months ago or if it were a year from now or the timing

were a
little different, maybe it would be different, but it isn't different and
that's
the way life is.

I don't feel that if I take on the commitment to run, that I'm -- that
I have
the kind of confidence that I should have, that I'd be the candidate that
I
should be. I don't know that I'd be able to campaign the way I should.
I don't
know that I'd be able to concentrate on it the way that I should.

GIULIANI: And I don't know completely whether, in August or September,
that
I'd be able to continue. I -- sometimes I think yes and sometimes I
think no,
and it isn't right to take on that commitment if you don't feel a strong
sense
of certitude that you can complete it.

So I called Governor Pataki, and I called Bill Powers, and I called Joe
Bruno
(ph), and many other people and I told them that I would -- I would not
be able
to make the race, and that I would do anything that I could to help them
support
and assist the candidate that they support and that becomes the candidate
of the
party.

I called Rick Lazio and told him that if he's the candidate of the
party he
can count on my help and my support.

And the focus that I'm going to have now is going to be fighting cancer,
making a decision about my treatment. I'm not going to give daily
updates about
it, and I'm not going to deal with it as a political matter, I'm going to
deal
with it clearly and completely as a personal matter.

And, you know, when I feel it's appropriate to announce a decision,
since I'm
the mayor of New York City, I certainly am going to announce it. But I'm
going
to ask you to give me a little -- a little space to be able to make that
decision properly.

I also believe that, you know, things happen in life for reasons that
sometimes you only figure out afterwards. And there is something good
that
comes out of this, a lot of good things come out of it.

I think I understand myself a lot better. I think I understand what's
important to me better. Maybe, I'm not completely there yet. I would be
foolish
to think that I was in a few weeks. But I think I'm heading in that
direction.

And I thank God that it gives me another -- really another 18 months to
be
the mayor of New York City, which I love very, very much. It's really my
deep
passion, the love for the people of this city and the love of this city.
And
I'm going to devote the time that I've been given -- the extra time that
I've
been given, not only to do the things that we have done and things that
we've
accomplished together and the remarkable things that have been done, or to
overcome maybe some of the barriers that maybe I placed there, and figure
out
how to overcome them. I don't know the answer to that yet. I don't know
exactly how you do that. But I'm going to try very hard to do that.

When I got re-elected and I gave my inaugural address, I said that I was
running for re-election. I kept saying that I want the people -- many
people in
the city have felt a big change, great sense of optimism, they've gotten
a help
and they've gotten a lot of benefits and they feel very differently, but
it
hasn't reached everyone in the city; and there are a lot of people that
haven't
felt that. And I'm going to dedicate myself to figure out how we can get
them
to feel that, too, including maybe changes I have to make and the way I
approach
it, the way I look at it.

Doesn't mean there's going to be a new Rudy, I think that's silly. I
think
maybe it's going to be a different, maybe somebody who grows from the
fact that
you confront your limits, you confront your mortality, you realize that
you're
not a superman that you're and you're just a human being.

And in addition to turning my attention to straightening out the health

situation, I'm going to try to make sure that I'm a better mayor, that this is a better administration, and that it accomplishes the goal of, you know, reaching every person that we can reach and making sure that every New Yorker feels that I'm dedicated to them, that I want to protect them, that I want to help them and that I want my time as mayor to count for everybody.

And again, you know, I don't -- I have to express a tremendous sense of gratitude and even -- and I feel like I should apologize to the people that wanted me to run, the people -- when I went in last night to the town hall meeting and I saw the people outside saying, "Run Rudy, run Rudy," I had -- you know, half the time last night I felt like I wanted to run and half the time I felt like I shouldn't do it.

And when I stayed up last night -- I don't usually sleep very much, so I didn't sleep very much last night at all. And I stayed up last night going back and forth about what's the right decision and what isn't the right decision. I believe this is the right decision. And I think somehow, somewhere, some way, this is all for the best. And it's going to mean that I can be a better mayor, and I'm going to try to use it for that. Maybe most important, be a heck of a lot, you know, more focused on what are the important things in life.

(CROSSTALK)

QUESTION: You said that (OFF-MIKE)

GIULIANI: Yes...

QUESTION: (OFF-MIKE)

GIULIANI: No. No, what I -- I realized that in doing that -- I think I said -- I realized that a couple of days ago. And I think I said that last night.

I didn't organize this. I mean I didn't understand the impact of this. It was -- what I thought at first was, OK, I'll take a week or two or three, whatever it takes, to figure out what the treatment is. I will then decide on the treatment. I'll then look at the treatment and I'll figure out. Does that mean I can run or I can't run?

You know, I thought of it as a budget -- I know it sounds silly, but I thought of it like a budget decision or a legal decision or a -- and the reality is, that I can't make the final decision about the treatment, because I'm not sure of what the right approach is, yet. I'm getting there.

And I realized that under either approach that there are risks that I can't be -- substantial risks that I can't be the candidate that I would like to be. And it doesn't really matter very much which form of treatment that I take; that my concentration isn't going to be there; that nobody can tell you in percentages, you know, what the side effects are going to be. You can be fine, you can be terrific, or you can have problems and then you won't be able to carry out your commitment.

GIULIANI: So I realized that that was probably the wrong way to look at this, or at least that's how it evolved in a human way. I don't know if that makes sense, but that's the way it happened.

QUESTION: Mr. Mayor, is this the end of your political career?

GIULIANI: I don't -- I -- I don't think I'm thinking about politics. I don't know, I'm thinking about -- I'm thinking about deeper, deeper things than that.

You know, life -- right now what I'm thinking about is, number one, let me -- let me have a little room to decide on the medical treatment. I'm going to go through it. I'm going to go through it with a sense of optimism. And then I'm going to get through it. But I want my full strength and -- to be able to do that. I'm going to think about how I can be better as a person. I'm going to think about how I can be better as the mayor of New York City. And I'm

-- the way in which I think I can use this to grow is to do that. And I think if I were to run I would not be able to put the concentration on those things, and those are the higher priorities.

And politics -- politics, you know, it isn't as important as I thought it was. I used to think -- I used to make, you know, many of my life decisions, for the last 10 years, around politics, and they should have been made and I'm going to make them in the future around the other things that I'm talking.

(CROSSTALK)

GIULIANI: Pardon me? I'm going to -- I'm going to stay here. I'm not, you know, I'm not going away.

Let me just have Gabe finish what -- more?

QUESTION: More introspection and less politics?

GIULIANI: Well, right now there's no politics, except the decision that has to be made politically, and I hope so, I hope -- I hope -- you know, I think that I'm finding out more about what I think is important in life.

And politics is important, but it is by far not the most important thing in life. Your life is more important, your health is more important, the people you love, your family, people that are close to you and really care about you. You know, those are the most important things in life.

And then, after that, comes politics. And it's important, because you serve other people, you know, but there are a lot of ways to do that, including being a better mayor.

QUESTION: Mr. Mayor (UNINTELLIGIBLE) wanting to be a better mayor, does it bother you that you lack support in some of the minority communities, and are you going to make some new (UNINTELLIGIBLE) reach out...

GIULIANI: Yes, I'm going to find a way.

QUESTION: (UNINTELLIGIBLE)

GIULIANI: Yes, I'm going to try to do that. I think that -- I think that one of -- that the things that I can do is to overcome that barrier and figure out how I've placed it there and what I have to do to overcome it, to see what I can do about increasing the number of people that are covered with health care.

I mean one of the things that -- one of the things that I felt from the beginning of this and continue to feel is a tremendous sense of compassion for the people that have to make decisions like this alone. I mean, you know, people have given me tremendous help, tremendous support, tremendous encouragement, practical help, emotional help.

You're all alone and you get confronted with a life-threatening disease of any kind, that's a -- that's a horrible thing. And one of the ways we can -- one of the things maybe that I can do is figure out how we accelerate making sure that people are covered, they have health care coverage.

I mean there are a lot of things that I think I can accomplish that I haven't accomplished before. And, you know, that doesn't mean that we won't try to keep the things that are in place going in that direction.

(CROSSTALK)

GIULIANI: One more.

QUESTION: (OFF-MIKE) that maybe you can get (OFF-MIKE) on some levels (OFF-MIKE).

GIULIANI: I don't know. I want to extend -- I want to extend my mayoralty and try to overcome some of the barriers that are there. That's the way I feel about it. I don't understand -- I don't completely have in my head exactly how I'm going to do that. I haven't -- that has not been the primary thing that I'm

thinking about.

And maybe I'll talk more about that in a week or two weeks or something like that.

Right now, what I've got to do is to concentrate on the medical decision, which is I'm going to do. And that -- and concentrating on that and asking questions about your mortality and, you know, what's going on with you, makes you raise other questions about maybe you can -- maybe you can find a way to be a more complete person and a better person.

(CROSSTALK)

QUESTION: (OFF-MIKE) total turn around, Mr. Mayor. Do you feel that your dying constructively and (OFF-MIKE) is your decision in part from the personal problems?

GIULIANI: Do I feel like a dying?

QUESTION: You said that you're dying -- you said that you've overcome barriers. It sounds like you're reaching out to the black (UNINTELLIGIBLE).

GIULIANI: I don't -- no, I don't feel like I'm dying. And I feel like I've been a very effective and a very successful mayor, but I also think there are more things that I can do.

(APPLAUSE)

QUESTION: (OFF-MIKE) GIULIANI: This decision is a health decision. My personal life is my personal life. It's, you know, something that people, I think don't have the kind of concern with that sometimes is indicated by the intensity of the media interest, and, you know, the -- I would like to keep that as much my personal life as possible, but that is not the reason for the decision. If, you know, there were 10 different variations of my personal life, I would make exactly the same decision about the necessity to put the focus on my health and recovery from cancer.

You know, part of it is, if you're going to go through something like that, you think about you don't want to add extra things to your life during a time you're going through that. You certainly want to remain active. You certainly want to remain involved in positive things.

But suppose I was a lawyer, you know, in private law practice and I was diagnosed with prostate cancer and I had to go through one of the forms treatment, that would not exactly be the time to take on, let's say, you know, one of the big cases of your career.

That would -- that would be the time to continue in law practice, remain involved with your friends and family and everyone else, but maybe cut back a little bit and give yourself a little more room, a little more space.

So I, you know, I think that's the reason for the decision. And, you know, life is life and things surround you and they go on, but that's the -- that's the reason for the decision. I think I would have made it that way no matter what.

QUESTION: When you say that you want to reach out to communities who've been left out in New York's economic boom, does that mean talking to your political adversaries as well, like Reverend Sharpton?

GIULIANI: Well, I don't -- I don't know exactly what it means. It means that I'm going to try and reach out to more people, to try to help more people and try to -- you know, when you look at the way in which people feel about what's happened in New York City, most people feel it's been very positive, most people feel it's been very useful, very helpful. Some people feel that it hasn't been.

This isn't -- I'm just not capable of doing it as a racial, ethnic, religious thing, divisions, but I'll do it based on people. There are people in all different groups that feel that way, maybe more in one group than

another, but
there are people in all different groups, and the way we group people
that feel
that they've been left out or they haven't had a chance -- that's the way
I have
to do it.

I have -- the only way I'm going to be able to do this is honestly and
based
on me. And I think -- I think there's too much group identification in
our
society and too little human identification. So I'm going to have to
find a way
to do it based on -- I'm the mayor of New York City, every New Yorker is
entitled to me trying to help them, and that's the basis on which I'm
going to
help them: not in this kind of group and sub-group analysis. (CROSSTALK)

GIULIANI: We'll go back there.

Yes?

QUESTION: How difficult is it -- you're a very competitive person --
(UNINTELLIGIBLE)

GIULIANI: Well, if you've observed me for the last three weeks, you
would
figure out how difficult it is. It's been -- it's been very, very
difficult.
It's been, so far, the most difficult decision of my life; the most
painful; the
one that I've agonized over the most and had the most difficult time
making,
except for the decision for exactly what to do about the cancer. So that
might
give you a sense of the priorities.

And I also think now that I've made it, that it's probably been the most
useful thing that's ever happened to me in getting me reoriented or
oriented
around what is important in life.

I think somehow something good is going to come out of this -- really
good
for me, for the people around me and maybe for the people of the city.

(CROSSTALK)

QUESTION: How much of the \$9 million do you anticipate you will be
giving to
the...

GIULIANI: I don't -- I have not -- you know, I've -- I decided I would
make
this decision first. And then, you know, that's a complex legal, ethical
-- all
sorts of questions. And I'm going to need people to advise me on how to
-- just
exactly how to do that.

And we'll make -- first of all, we'll make the legal decision, we'll
make the
ethical decision, and we'll figure out, you know, the best way to do that.

(CROSSTALK)

QUESTION: (OFF-MIKE) decision last night, you reached your final
decision
real late last night, did you call...

GIULIANI: No. I mean, I -- last night when I left, I thought, Gee, I
really
-- I mean, this is -- I don't know how I can walk away from this.

You know, this is so exhilarating. It's, you know -- but then I got
home and
thought about it some, talked to a few people, couldn't sleep until the
early
hours of the morning, woke up this morning and said that there are more
important things in life.

QUESTION: (OFF-MIKE)

(CROSSTALK) GIULIANI: There are just more -- there are more important
things
in my life. And, you know, everybody makes the decision different.

(CROSSTALK)

(OFF-MIKE)

GIULIANI: I've made the decision in my mind different ways over the last
week. I mean, I've gone one way, I've gone another, I thought about what
is it
going to be like if I do, and will I be able to handle both things going
on at
the same time -- the medical treatments and the campaigning. Is it fair
to do
it? Is it fair to the people that supported me? I've made the decision a
number of different ways.

And then, last night, when I did the town hall meeting, most of the time I thought, I should do this, but I before thought I shouldn't. And then this morning, I decided this is not the right thing to do. It's not the right time, it's not the right decision. It's not the right priority for me, right now.

QUESTION: (OFF-MIKE)

GIULIANI: I was pretty sure before the radio show.

I -- when I got up this morning, I was pretty sure that this was what I wanted to do. I talked to a few more friends this morning. I kind of made the decision in my mind, but I didn't make it completely, because I've changed my mind a few times.

And then I decided, right after the radio show. I said, I'm going to do this. I told a few people I thought I was going to do it, and then I decided I was going to do it.

The report -- I mean, I don't want to get critical -- but the report that was out that I announced it at the morning meeting this morning is incorrect. I did not. I wasn't ready to do it then. I decided it right after the radio show.

QUESTION: (OFF-MIKE) call first?

GIULIANI: I'm not going to get into who I called first. I talked to all the people that are close to me.

QUESTION: (OFF-MIKE)

GIULIANI: I called all of them. I tried to reach each one of them and I got them -- you know, as they called back. And I, you know, I'll give you the three or four. I talked to Governor Pataki, and I told Governor Pataki that I was very sorry that I couldn't do this, and he said he understood completely. He's been wonderful about this from the very, very beginning and tremendously compassionate and understanding, and I told him.

And then, I talked to Bill Powers.

In fact, I had them both on the phone -- they were both on different phones and I went back and forth and talked to them.

And then I spoke to Joe Bruno. And I told him that I would -- consistent with the medical treatment and what I can do, and consistent with my responsibilities, personal and as the mayor, that I would do everything that I could to help the candidate that's selected, and that I would be willing to help in other ways, because I feel I owe them a real debt for the patience that they've had.

And so that I -- you know, we all need some time to figure out exactly what that means and how that will work itself out, but I wanted them to know that I would be very supportive and very helpful to the extent that I could be.

And I also -- I spoke to Senator Lott, and I spoke to Senator McCain, and I spoke to Senator McConnell and explained my decision to them. And I spoke to Governor Bush, and told him that I would not be able to do this, and that I felt very bad about it, and that I certainly wanted to help him in any way that I could, any way he thought I could be helpful.

And then I spoke to, you know, many, many of my close friends and explained it to them.

(CROSSTALK)

QUESTION: Your children didn't want you going through right now because of the marital situation. Did that have any impact?

GIULIANI: Yes. I don't discuss my children. And, you know, the reason that I don't do it is, I think what you say to your children and what your children say to you is a -- has got to be, for me, a personal thing.

I am not capable of doing that publicly. Or at least not right now.

QUESTION: Mr. Mayor, did you have a different view than you have in the past few weeks? Are you looking back and your mayoralty and going, Geez, maybe I should have said have said this, maybe I should have done that...

GIULIANI: No. I'm saying -- I'm looking back at my mayoralty, but I'm not really looking back, I'm looking forward in my mayoralty, and I'm saying that. Thank -- that one of the reasons that I can be very -- that I feel that I'm a very fortunate and a very lucky man is that I'm the mayor of New York City.

And I want to improve it.

GIULIANI: I believe it's been a very successful mayoralty. I think it's done a lot of things that have never been done before in the city. I think there's room for improvement and I think there's room for improvement inside me, as a person. And you've got to use an experience like this to do that for you. And I hope that improvement I make in myself is going to make me an even better mayor. And I can leave this city even in better shape, you know, at least that's the challenge that I want to set out for myself.

QUESTION: (OFF-MIKE) feel closer to God, now?

GIULIANI: Am I closer to God?

(CROSSTALK)

QUESTION: (OFF-MIKE)

GIULIANI: I hope he's closer to me.

BATTISTA: Putting his health first, New York Mayor Rudy Giuliani pulling out of the race for the Senate today in the state of New York. Diagnosed with prostate cancer recently, the mayor said that he had not decided on a treatment per se yet, that it was a much more difficult process than he had anticipated, but putting an awful lot of things into perspective I think for him, Bill. He did make the decision that now is not the right time to run for the New York Senate and that he could not be the candidate that he could or should be.

SCHNEIDER: That's right. He said he wouldn't have the time, the energy to devote to the campaign, but he also made it clear that this has been a difficult decision, he said it's been the most difficult decision of his life, except for the cancer decision, the treatment decision that he has not yet made. He also said that personal factors, meaning his marital problems, did not really enter into this, it was purely a health decision, and he made that clear.

BATTISTA: He said it's not the right time, which always to me kind of indicates the door is still open for another time.

SCHNEIDER: Yes. He didn't rule out a future career in politics. In fact, when someone asked him, is this the end of your career in politics, he laughed the question off and he said, you know, we'll see what happens, I'm not thinking about politics right now. And clearly he isn't, but that's the reason why he decided he couldn't run because he doesn't want to think about politics right now. That would be one more piece of stress that this man does not need in his life.

BATTISTA: And, John King, I -- he appeared to look a little bit like a kinder, gentler Rudy Giuliani, he talked about how this was life-changing for him, this experience with a life-threatening disease, obviously, and that he most likely would be a different Rudy Giuliani.

KING: I thought that was quite interesting, he was talking about what he hopes to be his legacy as mayor, said that he's reduced crime in New York, done a lot of other things he believes are good for New York, but that some people had been left out or left behind, and that this moment of personal reflection because of his health crisis had convinced him that he needed to do more to be a better mayor.

Also interesting the questions from many of the New York City reporters on hand immediately went back to city issues, and mayoral issues, and the personality conflicts the mayor has had with others, especially Democrats, during his tenure as mayor. So, very soft spoken. This is a man who when he was a U.S. attorney and a prosecutor and certainly as mayor has been very combative, very outspoken.

We have seen a much kinder, gentler, if you will, side of Rudy Giuliani in these past weeks, and he suggests now as he concentrates on health and on being mayor that, that will be his approach, and that he will let other political decisions down the road take care of themselves.

BATTISTA: Once again, we are waiting on Hillary Clinton, the -- would have been the mayor's opponent in the upcoming Senate election. She's to make a statement here shortly in reaction to the mayor's remarks. So we are waiting on that and we'll carry that live.

He did make a direct reference to Rick Lazio during his news conference who is the likely replacement.

SCHNEIDER: That's right -- important statement -- he said that if Rick Lazio turns out to be the Republican candidate he can, quote, "count on my help and my support." That wasn't quite an endorsement of him immediately. He says, "if he turns out to be the Republican candidate, he will have my help and my support," which means that, you know, Rudy Giuliani will stand by Lazio, but at this point he's not saying "Lazio is my guy."

BATTISTA: Why not, John?

KING: Well, he wants to be seen as a good Republican. He wants the process to take care of itself as the mayor, he needs to work with the congressmen from the surrounding suburbs and one of them happens to be Peter King, a Republican congressman who says that he will pursue the nomination. The question is whether Congressman King will be talked out of it in advance of the Republican convention or whether the Republican leadership simply beats him, as they say they will, in rallying around Congressman Lazio.

So the mayor trying to do the right thing and be a diplomatic Republican, although he made very clear he made one phone call to a perspective candidate. That was to Rick Lazio. He didn't say that he called Congressman King.

Governor Pataki will endorse Congressman Lazio soon. We expect a written statement from Congressman Lazio within the next few minutes declaring his intention to run. The rallying around Lazio is now the dynamic taking place. They wanted the mayor to make this announcement, obviously a very personal announcement for him. Now you will have within minutes the rally-around-Lazio movement.

Bobbie, if I could quickly, a Quinnipiac College poll released just last week tested his strength against Mrs. Clinton, and she was ahead 50 to 31. It's a pretty sizable lead, but 72 percent of the people in this statewide survey said they haven't heard enough about him to form a solid opinion. So the big challenge now will be who defines who first.

BATTISTA: Let me bring Frank Buckley into the conversation also. He is at city hall, of course, where he was in attendance during the mayor's statement and the question-and-answer period -- Frank.

BUCKLEY: Well, one name that we haven't mentioned yesterday is Joe DiGuardi. He's the former congressman from Westchester County who is seeking the Conservative Party line and the Independence Party line, and he has also indicated that he would like to seek the Republican nomination as well.

One thing we should say is that he has received the support of Michael Long, the head of the Conservative Party in the state. While he has not been officially endorsed by the Conservative Party, the Conservative Party has been favoring him up to this point. I talked to Michael Long this afternoon, the head of the Conservative Party. He says DiGuardi is still the -- one of

the
candidates who is still in this race, but what changes about this race in
terms
of the Conservative Party line is that Giuliani was going to run without
the
Conservative Party line. Lazio would likely seek that Conservative Party
line,
and would likely get it. That could be a margin of difference in a very
close
race with Hillary Clinton.

BATTISTA: John and Bill, do you think that Dioguardi and King, that
these get
people will equal consideration by the Republican Party or is it pretty
much
sewed up?

SCHNEIDER: Oh, I think it's pretty much sewed up. The Republicans do
not
want a fight. Look, the Democrats have nominated Hillary Rodham
Clinton. She's
their candidate, and they have unified behind her. This is the
Democratic Party
of New York. I mean, they fight about what kind of bagels to order, but
they
are unified behind Hillary Rodham Clinton. The Republicans are
embarrassed that
they haven't been able to come up with a candidate.

And let me tell you something, the pressure was really hot on the mayor
to
make up his mind. He couldn't wait another few days because they need to
make
-- to name their candidate by May 30th.

You'll notice that the mayor said a few minutes ago that he has not
decided
yet on his cancer treatment. His intention was first to decide on the
treatment, and then, based on that, to decide whether to run. The
Republicans
in the state of New York said, uh-uh, we can't wait any longer. And it
endangered his political viability in the future if he had left his party
in the
lurch a few days before the convention.

BATTISTA: So, John, it doesn't really behoove the Republican Party to
sit
around and consider some of these other folks?

KING: No, it certainly doesn't. And, Bobbie, this is not a primary
election,
this is a state party convention. And Mr. Powers -- in my prior life, I
was a
political correspondent, ran into Bill Powers quite a bit as I traveled
the
country and went to Republican events. He is, shall we say, a rather
persuasive
fellow, and he will work with the governor in the next couple of weeks to
clear
the field. Perhaps one or two others will go to the convention as declared
candidates, but with Governor Pataki, the chairman of the party, and it
appears
the mayor -- he came pretty close to endorsing Congressman Lazio -- it
would be
pretty tough for anyone else to get this nomination.

BATTISTA: All right, we're waiting for the first lady the react to the
mayor's statement, but we'll take a break here quickly and continue in a
moment.

(COMMERCIAL BREAK)

BATTISTA: We know that a lot of you expect to see "STREET SWEEP" at
this time
of the day, and of course that got preempted by the live events taking
place in
New York. New York City Mayor Rudy Giuliani pulling out of the race for
Senate
today, we are awaiting reaction from Hillary Clinton to that move.

And, Bill, if Rudy Giuliani re-enters the world of politics, what do you
think he would run for?

SCHNEIDER: He has made no secret that he always wanted to be governor
of New
York as the next step. The problem is there already is a Republican
governor of
New York, George Pataki. And a lot of people outside New York may not
know this
-- probably a lot of people in New York don't know this -- the mayor has
a term
limit. He can only serve his current term, which lasts through the year
2001.
He can't run again.

The governor has no term limit. Pataki is in his second term, but he
can run
for a third term in 2002. If the governor does not run and if Giuliani's
health
is what we all hope it will be and he's strong and healthy, a very good

chance
he may want to run for governor in 2002.

Again, it would be difficult. I think it would be a very divisive primary for him to run against Pataki if Pataki wants a third term, but that's -- he wants to be an executive. People always were surprised when he expressed interest in running for the Senate, where he'd be one among 100. He wants to run something. And the next step after New York City is New York state.

BATTISTA: Let me go to John King now who's got -- well, we're going to hold that reaction and go to Hillary Clinton.

HILLARY CLINTON (D), NEW YORK SENATE CANDIDATE: I just finished speaking with the mayor. I called him at the conclusion of his announcement to wish him well, to tell him that I knew this was a difficult decision and I certainly hope and pray, as I know all New Yorkers do, that he will have a full and speedy recovery. And I appreciated very much the chance to express those feelings and thoughts to him personally.

You know, as I have said now for many months, this campaign is not about me or about any opponent, it is about the future of our children, our families, our state and our country. That is the common mission that I share with the people of New York. That is the mission that I will keep working toward, talking about and remaining focused on in the months ahead.

And I appreciate very much the opportunity that I've had and will continue to have to talk with New Yorkers about what they want in a senator and what they hope can be done to help them build better futures for themselves and their children.

Thank you.

QUESTION: Mrs. Clinton, there's been some talk in the last week that suburban women that may have been backing Rudy Giuliani against you had turned away from him because of the way he handled his marital situation in particular.

Now that there will be another Republican in the race, are you concerned or worried that some of these women may turn back to that Republican instead of staying with you?

CLINTON: You know, I am not going to talk about the politics of the race or the campaign. There'll be plenty of time to talk about the issues and compare and contrast positions between me and anyone in the race.

I think, you know, today we all ought to just wish the mayor our very best, and let him know that the people of the city are, you know, all behind him in this very difficult decision that he's made, and that we all wish him a full and speedy recovery.

QUESTION: Could you assess Rick Lazio, who is likely to be your opponent now that Mayor Giuliani has dropped out of this race?

CLINTON: You know, I am not going to assess anybody about any political possibility. I think we should just wait and see what develops. And no matter what does develop, I'm going to continue doing what I have done all these months, which is talking about where I stand on the issues and what I would do in the Senate to try to help the people of New York.

QUESTION: Mr. Clinton, can you tell us a little bit about what the mayor said to you during the conversation?

CLINTON: He thanked me for calling him. He reiterated some of what we heard him say in his announcement, that, you know, experiences like this really do focus one's mind on what's important and he had made this decision and he thanked me for calling him.

QUESTION: Ms. Clinton, what's been going through your mind in the last three weeks about all these kind of developments coming out of city hall?

CLINTON: You know, it has been something that I had no control over,

and I knew that, and I just kept doing what I thought I had to do to run the most effective campaign I could no matter what happened. And I was very gratified by the huge event at the convention in Albany and the fact that we had such unity in the Democratic Party, and I really was, as I have been, focused on what I can do to get my message across about the issues and what's facing the state.

BATTISTA: Hillary Clinton reacting to the withdrawal of Rudy Giuliani from the Senate race today. And as you see, the headline right there, Representative Rick Lazio of New York says he will run for the New York Senate.

Let's go to John King for the latest on that.

KING: That announcement, Bobbie, came in this written statement released just a few minutes ago by Mr. Lazio's campaign, now up and running. He said in that quote, "I will be a candidate for the United States Senate. As a former prosecutor, local legislator and U.S. Congressman, I believe I am the strongest Republican candidate and the Republican best able to unite our party and defeat Hillary Clinton in November." The statement says he looks forward to making announcement in the coming days. Some sources suggesting that could come as early as Sunday.

Congressman Lazio is heading up to his district for a previously scheduled townhall on cancer issues. We're told he will meet with reporters before that. His plan for today, we're told, to simply repeat what he says here in the statement, but he wanted to get right out of the box as soon as the mayor was done, declare that he would be a candidate. This swift action all part of the effort in New York now to rally around a single candidate, because they view the woman we just saw and heard from, Hillary Rodham Clinton, has quite a formidable contender.

BATTISTA: And, Bill, the statement from Hillary Clinton just a few moments ago not surprisingly brief.

SCHNEIDER: Yes, she doesn't want to make herself the issue here. I mean, clearly she's for the moment staying in the background until it's clear what the race looks like, who her opponent is. So it was a brief, dignified statement, not particularly personal. And once she seemed to be tempted to go into some of the issues in the race, then she drew back and decided this wasn't the time to talk about politics.

BATTISTA: And it will be politics as usual for her pretty quickly, John, don't you think?

KING: Oh, I do. She will stick to national campaign theme, interesting, Republicans are already jumping into the fray.

We told you we had a statement from Congressman Lazio. We also have a statement from Senator Mitch McConnell, who happens to be the chairman of the National Republican Senatorial Committee. He does not directly endorse Lazio here, but he does say Representative Rick Lazio is a top-notch campaigner and fund-raiser, and then he goes on to say Lazio is probably in the best position to make a seamless transition as a vigorous candidate with a single goal of representing New York's interest, then he goes on to say that this will hurt Hillary Clinton, the mayor getting out, the congressman getting in, because in Senator McConnell's view -- quote -- "Because now, it's all about her, and that always works to her disadvantage." So as Mrs. Clinton tries to run on the national themes that Republicans, that New York does not want to send another Republican to Washington. The Republicans will also run on national themes, running squarely against the first lady.

BATTISTA: All right, and on that note, we are down to the last 10 people in this audience since we had to let them go.

John King and Bill Schneider, thank you both so much for working a long

and
extended version of TALKBACK LIVE here.

And we will continue here on CNN in just a moment. Have a good weekend.

We'll see you again on Monday for more TALKBACK LIVE.

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BODY:

RAY SUAREZ: Good evening. I'm Ray Suarez. On the NewsHour tonight, New
York's
mayor drops out of the senate race against the First Lady, lining up the
votes
for normal trade links with China, perspectives on the week in politics
with
Mark Shields and David Brooks, and the colossal task of rebuilding a
broken East
Timor with Nobel Laureate Jose Ramos Horta. It all follows our summary of
the
news this Friday.

NEWS SUMMARY

RAY SUAREZ: New York City Mayor Rudolph Giuliani quit the U.S. Senate
race
today. He would have faced First Lady Hillary Clinton, the Democratic
nominee,
to represent New York State. Giuliani, a Republican, recently disclosed
he has
prostate cancer, and was separating from his wife. He had been deciding
whether
to run for the last three weeks. He spoke at city hall.

MAYOR RUDOLPH GIULIANI, New York City: I've decided that what I should
do is
to put my health first and that I should devote, should devote the focus
and
attention that I should to running, to being able to figure out the best
treatment and not running for office. This is not the right time for me
to run
for office. If it were six months ago or it were a year from now, or the
timing
were a little different, maybe it would be different. But it isn't
different and
that's the way life is.

RAY SUAREZ: Two New York Congressmen have said they're interested in the
Republican nomination-- Rick Lazio and Peter King. Mrs. Clinton later told
reporters she had no control over who the Republicans would nominate, and
preferred not to comment on the possibilities.

HILLARY CLINTON: I am not going to talk about the politics of the race
or the
campaign. There will be plenty of time to talk about the issues and
compare and
contrast positions between me and anyone in the race. I think, you know,
today
we all ought to just wish the mayor our very best, and let him know that
the
people of the city are all behind him in this very difficult decision
that he's
made and that we all wish him a full and speedy recovery.

RAY SUAREZ: We'll have more on this story right after the News Summary.
China
today moved a big step closer to joining the World Trade Organization. It

reached a market-opening deal with the European Union. Chinese President Jiang Zemin called it a "win-win" situation. In Washington, the House of Representatives votes next week on giving China permanent trade benefits with the U.S.. We'll have more on this story later in the program tonight. In Peru today, the government said the Presidential runoff will go ahead, even if the opposition candidate boycotts it. Alejandro Toledo threatened to withdraw yesterday, citing fears of fraud. He demanded the second round be postponed till June 18. The Organization of American States also called for a delay. But officials in Peru announced the vote will proceed on May 28, as scheduled. A new virus threatened computers today. It was similar to the recent "Love Bug," and targeted Microsoft e-mail users by erasing files on infected computers. It did not appear to be spreading quickly, but an FBI official in Washington warned it could be more dangerous than the love bug.

MICHAEL VATIS, FBI: It doesn't send an e-mail with a subject line that everybody can look out for that says I love you or something else. This one takes the name of an actual file in the infected user's computer, so it appears to be a legitimate file, and then sends that. And this is known as a polymorphic virus or worm, in that each time it's transmitted it comes in a different guise. So we have to alert people not to open any e-mail attachment that comes where the document in the subject line has a dot vbs extension - because we don't know -- it varies in each instance what the actual document name will be. So people need to be much more vigilant in looking at e-mails.

RAY SUAREZ: Investigators said it was likely the virus originated in the U.S., but it was also detected in Europe and Israel. Space Shuttle "Atlantis" finally blasted off today on a mission to fix the international space station. The seven astronauts on board will make repairs and try to boost the space station's orbit. It's been dropping about 1.5 miles every week. Today's launch was the fourth attempt. NASA scrubbed three tries in April because of bad weather. An Illinois couple today claimed their half of the biggest lottery jackpot in U.S. history. Joe and Sue Kainz of suburban Chicago were entitled to \$181 million in yearly installments, but they elected to take a lump sum payment of \$90 million. They spoke to reporters about discovering they had a winning ticket, and what it does for them.

JOE KAINZ, Lottery Winner: Sue told me that, well, she said you never win anything. That's probably worth \$100 or so. And, you know, after 40 years of marriage, I believed her. You get conditioned to that after all that time.

SUE KAINZ, Lottery Winner: This is going to give us freedom and options that we have not had before. To me, money has never meant anything more than freedom. So I think we have quite a bit of it here.

RAY SUAREZ: The family owns a medical supply company and a microbrewery. They said they had no plans to retire. Last week a Michigan family came forward and collected the other half of the money. That's it for the News Summary tonight. Now it's on to Rudolph Giuliani bows out, the approaching China trade vote, Mark Shields and David Brooks, and rebuilding East Timor.

FOCUS - BOWING OUT

RAY SUAREZ: Margaret Warner has the New York Senate story.

MARGARET WARNER: Ever since New York City Mayor Rudy Giuliani disclosed last month that he had prostate cancer, speculation has been building that he might bow out of the U.S. Senate race. Today Giuliani ended the suspense by saying he wouldn't run, and at a crowded news conference at city hall, explained his thinking. He said he hadn't realized at first how hard a decision it would be.

MAYOR RUDOLPH GIULIANI, New York City: I didn't understand the impact of this. It was, what I thought at first was, okay, I'll take a week or two or three, whatever it takes to figure out what the treatment is. I will then decide

on the treatment, I'll then look at the treatment and I'll figure out does that mean I can run or I can't run. You know... I thought of it as a budget - and this sounds silly, but I thought of it like a budget decision or a legal decision.. And the reality is that I can't make the final decision about the treatment because I'm not sure what the right approach is yet. I'm getting there. And I realize that under either approach, that there are risks that I can't be -- substantial risks that I can't be the candidate that I would like to be. And it doesn't matter very much which form of treatment that I take. My concentration isn't going to be there. Nobody can tell you in percentages, you know, what the side effects are going to be. You can be fine, you can be terrific, or you can have problems and then you won't be able to carry out your commitment. So I realized that that was probably the wrong way to look at this, or at least that's how it evolved in a human way. I'm going to think about how I can be better as a person, and I'm going to think about how I can be better as being mayor of New York City. And the way in which I think I can use this to grow is to do that. I think if I were to run, I would not be able to put the concentration on those things, and those are the higher priorities. And politics, you know, it isn't as important as I thought it was. I used to think, I used to make many of my life decisions for the last ten years around politics, and they should have been made and I'm going to make them in the future around the other things that I'm talking about. It's been very, very difficult. It's been so far the most difficult decision of my life -- the most painful -- the one that I've agonized over the most and had the most difficult time making -- except for the decision about exactly what to do about the cancer. So that might give you a sense of the priorities. I also think now that I've made it, it's probably been the most useful thing that's ever happened to me in getting me reoriented or oriented around what is important in life. I think somehow something good is going to come out of this, really good, for me, for the people around me, and maybe for the people of the city.

MARGARET WARNER: Now, for more on the why behind Giuliani's withdrawal, and its impact on the New York Senate race, we turn to Michael Tomasky, a columnist with "New York" Magazine; and our team of Shields and Brooks-- that's syndicated columnist Mark Shields, and the "Weekly Standard's" senior editor, David Brooks. Paul Gigot is off tonight. Michael Tomasky, New York Republicans have been waiting for a decision for quite a while now. Are there many people surprised by this?

MICHAEL TOMASKY: Yeah, I think there are quite a few people who are surprised. In the last few days the conventional wisdom on this flipped almost hourly by the end. But I think in the last few days people have been leaning toward the conclusion that he probably was going to run, and I think his performance on that nationally televised interview program last night sort of indicated to people he was going to run. So I think to most New York Republicans, I think this comes as a surprise.

MARGARET WARNER: People you've talked to, people who are close to him, is it, as he explained, his health decision, or did his - sort of the publicity about all his marital problems played a factor - were a factor as well?

MICHAEL TOMASKY: The marital issue may not have been that much of a factor. It was really surprising how quickly that all died away -- and how quickly -- it speaks to his skill, I think, as a communicator, how adroitly he managed to turn the conversation back to being about his health and not about his marital problems. So I don't count them as a huge factor. One thing that I do count as a factor though and this has been true since before the marriage problems, before the prostate diagnosis, and everything, is the fact that I think he was always ambivalent about making this race and about being in the Senate. He showed signs of that, as I say, before any of this strife of the last three weeks, most notably skipping a big fundraising event that was scheduled for him in Rochester

because he wanted to go to the New York Yankees home opener in early April. And that was the most dramatic of several signs that indicated to me that his heart wasn't in making this race.

MARGARET WARNER: David, a lot of New York Republicans have become very impatient with his apparent indecision, and there were some stories, was he playing games with this. But his agonizing seemed very real today.

DAVID BROOKS: I was stunned by the press conference -- not by the decision, which you could have bet on 50-50. But here is a guy -- he used the word "love" over and over again in that press conference. I mean, I've followed Giuliani a bit, he's a tough guy, he's a guy who used to sit around with his staff reciting lines from the Godfather, over and over again. But now it was Mr. Love Story, it was the guy who was sensitive, who was talking about growing. It was Oprah Giuliani. And it really was. He's been through an ordeal, and has seemed to come out a better man for it -- someone we applaud for his self, for his happiness as a human being. But I'm not sure it's going to be that great for his political career, because it was not Oprah Giuliani that cleaned up the streets of New York, it was not Oprah Giuliani that cleaned up the fish market from the mafia. It took a battler, and it took the old Giuliani, and if we are seeing a new Giuliani, it will make him a happy person, but I'm not sure it will be great for his political career.

MARGARET WARNER: What did you think of his agonizing -- and his description of it?

MARK SHIELDS: Well, I disagree with David in this sense. I think that Rudy Giuliani -- no one had doubts about Rudy Giuliani, including his severest critics, several of whom I know by a first name basis, about him being mayor. I mean, the city had improved, there's a palpable improvement, there's a sense of optimism in New York, which is totally alien to the city. But the doubts always about Rudy Giuliani were about him as a person. I mean, that was the sniping you get, even from his political supporters, Rudy, he's selfish, he's self centered, he's mean -- all the rest of it. I think nothing became Rudy Giuliani's public career like his leaving the Senate race today. I mean, there was -- if you can put the two together, a successful mayor and a human being who is considerate to those around him, who does recognize that there is something other than the next poll, I think you may have a political future. I saw a man that I thought, boy, that's got governor written all over him today, if the health matter is resolved.

DAVID BROOKS: I would travel around with him and travel with him for a whole day, and parts of it would be on the record with your tape recorder with him and he was dazzling, he's among the smartest politicians in America. Then at the end of that you'd be tired, you'd turn off the tape recorder and you'd want to talk about the Yankees, and he was awkward. He was not a normal human being off the record. And maybe this is the new personal Giuliani, which is good for him, I suppose.

MARGARET WARNER: All right, Michael. Let's talk about what's coming ahead. Immediately Congressman Vic Lazio announced he was going to run. One, does he have a lock on the nomination, and two, what kind of competitor will he be?

MICHAEL TOMASKY: I think he has a virtual lock on the nomination. The only other person who has declared interest is Peter King, also a long island Congressman, but King has also said just this afternoon that he'll defer to the decision of his party leaders, that means Governor Pataki and Bill Powers who is the chairman of the state Republican Party. They both seem pretty clearly to want Rick Lazio to be their candidate. The Republicans have their state nominating convention on May 30, and I think we'll have a clear candidate coming out of that, and it will probably be Lazio. There won't be a Republican

primary
or anything like that, in other words. As to what kind of competitor he'd be,
well, he's a pretty good candidate on paper, I think. Being white and Catholic
and suburban and from Suffolk County are pretty good things to be when you're
running for statewide office in New York. Of course he's going to emphasize
obviously that he's from New York, and he's got a moderate record, he's pro-choice for the most part. And he takes away weapon from Hillary, because she
could run against Rudy's abrasive personality and the fact that - you know --
black people didn't like him and so forth, and she can't do that with Rick Lazio. So there is a stature gap, I guess the phrase some people have been using
today. But he presents different sorts of problems for her.

MARGARET WARNER: Mark, how do you think this changes the dynamic of the race?

MARK SHIELDS: Completely, Margaret. You said Rudy versus Hillary, and everybody knew what you were talking about, I mean that was the marquis race.
You had two celebrity candidates who were both evoked intense feelings on the part of voters. Somehow Hillary against Rick or Pete or George doesn't have the same kind of ring. And now you've got a more of a generic Democrat versus Republican race, which probably works for the Democrats, in a Presidential year in New York. But at the same time, I believed going in that the only candidate that Hillary Clinton could beat was Rudy Giuliani, and I thought the only candidate that Giuliani could beat was Hillary Clinton. And I say right now you have a greater chance with Rick Lazio, if he is the anointed one, of making Hillary Clinton the issue in this campaign, which I don't think Democrats will be pleased with.

DAVID BROOKS: Right. It becomes a referendum on Hillary Clinton, it's going to be vote Lazio, he won't get on your nerves. He is a moderate; Michael referred to this. He's for the Brady Bill, he's for federal funding for the arts, he's for family and medical leave, he's pro-choice with the exception of partial birth. So if you look at his national voting, it's right down the middle of Congress. That's the kind of Republicans in New York like.

MARGARET WARNER: So how does Hillary Clinton and her strategist take aim at him? What do they do?

DAVID BROOKS: They're trying to portray him as a real conservative, as a Newt Gingrich conservative. I'm not sure that will be effective. I think they sudden say, this is Hillary Clinton, she'll be a star in the Senate - who do you want representing the great state of New York?

MARK SHIELDS: Republicans ran against Jimmy Carter and George McGovern for 25 years. I guess the Democrats can run against Newt for four years or six years. But this at a personal level is a terrible blow, this decision today, because, I mean, Gore versus Bush race is not - has electrified very few people.

MARGARET WARNER: You mean this is a personal blow to you?

MARK SHIELDS: All of us in the press. I mean, Michael had the home court advantage. But this was one that everybody wanted to cover. If things got slow with Prince George against Prince Al, you could go to New York and have a field day. And I don't think Lazio will rise to that level of interest and intrigue, but I think he'll be a formidable candidate.

MARGARET WARNER: Michael, do you agree with that, that this is going on the a less elect try filing race for the press?

MICHAEL TOMASKY: Yeah, how can you disagree with that. We in New York have watched Rudy for all these years and watched him call people idiot and jerk and all this stuff - just sort of couldn't wait for him to mix it up with Hillary Clinton -- without question it's not a heavyweight title match any more. But I still think that she, she's the story in national terms. If, for example, Rudy had been running against Nita Lowey, Democratic congresswoman from

Westchester
County, that's a race we wouldn't have been covering yet. When Hillary
showed up
at Pat Moynihan's farm last July, we started covering this race, we've
been
covering it intensely ever since. I think that will keep up, but just not
quite
at the pitch with Rudy in it.

MARGARET WARNER: We have to leave this here. But don't go away because
you're
coming back on another topic. Michael, thank you very much for being with
us.

UPDATE - TRADE FIGHT

RAY SUAREZ: The second big political story this week, the China trade
bill.
Kwame Holman begins our report.

KWAME HOLMAN: With a predicted close vote looming in the House next
week, the
Clinton administration stepped up its campaign of lobbying members to
grant
China permanent normal trade relations with the U.S.. That would replace
the
annual designation Congress has voted over the last two decades.
Yesterday the
White House hosted Federal Reserve Chairman Alan Greenspan, who argued
passing
the measure would promote China's entry into the World Trade Organization.

ALAN GREENSPAN: China's progress towards prosperity and accession into
the
W.T.O. will create new opportunities for American businesses and farmers.

KWAME HOLMAN: But the President acknowledged the votes aren't yet there.

PRESIDENT CLINTON: This legislation now goes before the full Congress.
All
the former Presidents support it, along with former secretaries of state,
defense, trade, transportation, national security advisers, chairs of the
joint
chiefs of staff, religious leaders, many of the courageous people in China
fighting for human rights and the rule of law. Momentum is building, but
we've
still got a challenging fight.

KWAME HOLMAN: Part of that challenge comes from House Democratic Leader
Richard Gephardt. He recently announced his widely expected decision to
oppose
the permanent trade designation for China. Gephardt spoke to reporters
yesterday.

REP. RICHARD GEPHARDT: I understand the argument on the other side, that
trade alone solves the problem. 20 years of more trade with China has not
solved
the problem. In fact, I would argue to you that their performance on human
rights is worse today than it's been in the past.

KWAME HOLMAN: That opposition is echoed by many of Gephardt's Democratic
colleagues. Yesterday on the capitol grounds, David Bonior, the
Democratic whip,
led a protest against the legislation in which House members were joined
by
Chinese dissidents. They paraded a 200-foot chain to symbolize the plight
of
China's political prisoners. But momentum for the measure appeared to grow
steadily this week on Capitol Hill. Republican Henry Hyde, chairman of the
Judiciary committee, and a leading advocate for human and religious
rights in
China, announced his decision on Wednesday. And earlier in the week,
Charles
Rangel, the top Democrat on the Ways and Means Committee, said he too
will vote
"yes" on China trade, even though most of his party's traditional allies
in the
labor movement are against the measure.

REP. CHARLES RANGEL: It is very difficult for me to understand why this
time
and this place the unions have decided to make this a litmus test. But I
have to
say that I had to do what I think was in the interests of my constituents.

KWAME HOLMAN: And House Republican leaders now have agreed to add to the
trade bill a provision that attracted several other undecideds to the
pro-China-
trade side. The bipartisan measure was coauthored by Michigan Democrat
Sander
Levin of the Ways and Means Committee. It would set up a commission to
monitor
China's human rights practices even after trade with the U.S. is
normalized. And
on Wednesday, campaigning in Washington state, the presumptive G.O.P.
Presidential nominee George W. Bush weighed in in support of the trade
legislation. While passage in the Senate is a virtual certainty, the
House tally
could be decided by dozens of members who remain undeclared. One of them
is New

York Democrat Gregory Meeks, who traveled to China on an administration-sponsored tour late last month. Today Meeks said he will announce his decision on Tuesday, just as the House debate on permanent normal trade relations with China gets underway.

RAY SUAREZ: And Elizabeth Farnsworth takes it from there.

ELIZABETH FARNSWORTH: And with me are two Congressional leaders who are working to roundup votes on the China trade bill: David Bonior, Democrat of Michigan and House Minority whip, opposes the legislation; and David Dreier, Republican of California, and chairman of the rules committee, supports the bill. Congressman Dreier, what are you saying to your undecided colleagues, what's your key argument?

REP. DAVID DREIER, (R) California: The fact is, we over the past several decades have actually seen improvement in the situation in China. In fact, the single most powerful force for positive change in the 5,000 year history of Chinese civilization has been economic reform. There are problems. There are very serious problems that need to be addressed. But as we look at the United States' role as the paramount global leader, and the importance of maintaining economic prosperity, it's important for us to grant permanent normal trade relations. This, unlike the annual battles that we have had in the past on normal trade, actually pries open a market with 1.3 billion consumers and creates a greater opportunity for U.S. workers to export goods and services to this emerging economy. And I believe that history has shown that bringing about an improvement in the economy of different nations has dramatically improved political freedom. So the interdependence of economic and political freedom are key, and I believe that we have a very serious and important responsibility here.

ELIZABETH FARNSWORTH: And, Congressman Bonior, what is your key argument to undecided colleagues?

REP. DAVID BONIOR, Minority Whip: Let me play off what David just said, because I don't think that history shows inter interdependence. We've had two decades of trade with China on. China is a brutal, suppressive, authoritarian police state. If you challenge the government on religious grounds, political freedom grounds, questions of worker rights, you will end up in prison, where now tens of thousands of people are in the gulag today. There is no documented literature that you can cite that says that just because you have a free market you will have a free society. Quite the contrary, often in places like Chile, with Pinochet where you had market reforms you ended up with repressive government, or Indonesia with Suharto. What we need is to keep the pressure on China on these basic issues of human rights, religious rights. Religious suppression in China today, Elizabeth, is the worst it's been since 20 years ago, it's terrible. People are being locked up. That is why the bishops, Catholic Bishops Conference has come out against this proposal. That is why the religious commission that was appointed by the President and the congressional leaders recently said no to this agreement until human right and religious rights improve.

ELIZABETH FARNSWORTH: Congressman Dreier, just briefly, I'm going to break some of this down -- there's a new human right monitoring plan. Briefly explain it, what it would do and why it's important to get this passed in your view.

REP. DAVID DREIER: Elizabeth, it's a very important aspect of this legislation. We're all concerned about human rights, and I agree with much of what David said with an important exception. Look at Chile today, we maintain strong economic ties and we see recognition of human right and political pluralism -- the same in Argentina and in Asia. South Korea and Taiwan had repressive regimes, we maintained strong economic ties. and we today see pluralistic societies in all of those countries.

ELIZABETH FARNSWORTH: The human rights monitoring.

REP. DAVID DREIER: On the human rights monitoring, I think it's important to

note that we're establishing a Helsinki type commission under the B-Ryder
11
proposal, which will allow us to have a chance to look at that issue and
will
have a combination of Congressional and executive branch representatives
who
serve on that. And then we will be doing everything that we can to
encourage the
administration to diplomatically deal with this issue, which is the best
way to
address it. And I believe again that we shouldn't consider withdrawing
the one
good thing, because while there are many serious problems we have to
recognize
that there are dissidents, like Wang Xian Tau, who was one of the
Tiananmen
organizers --

ELIZABETH FARNSWORTH: I'll give you a chance to say all this. But just
on the
monitoring plan, Representative Bonior, what's your view of this plan to
have a
commission which would continue to monitor human right?

REP. DAVID BONIOR: Elizabeth, we have enough commissions. We have the
religious commission that just issued a report. With we have the State
Department which annually issues reports on human rights. We don't need
more commissions, we don't need more paperwork. And most of all we don't need
to take
this away from the elected representatives and members of Congress and
give to
it a commission, where nothing will get done. We were elected to do this
and to
raise these issues by the people that we represent. That should be our
role. The
thing that the Chinese want the most is to have this done permanently so,
that
they don't have this review on an annual basis.

ELIZABETH FARNSWORTH: All right. Now, Congressman Dreier, back to you.
make
your case for why you think this would be good for China.

REP. DAVID DREIER: Well, if you look at the fact that people in China
are
obviously in a position where the genie has come out of the bottle on
things
like the Internet. Paul Gigot is one who right after the handover in 1997
of
Hong Kong from British colonial rule to China, traveled into China and he
asked
a man, how did you hear did Deng Xiaoping's death. He said e-mail from the
states, of course. We have 7 million cellular phones in China, we have
upwards
of 9 million users of the Internet there and that obviously will continue
to
grow dramatically. So we've got the message of freedom, which is spreading
throughout China. Think about it. China is going to in fact be entering
the
World Trade Organization. Is the world's paramount leader going to cede
that to
the rest of the world and not play the important leadership role that we
have?
Today we got the very good news that the European Union and China have
both
agreed. Tomorrow we will see Taiwan's new President - Chen Shui Bien --
inaugurated and the morning after he was elected, and keep in mind he was
the
least desirable candidate on the part of Beijing, yet the morning after
the
election, he said that China's entry into the World Trade Organization is
a very
important thing. Martin Lee, the lead democracy activist, in Hong Kong,
has come
out and said that he believes that this is a very very important thing
for us to
do.

ELIZABETH FARNSWORTH: All right. Let me give Congressman Bonior -- I
want to
get to other points too. Respond to that. But most important, what do you
which
were in this that you think would help?

REP. DAVID BONIOR: I wish in this agreement and all agreements we do
with
nations with respect to trade, that we elevate the issues of human
rights, labor
rights, and the environment. We are living in a different time. This trade
agreement, and trade agreements that we have done over the past few
years, is
the past masquerading as the future. We live in a globalized world today.
Things
have changed. We interact with each more frequently and more easily. We
have to
have a seat at the table, we being workers, people who care about human
rights,
people who care about the environment. And we have to be able to be a
part of
the discussions. You can't have a system of free markets where people

aren't free. And that's exactly what's happening in China today. We have people working for NIKE, for Keds, for Huffy Bike that are making between 3 cents and 22 cents an hour, working 30 out of 31 days a month, working 12 hours a day -- not even making enough during one month to pay for one of the shoes that they make. It's a terrible indentured servitude type of situation where millions of workers are caught in China. If they try to organize, they're thrown in jail. That is not the kind of system we want in a globalized society.

ELIZABETH FARNSWORTH: David Dreier on that - on the workers' issue?

REP. DAVID DREIER: I will tell you, the problem we have here is that my friend David Bonior has opposed every trade deal that we've had --

REP. DAVID BONIOR: That's not true. I supported the American free trade agreement with Canada. So don't tell people that I opposed it.

REP. DAVID DREIER: I didn't remember -

ELIZABETH FARNSWORTH: Congressman Dreier, respond briefly to the workers issue.

REP. DAVID DREIER: Let me just say -- trade promotes private enterprise, which creates wealth, which improves living standards and undermines political oppression. We need to realize that the standard of living has dramatically improved. It's not where we want it, it's not where the United States of America is. But imports and exports help both countries, and I believe that we need to realize that. And we see the people of China looking for opportunity. And it is coming right now. And I believe that that is something that would be jeopardized if we were to in any way not bring them in to the World Trade Organization with the United States leadership role.

ELIZABETH FARNSWORTH: Both of you, briefly, what's at stake here? So many pundits have said this is the most important vote this year for this Congress. Is that true? Why?

REP. DAVID BONIOR: I think what is at stake is our value system. Whether we care about these first principles of America, which are the right to associate, the right to pray freely, the right to bargain for a decent wage -- or whether the bottom line, the dollar, which is advocated by the multi national corporations which are really behind in pushing this effort, is that more important than these first principles? I would say finally to you, Elizabeth, on this point, we have had these free trade agreements with China now since 1979 -- a whole host of them, our trade deficit with China has increased from \$6 billion to 70 billion this year alone. And it only gets worse.

ELIZABETH FARNSWORTH: Congressman Dreier, briefly what's at stake, and then I want a very brief prediction from both of you.

REP. DAVID DREIER: Well, the fact of the matter is, we are seeing tremendous improvement take place. Our leadership role is what is at stake here. The United States of America has been the paramount leader, and we do not want to give that up to the rest of the world. I believe that we have an important responsibility to the people of China and to the people of the United States to make sure that we continue breaking down barriers. Because it's not a choice between American pocket books and American values. I agree with David that we need to get our American values in there. Establishing another wall of China is not going to in any way get our American values spread throughout that country.

ELIZABETH FARNSWORTH: Do you think you have the votes, Congressman Dreier?

REP. DAVID DREIER: I think the momentum is in favor of victory. It's very close, it's going to be a tough battle, but I believe we have a very good chance to win.

ELIZABETH FARNSWORTH: And, Congressman Bonior, briefly on that.

REP. DAVID BONIOR: This is not establishing another wall. We will continue to trade and engage with China, but we want to do so under rules that protect workers in the environment and human rights, and we have momentum, we've got three or four people, four people today who came over, who were undecided on our side. And I will tell you --

ELIZABETH FARNSWORTH: I'm sorry, we have to go.

REP. DAVID DREIER: Thanks, Elizabeth. And tell Jim Lehrer Happy Birthday. That's why he's off this week.

ELIZABETH FARNSWORTH: I will. I will. Thank you both very much.

RAY SUAREZ: Now, Shields and Brooks with analysis of the trade fight and other matters political from this past week, and back to Margaret Warner.

MARGARET WARNER: And still with me are syndicated columnist Mark Shields and the "Weekly Standard's" senior editor, David Brooks. Well, clearly the passions haven't cooled, David. What are the politics of this, where do things stand?

DAVID BROOKS: Things stand pretty good for the pro forces, for the sides who support this. It looks, the consensus seems to be they're going to pull it out. And they're going to pull it out for two reasons, first the Clinton administration has been extremely effective over the past months really, they've been working this, there's going to be a weather station here, a fundraiser there, and they seem to be swinging the undecided. The second rope is we have something called the NAFTA coalition, which we saw several years ago behind the NAFTA accords -- which is Clinton type Democrats and centrist corporate Republicans. And that is the natural governing majority in this country. It's a shame the Clinton administration didn't use it more often to tackle issues like Social Security and Medicare. But they're using it now, there are a lot of them and seems likely they will carry the day.

MARGARET WARNER: Do you read it that way?

MARK SHIELDS: I do. I think they needed 70 Democrats out of the House, I think they'll get the 70 Democrats, maybe a couple more. What's remarkable, though, in retrospect, is to say that in a period of unprecedented prosperity with the American economic intellectual media establishment, where the country is still only 30% of Americans are in favor of it, according to the Pew Poll. Andy Kohut, which came out this week, 50% of Americans are opposed to giving China permanent trade. So the public argument has never been engaged or won. It's been an argument sort of at an elite level. And this kind of setting to win which one or two votes is remarkable. I think it shows the great doubts and reservations that persist. And Tom Friedman I thought in the New York Times today had a very thoughtful piece. He's a very enthusiastic free trader himself. He said this opposition has to make the establishment aware -- the governing establishment of the country and the economic establishment of the country. That people have real anxieties, the loss of manufacturing jobs to low wage countries. And Americans are not indifferent to the plight of Chinese workers and Chinese people. And the legitimate argument is after ten years, as my conservative friends will acknowledge, there is less human rights, there is less democracy, there is less freedom in China and China is a less responsible international partner.

MARGARET WARNER: So given these doubts, and given the fact that labor in the past has really been the 800-pound gorilla, for instance, that killed fast track, why haven't they been able in an election year to hold onto enough votes?

DAVID BROOKS: Because business is powerful - it's powerful in the Democratic Party as well - in part because of people like Tony Coelho and Ron Brown, who made it powerful. We've had sort of an interesting duality to this debate. We saw Bonior and Dreier debating really a philosophic issue: Does free trade lead to democracy? And each side really can quote some examples to say that it

does
or doesn't. And George Bush made this case in Washington State earlier
this
week. Behind him, though, was a Boeing 757. And that's what's behind this
debate, which wasn't mentioned in the previous debate, which was the
money. Who
gets the trade? You know, we have these debates about free trade. It
always
seems to be about lucrative ex port markets like China. It's never about
Iraq.
Is free trade going to lead to freedom in Iraq or Cuba? It's the lucrative
markets we have the debates about.

MARK SHIELDS: I think that's a very good point. The other point,
Margaret,
about labor, labor has been divided. Labor sent a very mixed signal on
this
right from the start. They gave Al Gore, their anointed candidate for
President,
a pass on this. They said, oh, you'll be with Bill Clinton, can't break
with the
President. He broke with the President on Elian Gonzalez, but he can't
break
with him on China. And at the same time they said to members of Congress,
Democrats in particular, you've got to be with this. They say, wait, if
it's so
important to you, why do you let Al Gore have a pass on it? Secondly,
when Jimmy
Carter was President of the United States, there were twice as many steel
workers, autoworkers ask machinists in this country, as there are today.
Labor
is a changed institution. labor is a public service employers, teachers,
hospital workers, whose jobs aren't threatened by low wage workers in
foreign
lands -- unlike autoworkers and machinists and steel workers.

MARGARET WARNER: Go back to what you were saying about George W. Bush,
because he also weighed in this week on the, against the Senate resolution
pushed by a lot of Republicans to cut off funding for the Kosovo mission.
And
twice this week he came out and said publicly, essentially, my fellow
Republicans, vote with the President on this. Why?

DAVID BROOKS: We're seeing this centrist elite consensus on Kosovo, on
trade.
We're seeing them come together. We're also seeing the Congressional
Republicans
always acting like a Congressional party, which is to restrict the
President and
a Presidential candidate like George W. Bush wants to have freedom, if he
gets
elected, to act in Kosovo. But I think the central thing is the centrist
establishment on free trade, intervention. And I'd just like to mention
the
forgotten person out here, which is Pat Buchanan. or Ralph Nader. There
really
is a constituency against this stuff. And it's not going to be from the
two
major parties. And I believed all along that Pat Buchanan, if the Reform
Party
can get their act together, would get 8, 9 percent, or Ralph Nader or
somebody
would be a significant force in the fall.

MARGARET WARNER: But does that make them a less significant force than
in
either of the parties?

MARK SHIELDS: I think if in fact this race is going to be decided in the
states from New Jersey to Illinois, those are states where a Pat Buchanan
or
Ralph Nader's message on trade and loss of American jobs and selling out
to the
American workers economic interest, would have a real resonance and
saliency in
Illinois, Ohio, and Michigan. so forth. I think that George W. Bush
showed a
great gift of bipartisanship this week. He did it on Kosovo and China. He
showed himself not to be a narrow partisan. He triangulated very nicely
from his
own party in Congress, I mean, just as he did last fall - I'm not going to
balance the budget on the backs of the poor. He showed I thought a sort of
internationalism. What's interesting to me about the Republicans is this
is the
Bruce Hershinton theory and I think it's a valid one. The Republicans
want a
great big U.S. military, and they want to stay home. The Democrats want a
little
bitty inexpensive military and they go want to go everywhere. The
Republicans
are essentially isolationists except when there's an economic commercial
interest involved. They become great internationalists on trade with
China and
then immediately retrench. And I think that's what Bush is confronting and
trying to deal with.

DAVID BROOKS: Though I still think it's fair to say the biggest divides
are
in the Democratic Party now, not the Republican Party, especially on this
issue.

MARGARET WARNER: All right. We'll leave it there. Thank you both very much.
Have a great weekend.

FOCUS - BUILDING A NATION

RAY SUAREZ: Rebuilding the new nation of East Timor: We start with some background from Spencer Michels.

SPENCER MICHELS: Eight months ago there was dancing in the streets of East Timor. Residents celebrated the end of bloody violence and began the transition to independence after nearly 25 years of Indonesian military occupation. But today the reality of widespread devastation from fighting has sunk in, in this territory of 700,000 people. East Timor, a former Portuguese colony, was annexed by Indonesia in 1975, against the will of many East Timorese. Last August, in a U.N.-sponsored referendum, nearly 80% of East Timorese voted to secede from Indonesia. Among the voters was independence activist and Nobel peace laureate Jose Ramos-Horta, who had sought the referendum for more than two decades.

JOSE RAMOS-HORTA, National Council, Timorese Resistance: (August 1999)
For peace in Timor, and for all those who died in the last 23 years.

SPENCER MICHELS: But militia forces, believed to be allied with the Indonesian army, were opposed to independence. And within days of the vote, they took to the streets in brutal fashion, killing as many as 700 and wounding many more. Most of East Timor's buildings were destroyed, as well as the water, power, and communications facilities. The violence ended in October after Indonesia, under foreign pressure, withdrew its army, which deprived the militia of support. Indonesia agreed to allow international peacekeepers from Australia and elsewhere to police East Timor and enforce a cease-fire. Meanwhile, a new President took over in Indonesia: President Abdur Rahman Wahid, also known as Gus Dur. His government proceeded to open war crimes investigations against top Indonesian military commanders. The Australian-led force that arrived in September was replaced in February by a 15-nation U.N. force. That group is overseeing East Timor's transition to self-rule over the next two to three years. Economic help arrived this year as well. The World Bank and other groups pledged \$500 million in developmental assistance.

JAMES WOLFENSOHN, President, World Bank: (October 1999) It is you who owns the programs. It is you who will develop the initiatives. And I am here merely to tell you that we are anxious to help and that help starts today.

SPENCER MICHELS: But the economic task is daunting. Eight in ten adults are unemployed. The main crop, coffee, has been largely destroyed, and there are few qualified engineers, doctors, or teachers; most of those jobs were held by Indonesians. In addition, there's no permanent currency or central bank. So the situation is far from stable. In addition, many militia members are still armed.

CANCIO LOPES DE CARVALLO, Militia Leader (Translated): The people say to me, if we are confined to live in these conditions, when our future is uncertain and very poor conditions, we have to keep fighting. And if we have to keep fighting, that means we need weapons.

SPENCER MICHELS: Many of the militia members are believed to be in refugee camps in West Timor. The western half of the island has been part of Indonesia since the end of World War II. Before that, it was a Dutch colony. The West Timor camps also house some 100,000 East Timorese refugees waiting to return home. Human rights workers say the dire conditions in the camps are a public health nightmare.

PAMELA SEXTON, Peace Brigades International: The health situation in the camp is continuously deteriorating. There's malaria, tuberculosis, respiratory disease.

SPENCER MICHELS: The pace of recovery has been slow in East Timor. The U.N. has promised a job creation program to start next month.

RAY SUAREZ: Joining us now is Jose Ramos Horta, who won the Nobel Peace Prize in 1996 for his role in opposing Indonesian occupation of East Timor. He's vice president of the East Timorese Resistance Council. He's been in Washington meeting officials and will participate in an award ceremony at the Tannenbaum Center promoting inter religious understanding honoring a Timorese Catholic leader. Welcome back to the program.

JOSE RAMOS-HORTA: Thank you.

RAY SUAREZ: We've just seen a taped report of a shattered nation. Where do you begin to rebuild?

JOSE RAMOS-HORTA: The challenges, the difficulties, the obstacles are enormous. But so is the will, the creativity of the East Timorese, and the generosity of the international community. Everything is priority, everything is urgent. Life is returning to normal. There are extreme difficulties. But maybe the greatest gift of all that was given to the people of East Timor is peace and security. I think for that, they have been patient, willing to endure the material discomfort and the difficulties.

RAY SUAREZ: But we're talking about a country with 70 to 80% unemployment -- a country that may not be able to feed itself for five to ten years. If the refugees came home tomorrow, you couldn't take care of them.

JOSE RAMOS-HORTA: Yes, we would not be able to take care of them. But there are thousands and thousands of our people who have gone back to the fields. Rice crop, and corn crop, in spite of the lack of infrastructures, tractors, and seeds, is very good this year. People by the thousands, children have gone back to schools, and school means just a tree, a house without roof. It shows extraordinary resiliency -- the determination of people to start it. There are no textbooks, no pencils, no papers. And yet they are studying. Yes, we need international support for the next few years to come. But the country also has immense potential to be self-sufficient. In food, oil, natural gas, in five years from now we might have a few hundred million dollars a year in oil and gas revenues. We have the only and best organic coffee in the world. The potential for tourism, for agriculture, for fisheries is great.

RAY SUAREZ: Can you be sure that the world community will stay the course? We're talking about a rebuilding project that could take longer than a decade. Right now, East Timor still in the news, people, it's still in their memories, but six, seven, eight years from now, will it still be so?

JOSE RAMOS-HORTA: Well, I hope that in six, seven years from now, even five years from now, we'll be on our feet. I'm very confident, I'm very optimistic. Our people are extraordinary, hard working, determined, creative. And I must say, the secretary general of the U.N. has been a very determined, generous, and so has been the U.S. administration, the European Union, the Australians, the Japanese. The international community in general has been very supportive, very forthcoming. What we need is that the United Nations set their priorities straight. What we need right now is job creation. What we need right now for the U.N. to accelerate the establishment of civil administration because without a civil administration, with the East Timorese take the leadership role, we cannot even start by thinking about what is priority, and where to start. Who is going to define what is priority. We must have a civil administration, so that that civil administration can implement what is the basic necessities of the country, such as water supply, electricity, basic transportation. That is what I think is needed, the ability of the U.N. after 7 months to set in motion a civil administration. We have many East Timorese are qualified, we have 7,000 university graduates, so I believe there are quite a large number of international civil servants who are there today in East Timorese, might not be needed in six months from now.

RAY SUAREZ: And as you go to work on the country itself, how do you deal with people, both inside East Timor, and in Indonesia, who committed crimes during the time where East Timor was part of Indonesia, and also during the transition period? Lots of people were killed.

JOSE RAMOS-HORTA: Our message remains the same. We must forgive. We must reconcile with each other. However, reconciliation cannot mean foregoing justice. For reaction to actually take place, those who committed war crimes, crimes against humanity, must be brought to justice. The Indonesian president, Gus Dur and his attorney general are doing a great job in consolidating democracy in Indonesia, and are doing the unprecedented, that is to bring the justice those high ranking officials there to justice. Let's wait and see what will happen in the next few months to come. The attorney general promises trials will begin in two months from now in Indonesia. If that actually takes place, it would mean the consolidation of democracy in Indonesia, and it would facilitate reconciliation and peace in East Timor because it's very difficult to envisage peace in East Timor without those leaders in Indonesia, military leaders, responsible for the planning and the destruction of East Timor and the militia leaders who work under them, to if they are not brought to justice, very difficult to conceive, to think about reconciliation in East Timor.

RAY SUAREZ: General Ruwanto, the long time leader of the Indonesian military has just resigned from the cabinet. He resigned after a long interrogation involving his role in the killing in East Timor. To you is this a good sign?

JOSE RAMOS-HORTA: Oh, yes, absolutely. I cannot have enough words of praise for President Gus Dur. The Indonesian President is the most - one of the most moral men you can find in the whole Southeast Asia region today. He deserves all the support for what he's trying to do for his country, and for what he's trying to do in normalizing relations with East Timor. As long as President Gus Dur succeeds in democracy, we in East Timor can rest in peace, because we know that our borders will be secure. As long as those military responsible for violence in East Timor are not going to trial, not even the government of Gus Dur can be safe, because we, Gus Dur and East Timorese, we have the same enemies, and these are the hard liners, the intolerant in militia army.

RAY SUAREZ: It sounds like you're fairly optimistic in the near term about your efforts to make a country out of East Timor, and also have a normal relation with Indonesia, instead of bitterness via two neighbors.

JOSE RAMOS-HORTA: Well, obviously we cannot choose our geography. It is there, it was God that put us together, East Timor and Indonesia. Gus Dur is a different man, he reminds me very much of Kim Dae Jung of South Korea, reminds me very much of a Martin Luther King, a Nelson Mandela. He's a wonderful individual. And the Indonesians are blessed to have him. And how could we be bitter about Indonesia when their President is such a wonderful man. Indonesian people were always with us, the Indonesian people were also victims of the same regime that invaded and occupied East Timor. That's why it makes reconciliation between us and Indonesia so much easier.

RAY SUAREZ: Have the last nine months been difficult for you? You're coming back to your homeland now a middle-aged man, you left as a young man, you spent half your lifetime out of the country. Has it's been difficult for you?

JOSE RAMOS-HORTA: Well, I would say it has, I continue to have a sense of unreal, being back in East Timor -- after all, a small country. 700,000, managing to free itself from a country of 200 million, the most powerful army in Southeast Asia. When I went back and looked around me and looked at the beauty of the country, the majestic beauty of my country, look at my people, I had only words of thanks to God, because it was the work of God that made East Timor free. Of course, a word of thanks to the international community, to citizens, individuals, to the international media that made possible the liberation

of
East Timor. I adjusted very, very quickly, because you don't have time to
think
about material comfort. Every day is a challenge. Every day one is
inspired by
the courage of others, of the humble people who are not known like me,
because
they are the heroes of our struggle. They're very humble ones, the
poorest of
the poor. These are the true heroes of our country.

RAY SUAREZ: Jose Ramos-Horta, thanks for talking to us.

JOSE RAMOS-HORTA: Thank you.

RECAP

RAY SUAREZ: Again, the major stories of this Friday: New York City Mayor
Rudolph Giuliani quit the U.S. Senate race, China reached a
market-opening deal
with the European Union, and the Peruvian government said the Presidential
runoff election will go ahead, even if the opposition candidate boycotts
it.
We'll see you online, and again here Monday evening. Have a nice weekend.
I'm
Ray Suarez. Thanks and good night.

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HEADLINE: GOVERNOR SOCCER DAD

BYLINE: catherine tarpley

BODY:

After four quiet, scandal-free years of living in the governor's
mansion,
Gary Locke will ask voters statewide to mark his name at the ballot box
for a
second time this November. Locke's awesome approval ratings suggest
Washingtonians are happy not to have a conservative wacko herding them
into
church or a big-mouth liberal threatening their wallets. The governor's
hands-off approach seems to suit the voters just fine.

But how deep is Locke's support? Although around 57 percent of
Washingtonians
in political pollster Stuart Elway's survey last December say they like
Locke,
his critics, both right and left, warn these high poll numbers may be
misleading: The public may quietly yearn for someone who takes risks to
tackle
big problems. That's why a liberal like Don Hopps, former aide to
ex-Governor
Mike Lowry, believes Locke's support is "a mile wide" but only an "inch
deep."
Hopps calls the governor "mush" and adds, "I don't think he's done
anything on
the major issues, and I think the public knows it." Hopps believes the
governor
would get dumped if he faced a Jesse Ventura--style independent
insurgency or a
popular Republican.

GOP consultant Brett Bader thinks he has just such a candidate in
conservative hot-talker and initiative-wizard John Carlson, whose
campaign he's
managing. "There's a hunger for someone to shake up the system," Bader
says.

The governor himself says he hates labels like "liberal" and
"conservative."
His supporters are proud that his philosophy is so middle-of-the-road.
Blair
Butterworth, Locke's campaign spokesman, says that the governor "never
has been
a strong ideological leader." We live in a political climate in which
politicians get the most done when "they break down problems into
digestible bites," notes Butterworth. In addition to Locke's mastery of the
incremental
change, Butterworth says it is Locke's "self-consummate middle-class
values,"
that make him popular with the masses.

There's no doubt Locke has established himself in the voters' minds as a

family man. When people think of him, he's usually attached to his wife and two children like a figure in a string of paper dolls. The beautiful Mrs. Locke, former TV news reporter Mona Lee, and two toddlers, Emily and Dylan, who are every bit as cute as Caroline and John-John were once upon a time, make for great family portraits. Locke's children are the darlings of Olympia, and the governor doesn't conceal that they inspire him to reach out to the state's working families.

Locke seems to revel in being just an ordinary guy. He readily acknowledges that people frequently accuse him of having no charisma. He doesn't seem to care. People who have never met him may only have an image of a nerd with a bad haircut who keeps his head buried in books about policy.

In person, although he's very warm and passionate, he looks you straight in the eye and tells you things like "Education is the great equalizer," as if it were not a sound bite but a perfectly normal phrase to use in ordinary conversation when there are no cameras or crowds around. He talks seamlessly about all he's accomplished; touting, for example, that he's created a tutoring program for kids who have trouble reading or boasting that he's persuaded Asian countries to start buying various Washington crops. "I'm not a Jesse Ventura," he says. "I just like to get the job done."

Rumors have abounded since Locke was elected that he has a future in national politics. The latest version has him becoming a cabinet member if Al Gore is elected president. "The sky's the limit for Gary," says Washington Democratic Party Chair Paul Berendt. Locke himself is characteristically modest on the subject. He says that his wife Mona wants to return to TV journalism when they do leave the governor's mansion. At that point, he says, he'll probably just become a "soccer dad."

And his supporters say that's why he'll be reelected: The joys and concerns of parenthood are the tie that binds voters of both parties in these days of high-tech prosperity and a mini--baby boom. By putting his kids before everything, Locke can relate to everybody. And as Locke seems to have figured out, all he needs to do is say the word "education" a lot and people will assume that their kids' future (i.e., their kids' future incomes) is in good hands. Elway's poll shows most people who like Locke say his focus on improving education is what makes him a viable candidate for reelection.

Locke wants most to be remembered as the governor who improved schools. Born to blue-collar immigrants in public housing, Locke says education enabled him to achieve the American dream. He didn't learn English until he was five years old and struggled his first few years in school. Eventually he blossomed, earning his undergraduate degree at Yale and attending law school at Boston University.

Characteristically, he hasn't called for any major overhaul of the education system. Locke has focused instead on improvements that most people wouldn't criticize: He has started a program to recruit tutors to help kids read; he's demanded state funding for "Promise Scholarships" to help middle-class teens go to college; he's called on the Legislature to fund the hiring of 1,000 new teachers to reduce class sizes; he has campaigned for better teacher training. Noticeably absent from the list is the powerful Washington Education Association's pet cause: pay raises for teachers.

Instead Locke is hot to get more computers into elementary school classrooms. And that's not all; he wants state universities to spend more money on high-tech classes. For students of all educational levels who live in rural areas, he wants to use courses taught over the Internet as a supplement to bricks-and-mortar classrooms.

Though some of his other proposed education improvements may seem unrelated

to computer training, Locke's rhetoric suggests that his goal is to steer as many of our children as he can into high-tech careers. By steering children toward high-tech jobs, Locke is sowing prosperity for future working families while at the same time creating a labor force for the microchip barons. His Web site is plain-spoken on the urgency of both objectives, telling us that education must be improved because there are thousands of vacancies in the state's high-tech firms, with thousands more expected to be created in the next few years.

Locke doesn't deny that training children for the high-tech work force is his approach to economic justice. After all, education was the road he took from poverty to the governor's office (he also credits financial aid and affirmative action for helping him get where he is). That's why he says, "Education is the great equalizer" over and over again. But what about people does it equalize? His reforms will not eradicate poverty. And how will an emphasis on computers help square pegs who aren't cut out for the digital economy?

Don Hopps has strong feelings against the governor's education agenda. He argues that it's targeted to help kids who can get high paying white-collar jobs that won't be available to everyone. "He's substituting the color of education for social welfare progress," Hopps says. "His assumption is that if you just give everybody an education, they'll be middle class, and I just don't agree with that."

But Locke's supporters suggest that the public does view a good education system as the road to economic parity. Butterworth says Locke sincerely wants to better people's lives by educating their kids. "People get that," he says.

But while Locke is using education reform to try to help working class people help themselves, he has not been very sensitive to the needs of extremely poor people, say critics. He brags that he has moved a third of the state's welfare rolls into jobs since implementation of Washington's welfare-to-work program, WorkFirst, in 1997. Jean Colman, director of the Welfare Rights Organizing Coalition, says the transition has been a messy process that has hurt some of the people it was supposed to help. Her main gripe is that the state has been stingy with job training assistance and as a result, too many of her clients are being funneled into "McJobs" that don't cover their basic costs. She's also unhappy that when a WorkFirst participant does get tuition assistance, it only covers one quarter of classes at a community college. That's nothing, she says, compared to states that will pay for their welfare recipients to get two- or four-year degrees. And some of these states, she points out, have Republican governors.

Paul Berendt, chairman of the state Democratic party, bristles at the suggestion that Locke is unsympathetic to citizens living in poverty. "We are the party of economic parity," he says. Locke claims that his administration is doing the best it can do, spending \$100 million to help people train for higher paying jobs than the night shift at 7-11. However, Locke "fundamentally disagrees" with Colman that the state should spend even more money to give WorkFirst participants a B.A. when it can't do that for other types of students.

Locke's cautious approach doesn't change any when it comes to the environment. Activists are getting antsy as endangered stocks of salmon dwindle. Saving them is going to mean a big change in way of life for many Washington residents. But environmentalists say there is one obvious way to help the salmon survive: Take out some of the dams that cut them off from spawning grounds. Oregon's Democratic governor John Kitzhaber announced earlier this year that the four dams on the lower Snake River that provide irrigation and power for a small community of farmers and businesses should probably be dismantled. Tim Stearn

with the National Wildlife Federation has been holding public meetings around the region to find out how residents feel about taking out these dams. To his surprise, he says, there's a widespread feeling that dam removal is the appropriate and necessary price to pay to save salmon.

Stearn accuses Locke, who opposes dam removal, of "pandering" to farmers who live near the Snake River and to the Association of Washington Businesses, which sent Locke a letter asking him not to support dam breaching. The day after he got the letter, Locke made public his opposition to taking out the dams.

Locke says he's pushed for alternatives to dam removal. For example, last year he signed a bill that changed timber practices to protect streambeds. He also fought to secure an agreement with Canada that limits both countries' fish harvests. He's put the heat on farmers to limit the amount of fertilizer they put in the water. He's also made some of the dams easier for salmon to safely navigate. And Locke believes that one of the best things he's done for the environment is defend the sprawl-deterring Growth Management Act, which legislators often try to sabotage.

But growth management activists say his memory may be failing him. Before becoming governor, Locke was King County Executive during a time of tremendous growth. Tracy Burrows of 1000 Friends of Washington says with one exception, Locke "didn't go out on a limb" to rein in growth.

Activists aren't the only folks, however, who worry that Locke doesn't take risks when he needs to. Jim Kneeland, a moderate Democrat who likes Locke and is glad he's a centrist, still criticizes the governor for not fighting the tide of antigovernment sentiment that has brought about things such as Initiative 695, the law that reduced all license tab fees and threatens funding for buses and ferries. Kneeland, once an aide to former Governor Booth Gardner and now head of a public affairs consulting firm in Seattle, does not think Locke should have addressed the initiative directly, but should have foreseen it and tried to stave it off. As soon as Locke was elected, Kneeland argues, the governor should have "educated" people to understand that the transportation system needs well-funded buses, ferries, and other alternatives to cars to keep all workers mobile and to keep businesses in the region. The initiative might not have passed so easily if the governor hadn't "come late to the game" to speak out for an integrated transportation system, says Kneeland.

The governor refuses to take blame for the passage of I-695, since he publicly opposed the initiative. Locke says former governors have assured him that there was no way he could have dissuaded voters from passing I-695. He claims that he does stand up for his beliefs. "The responsibility of the governor is to tell, when asked, how he or she feels," says Locke.

Berendt agrees. "This is not a governor who's afraid to stand up for his beliefs," he says, adding that it's "erroneous" that the governor's job is to change voters' minds about issues.

But Kneeland says the larger problem is that the public distrusts government too much to ask for direction; too many voters just assume that Olympia's policies are all geared to swindle folks out of tax dollars. He says the governor should have taken the lead in showing people how government really works. But Locke, Kneeland says, has been too busy watching his popularity ratings to be "out on point on a lot of tough issues."

Republicans have noticed. Brett Bader, campaign manager for John Carlson, the leading candidate for the GOP gubernatorial nomination, asks, "What does Locke stand for? Nobody knows."

By contrast, Carlson is not likely to be described as lacking in passion. He started a conservative newspaper on the University of Washington campus and founded the Washington Institute Foundation, which pumps out studies showing how to get rid of taxes and unions. His veteran status as a KVI talkshow host puts him firmly in the crime-fearing, government-hating camp. As a citizen he's

already created three laws through the initiative process. Initiative 200 did away with affirmative action in government hiring and public school admissions, Three Strikes You're Out mandated life sentences for people who commit three felonies, and Hard Time for Armed Crime set tough guidelines for punishing criminals who use weapons. All three initiatives were successful, and Republicans insiders are pumped that Carlson is willing to rabble-rouse his way all the way to the governor's office. To them he's a refreshing change from past GOP gubernatorial candidates who were too lackluster or too fringe to garner a majority of voters. Bader believes that mainstream voters are ready for a leader with a bold agenda "that matches theirs." So far, Carlson hasn't struck out once giving the people what they want.

Butterworth isn't too worried about Carlson, though. "We don't like divisive people to be our leader," he says.

Locke has proven that he's not just a nice guy but also a good neighbor; he comes into your house only when invited, doesn't wear out his welcome, and stays out of your hair the rest of the time. The Democrats hope to cast Carlson as a nightmare neighbor who would come banging on your door at inconvenient times screaming about right-wing issues.

Butterworth says Democrats used to give dynamic, ideological candidates the nomination, and they often lost. The more moderate approach Dems have taken appears to have paid off for them. When the ballots are all counted, Locke may have demonstrated that he is, as Berendt calls him, "an extraordinary leader for our ticket." Well, a winning one anyway.

GRAPHIC: Photo: Washingtonians seem to love Locke's family-man image but how deep is his support? Locke recipe for success high tech prosperity and concern about education.

Credit: Dan Lamont and Rich Dahms

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USA TODAY

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HEADLINE: First the campaign, then the job fair

BYLINE: Walter Shapiro

BODY:

There will be no signing bonuses, stock options or employment security. The selection process is certain to be demanding, invasive and agonizingly slow. But in less than six months, Washington will be caught up in a hiring frenzy that will make Silicon Valley seem like a sleepy backwater as the newly elected president begins to staff his administration.

Sure, the candidates, their handlers and the press make it seem as if the battle for the White House is simply a struggle between contrasting ideologies and visions of the future. But what is really at stake in the contest between Al Gore and George W. Bush is the right to decide who gets the roughly 2,000 top appointive jobs in the federal government. In truth, that makes the presidential race not that much different from the old-time patronage politics of Tammany Hall.

At a time when the candidates are only beginning to wrestle privately with their vice-presidential selections, it is understandable that they haven't given much thought to the implications of this modern-day spoils system. The rigors of campaigning are hard enough without Gore and Bush inspecting every glad-hander greeting them on airport tarmac to determine whether he or she might be worthy of serving as an assistant secretary of Commerce. Aside from stray speculations about a possible secretary of State or White House

chief of staff, presidential candidates invariably vow not to worry about appointments until after the election.

Tuesday morning, however, the Heritage Foundation stepped into this void with a provocative conference on "Staffing a New Administration."

Featuring former directors of presidential personnel from the Reagan, Bush and Clinton administrations, the symposium underlined the pitfalls that confront a new president as his transition staff suddenly finds itself drowning in 100,000 resumes.

Newly elected presidents, of course, come equipped with a campaign staff. But as Pendleton James, director of personnel in the Reagan White House, shrewdly pointed out, "The people who run your campaign will not necessarily be the best people to run the government."

Sometimes campaign veterans recognize their limitations, as James Carville did in spurning any thought of entering the White House after Bill Clinton's election. But all too often, campaigners, whatever their competence, are animated by dreams of a palatial West Wing office.

The transition from politics to governing can be wrenching. After the 1992 election, Clinton devoted so much time to constructing a Cabinet that perfectly radiated diversity that he barely left himself enough time to staff the White House. The result: Many of the crises of the early Clinton years were rooted in an ill-conceived White House staff that had been drawn too heavily from the campaign and neglected the talent base of the Democratic Party.

If elected, Gore would represent Democratic continuity. He would enter the Oval Office with major built-in advantages. Present at the creation of the Clinton administration, the vice president presumably has internalized a lengthy manual that might be titled Mistakes That Democrats Won't Make Again. Chase Untermeyer, who was in charge of staffing the Bush administration after an analogous "friendly transition" from the Reagan regime, pointed out, "You have a continuity of policy, an immediate pool of talent and lots of people you can keep in their current positions while you conduct searches."

But Gore as president would also face formidable obstacles. As top Clinton officials admit privately, the quality of the current White House declined precipitously as many talented staffers raced for exits after the president's impeachment ordeal. Moreover, in all lame-duck administrations, the Peter Principle tends to hold sway as the gofers and junior aides from the first term finally get promoted to levels beyond their innate competence.

In theory, Gore would have the latitude to clean house, even though many Clintonites assume they would stay on. But finding another 2,000 loyal Democrats to staff a Gore administration would not be an easy task. With Republicans holding the governor's chairs in eight of the nine largest states (there are more Bushes than Democrats serving as governors in these states), there is not much of a talent pool in state government for Gore to draw on. Congress is also a dry hole, because most experienced Democratic staffers left Capitol Hill after the GOP takeover in 1995.

Bush's Washington experience might be limited primarily to firing John Sununu as his father's White House chief of staff. If elected, however, the Texas governor would undoubtedly benefit from his party's superior bench strength with talented public officials proving their mettle in state government and in running the majority staffs of congressional committees. On second thought, based on the dismal recent legislative record of the Republican Congress, Bush might well be advised to depend primarily on his fellow GOP governors for help with appointments.

Bush might go astray if he depends too much on the business community as a source of administrative talent. Thinking back on his experience in the Reagan years, James said at the Heritage conference in a surprising admission by a Republican, "I think businessmen make the worst appointees, because they're used to absolute control."

It might seem premature to speculate on these staffing issues in the midst of a presidential campaign, but voters will not merely be choosing a president this November. They will also be, indirectly, picking the White House staff, the Cabinet, the sub-Cabinet and a veritable army of staff assistants. The caliber of those appointees will prove to have far more enduring importance for the nation than any campaign speech on Social Security or education.

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The Hotline

May 15, 2000

SECTION: WHITE HOUSE 2000

LENGTH: 2366 words

HEADLINE: BUSH: STAGE SET FOR SOCIAL SECURITY DEBATE TODAY

BODY:

Campaigning in Ontario, CA today, George W. Bush is "set to make a case that workers should be given the opportunity to invest a portion of their payroll taxes on their own behalf -- and that the costs of letting them do so can be borne alongside his tax cuts." Seeing Bush "reach out and touch the legendary third rail of American politics is a bit of a shock to some people," but he is "betting that the potentially hazardous subject can energize political fortunes, not just zap them into cinders" (Woodward, Fort Lauderdale Sun-Sentinel, 5/15). Bush's decision to discuss Social Security today "underscores" his "efforts to steer his campaign into traditionally Democratic territory to attract moderate swing voters" (Slater, Dallas Morning News, 5/15). Bush "gets credit from independent analysts for tackling an issue that has been a big winner" for the Dems since Social Security was created 65 yrs ago (Ullman and Keen, USA Today, 5/15). Bush sees the Social Security issue as an opportunity to "present himself as a bold leader who is prepared to reach across party lines to find a solution to part of the entitlements puzzle" (Balz, Washington Post, 5/15).

Bush's plan allows workers to divert part of their 12.4% payroll tax into personal investment accounts. Bush has not provided a specific percentage of funds that will be available to privately invest, but "those who favor the idea have suggested a limit of perhaps one-sixth to one-quarter" (Wilson, Reuters/Contra Costa Times, 5/15). A "big question is what would happen if the stock market crashed." Bush aides maintain "that the longer workers have stock investments, the more likely they would be ahead of the game even in a down market" (Ullmann and Keen, USA Today, 5/15).

GORE TO COUNTER

Al Gore is set today to counter Bush's speech and warn that his plan "would endanger the economy and the future stability of the retirement system." In a weekend interview with USA Today's Page and Keen, Gore maintained: "It's almost certain that this would lead to a huge S&L-style bailout of those who mismanage their investments or fall prey to penny-stock options." Gore, who will give his speech at Beaver College in suburban Philadelphia, says that the transition plan to put Bush's proposal into effect would "consume \$1 trillion over ten years, a price tag he said would raise interest rates and slow the economy" (5/15). Gore spokesperson Doug Hattaway, on the Center on Budget and Policy Priorities' projection for Bush's plan: "This report and congressional plans verify that privatization schemes will force benefit cuts or an increase in the retirement age" (Slater, Dallas Morning News, 5/15). The Dem Party "vows to hang Bush's plan ... around the necks of every GOP candidate in the land, whether they embrace his proposal or not." Dem pollster Mark Mellman: "It's going to be a major issue throughout the country. ... Congressional Republicans are deathly afraid of the giant mistake George Bush is about to make" (Zuckman, Boston Globe, 5/15).

NON-FRIENDLY FIRE

Bush announced his plan to offer free trigger locks for handguns in TX on 5/12. "prompting President Clinton to belittle the idea as an attempt ... to dissociate himself from the National Rifle Association two days before the Million Mom March." While Clinton said the locks were a "good idea," he "scoffed" at the timing of Bush's plan. Clinton, appearing on ABC's "Good Morning America": "He wants to move away from that image (that) basically the NRA will control policy on this, which they will if he wins." More Clinton: "And if he comes out and gives away trigger locks, then he doesn't have to explain why we're still importing large-capacity ammunition clips and why he doesn't want to close the gun-show loophole" (Cain, Washington Times, 5/13).

CNN's Shaw, on Bush's apparent gun control shift: "In the primaries, Bush was openly scornful of a Democratic proposal to make trigger locks mandatory. This morning, he was far less hostile. ... The rhetorical shift was not lost on President Clinton. Clinton grudgingly praised Bush's trigger lock idea but questioned his motives" ("IP," 5/12).

The Standard's Kristol, on Bush and guns: "I think Bush is holding his own in the argument" ("IP," CNN, 5/12)

Washington Post's Dionne, on Bush and his recent proposal: "What Bush did today suggests that his campaign actually is worried about the issue. ... And I think that Bush has what he has from the pro-gun side, and he knows that this issue is potentially powerful in the suburbs" ("IP," CNN, 5/12).

Million Mom March Organizer Donna Dees-Thomases, on Bush's trigger lock proposal: "This is a smokescreen. It's a feel good measure, but it really has no effect. ... We are afraid that the NRA is already out there bragging that if George W. Bush is elected they are going to have an office in the White House. That terrifies me" ("Today," NBC, 5/15).

MCCAIN MIFFED OVER MICHIGAN MOVES

Detroit News' Weeks writes that "in an angry reaction" to the MI GOP's choices for delegates to the nat'l convention this summer, AZ Sen. John McCain "abruptly cancelled plans to campaign" for MI congressional candidates this week. McCain pol. dir. John Weaver maintained that MI Gov. John Engler and MI GOP chair Rusty Hills "failed to keep commitments" to elect "true McCain activists." Instead, "most of the 46 are Bush supporters who are pledged to vote McCain on the first ballot under party rules." MI state Sen./McCain MI chair John Schwarz: "It's not a good message for our party to send. ... To win Michigan, a presidential candidate has got to win a majority of

the independent vote, and I think a number of independent voters in Michigan were told (by the convention) that their vote really didn't count." Based on the primary vote, McCain captured 52 of the state's 58 delegates, but released six of the at-large delegates to Bush so Engler and others could attend (5/14). Weaver: "By not keeping their commitment, Governor Engler and chairman Hills are sending the following message: the Republican Party of Michigan is a closed shop -- reformers and newcomers need not join. ... This does not bode well for our party in the general election in an important battleground state like Michigan" (AP, 5/14). McCain was scheduled to campaign for MI congressional candidates Chuck Yob and Mike Rogers on 5/19 (Release, 5/13).

A LOOK INSIDE "THE" MEETING LAST WEEK

Time's Carney and Dickerson report that as Bush and McCain "got more comfortable" in their talk last week in Pittsburgh, McCain "tossed off a few campaign suggestions." McCain suggested that Bush take Gore up on his debate challenge and "don't settle for only a handful of engagements where the expectations will inflate beyond reason, but keep Gore in a tight clinch, debating early and often." Bush responded that he would "think about it." McCain also suggested that Bush fight for CA because it is "too important to surrender" to Gore and Dems as the last two GOP campaigns for the WH have done. Bush agreed. The meeting also went "well enough that McCain is considering an aide's suggestion that his wife Cindy and Laura Bush campaign together" (5/22 issue).

CINDY TO LEAD AZ DELEGATES

Arizona Republic's Mayes and Moeser write that AZ GOPers "doused a smoldering political feud" on 5/13 by electing McCain's wife Cindy as chair of the state's delegation to the nat'l convention. The delegates made the move "with the full support" of AZ Gov. Jane Hull -- gov's typically lead the state delegation to the convention. Hull: "As Republicans we must find common ground, not a battleground, and that's what this convention is all about. ... This is also a convention in which we honor John and Cindy McCain for a marvelous campaign." Cindy McCain: "I encourage this party in the tradition of Barry Goldwater, Burton Barr ... Jack Williams, John Rhodes, Jon Kyle, Jane Hull, and John McCain -- that we unify together with our primary goal to put George W. Bush and his lovely wife, Laura, in the White House in November." The feuding between Sen. McCain and Hull began when Hull endorsed Bush for prez, but after two weeks of "Yalta-like negotiations" Hull stepped aside to let Cindy McCain lead the delegates (5/14).

CABINET MAKER

Newsweek's "Periscope" notes that McCain told them that he would consider an offer by Bush to become DoD sec -- "though he doubts Bush would make the offer." McCain: "It would be a great way to end up a career. ... But put yourself in Bush's position. Can you be sure that McCain won't stand up and say something to criticize some administration policy? I think there is a real risk in that -- and I'm sure they would consider it." Bush's "inner circle has ruled out, at least for now, any early declarations." The "more pressing question" is who gets to speak at the convention, McCain and Colin Powell are on the list, "with Powell likely to get the better slot" (5/22 issue). More McCain, on taking a Cabinet post: "I am very happy in the Senate and I'm happy staying there. But it would be arrogant of anyone to say outright that he would not consider serving if his president asked him to do so" (Milbouer, Boston Globe, 5/14). Columnist Mark Shields, on McCain's ability to pass on his votes to Bush: "He can't deliver ... but he can provide a sense of credential. I think that John McCain wants Al Gore to lose. I ... think there's a question whether he wants George Bush to win. And I think that's a legitimate question" ("NewsHour," PBS, 5/12).

PRO-CHOICE GOPERS LAUNCH AD

ABCNews.com's Tzemach writes that "proving yet again what a tough battle awaits the GOP as it tries to present a united front" at the nat'l convention, Republicans for Choice will air ads urging Bush to "listen to your momma" and "keep abortion out of the party's platform." The ads will air in mid-July and quote Barbara Bush as "saying she does not think abortion ought to be in the GOP's national platform." Eagle Forum's Phyllis Schlafly: "I look upon this as really mischief-making. ... They are playing to the eagerness of the media to stir up a fight on this issue ... it will cause a lot of press stories, and they may even try to cause a floor debate, which distracts from the main business of the convention, and so I think they are up to no good." Bush spokesperson Scott McClellan: "The governor has made his position clear. ... He believes (the pro-life plank) is an important statement of our pro-life ideals and does not believe it should be changed, but he respects those with differing views." Republicans for Choice chair Ann Stone: "This is a real opportunity for him (Bush) to show that he has incredible skill for bringing people together because if anything is going to divide the party, this is. ... We hope we are providing an opportunity instead of being a pain in the rump" (5/12).

THE ROVE BOAT

In a profile of Bush chief strategist Karl Rove, New York Times Magazine's Henneberger writes Rove is "right where he wants to be: in control of control. Do not get in his way." Rove, in the article on his political experience to date being "too provincial": "No, I haven't run a national campaign, but who has? Jim Baker?" During the interview Rove said that he would be bringing "reinforcements", and "already, a number of better-known operatives, including Haley Barbour and Mary Matalin, have been hired to lend advice." However, Rove "could

not help adding, sneeringly": "But do you repopulate the campaign with people from 1908? No!"

Hennenberger goes on to note that "you won't be seeing any gauzy, feel-good clips" from Rove's past at the nat'l convention this summer: "Dad -- his adoptive dad -- was gone a lot, working. Mom moved the family around, restless. The kid missed him, fought with her. Finally Dad left for good. On Christmas Day, actually. Then Mom packed up for Reno. And later, when he was all grown up, she killed herself." Rove: "Nothing special about the Roves. College for Rove was "off and on." To earn money for school, Rove worked in a convenience store "and was robbed at gunpoint." And he "never did get a degree, still a tender spot for him" (5/14 issue).

STIMULATING CONVERSATION

Under the header, "Bush's Diet-Drug Problem: The Governor's regulators eased up on a risky stimulant after lobbyists put money in his campaign," Time's Weisskopf reports on Bush's TX Health Commis. William Archer's decision to "abruptly change course" and let drug manufacturers "negotiate looser rules for marketing" dietary supplements with ephedrine. Archer has previously decided to restrict sales of dietary drugs with ephedrine, but made a "flip" because of the ephedrine industry's "strong opposition and its threats of litigation." However, "records and interviews obtained by Time suggest another possible reason: The office of Governor Bush encouraged, if not inspired, Archer's about face after attys close to Bush began work for a leading manufacturer." Those same attys "funneled \$40,000 to Bush's re-election" campaign (5/22 issue).

IN THE HUNT

Bush has named friend/Dallas oil man Ray Hunt as nat'l finance chair of the RNC's Victory 2000 fundraising operation. Hunt is the son of the "legendary" H.L. Hunt and is "working on his second generation of close ties to the Bush family." When Bush's father, Pres. Bush, was vice president, "he trekked out into the Yemeni desert while on a Middle East trip to dedicate a Hunt drilling venture" (Houston Chronicle, 5/13).

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The National Journal

May 13, 2000

SECTION: WHITE HOUSE; Pg. 1529; Vol. 32, No. 20

LENGTH: 1692 words

HEADLINE: Improving the White House Memory

BYLINE: Carl M. Cannon

BODY:

White House Chief of Staff John Podesta recalls being jazzed his first day in the Clinton Administration-until he saw his workstation. There wasn't a single piece of paper on his desk, and not so much as a diagram telling him where the men's room was. There was a computer monitor and processor, but the monitor was blank and the processor had wires poking out of it-someone had removed the hard drive. This was no crime of vandalism. It was the law at work.

While the Constitution sets clear rules on how the country goes about electing a President, there has always been a haphazard quality to the transition. One reason is that both long-standing custom and the Presidential Records Act of 1978 dictate that almost all White House offices be swept clean of all records, including basic information that would help a new President get off to a good start.

"By law, there's no institutional memory," says political scientist Martha Joynt Kumar of Towson State University, the author of two books on White House operations. "A new Administration, especially when there's a change of party, begins without a written record compiled by the previous occupants. Those who have worked there almost uniformly describe this as a handicap."

The absence of a record can be an issue even in what ought to be the least partisan of transitions-the ascendancy of a Vice President to the Oval Office in midterm. When President Franklin D. Roosevelt died in April 1945, Harry S. Truman's incoming staff lacked access to key information, including the fact that the United States was close to developing the atomic bomb. As Vice President, Truman had not known the weapon existed, and it was not until 13 days after he became President that Secretary of War Henry L. Stimson informed him of the project.

"I felt," Truman explained of his sudden thrust into the Oval Office, "like the moon, the stars, and all the planets had

fallen on me."

Even when the nation is at peace, the lack of a written record in the White House National Security Council is a continuing problem. "The new NSC staff spends months re-creating them or negotiating with the archivists to get access to them," says John Fortier, a researcher at the American Enterprise Institute. "There has to be a better way."

In other words, Podesta was hardly the first appointee to wonder about this process. Michael Jackson, who held a powerful post as the White House's Cabinet secretary, recalls a scramble for furniture on the first day of the Bush Administration more appropriate for the movie Animal House than the White House.

"The first day what they did is, they pulled out a lot of the furniture from the offices and into the halls, where there were piles of credenzas, desks, wing chairs," Jackson told Kumar. "The people who were smart and knew the drill got there early and went and just took stuff."

Commentator David Gergen, who has served in two Republican Administrations and one Democratic (Clinton's), maintains that this early confusion in a cleaned-out, clueless White House comes at a price for the new President-and the country. "The early months are so important because that's when you have the most authority," Gergen said. "But that's when you also have the least capacity for making the right decisions."

Other White House veterans assert that the lack of institutional memory helps explain why incoming Administrations seem to stubbornly repeat the mistakes of their predecessors, especially in their first days. Jimmy Carter, Ronald Reagan, and Bill Clinton, for instance, all vowed during their campaigns to cut the size of the White House staff, but their efforts to follow through on this ill-considered promise produced results ranging from poor to disastrous.

"Cicero said that he who does not know history would forever remain a child," says David M. Abshire, who heads the Center for the Study of the Presidency and who assisted in the Reagan transition. "Believe it or not, some Presidents have done childish things."

But such scholars as Abshire and Kumar insist that this is hardly all presidential fault: Imagine a \$ 1.8 trillion company-that's the approximate size of the federal budget-in which the corporate headquarters is vacated every four or eight years. Moreover, hardly any of the support staff stays on: all the files vanish, and the shareholders are given only two months' notice about the identity of the incoming CEO.

"The White House is not simply a spoil of victory," says former Carter White House aide Harrison Wellford, an attorney who now handles corporate mergers. "It's the nerve center of the greatest government in the world, and we ought to at least give it the same respect that you do when you take over a second-rate corporation."

A slew of presidential scholars and good-government organizations are spending this year trying to do just that. They have undertaken a series of projects designed to help the new President hit the ground running when he takes office on Jan. 22, 2001:

- * Abshire's Center for the Study of the Presidency is working on a special report intended to reach the President-elect on the day after the election. The package will include several case studies illustrating past Presidents' successes and failures in policy-making, and an analysis of "the art of presidential leadership."

- * The Heritage Foundation is undertaking a project called Mandate for Leadership 2000. Obviously, the conservative Heritage folks are pulling for Republican Gov. George W. Bush over Democratic Vice President Al Gore. Just as obviously, some of the Heritage material, such as a proposed federal spending blueprint, is geared for a GOP President. But Heritage is also in the midst of a bipartisan effort consisting of a series of seminars and publications designed to guide the next Administration. Later this year, Heritage plans to publish what it promises will be a nonpartisan report drawing on the accumulated wisdom of a cast of former White House aides, ranging from former Clinton Chief of Staff Leon E. Panetta to Reagan confidant and Deputy White House Chief of Staff Michael K. Deaver.

- * Paul C. Light of the Brookings Institution has launched his Presidential Appointee Initiative with the goal of helping a new President get the best and the brightest Americans into his Administration. This project, funded to the tune of \$ 3.6 million for three years by the Pew Charitable Trusts, will propose reforms that streamline and depoliticize the appointment and confirmation process. "The premise ... is that effective governance is impossible if the nation's most talented citizens are reluctant to accept the President's call to government service," Light says.

- * At the American Enterprise Institute, Norman J. Ornstein has teamed with Thomas E. Mann of the Brookings Institution on a wide-ranging three-year mission called

Transition to Governing. Also funded by Pew, the \$ 3.35 million project targets the "permanent campaign," which has made stars of political consultants while reducing policy-makers to slaves of the daily tracking polls.

In the works at AEI are two conferences; a published set of benchmarks by which to judge successful transitions; recommendations for improving the confirmation process; a book on the danger of the permanent campaign; and the publication of transition memos written by Harvard scholar Richard Neustadt for Presidents Kennedy, Reagan, and Clinton. In addition, AEI intends to supplement Light's work by developing ideas for accelerating the appointment process, which took an average of two months in Kennedy's day but now consumes more than nine months.

One tool being created is a CD-ROM modeled on TurboTax software that consolidates all of the questions asked on the various government disclosure forms and in FBI background checks. "The purpose of it is to make it easy for nominees to complete the blizzard of paperwork they have to negotiate," says Terry Sullivan, the University of North Carolina political scientist overseeing the project. "One of the things we know from interviews Paul Light's organization has been conducting with these people is that they find all this paperwork to be odious and repetitious. It discourages some nominees...."

Finally, there is the White House interview program, the brainchild of Martha Kumar and several of her fellow presidential scholars. Also funded by Pew, but at only \$ 250,000 for three years, it may offer the biggest bang for the buck. Kumar has conducted nearly 75 in-depth interviews with former White House officials from seven key offices, including chief of staff and communications, going back as far as the Nixon Administration. "The idea of these interviews is to get into the workings of the White House," Kumar said, "and to pass along their insights to those who need it-when they need it most."

Her interviews will be made available, along with a 15-page analysis on the office in question, to those hired during the transition for positions such as White House chief of staff and press secretary. Next year, they will be turned over to the National Archives.

The scholars themselves are aware that the reports they are producing will compete with each other and with a thousand other demands on the new appointees' time. For that reason, there has been a good deal of cross-pollination of ideas and cooperation among the scholars, many of whom are being tapped for more than one of these projects. In the process, a loose consensus has formed among them, one that David Abshire puts succinctly: "The most important decision a President makes is whom he picks to make up that presidency."

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United Press International

May 9, 2000, Tuesday

SECTION: GENERAL NEWS

LENGTH: 3167 words

HEADLINE: What U.S. newspapers are saying

BODY:

Compiled by United Press International

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New York Times

Presidential authority in Russia passed from Boris Yeltsin to Vladimir Putin last New Year's Eve when Mr. Yeltsin resigned, but the symbolism of Mr. Putin's inauguration on Sunday was still lustrous. It completed the first transfer of power from one freely elected leader to another in more than 1,000 years of Russian history. After the ceremony, the energetic new president and his aging predecessor stepped into the bright sunshine of Cathedral Square, the very place where generations of czars appeared after being crowned in the Cathedral of the Assumption. Little more than a decade ago, the idea of a democratically chosen president occupying that ground would have seemed unimaginable.

As Russians wait for Mr. Putin to make his intentions clear, they should rejoice in the freedoms that have developed since Mikhail Gorbachev first loosened the straitjacket of Communism and Mr. Yeltsin set Russia on a

course
toward democracy and free markets.

Mr. Putin now has the chance to consolidate democracy in his country. Working with the moderate Parliament that Russians elected in December, he has an opportunity to stabilize the economy, to reform a dysfunctional tax code, to crack down on crime and to build a steady relationship with the United States and other Western nations. After the stifling decades of Communism and the erratic years of Mr. Yeltsin's rule, Russians yearn for a period of sustained tranquillity and prosperity.

His initial moves reveal little about his governing strategy. Mr. Putin's choice for prime minister, Mikhail Kasyanov, suggests a desire to press ahead with economic reform and to reduce the corruption that distorts Russian commerce.

Mr. Putin's regard for police and military power is troubling. His leap from political obscurity to the presidency was accomplished primarily by directing a brutish military offensive against Chechen guerrillas and civilians.

As for foreign policy, Mr. Putin seems to want a wary friendship with Washington and its allies, in part to attract Western loans and investment. He has encouraged a new round of arms reductions talks with the United States and reactivated Moscow's relations with NATO, which were curtailed during the war in Kosovo. But Mr. Putin has made clear he will plot an independent course designed to maintain Russia's role as a great power. The Kremlin is now his to command. What he does will help determine whether Russia is able to escape its grim history.

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Atlanta Journal-Constitution

Thankfully, the removal of protesters last week from U.S. Navy property on Vieques Island, off the coast of Puerto Rico, produced no news photos that could be interpreted as "jackbooted federal thugs" accosting American citizens, nor was there any reason for any rough stuff.

The demonstrators accepted arrest peaceably because they had made their point. They had gained mainlandwide attention for their cause --- to get the Navy to cease combat training on this inhabited island (population 9,300). Besides, by forcing the feds to roust them, they had confirmed Washington as the heavy, at least in fellow Puerto Ricans' eyes.

This is not to say the occupation of Navy property was justifiable; it was a grandstand play by advocates of Puerto Rican independence. The issue of Vieques' status was worked out fairly last January by President Clinton and Puerto Rico Gov. Pedro Rossello. Under their deal, the Navy can continue to practice aerial, nonexplosive bombardment on its Vieques firing range, for which the island government will be paid a \$40 million fee. In fact, the Navy started bombing training Monday. In a year or so, Vieques residents will vote whether to halt Navy exercises or let them continue, in which case the island would get \$50 million more.

A phaseout would be reasonable, giving the Navy time to find a suitable and vacant option in the Caribbean. One possibility is Dog Island, which it could lease from the British government, but there are others.

No doubt Vieques would have been rid of its bombing headache long ago if it had two senators and a representative or two in Congress arguing its case, but that would have required Puerto Ricans voting for statehood, which they have declined to do several times over the last half-century. The lesson here is that if they want to be treated like a full partner, they need to commit to our indivisible union.

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Chicago Tribune

With the sort of unerring instinct for their own jugulars that has

characterized them of late, congressional Republicans seem to have dedicated themselves to depriving Bill Clinton of anything that could be called a foreign policy legacy, no matter how meritorious it might be.

Among the things over which conservative commentators have expressed ill-concealed glee was the stalling of the peace process in Northern Ireland, where Clinton has invested substantial time, energy and prestige. While it is not clear that Clinton had anything to do with them, events over the past weekend may have made that glee not just unseemly, but also unwarranted.

Quite suddenly, but no doubt after a good deal of diplomatic effort, the Irish Republican Army announced that it would "initiate a process that will completely and verifiably put IRA arms beyond use."

In so doing, the guerrilla group breathed life back into a peace process that had been rendered moribund by disagreements over the issue of "disarmament."

It also tossed the hot potato of responsibility for the success or failure of the Northern Ireland peace into the hands of David Trimble, leader of the largest Protestant party in the religiously divided region.

Trimble, head of the joint Protestant-Catholic government elected under terms of the Good Friday peace agreement of two years ago, now must persuade a large, balky minority of his own Ulster Unionist Party to accept the IRA pledge as evidence of good faith and proceed with the peace program.

The IRA's move may allow the British shortly to unfreeze the power-sharing government, which it put on hold in February rather than allow it to dissolve amid disagreements over disarmament.

The IRA's announcement on Saturday came just hours after the British Prime Minister Tony Blair and Irish Prime Minister Bertie Ahern called on the group for just such a gesture.

The group said it would lock away its arms and subject "a number of our arms dumps" to regular inspections by "agreed third parties." The British and Irish governments later announced that the inspections would be led by former Finnish president Martti Ahtisaari and former South African labor leader and anti-apartheid activist Cyril Ramaphosa.

Clinton, who already has reaped enormous praise for his role in fostering a Northern Ireland peace, was modest but hopeful in his response. He called the developments "a significant step" that offers "renewed hope."

Legacies aside, there's a lot to be said for hope.

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Los Angeles Times

Sunday's inauguration of Vladimir V. Putin as Russia's new president-the first democratic succession of leadership in the country's history-was rich in symbolism and promise. Putin, a former KGB officer, likes to invoke the word "democracy," but it does not come naturally to him. At 47, he is younger and more vigorous than his predecessor, Boris N. Yeltsin, and he shares none of the ideological baggage of the Kremlin leaders before him.

He is taking charge of a country that has accomplished a great deal on the democratic front but disappointed in its economic transformation. Putin's main goal will be to establish the rule of law and complete economic reforms without endangering democracy.

Putin is an enigma. Even as a presidential candidate he said little about his policies or programs. He owes much of his popularity to waging a merciless war against Chechnya. He likes to reinforce his tough talk about restoring the greatness of Russia and flushing enemies "down the toilet" with macho images of flying jet fighters and practicing judo. He says the right things to the right constituencies.

What he does is less reassuring. While promising to defend democracy, Putin tightened government control over the media. He backed legislation to give the security services influence over the Internet. He speaks of establishing a "dictatorship of the law." Strong law enforcement may certainly be helpful in a country as lawless as Russia, but after more than eight months in office, the former KGB agent has done little to curb the corrupt oligarchs' power or gun-toting gangs of organized criminals.

Bringing order to Russia will be a top priority.

Putin should use the center-right majority in the Duma, the lower house of parliament, to push for much needed tax reform and a law clearly establishing the right of private ownership of land. The new president has succeeded in creating among ordinary Russians an image of himself as a competent, decisive leader capable of tackling mounting domestic problems and restoring the country's image abroad. If he can indeed do that without compromising democratic values he will succeed.

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San Francisco Chronicle

Ten days ago, Sen. Dianne Feinstein, D-Calif., got up on the Senate floor and excoriated drug companies for trying to "squeeze every last drop of profit from the suffering of millions of HIV/AIDS victims in Africa." An incensed Feinstein was reacting to the prospect that a House-Senate conference committee would remove an amendment to the Africa Growth and Opportunity Act she and Sen. Russell Feingold, D-Wis., had sponsored, essentially allowing developing countries to bypass the prices set by drug companies on anti-AIDS drugs and produce them at a much cheaper rate.

Feinstein was particularly incensed by one drug, fluconazole, marketed by Pfizer as Diflucan in the United States, where it is used to fight yeast infections. In developing countries, it is used to fight cryptococcal meningitis, an opportunistic infection associated with AIDS. The drug can be bought for \$1.20 per daily dose in Thailand, where Pfizer has no patent on the drug. In South Africa and Kenya, however, the drug cost \$17.84, a price Feinstein described as "unconscionable." Regrettably, the trade bill is likely to be approved by Congress this week without the Feinstein-Feingold amendment. The setback is especially unfortunate because it comes only months after a welcome change in U.S. policy. Last December, Vice President Al Gore announced that henceforth, the United States will show more "flexibility" in enforcing U.S. patent rights in countries that can demonstrate a genuine medical emergency. Under the policy, foreign governments can force U.S. drug companies to grant licenses to companies in their countries which can produce the drugs more cheaply.

Trying to salvage something from her setback in Congress, Feinstein has called on President Clinton to issue an executive order to formalize the administration's new policy. It will not have the same force as an actual law -- a future president could easily overturn it with another executive order -- but it is a necessary first step. A Clinton administration official told The Chronicle it is considering Feinstein's request. But the time for extended deliberation is long past. This is a crisis. With an estimated 5,500 people dying in Africa daily, any action that can slow the destructive path of AIDS must be taken without an more delay.

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Cincinnati Post

Uniquely in Russian history, Vladimir Putin did not have to step over the dead or deposed body of his predecessor to head that sprawling, unruly nation. He is Russia's second democratically elected president; the first, Boris Yeltsin, stood just behind Putin at the inauguration.

Putin's 10-minute - American presidents-elect, please note - inaugural address was positive in its endorsement of democracy and his vision for Russia, "free, prosperous, rich, strong and civilized," but gave no specifics as how this transformation was to come about.

The most frequent description of Putin is "mystery man." He is only 47; has a brief resume in politics and a long one in espionage; and was plucked out of anonymity by Yeltsin, first to be the mercurial leader's deputy and then his heir.

Putin appears to be open, accessible and candid, but both Russian and Western observers scrutinized his inaugural ceremony for clues to his intentions. (Held in the czar's throne room, it evoked a nostalgic nationalism.)

His government does not suggest any sudden, dramatic changes. He is retaining his current cabinet, and his nominee as prime minister, Mikhail Kasyanov, 42, is a financial specialist who has been managing Russia's foreign debt.

Putin faces massive problems - the ongoing war in Chechnya, a dysfunctional tax code, massive corruption, renegade provincial governors and an economy with only flickering vital signs. But the manner in which he became president - in his words, "through the will of the people, legally and peacefully" - augurs a promising start.

Whatever the uncertain state of present-day Russia, this first-ever free transfer in 1,100 years of nationhood is a remarkable moment and achievement in Russian history.

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Honolulu Star-Bulletin

Radical "Red Ken" Livingstone led the Greater London Council until it was disbanded in 1986 by Prime Minister Margaret Thatcher. Under his leadership, the council declared the capital a nuclear-free zone, supported the outlawed Irish Republican Army, backed gay rights and slashed subway fares. Now Livingstone is back in power as London's first elected mayor, much to the displeasure of Prime Minister Tony Blair. Livingstone was expelled from Blair's Labor Party after deciding to run as an independent. Labor's candidate finished third in the election Thursday.

Blair, who has moved the formerly liberal Labor Party to the center in a successful effort to regain office, had said a victory for Livingstone in the London mayoral election would be a disaster. In the wake of his victory, the humbled prime minister could only say, "People in London have spoken. We accept their verdict. And we've got to make it work for them."

In a sense, Blair had only himself to blame. He created the job of mayor and the 25-member London Assembly as part of his program of returning powers to regional and local governments.

But he didn't count on Livingstone winning the mayor's job. Blair's efforts to thwart Livingstone apparently backfired, strengthening his image as an independent.

The London mayor will serve as an ambassador for the capital's 7.25 million residents, oversee a \$5.3 billion budget and assume responsibility for the police, transportation, fire and emergency services. The position comes with only limited tax-raising powers; most fiscal authority remains with the national government.

Conservative Steve Norris, who finished second to Livingstone, seemed to have it right with his observation: "I think martyrdom is still the most attractive party. Practically every decent person in the country felt some sympathy for Ken. Labor will bear the consequences of that."

Livingstone's election wasn't the only bad news for Blair. Returns showed Labor losing significant ground to the opposition Conservative Party in elections for more than 3,300 seats on 152 local councils. Trouble on both the left and right.

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Washington Post

Warlord Foday Sankoh is the enemy of United Nations peacekeepers in Sierra Leone; he holds some 500 of them hostage. Yet U.N. peacekeepers in the capital of Freetown actually seem to be protecting Mr. Sankoh in his house. Worse, yesterday the peacekeepers stood by as Mr. Sankoh's bodyguards fired into a crowd outside the house, killing seven. The crowd, unarmed except for a few rock-throwers, was demanding that Mr. Sankoh keep the cease-fire as promised.

The organization that brought you Srebrenica, with its disarmed Dutch peacekeepers looking on helplessly as the Bosnian Serb army divided Muslim prisoners into those who would be killed and those who would be expelled, is back in business. For all the sobering reports and somber conferences, the official hand-wringing and apologies, it seems that defenseless people are still mistaken if they count on U.N. troops to protect them. Right now a small country's future and the lives of thousands of people probably depend on somehow making this mission work.

Easy to beat up on the United Nations, but the organization can never be stronger than the resolve of the Security Council members who send it to solve problems the great powers would rather not handle directly. The U.S. and British governments, the only two with the wherewithal to make a difference in this situation, dither. The United States says it will help logistically, which seems to mean a promise to deliver more Bangladeshi soldiers to the fray. Some 800 British paratroopers are on their way-not to enforce the peace agreement that Mr. Sankoh's gang has violated but to evacuate British citizens. Sensing that Mr. Sankoh will pay no penalty for his behavior, Sierra Leone's other warlords are rushing to grab some of the spoils. The latest entrant is Johnny Paul Koroma, a former military junta leader who is sending his armed loyalists into the streets to do battle with Mr. Sankoh's crowd. A swift and decisive reinforcement of the U.N. presence in Sierra Leone, including a "rapid reaction force" of the kind Secretary General Kofi Annan is pleading for, could stave off a bloodbath. But the window is closing.

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Boston Herald

Vladimir Putin became the second democratically elected leader in Russian history when he was installed as president Sunday. That alone is cause for optimism.

Putin's rise has been meteoric. From a relatively obscure Kremlin post, he was chosen by then-President Boris Yeltsin to be prime minister last August. When Yeltsin abruptly resigned on New Year's Eve, Putin succeeded him.

The 47-year-old former head of the Federal Security Service (successor to the KGB) was elected to a four-year term in March.

The Yeltsin administration, which began with such promise, ended in corruption and disillusionment. After the aged and ailing Yeltsin, the Russian people have embraced a vigorous judo student who enjoys rides in jet fighters.

Putin comes to power at a crucial juncture. Despite a growing private sector, Russia still has a largely statist economy. There are chronic shortages and nothing seems to cure the problem.

Putin has pledged to replace the nation's nearly incomprehensible tax code (some hope with a flat tax), which in itself would be substantial progress. It's also encouraging to note that in the last election a number of key free-market reformers supported Putin.

The next U.S. president won't face problems anywhere near the magnitude of those Putin will confront. As Russia's successful transition to democracy and capitalism is essential to world peace, we can only hope he succeeds.

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BEFORE THE SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING AND THE DISTRICT OF COLUMBIA

SUBJECT - "HAS GOVERNMENT BEEN 'REINVENTED'?"

BODY:

Mr Chairman, thank you for inviting me to testify at this hearing to review and evaluate the National Partnership for Reinventing Government (NPR) and its various initiatives. The "reinvention" of the executive branch began in late 1993 and is now completing its projected lifespan. It is most appropriate, therefore, to assess the accomplishments, the failures, the permanent, and the transitory aspects of this ambitious exercise. Most witnesses, understandably, will emphasize the accomplishments of the effort, leavening the praise with some doubts. I have been requested, on the other hand, to address those areas where the results have been problematical and where basic issues of purpose have been raised. Since time is limited I will address those questions that appear to go to the very heart of the philosophical debate underway over the future direction of government management, and especially the role of Congress in this future.

The reinvention exercise is not simply a number of new practices adopted by the several agencies that together make for better management, rather it is an exercise that could fundamentally alter the character of the executive branch and the executive and congressional oversight roles. The goal of the reinvention exercise is to make the executive branch entrepreneurial in character, structured and operated like a large private corporation. General Electric is often cited as the model. The fundamental issue facing Congress, and especially this Committee, is whether the entrepreneurial management model, with its private corporate approach, is appropriate for the executive branch and whether the role of Congress, as co-manager of the executive branch, is enhanced or diminished by this model? To assist in answering these questions, five issues appear to merit our attention:

- (1) Are the governmental and private sectors essentially alike, or essentially unlike, in their critical legal attributes?
- (2) What values are promoted by entrepreneurial management?
- (3) What values are promoted by public law management?
- (4) What are the congressional interests in this debate over management philosophy?
- (5) What issues were not addressed by reinvention, or addressed negatively?

Are the Governmental and Private Sectors Alike, or Unalike?

The underlying premise of much of the "reinventing government" exercise is that the governmental and private sectors are essentially alike in their characteristics and best managed according to certain generic business sector principles. The entrepreneurial management model outlined first in Osborne and Gaebler's popular book, Reinventing Government, /1 and later in Vice President Al

Gore's National Performance Review Report,² seeks to replace the "old, broken way," their phrase, with the "new entrepreneurial management."³ To their mind, the executive branch of the future should be managed in much the same way as large private corporations are managed today. Good government managers, for instance, should be risk takers. In the new government management model, "four key principles" of reinvention should guide behavior:

(1) cast aside red tape, (2) satisfy customers, (3) decentralize authority, and (4) work better and cost less.

This set of principles is not cast in a theoretical context, that is propositions subject to proof and disproof; rather it is a listing of aphorisms, calls to right behavior. Let us stop for a moment at the first of these calls for fight behavior; casting aside red tape. What does it mean? As with much of the reinventing exercise, meaning lies below the surface. At first blush, this call to cast aside red tape is appealing and has few straightforward opponents. Who could argue in favor of red tape? Yet, one person's "red tape" may turn out to be another person's "fundamental right." The term "red tape" is generally employed as a metaphor for laws, executive orders, regulations, and directives, the system of rules that reinventors believe is the principal cause of the executive branch being obsolete and broken. Hence, good managers will cast aside red tape.

What the entrepreneurial management advocates are really seeking in this instance is to free the government manager from as many laws and regulations as possible so they will have the necessary discretion to achieve high performance and results. Performance and results are the end objective of the entrepreneurial management school generally and of the reinventors specifically. Judge them, they argue, on their results, however defined and measured.

The traditional theory of government management, in contrast to the contemporary entrepreneurial theory, is based on the premise that the governmental and private sectors are fundamentally distinct. The foundation of governmental management, according to traditionalists, is to be found in public law, not in behavioral principles of management. The fact is, they argue, that the private and governmental sectors are distinct with the distinctions to be found in legal theory.

With respect to management, the distinctions between the sectors has been described as follows: The distinguishing characteristic of governmental management, contrasted to private management, is that the actions of governmental officials must have their basis in public law, not in the financial interests of private entrepreneurs and owners or in the fiduciary concerns of corporation managers. In short, under the traditional view of government management, the primary objective of keeping the sectors legally distinct is to protect the rights of the citizenry against possible arbitrary government action. This public law objective takes precedence, in their view, over the management objectives of performance and results.⁴

Lest this discussion appear a bit abstract, it needs to be recognized that the financial collapse of the recently privatized U.S. Enrichment Corporation/⁵ and the rising debate over the status and practices of Fannie Mae and other government-sponsored enterprises,⁶ could be seen as a direct consequence of the problems associated with mixing the governmental and private sector in an entrepreneurial management model.

What values are promoted by entrepreneurial management?

Entrepreneurial management is intended to provide for high performance and results, however they may be defined and measured. The understandable tendency of entrepreneurial, or performance-based, management is to favor government activities that are measurable over those not easily measured. This tendency toward favoring the measurable is not without its risks, however, as demonstrated by the recent problems affecting the Internal Revenue Service.

Of all the agencies, the IRS is the most measurable. It had an elaborate performance-based management system with targets, or quotas, for collecting revenues down to the lowest agent.

A full set of performance incentives and penalties were functioning when the agency ran into problems of alleged excesses by the staff seeking to satisfy management's performance objectives.⁷ The Director of IRS subsequently apologized and pledged that revenue-based performance goals would no longer be pursued at the expense of fundamental due process norms for citizens.⁸ In a conflict between maximizing measured performance and due process of law requirements, the IRS story suggests that the latter ultimately prevails in the governmental sector.

The point to be drawn from this discussion is that while good performance is to be preferred over poor performance, maximum performance by itself is not the primary purpose of government management.

What values are promoted by public law management?

In the public law model, the purpose of agency management is to implement the laws, both the wise and the less wise, passed by Congress as the elected representatives of the people. As a matter of direct delegation under Article I of the Constitution, Congress makes the laws, establishes offices and departments, and appropriates necessary funding. The missions and goals of agencies are determined by law, not by the President or by agency heads, either collectively or separately. While comity and cooperation among Congress, the President, and the agencies are the bases for most relationships among the branches, the authoritative element in the relationship is clear. Oversight of the executive branch is ultimately the responsibility of Congress. Repeatedly, private sector executives brought in to "reinvent" or "re-engineer" this or that agency or program along private sector lines are shocked to find that they must meticulously obey laws and regulations, and that they are answerable to Congress for their actions.

The highest value promoted by the public law management theory is political accountability.⁹ The debate over the future of government management, therefore, is not so much over whether the specifics of the reinvention exercise resulted in better, or worse, short-term executive management, or whether or not actual "savings" were achieved, but is over which of two fundamental value systems will prevail. Will it be the entrepreneurial management model with its priority of performance or the public law management model with its priority of political accountability.¹⁰ It would be pleasant to believe that these distinctions present a false, or at least overstated, dichotomy. Unfortunately, it is not really possible, or even desirable, to dismiss the fundamental distinctions between the competing management theories.

What Future Role for Congress?

Congress, as an institution, has a direct stake in the outcome of this debate. Congress manages the executive branch through both general management laws,¹⁰ such as the Administrative Procedure Act, Chief Financial Officers Act, Government Corporation Control Act, Title V Personnel Act, some 80 laws in all, and agency specific acts. This Committee was originally established in the late 1940s to continue the work of the Hoover Commission and to develop the managerial capacity and accountability of executive agencies through sound general management acts. The Committee was intended to be the legislative counterpart of the management side of OMB. Congress is arguably best able to perform its oversight role when developing and implementing general management principles and laws. The reason for this lies in the reality that the U.S. Code provides for universal coverage unless an agency is specifically exempted. Thus, the burden of proof for exemption from, say, the Freedom of Information Act, lies with the requesting agency. Congress is able thereby to maintain sound general principles while permitting exemptions and flexibility where the

burden
of proof is met.

The entrepreneurial management school generally finds fault with this traditional public law approach preferring instead that management laws be agency specific and that the agencies be given maximum flexibility over their own management affairs. Thus, in 1996 the Federal Aviation Administration was largely exempted from Title V Personnel Acts.¹¹ The U.S. Mint, as well as a number of other agencies, have been exempted from the various procurement laws.¹² While at first glance, this represents flexibility to the advantage of agency management, it also means executive management can become much more difficult. Under the agency specific approach, the burden of proof for issues involving accountability to law tends to shift from the agencies to Congress. Congress then may find itself in the unenviable position of having to impose order and accountability after the fact and on an agency by agency basis.

The recent situation involving the U.S. Postal System illustrates the congressional dilemma. Congress has directed the Postal Service to be entrepreneurial and performance driven and has given it numerous exemptions from general management laws. Recent press accounts indicate, however, that the Postmaster General may have given to selected executives substantial increments to their income through manipulation of the re-location allowance for housing.¹³ And suddenly, Congress finds itself directly involved again because the exception involves public monies and the hint of abuse. As part of the entrepreneurial retreat from general, or executive-branch-wide, management, the central management agencies have been downsized and downgraded in authority. In the case of OMB, the management side of the agency was eliminated altogether in 1994 and personnel put into budget-based teams.¹⁴ The non-statutory NPR team of detailees and consultants run out of the Vice President's Office was viewed by some as the counter-OMB. Now, the NPR itself is scheduled to go out of business. Is there any place in the executive branch where trained, experienced staff personnel are available to develop, implement, and supervise the type of government-wide institutional changes that will be necessary for the 21st century.¹⁵ If, today, this Committee wished to discuss the government corporation option for the troubled U.S. Enrichment Corporation with a seasoned executive branch expert on government corporations generally, would there be anyone to call upon?

What issues went unaddressed by reinvention, or were addressed negatively?

While the reinvention project was portrayed as a comprehensive exercise, and in many respects it was, there nonetheless remained a number of major issues unaddressed or addressed in what critics believed to be a negative manner. Four such issue areas merit mention:

(1) Political and Career Appointments in Top Management

An issue of long-standing debate involves the large number and the placement of political appointees in key management positions, typically in departments from the Secretary down through four levels of management. Critics believe that it is difficult to have the necessary competence and continuity for capacity-oriented management with short-term appointees whose incentives do not favor long-term management initiatives. Calls for substantial cut-backs in the number of political appointees have come from a number of sources including the Volcker Commission in 1988.¹⁵ Defenders of present practices contend that it is the political appointees that make it possible to change the policy direction of the executive branch and that they are more responsive to presidential leadership than career executives. The NPR never addressed the political appointee issue and its impact on executive branch management, thereby indirectly endorsing the status quo. Indeed, the ratio of political appointees to federal employees substantially increased during the Clinton Administration.

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(2) Future Role of the Central Management Agencies

Through much of the 20th century, executive branch management accountable to the President was the sought-after objective.¹⁷ Key to enforcement of the general management laws and the protection of the interest of the President were the central management offices: Office of Management and Budget (OMB); General Services Administration (GSA); and the Office of Personnel Management (OPM).¹⁸ The critical role of the central management agencies was generally not assigned a high priority by the NPR which tended to favor the creation of nonstatutory bodies, such as the President's Management Council, to guide overall management initiatives. Critics of NPR's emphasis on processes, such as those integral to the Government Performance and Results Act (GPRA), tend to argue that renewed attention on institutions is necessary, especially the establishment of a separate Office of Federal Management to serve the President's interests.¹⁹ As it stands, they aver, major issues, such as the "transition process" following the November 2000 presidential election, have no natural home in the executive branch and are likely to go by default to private organizations, such as the Brookings Institution and the Heritage Foundation. In any event, there was no comprehensive review undertaken by the NPR on the future role for the central management agencies.

(3) Implications of Third-Party Management

Increasingly, Congress and the executive branch have turned to the use of third-parties to deliver governmental services and provide policy and management assistance.²⁰ While contracting out by the government for services is as old as the republic, recent trends, such as contracting for the operation of INS detention facilities, have raised questions as to whether there are proper limits to what should be contracted for, and what should be retained in-house for performance by officers of the United States. In short, what core competencies must the government retain, not only to protect the citizenry from private abuse, but to insure that it is able to oversee the management of this vast array of contractors? In some agencies the ratio of contractors to federal employees is quite high.²¹ In any case, the profound, long-term implications for political accountability of this growing reliance upon third-parties for government operations and management did not receive significant attention by the NPR.

(4) Growth of the Quasi Government

In recent years, both Congress and the President have increasingly turned to hybrid organizations for the implementation of public policy functions traditionally assigned to executive departments and agencies. Their preference has often been to assign administrative responsibilities to organizations with legal characteristics of both the governmental and private sectors. These hybrid organizations (e.g., Fannie Mae, National Park Foundation, Polish-American Enterprise Fund, National Milk Council) have been collectively referred to as the "quasi government."²² The NPR has generally supported this trend toward greater reliance on quasi governmental bodies, arguing that the private and governmental sectors are essentially alike and subject to the same economically derived behavioral norms. This being so, close partnerships between the sectors should be encouraged. Critics of this trend counter by asserting that increased use of hybrid organizations contributes to a weakened capacity of government to perform its core constitutional duties and to an erosion in political accountability. They consider the governmental and private sectors as being legally distinct, with relatively little overlap in behavioral norms. Like a number of other major philosophical issues, the NPR has not directly addressed the issue of quasi governmental growth and its implications for governance.

Conclusion

The reinventing government exercise has undoubtedly had its successes, that is decisions and actions that would not have taken place but for the existence

of NPR, resulting in better performance and results. These should be properly recognized and the right lessons learned and applied. But as we have noted, agency performance is only a part of the equation of quality management. Ultimately, good management follows from good judgment by managers. Process and measurement cannot substitute for good judgment.

As to the question that promoted this hearing: "Has Government Been Reinvented?" The answer is mixed. At the operational level there has been significant change, much of it for the better, in the way operations are managed and operated. And for this, NPR properly receives its share of credit. Yet, many of these changes have not been without their questionable side-effects. For instance, is it a positive, or negative, policy to encourage the naval command at Patuxent Naval Air Station, in the name of "profit," to contract out its high tech planes and personnel to the State of Maine to hunt for healthy blueberry patches?²³ There can be a legitimate clash of opinion over whether it is wise and creative for Patuxent to go entrepreneurial, or whether this initiative results, if not immediately then soon, in a perversion of the mission and character of government management. What may appear initially as a rather simple operational decision may, in fact, be a decision with considerable policy and legal implications. These types of tough issues were not addressed by the NPR, or by any one else for that matter.

At the legal and institutional level, Congress might reasonably be more critical. When all is said and done, the fundamental purpose of government management remains what it has been since 1789; the implementation of the laws passed by Congress.²⁴ This purpose has not been altered or "reinvented." The "reinventing government" exercise has essentially been an exercise in altering certain incentives in the management practices and operations of government. Because it is concerned principally with processes, and since processes have been in constant change since the Progressives pushed for "efficiency" and "Scientific Management" a century ago, there is every reason to believe that much of the reinvention exercise will have transitory impact. If history is a guide, "reinventing government" will be criticized and superseded by the next generation's "tide of reform," a tide with its own management principles and peculiar language.²⁵

FOOTNOTES:

1 David Osborne and Ted Gaebler, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector from Schoolhouse to State House, City Hall to Pentagon* (Reading, MA: Addison-Wesley, 1992).

2 U.S. National Performance Review, *From Red Tape to Results: Creating a Government That Works Better and Costs Less* (Washington: GPO, 1993). The NPR, a non-statutory organization, continued to issue reports through 1997 (e.g., *Businesslike Government: Lessons Learned from America's Best Companies*, 1997).

3 "Public entrepreneurship is a management approach developed by the reinventing government movement The transformation of existing, outdated bureaucratic organizations into agile, anticipatory, problem-solving entities is what reinventionists call 'entrepreneurial government.'" Steven Cohen and William Eimicke, "Is Public Entrepreneurship Ethical? A Second Look at Theory and Practice," *Public Integrity*, 1(Winter 1999), p. 55.

4 Barry Bozeman, *All Organizations Are Public: Bridging Public and Private Organizational Theories* (San Francisco: Jossey-Bass, 1987). Ronald C. Moe and Robert S. Gilmour, "Rediscovering Principles of Public Administration: The Neglected Foundation of Public Law," *Public Administration Review*, 55(March/April 1995): 135-46.

5 Testimony of Joseph Stiglitz, Chairman of the President's Council of Economic Advisers (1993-97), before the House Committee on Commerce, Subcommittee on Oversight and Investigations, on the "Privatization of the U.S. Enrichment Corporation." April 13, 2000. Bruce Auster, "The Art of the Deal: A Government-owned Company Goes Private. Guess Who Gets Rich?" U.S. News

and World Report, April 24, 2000, pp. 22-23.

6 Peter J. Wallison and Bert Ely, Nationalizing Mortgage Risk: The Growth of Fannie Mae and Freddie Mac (Washington: American Enterprise Institute, 2000).

7 Subsequent investigations have largely cleared the IRS of the alleged excesses in the collection of taxes. Albert B. Crenshaw and Stephen Barr, "GAO Report Exonerates IRS on '98 Accusations." Washington Post, April 25, 2000, p. E1.

8 Statement of IRS Commissioner Charles O. Rossotti issued January 13, 1998, Daily Tax Report, Bureau of National Affairs, January 14, 1998, p. 3.

9 Robert S. Gilmour and Laura S. Jensen, "Reinventing Government Accountability: Public Function, Privatization and the Meaning of 'State Action,'" Public Administration Review, 58(May/June 1998): 24758.

10 U.S. Library of Congress, Congressional Research Service, General Management Laws: A Selective Compendium, ed. Ronald C. Moe, CRS report RL30267 (Washington: July 28, 1999).

11 public Law 104-50.

12 the U.S. Mint's Public Enterprise Fund, 21 U.S.C. 5136 states: "... provisions of law governing procurement or public contracts shall not be applicable to the procurement of goods or services necessary for carrying out Mint programs and operations." The U.S. Mint interprets this provision of law passed by Congress very broadly to mean: "The intent and effect of this legislation is to enable the Mint to effectively operate as a profit-making, manufacturing, direct marketing, and retail business."

" U.S. Mint, procurement Guidelines, CFO-PROC-66-R, December 1999.

13 Stephen Barr, "Postal Relocation Deals Stir Capitol Hill Anger," Washington Post, April 15, 2000, p. A13. Stephen Barr, "Postal Official Retires as Report Faults Relocation Payments," Washington Post, April 22, 2000, p. A2.

14 U.S. Office of Management and Budget, "Making OMB More Effective in Serving the Presidency: Changes in OMB as a Result of the OMB 2000 Review," OMB Memorandum No. 94-16, March 1, 1994. In defending the 1994 elimination of the separate management division, then OMB Director, Leon Panetta stated: "Critics of these recommendations may say the effort to 'integrate' management and the budget will end in merely bigger budget divisions, whose management responsibilities will be driven out by daily firefighting on budget issues We believe this criticism is based on a false premise that 'management' and 'budget' issues can be thought of separately." "Executive Memo: OMB Management Merger," Government Executive, 26(April 1994), p. 8. Alan Dean, Dwight Ink, and Harold Seidman, "OMB's 'M' Fading Away," Government Executive 25(June 1994): 62-64. Ronald C. Moe, "At Risk: The President's Role as Chief Manager," in The Managerial Presidency, 2nd ed., James Pfiffner, ed. (College Station, TX: Texas A&M University Press, 1999): 265-84.

15 The Volcker Commission concluded: "(The) growth in recent years in the number of presidential appointees, whether those subject to Senate confirmation, noncareer senior executives, or personal and confidential assistants, should be curtailed. Although a reduction in the total number of presidential appointees must be based on a position-by-position assessment, the Commission is confident that a substantial cut is possible, and believes a cut from the current 3,000 to no more than 2,000 is a reasonable target The mere size of the political turnover almost guarantees management gaps and discontinuities, while the best of the career professionals will leave government if they do not have the challenging opportunities at the sub-cabinet level." National Commission on the Public Service, LeadershipforAmerica: Rebuilding the Public Service (Washington: National Commission on the Public Service, 1989), p. 7. On January 19, 1999, Senators Feingold and McCain introduced legislation (S. 125) that would limit the number of political appointees government-wide to 2,000. Congressional

Record (daily ed.) January 19, 1999, p. S554. Paul C. Light, Thickening Government: Federal Hierarchy and the Diffusion of Accountability (Washington: The Brookings Institution, 1995).

16 U. S. Office of Personnel Management, Monthly Report: Comparison of Total Civilian Employment of the Federal Government by Branch, Agency, and Location (Washington: OPM, 2000), Table 2. Total for political appointments provided by Roger Garcia, Congressional Research Service, April, 2000.

17 Peri E. Arnold, Making the Managerial Presidency: Comprehensive Reorganizing Planning, 1905-1996, 2nd rev. ed. (Lawrence, KS: University Press of Kansas, 1998).

18 National Academy of Public Administration, Revitalizing Federal Management: Managers and Their Overburdened Systems (Washington: NAPA, 1983).

19 See: Testimony of Herbert N. Jasper and Dwight Ink before the House Subcommittee on Government, Information and Technology, Oversight Hearing on Office of Management and Budget, April 7, 2000.

20 Donald F. Kettl, Sharing Power: Public Governance and Private Markets (Washington: The Brookings Institution, 1993).

21 Critics have tended to fault the use by NPR of declining total executive branch civilian employment statistics as evidence of a "smaller government" when the total number of contracted employees appears to be on the increase. For a complete discussion of the "size of government" issue and of third-party management generally, see: Paul C. Light, The True Size of Government (Washington: The Brookings Institution, 1999).

22 Harold Seidman, "The Quasi World of the Federal Government," The Brookings Review, 2 (Summer 1988): 23-27. U.S. Library of Congress, Congressional Research Service, The Quasi Government: Hybrid Organizations With Both Government and Private Sector Legal Characteristics, by Ronald C. Moe, CRS Report RL30533 (Washington: April 15, 2000).

23 In explaining the motives of naval officers at the Patuxent air station, a reporter noted: "With defense budgets shrinking and more cuts threatened, military research labs and testing bases in the Washington area are aggressively seeking such business deals to help pay the bills and keep expensive facilities and equipment operating. Consultants are even training government program managers and engineers to think like copier salesmen and 'sell' their products." Steve Vogel, "Pentagon Recruits New Business: Military Turns to Private Enterprise to Help Pay Bills," Washington Post, August 8, 1998, p. B 1.

24 Ronald C. Moe, "The Importance of Public Law: New and Old Paradigms of Government Management," in Handbook of Public Law and Administration, eds. Phillip J. Cooper and Chester A. Newland (San Francisco, CA: Jossey-Bass Pubs., 1997): 41-57.

25 Paul C. Light, The Tides of Reform: Making Government Work, 1945-1995 (New Haven: Yale University Press, 1997).

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United Press International

May 2, 2000, Tuesday

SECTION: GENERAL NEWS

LENGTH: 3177 words

HEADLINE: What U.S. newspapers are saying

BODY:

Compiled by United Press International

New York Times

With his decision to establish a safe haven for Colombia's second-largest guerrilla group, President Andrs Pastrana is showing admirable persistence in trying to negotiate an end to his nation's 35-year-old civil war. The plan would draw the group, the National Liberation Army, into Mr. Pastrana's peace talks for the first time. Colombians have learned not to expect too much from periodic negotiations, and a peace agreement is still a long shot. But the inclusion of the National Liberation Army provides the best chance in recent history to negotiate an end to the activities of a guerrilla army whose kidnappings and bombing of oil production facilities have terrorized Colombians.

Mr. Pastrana took office in 1998 with an overwhelming mandate to negotiate peace. One of his first acts was to pull army troops out of a zone that became a safe haven for Colombia's largest guerrilla group, the Revolutionary Armed Forces of Colombia, or FARC. Ensnared in a sparsely populated area the size of Switzerland, the FARC proceeded to increase coca production, stockpile arms and drive out local authorities. The group's bad behavior and repeated snubs at peace talks have made Mr. Pastrana look weak and damaged the public consensus for negotiations.

This is not an auspicious backdrop for a second safe haven-especially because the National Liberation Army recently infuriated Colombians by kidnapping 160 worshipers at a Catholic Mass as well as an airliner full of people. In addition, the area proposed for the new safe haven is heavily populated and borders on an important oil-producing zone. But Mr. Pastrana has made a better deal this time, mainly because the National Liberation Army is smaller than the FARC and more enthusiastic about peace negotiations. The new enclave will be smaller and easier for the army to retake if the guerrillas violate their promises. The group has apparently agreed to release its hostages. There are still many details to be worked out, and no guarantee of good behavior, but the plan is nevertheless a major step. The recent announcement by the FARC that it will "tax" millionaires by kidnapping them-which has long been its practice-is a setback, but there have been advances as well. The FARC observed a cease-fire over Christmas, and is proposing another one. It has decided to create a political party. Perhaps Colombia's rebels are finally ready to negotiate in good faith. 0-

San Francisco Examiner

Closures of liberal newspapers by hardliners in judiciary signals approaching moment of truth on nation's course Iran's moderate President Mohammad Khatami has enjoyed the support and made productive use of his country's reform-minded newspapers and journals while steering a careful course toward better relations with the rest of the world and a freer life for Iranians. So it is not surprising that the forces of repression acting in the name of the Ayatollah Ali Khamenei - the supreme leader whose authority trumps the president's and who directly controls the judiciary, police and military - concentrate fire on the press in a bid to stop the strong liberalizing trend that most people favor.

All last week the conservatives' vise tightened on the remaining freedom-minded dailies and magazines, and the only national dailies still in operation back the conservative clergy. By Friday, 16 reformist dailies had been shut down by order of the hard-line judiciary.

The outgoing parliament dominated by hardliners has just tightened the press law to grant greater powers of prosecution against writers and publishers. The new parliament taking its seats on May 28 presumably will try to undo such acts of repression, but will have a hard time doing so under the division of powers that in effect gives conservative clergy the final word.

Most Iranians to judge from their parliamentary choices appear to prefer a less restrictive brand of Islam. They also opt for a freer political

atmosphere
than has been tolerated by Khamenei and his predecessor the late Ayatollah
Ruhollah Khomeini. Suppression of the lively reformist press is the wrong
way to
honor this public desire.

Khatami and other moderate politicians urge their followers not to take
to
the streets, an event that could provoke violent counter-measures by
security
forces and head off further advances for democracy.

But unless the hardliners back off, a clash seems inevitable. It will
be a
loss for the rest of the world, as well as for most Iranians, if the
reformists
lose. Iran under reasonable leadership like Khatami's could be a positive
force
for peace in its region, instead of a breeding place for terrorism.

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Los Angeles Times

Last week, in a spirited presidential debate in Mexico City, six
candidates
exchanged barbs, views and proposals on the future of Mexico, an amazing
change
for a political system that a few years back was as predictable as a
sunrise.

For more than 70 years under the dominance of the Institutional Party
of the
Revolution, or PRI, the next Mexican president was chosen by a single
vote, that
of the sitting Mexican president. The system was the Mexican version of
the
American smoke-filled room.

Now that practice is gone. The decision on who will be the next
president of
Mexico will be decided by a popular vote July 2. The field is wide open.
In its
first ever primary election, the PRI chose Francisco Labastida, a former
cabinet
secretary, governor and ambassador, as its candidate.

Opposing Labastida are Vicente Fox of the center-right National Action
Party,
or PAN, Cuauhtemoc Cardenas of the center-left Party of the Democratic
Revolution, or PRD, and three minor candidates.

Not too long ago the PAN and PRD had few or no elected representatives
in
federal, state and local offices. Now, combined, they govern more
Mexicans than
the PRI, a remarkable change brought on largely by the PRI's abuses and
the
democratic values taking root in Mexico.

Protections in place to assure a clean election July 2 are stringent. To
vote, citizens must show an ID with their photo, which is compared to
their
photo on the official list of registered voters. At the end of the
process, an
independent electoral tribunal will settle any disputes.

Mexico's last presidential election drew an estimated 77% of the
electorate
to the polls. The implications for the United States are obvious. A
well-ordered Mexican election is assurance of a continually strengthening
democracy next door. 0-

Honolulu Star-Bulletin

While the Legislature last week was approving medical use of marijuana,
agents of the federal Drug Enforcement Administration were winding up a
two-month-long undercover operation on the Big Island. Thirty-two
arrests were
made, including a Hawaii County firefighter and a man described as a drug
boss.
Nine of those arrested face federal drug charges. The others face state
charges.

More than \$71,000 worth of drugs, including heroin, cocaine, crystal
methamphetamine and marijuana, was seized, along with jewelry, vehicles
and
weapons in what was described as one of the biggest operations on the Big
Island
since the 1980s.

The DEA official directing the operation said he was surprised by the
amount
of crystal methamphetamine available in Hilo. Police Lt. Henry Tavares
said the
undercover operations "exposed the severity of the drug problem in East
Hawaii."
Different drug dealers were being identified on a daily basis, Tavares
said.

At legislative hearings, police officers argued against legalization of marijuana for medical use because of the difficulty of restricting use to medical purposes. Obviously there is a danger of abuse under the pretext of medical needs.

The Hawaii Medical Association also opposed state legalization because it would conflict with federal law and because medical marijuana use has not been approved by the federal Food and Drug Administration. The effects of marijuana use are still a matter of dispute. Harmful effects were described in an April 21 article on the opposite page by Dr. Kenneth M. Sunamoto, a Hawaii family physician with a special interest in addiction treatment.

A rebuttal by Donald Topping, president of the Drug Policy Forum of Hawaii, appeared in last Saturday's Insight section.

The Legislature's decision was based on compassion for people suffering extreme pain. It is understandable but questionable nonetheless. Meanwhile the undercover drug operation on the Big Island indicates that the menace of drug abuse-including marijuana but so-called hard drugs as well-continues to be a major problem in that area and probably throughout the state.

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Washington Post

Vice President Gore's speech in Boston Sunday was his most elaborate foreign policy statement of the campaign. The remarks made plain that this is not an area in which Mr. Gore will seek to distance himself from the president he has served. Mr. Gore embraced engagement of China and Russia, claimed victory for the Clinton-Gore intervention in Kosovo and promised that he, like Mr. Clinton, would seek an agreement with Moscow to permit development of a limited U.S. missile-defense system against North Korea without sacrificing the 1972 Anti-Ballistic Missile Treaty.

Mr. Gore was less eager to discuss some other aspects of policy, especially the Clinton administration's unfinished business. What would a President Gore do if, as appears likely, both Saddam Hussein of Iraq and Slobodan Milosevic of Serbia are still in power on Jan. 20, 2001?

The speech was nonetheless welcome for elevating issues that are central to the conduct of the presidency but have thus far been only sketchily discussed. The vice president clearly believes this is turf on which his experience gives him an edge over his rival. But while George W. Bush has stumbled over foreign names and places and shown himself to be less than fully familiar with a range of foreign policy issues, Mr. Gore's own criticisms of the Texas governor veered into self-contradiction.

Some Bush and Gore policy statements differ mainly in nuance. On Taiwan, for example, Mr. Bush has said, "We do not deny there is one China," just "the right of Beijing to impose their rule on a free people." Mr. Gore's version: "We need to maintain our commitment to the One China policy, but urge China and Taiwan to . . . resolve their problems by peaceful means." One unmistakable disagreement involves national missile defense, with Mr. Gore speaking of a "dangerously destabilizing" system's "fantastical price," while Mr. Bush suggests he would scrap the ABM treaty rather than give up a space-based shield. Mr. Gore's speech only begins the general-election debate the public needs to define the foreign policy differences, large and small, between the two men who would be commander in chief.

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Cleveland Plain Dealer

Recently, Zimbabwean President Robert Mugabe played Dr. Jekyll and Mr. Hyde with terrorized white farmers threatened by squatters on their land.

Mugabe has perverted land reform, calling white Zimbabweans enemies of the state. At the same time, he has urged peace talks between the farmers and the squatters.

For Zimbabweans, facing their worst constitutional and economic crisis in two decades, the question is when Mugabe will play the statesman.

Ten people, both white farmers and black members of the opposition Movement for Democratic Change, have been killed in the last two weeks. And recently, farmers refused to sell their tobacco, Zimbabwe's chief cash crop, at auction.

Zimbabweans already have stated their position on land reform in February's election, rejecting Mugabe's bill to take land from white farmers and give it to black farm workers.

Mugabe had hoped the bill's land component would make voters forget another section that would have given him the power to rule without Parliament.

Land reform is important as a moral and a legal issue. When the white government was in power, it seized land from black farmers. Now white farmers own 70 percent of the arable farmland. Land should be restored to its rightful owners - but not in this way.

Mugabe has one last chance to act presidential in this affair. Britain is promising \$57 million over the next two years, plus more from international donors, if Zimbabwe ends the violence against farmers and holds elections, postponed indefinitely during the farm invasions.

Zimbabwean officials should stop grumbling about "preconditions" and accept a good deal that could preserve the nation and usher in the end of Mugabe's rule.

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Fort Worth Star-Telegram

The U.S. administration is correct in seeing the disease as a national security problem.

The surprise is not that the United States has decided that AIDS is a threat to national security. The surprise is that it took so long to determine that.

The Clinton administration-citing a study that says that dramatic declines in life expectancy are the strongest risk factor for "revolutionary wars, ethnic wars, genocides and disruptive regime transitions" in developing states-has formally designated the disease as such a threat.

A January national intelligence estimate says that a quarter of southern Africa's population is likely to die of AIDS and that the death toll will rise for a decade before it improves.

And it's not just Africa. There also is concern about South Asia and the former Soviet Union.

The authors of the study looked at 75 factors that historically have caused governments to become unstable and said that AIDS seems to have "a particularly strong correlation with the likelihood of state failure in partial democracies."

Already there is talk of doubling the money that the United States spends to fight AIDS overseas to \$254 million. The National Security Council is assessing the government's effort to fight the disease, and a White House interagency group is studying ways to expand the international efforts to fight AIDS.

AIDS, of course, is also a killer in the United States-but not to the level seen in Africa and increasingly in other areas of the world. In America and Europe, the spread of the disease has been slowed by prevention and by aggressive treatment employing expensive drugs.

The cost of those drugs puts them out of the reach of developing nations.

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Dallas Morning News

The Clinton administration is threatening to sue Mexico in the World Trade Organization unless the country counters the monopolistic practices of its dominant telecommunications provider, Telefonos de Mexico, also called Telmex.

Good move. Suing would do Mexico a favor. It would spur Mexico to enforce its own antitrust laws and to keep its commitments under the international telecommunications services agreement.

Ideally, the United States would not have to sue. But Mexico's telecommunications regulator has been unwilling or unable to restrain Telmex. By the same token, President Ernesto Zedillo has shown poor inclination to confront the gigantic company, which is Mexico's richest.

Opening Mexico to competition in telecommunications would benefit Mexican consumers and businesses with lower prices and improved service.

In March, the Mexican regulatory body Cofetel, indicated that it would renew its previously failed efforts to rein in Telmex. But Telmex, whose owner, Carlos Slim, is Latin America's richest man, has proved itself adept at frustrating such action. Without sustained U.S. pressure, there is no reason to expect that Cofetel would be any more successful this time.

At the heart of the controversy are credible accusations of predatory pricing, failure to provide private lines for competitors' customers and charges for line access that are unrelated to costs. Mexico's own competition watchdog agency has called Telmex a monopoly.

Three months ago, the U.S. Federal Communications Commission fined Telmex \$100,000 for failing to provide private lines to competitors in Mexico, which include affiliates of AT&T and MCI WorldCom. It had jurisdiction under an agreement that allowed Telmex to operate in the United States.

The fine embarrassed Telmex but wasn't enough to change it. Early last month, the office of the U.S. trade representative announced that it was "seriously concerned" and would decide by July 28 whether to sue or take other action.

Mr. Zedillo is a lame duck. Therefore, he is unlikely to take significant action. But a suit would motivate his successor to act. If Mexico complies with its laws and its international obligations, the United States can always terminate the suit.

It's a shame that Mexico seems to need pressure from the United States. Free competition is so manifestly in the country's interest that one would think Mexico would seize it instead of having to be dragged to it. Nonetheless, the United States shouldn't shrink from confrontation - for Mexico's sake as well as its own.

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The Boston Globe

The State Department's annual report on international terrorism, released yesterday, merits criticism for its inconsistencies. But it does sketch a useful picture of a threat that is in constant flux.

One of the inherent difficulties of doing such a report stems from the unending debate about how to define who is a terrorist. The State Department does not hesitate to call the Iranian-sponsored Lebanese Shi'ite militia Hezbollah a terrorist organization because it plants bombs in southern Lebanon, targeting Israeli soldiers or Israel's local proxies. When the Socialist prime minister of France, Lionel Jospin, called the Hezbollah fighters terrorists, however, he was castigated in many quarters of the Middle East.

Like the guerrilla fighters who train in Pakistan for operations in Indian-occupied Kashmir or the People's Mujahedeen of Iran who are headquartered in Iraq and conduct bombings and armed assaults inside Iran, the Hezbollah are terrorists to some and freedom fighters to others. For the State

Department's report to earn credibility, it should hew to a definition of terrorism that is influenced as little as possible by shifting geopolitical preferences or political opportunism.

This report, like its predecessors, combines dispassionate rigor with politicized shadings. It says that Syria is now a sponsor of terrorism but will cease to be so if it makes peace with Israel. The reality, however, is that the regime of Hafez Assad has harbored not only anti-Israel groups but others that have targeted Turkey, Jordan, Iraq, and the PLO.

One lucid observation of the report is that the bloody and protracted antiterrorist campaigns of Egypt and Algeria, in combination with political tactics aimed at separating moderate Islamic fundamentalists from more extreme groups, have greatly reduced the level of internecine violence.

The most questionable assertion of the report is that "loose networks" rather than traditional state sponsors of terrorism now represent the greatest threat worldwide. Iraq and Iran still have the money and the state powers to do far more damage than any small cluster of zealots.

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Newsweek

May 1, 2000, U.S. Edition

SECTION: SPECIAL REPORT; Special Report; Pg. 34

LENGTH: 4924 words

HEADLINE: The Last Days of Saigon

BYLINE: By Evan Thomas; With Ron Moreau in Saigon and Andrew Mandel in Washington

HIGHLIGHT:

SPECIAL REPORT: The communist takeover of South Vietnam's capital was a low moment in the American century. Twenty-five years later, the collapse still haunts the menpoliticians, soldiers and spieswho were caught up in the maelstrom of the escape from the U.S. Embassy. The human story of the war's bitter end.

BODY:

Frank Snepp was overwhelmed. Like his fellow spooks in Saigon, Snepp, a CIA analyst in the American Embassy, was desperately looking for ways to get his friends and informants out of the country before the South Vietnamese regime collapsed and the communist reprisals began. The North Vietnamese Army was closing in, and the embassy was in turmoil. That afternoon in late April 1975, Snepp got a call from a former girlfriend, a Vietnamese "tea girl" named Mai Ly who claimed to have borne Snepp's son. Could Snepp help the woman and child flee? Busy writing a report for the ambassador, Snepp told Mai Ly to call back in an hour. When she did, the CIA man was away from his desk. He never heard from her again. Less than 24 hours later, dressed in a flak jacket and armed with an M-16, Snepp was helping pull refugees over the embassy wall as the first helicopters lumbered in to begin the final evacuation. One of the frightened South Vietnamese seeking sanctuary was a Saigon policeman whom Snepp knew casually. He told Snepp that he had found Mai Ly and her toddler lying dead in a pool of blood, apparently by her own hand. Snepp recoiled, disbelieving. It would take years for him to accept his own responsibility.

The bitter memories linger on. President Gerald R. Ford remembers sitting alone in the Oval Office, watching the TV film of the helicopters pulling off

the embassy roof. "It was one of the saddest days in my life," he recalled in a recent interview with NEWSWEEK. "To see the United States literally kicked out, beaten by the North Vietnamese. It was a tragedy in my own mind." Ford insisted that he was "proud" that some 50,000 South Vietnamese and 6,000 Americans were rescued, at the cost of only four U.S. soldiers. But the uncomfortable fact remains that tens of thousands of South Vietnamese, allies of the United States for many years, were left behind to be shot, imprisoned or sent to "re-education" camps.

The fall of Saigon on April 30, 1975, 25 years ago this Sunday, was a low moment in the American Century, a painful reminder of the limits of power. "It was frantic, a mess," remembered Brent Scowcroft, the president's deputy national-security adviser who manned the White House command post through the final night. To many Americans, the fall of Saigon seems about as remote as Appomattox, but to the men who were there, caught in a swirl of moral ambiguity, high drama and dark absurdity, the memories are haunting. The last day was a fitting end to a war that remains irreconcilable--at once a noble cause and a tragic waste that cost 58,000 American lives during more than a decade of fighting and more than 3 million Vietnamese over the course of 35 years of civil war.

Historians are still debating every aspect of the war, from the decision to intervene under Presidents John F. Kennedy and Lyndon B. Johnson to the secret escalations of President Richard M. Nixon and Henry Kissinger, his foreign-policy chief. The major players in the endgame--President Ford and his cabinet, the diplomats, soldiers and spies in Saigon--are still vigorously blaming each other for the blunders of the final days. Classified documents released this month by the Gerald R. Ford Presidential Library show well-intentioned policymakers in Washington trying to sort out conflicting signals while putting the best face on defeat. But the real story was played out in Saigon, in the nightmarish last days at the U.S. Embassy. It can be told through the still-vivid recollections of three men sucked into the vortex: Snepp, the CIA analyst tortured by guilt over the friends he left behind; Pham Xuan An, a correspondent for Time magazine and spy for the North Vietnamese who was torn by divided loyalties, and Marine Lt. Darrell Browning, a helicopter pilot flying into combat for the first time, more fearful of getting killed by America's allies than by its enemies.

CALL BACK IN AN HOUR

After five years of being stationed in Vietnam, Snepp, a handsome, well-educated North Carolinian with a flair for the dramatic, had lost his illusions. Once he had worshiped the U.S. ambassador, Graham Martin. A proconsul of the old school, Martin was a brilliant, paranoid, chain-smoking insomniac who had announced to his deputy, before he came to Saigon in 1973, "I'm not going to Vietnam to give it away to the communists." Young Snepp, then in his late 20s, had briefly dated Martin's daughter when the ambassador first arrived. "Janet Martin told me I reminded her of her father," Snepp recalled. "I took that as a supreme compliment." But by the spring of 1975, Martin was--in the view of Snepp and most of the junior officers in the embassy--refusing to face reality. America's long and painful involvement in Vietnam was coming to an end. The military commitment that began with a few advisers in the late 1950s to help save the Republic of South Vietnam from the communist North and swelled to 500,000 men by 1968 was winding down. As part of a 1973 ceasefire with Hanoi, the United States had withdrawn its last ground troops. Now South Vietnamese soldiers were fleeing before the North Vietnamese invaders, shedding their boots and uniforms as they ran. Congress was in no mood to spend any more American money or men on a lost cause. Still, Ambassador Martin believed that the South Vietnamese would stand and fight before the onslaught reached Saigon. It was important, the ambassador believed, for the United States not to be seen "bugging out."

Snepp and his colleagues did not openly criticize Martin's judgment. But as the North Vietnamese Army troops drew closer in April 1975, the ambassador became testy over small acts of defiance by his subordinates. Martin was annoyed, for instance, when Snepp and some junior CIA officers began secretly burning documents. The ashes, the ambassador complained, were fouling the embassy swimming pool and leaving dust on the roof of his limousine. You're sending the wrong signal, he lectured Snepp and the others. Don't be defeatist. Snepp deferred, though today he laments, "I should have grabbed him by the lapels and shouted, 'Can't you see?' "

Snepp's doubts about the endgame grew to outright fear on April 17, when he met in a CIA safe house with one of the agency's best informants. Wearing a disguise, sipping a Budweiser and smoking Salems (his favorite brand), the communist turncoat told Snepp that Hanoi planned to take Saigon by May 19--the birthday of North Vietnam's great revolutionary leader, Ho Chi Minh. There could be no compromise. The final assault would begin by May Day--May 1.

Ambassador Martin was dismissive when Snepp related his source's warning. "I've got better intelligence," he told the CIA analyst. Martin had been discreetly talking to the French, who were hopeful of negotiating a coalition government that would include communists, as well as defenders of the old order. But back in Washington, the Ford administration was at last beginning to hear the disaster warnings. The Saigon embassy was instructed to reduce the American presence in Saigon to 1,250--the number that could be lifted out by helicopter in a day. In flights that left Saigon's Tan Son Nhut Airport around the clock, transport planes were ferrying out thousands of refugees--the first of about 200,000 "at risk" South Vietnamese, government officials, wives, servants, bar girls with their mixed-race children--anyone who could get the proper papers, legally or not.

The evacuation did not go smoothly. The Pentagon wanted to pull out Americans as fast as possible. But worried about America's credibility with its allies abroad, Secretary of State Kissinger, backed by President Ford, wanted a gradual and orderly withdrawal that saved Vietnamese as well as American lives. The Pentagon began shuttling transports in and out of Saigon, but the diplomats in the embassy did not immediately fill them with either Americans or top Vietnamese officials, for fear of causing a panic. Kissinger suspected that he was being set up by his foes in the Pentagon to take the blame if Saigon fell and many Americans were trapped and killed. In his memoirs, he wrote, "C-141 transports were leaving Saigon each day with well-documented empty seats to prove that, if there were any casualties, it would be someone else's fault--Ambassador Martin's or mine." President Ford, too, heard about the half-empty transports leaving Saigon. "It burned me up," he recalled to NEWSWEEK. In Washington, top administration officials accused Ambassador Martin of dragging his feet on an evacuation plan; in Saigon, Martin complained about poor leadership and red tape in Washington. Many South Vietnamese were stranded, caught in a bureaucratic snarl.

One very important South Vietnamese was getting out right away. On April 21, President Nguyen Van Thieu resigned, bitterly blasting the United States for pulling out its troops: "You ran away and left us to do the job that you would not do," he railed in his farewell address. Frank Snepp was assigned to drive the ex-president, who appeared dapper in a sharkskin suit, to the airport to board a plane for Taiwan. Snepp recalled "the clink of metal on metal" as Thieu's bags were loaded into the trunk. The CIA man thought the sound came from gold bars clinking against each other. As he drove Thieu through the Saigon streets, Snepp was fearful for his own safety. Afraid his car would be ambushed by Thieu's foes, Snepp was "armed to the teeth," he recalled, with a gun under the seat. Racing through the airport gates with his car lights turned off, Snepp nearly ran down his boss, CIA Station Chief Tom Polgar, on the darkened

runway.

Snepp recalled the "reek of Scotch" on Thieu's breath as the ex-president reached forward from the back seat to shake his hand, and that Ambassador Martin "angrily yanked the ladder away from the plane," after Thieu had boarded.

"It was as if he was trying to unplug the U.S. commitment to Thieu," Snepp said.

(Polgar told NEWSWEEK that he does not believe that Thieu, who now lives modestly in London, smuggled out gold or that he had been drinking.)

By the last week of April Snepp was strung out and edgy, no longer sleeping more than a couple of hours a night. With his fellow spooks, he was helping to run a "black" airlift, using forged documents to spirit out South Vietnamese friends aboard the agency's secret airline, known by its cover name, Air America. At the same time, he was writing intelligence reports trying to convince the ambassador that the end was near. But, a quarter century later, the excuse that Snepp was too busy no longer suffices to quiet his guilty conscience over the death of Mai Ly.

The statuesque, almost six-foot-tall Mai Ly had been a hostess in a dive where prostitutes sold "Saigon tea" and their bodies to the round-eyes. Snepp would later write. Snepp's romance with Mai Ly had been on again, off again, until she disappeared in 1973. Almost two years later she showed up at Snepp's door--holding a baby she claimed was theirs. At first Snepp was not sure what to believe, though today he accepts paternity of the child, a boy. He hangs on to a photograph of Mai Ly looking regal in a skin-tight dress, while he awkwardly holds the baby like a fragile and foreign object. Shortly after that photo was taken, Mai Ly and the child vanished again, only to resurface the day before the final evacuation of Saigon. "Call back in an hour, I'll be glad to help," Snepp told her over the phone that afternoon when she called, begging for an exit visa for herself and the child. But when he got back to his desk more than an hour later, there was only a message for him from the woman. It read: "I would have expected better of you."

The next morning--April 29--at 4, Snepp was jarred awake by the concussion of distant explosions. He jumped up and put on his flak jacket. The North Vietnamese were shelling Tan Son Nhut Airport, a few miles away. The final assault had begun.

FRIENDS AND ENEMIES

In Washington, where it was 4 o'clock in the afternoon, Brent Scowcroft interrupted a White House meeting to hand President Ford a note. Two Marines were dead and the runway at Tan Son Nhut, the last available airport, was unusable, clogged with terrified refugees. It was time to begin Operation Frequent Wind, the code name for a final helicopter airlift out of Saigon. In the besieged capital, the Radio Saigon announcer played "White Christmas," the signal for all Americans to head for their evacuation points.

The courtyard of the U.S. Embassy was a shambles. Looters, a few cooks and chauffeurs, were guzzling pinot Chardonnay from the commissary. Marines were hacking down a giant tamarind tree to make way for helicopter landings. Thousands of frightened Vietnamese were clamoring outside the embassy walls. The Marines pushed some back as they tried to vault the barbed wire, but Snepp and other embassy officials were pulling any South Vietnamese they recognized as a friend over the wall to relative safety. One was the Saigon policeman who had discovered Mai Ly's dead body, and the body of her young boy, earlier that morning.

Reeling from the news of their deaths, Snepp retreated to the CIA's sixth-floor command center in the embassy, where confusion reigned. Looking for something to do, Snepp helped man the agency's secure radio-communications network, the "Diamond Net." Some senior agency officers were anxiously trying to figure out a way to save a group of 30 Vietnamese dependents, including a girlfriend or two, trapped outside the embassy walls. Snepp dispatched an Air America helicopter to fly to the apartment building of the CIA deputy station chief, several blocks away at 22 Gia Long Street. The chopper was to land precariously, on the building's small rooftop and pick up the 30 stragglers, who were told to assemble there.

The photograph of that rescue has become an icon of the fall of Saigon.

A stream of bodies climbs a rickety stairway to a helicopter that seems too small to carry them all. One of the tiny figures in the picture, possibly the last, is Dr. Tran Kim Tuyen. The former chief of secret police in Saigon and a longtime CIA informant, Tuyen was a dead man if he stayed in Saigon. His rescue is one of the most dramatic tales of the last day, and the personal story of his savior, the American magazine correspondent who doubled as a North Vietnamese spy, captures the larger moral murkiness of the war.

When Dr. Tuyen called the embassy that day, looking for his CIA handler to get out of the country, he was told that the CIA officer had already left. Fearful for his life, Tuyen turned to a friend who was widely regarded as the best-connected man in Saigon--Pham Xuan An. For the past decade An had been a staff correspondent for Time, while feeding scoops and tips to dozens of other journalists, including some from NEWSWEEK. Gaunt, affable, quick with a joke, An held forth most afternoons at the Givral Coffee Shop, right after the daily 5 p.m. U.S. military briefing known as The Five O'Clock Follies. One of the few Vietnamese nationals cleared to attend U.S. military briefings, An seemed to know all the gossip and intrigue. He was so well informed that he was generally assumed to be CIA.

Actually, he held the rank of colonel in the North Vietnamese Army. About once a month he would go to a safe house or slip out of Saigon to give detailed reports on American and South Vietnamese strategy to his communist handlers. An was scrupulous about not betraying his newsman's cover. He says he never fed disinformation to Time or any U.S. journalist. He liked Americans. His happiest years, he said, had been studying at a junior college in Orange County, Calif. An had joined the revolution in 1945 as an 18-year-old, but he was a nationalist, not a Marxist. His only goal was to free his country from foreigners--first the Japanese and French, then the Americans.

Fearful that his own family would be killed in an all-out North Vietnamese attack on Saigon, An had sent his wife and children out of the country. He was hoping for a coalition government to make a peaceful transition to communist rule. Indeed, he had conspired with Dr. Tuyen, who was an inveterate plotter, to look for a successor to President Thieu who might be acceptable to Hanoi. But as An sat in the Time bureau in the old Continental Palace Hotel on Saigon's last days of freedom, he felt he was losing his touch. He had received a decoded message that the North Vietnamese Army was going to seize Saigon. Fighting had broken out on the outskirts of Saigon, where the advance units of the main North Vietnamese force were routing the final remnants of the Army of South Vietnam. For An, there was no time to do anything but try to save his friends.

Interviewed by NEWSWEEK last month at his home in Saigon--now Ho Chi Minh City--An recalled how frightened Dr. Tuyen looked when he found him hiding in the hotel room of an American journalist. An drove Tuyen to the U.S. Embassy in his ancient Renault, but it was useless: the mob was too large to get through. Calling frantically around the city, An finally found another American journalist who said he could get a message to the embassy. That worked: the word came back for Tuyen to report to a CIA safe house, an apartment building at 22 Gia Long Street, where an Air America helicopter--the same one dispatched by Frank Snepp--awaited.

The steel door of the building had been locked shut when An and Tuyen roared up in the Renault. An screamed at a tough-looking and impassive guard to open the gate, sternly invoking the authority of CIA Station Chief Polgar. The guard wouldn't budge. "Call Polgar yourself!" An demanded. Nearing his breaking point,

An recalled, he felt for the pistol in his pocket. Just then the guard's wife arrived carrying food. The gate opened a crack to let her in, and An grabbed the grating with his left hand and pushed Tuyen through with his right. The former chief of the Saigon secret police, saved by Hanoi's best-informed spy, scrambled up to the roof and the waiting chopper.

TAKING FIRE

The helicopter bearing Dr. Tuyen and the other frightened South Vietnamese joined a giant swarm winging out over the South China Sea, to a U.S. Navy armada steaming 20 miles off the coast. The carrier-based warplanes in the 40-ship flotilla were there to remind North Vietnam that the American sword was sheathed, but not broken. Hanoi was not unmindful: by midmorning, the shelling at Tan Son Nhut Airport had stopped. A last window of escape had opened, it seemed. But for how long?

Scores of helicopters, flown by fleeing officers and men of the Army of South Vietnam, were streaming out to the American fleet, jockeying for a place to land on crowded decks. Aboard the USS Hancock, Marine Lt. Darrell Browning watched as Navy crewmen shoved the South Vietnamese choppers over the side to make room for more. The pilot of a CH-46 helicopter, Browning expected to be on the sidelines that day. His chopper was too small to carry many passengers and lacked the range to safely make the 90-minute round trip to Saigon. But then, at about 4 that afternoon, he learned that he would be flying into the fray after all.

The evacuation was already running behind schedule, delayed three hours by snafus. The big Chinooks, the CH-53 helicopters that carry 50 men, were too heavy to land on the roof of the embassy, which was reportedly teeming with refugees. Browning and a score of other CH-46 pilots were ordered to head for the besieged capital and join the rescue mission.

It was dusk as he reached the Vietnamese coastline. The monsoon season had begun, and thunderstorms drove him down from his assigned altitude--6,500 feet--to under 2,000 feet. In an interview with NEWSWEEK, Browning recalled that he was just doing what he had been trained to do. Still, he was anxious. He doused his running lights to make his chopper less of a target. He was concerned about North Vietnamese Soviet-made antiaircraft missiles, but more worried about the South Vietnamese. In their rage at being abandoned, America's former allies were firing on the Marines. With the air full of choppers, none of them flying their assigned altitude, Browning was also fearful of a midair collision.

Settling his chopper on the embassy roof, worrying whether he had enough fuel to make the return trip, Browning was shocked at what he saw: at least 1,000 people crowded in the courtyard below. He wondered to himself, where is this going to end? Do they expect us to get them all out? As Browning sweated through his flight suit in a steamy rainstorm, embassy Marines shoved refugees into his craft, frisking them first and handing Browning their weapons through the cockpit window. The capacity of his helicopter was 24. Browning took 36 passengers (the Vietnamese are smaller, he figured) and prayed he would get off the roof.

The shooting began on his second run in from the fleet. As his chopper approached the embassy roof, tracers arced up from the steeple of a nearby Roman Catholic Church. Browning's crew chief suddenly reeled back against the door. The visor of his helmet was splattered with gore. Browning was sure he had been hit. The blood and guts belonged to a pigeon, which had flown into the helicopter's .50-caliber machine gun.

ABANDONING THE EMBASSY

In the CIA command post on the sixth floor of the embassy, someone had broken out the cognac. An intelligence report that the North Vietnamese would shell the presidential palace, just a few blocks from the U.S. Embassy, at 6 p.m.,

had proved false. But the Diamond Net radio was crackling pitifully with the calls of embassy gardeners and cooks and chauffeurs, scattered in their homes about Saigon, begging "Save me! Tell me where to go!" Frank Snepp took the microphone and tried to reassure the CIA dependents, "Don't worry, we won't leave you." He knew he was lying. Inside the embassy, agency men were destroying documents, including hundreds of laminated identification cards that were to be used as seat tickets for top officials of the South Vietnamese government in any evacuation. It was too late now. To his horror, Snepp also realized that they had forgotten about 70 translators, native Vietnamese who lived all around the besieged city. The CIA's translators would be a prime catch for the invaders: privy to countless interrogations and debriefings, they could help the communists identify many CIA informants.

Outside, the corridors were jammed with frightened, pushing refugees making their way slowly to the roof. At about 7:30 p.m., Snepp joined the doleful procession. The rooftop was a "vision out of a nightmare," he recalled. Numbly, Snepp took in the scream of the helicopter engines, the fires burning in the distance, the tracers streaking the night sky, the helicopter crews who looked like giant insects in their oversize flight helmets, the mob still surging below. As the helicopter shuddered into the night, Snepp screamed to his seatmate, "We're taking groundfire!" The man next to him was a CIA officer who had been an airborne commander at D-Day. "Why, it's almost like Normandy," the man shouted. He seemed to be almost enjoying himself.

Still at the embassy, Ambassador Martin was angry and sick. He had pneumonia: his face was ashen, his voice a rasp. He had wanted to stay at his post, no matter what, but Secretary of State Kissinger had ordered him to evacuate. Kissinger later wrote that he was afraid that Martin would become a kind of colonialist martyr like "Chinese" Gordon, the British imperial general who stubbornly perished in the siege of Khartoum before the turn of the century. We need our heroes back in Washington; there aren't too many of them here, Kissinger cabled Martin. Now Martin was trying to shame Washington into saving as many Vietnamese as possible. Ordered to get the last Americans on their helicopters, Martin bitterly wired Brent Scowcroft at the White House, perhaps you can tell me how to make some of these Americans abandon their half-Vietnamese children, or how the president would look if he ordered this.

Martin kept revising upward his estimate of how many American and Vietnamese remained to be evacuated from the embassy. At the State Department, staffers mordantly joked that Martin had just evacuated "600 of his last 400" people at the embassy. In fact, about 1,000, mostly Vietnamese, still swarmed in and around the concrete-reinforced embassy compound at midnight. The embassy swimming pool was now not only fouled by ashes but by urine. The bottom of the pool was strewn with handguns stripped from refugees by the Marine guards. In the parking lot, the embassy's fleet of limousines had been appropriated by looters, who were driving about, smashing into one another in a mad game of bumper cars.

THE LAST FLIGHT OUT

Browning was exhausted, but also exhilarated. By midnight, he had made five round trips to the embassy. He was ready to go for a sixth when the order came: stand down. A helicopter had flown into the sea, and the fleet commander was worried that the pilots were reaching their breaking point. In the ready room, Browning learned that the dead pilot was a friend and former copilot, Bob Nystul. Sent to his bunk, Browning just stared at the ceiling.

He was roused shortly before 3 a.m. He and the other chopper pilots were going back into Saigon. Wired with coffee and adrenaline, Browning was just "feet dry" over the coastline in the predawn hour when he heard the code word "Tiger! Tiger! Tiger!" over the radio. It was the signal that Ambassador Martin had been rescued from the embassy roof. On orders, Browning wheeled his helicopter back to sea and headed for his ship, believing that the last Americans had been rescued.

They had not. Somehow, 11 Marines, the rear guard, had been left behind. Not until 7:50 that morning did a Marine chopper, surrounded by gunships to suppress fire from the angry South Vietnamese below, land on the embassy roof to save them. The Marine guards lobbed tear-gas grenades down on the last 400 Vietnamese stranded below. The whirring helicopter blades sucked clouds of gas back into the chopper. Blinded and choking, the last Americans left Saigon.

Back on board the Hancock, Lieutenant Browning stood on the flight deck, exhausted yet still wide awake, staring at the Vietnamese refugees he had helped rescue. "There were about a thousand of them," he recalled. "They had lost everything, they had no idea where they were going and they were tired. But they were orderly and thankful. They came up and thanked us." Browning and his squadron mates were on deck for a somber memorial service for the two pilots lost during the night, the final casualties of the Vietnam War. There was already talk of the medals the squadron pilots would win for their service that night. Browning heard that they might all be put up for Distinguished Flying Crosses, a top medal for valor. "We were embarrassed," he recalled. "We didn't feel like we deserved it." Lieutenant Browning did win a lesser commendation, an air medal. Today Colonel Browning is the director of the Marine Corps Command and Staff College in Quantico, Va.

RE-EDUCATION AND REGRETS

About an hour after the last helicopter pulled off the embassy roof, a Chinese-made North Vietnamese tank crashed through the gates of the presidential palace. Leaving the abandoned Time magazine bureau, An wandered the streets in a bittersweet mood, happy that the war was at last over, worried about his South Vietnamese friends. As he walked by the Continental Hotel, he barely recognized a prostitute he knew. She had shed her usual bright, floral-print miniskirt for black peasant-style pajamas. She had cut her nails and cleaned off the polish. She no longer wore lipstick. She was frightened, she said, not of getting killed by the North Vietnamese, but of being forced to marry one of their war invalids.

An himself was warily received by the victors from Hanoi. They suspected that he had become polluted by his long association with Westerners, and ordered him to be re-educated in Hanoi. This consisted mainly of listening to Marxist lectures, which An found tedious, but not particularly onerous. An was promoted to general when he retired from Hanoi's Strategic Intelligence Office in 1990. His family returned to Saigon, and his son was educated at Moscow University. Today the son is a law student at Duke--Richard Nixon's alma mater.

After a few days of RR in Hawaii, Frank Snepp was sent by the CIA to Bangkok to debrief Vietnamese refugees, including "boat people" who were sailing out of Vietnam in anything that floated. He heard terrible stories of retribution and suffering. After leaving the agency in 1976, Snepp wrote a book about the fall of Saigon called "Decent Interval." He accused his superiors of bungling the evacuation and was declared a pariah by the CIA old boys ("Frank Snepp is a complete liar," Tom Polgar now says, though he gave Snepp top ratings during his time in service). In a famous legal case widely regarded as a setback to the First Amendment, Snepp was sued by the CIA in 1978 for breaking his oath of secrecy to the agency and was forced to give back the profits he made from the book. Snepp, now a producer for the syndicated show "Extra," went back to Saigon in 1991. As he walked past the seedy tenement where he had stayed with Mai Ly, he realized that their son, had he lived, would have been 18 years old.

GRAPHIC: GRAPHIC: (Graphic) The Faces Behind a Long War's Chaotic Climax (Graphic omitted); PHOTO: LIFTOFF: Evacuees board a helicopter atop a CIA safe house near the U.S. Embassy ; PHOTO: IN AT THE FINISH: North Vietnamese Army troops push bicycles laden with supplies across the Saigon River on the day of the city's fall; PHOTO: RUNNING FOR COVER: To blend in with the civilian population, South Vietnamese troops ditched their boots outside a

training base
near Saigon; PHOTO: A COUNTRY REUNITED: In May 1975, a woman visiting
from the
North (left) greets a southern woman in the Mekong Delta; PHOTO: WINNERS
AND
LOSERS: After the fall, North Vietnamese troops sit atop a tank
surrounded by a
docile crowd of Saigon residents; PHOTO: THE MARINE CHOPPER PILOT: Lt.
Darrell
Browning had never been in combat until the day Saigon fell. Then he flew
his
CH-46 chopper on five rescue missions from the deck of the USS Hancock
(below).
After dodging groundfire, he crammed evacuees into his overloaded copter
and
flew them to safety. Today Browning is a colonel stationed at Quantico,
Va.

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HEADLINE: AIDS Is Declared Threat to Security; White House Fears Epidemic
Could
Destabilize World

BYLINE: Barton Gellman . Washington Post Staff Writer

BODY:

Convinced that the global spread of AIDS is reaching catastrophic
dimensions,
the Clinton administration has formally designated the disease for the
first
time as a threat to U.S. national security that could topple foreign
governments, touch off ethnic wars and undo decades of work in building
free-market democracies abroad.

The National Security Council, which has never before been involved in
combating an infectious disease, is directing a rapid reassessment of the
government's efforts. The new push is reflected in the doubling of budget
requests--to \$ 254 million--to combat AIDS overseas and in the creation
on Feb.

8 of a White House interagency working group. The group has been
instructed to
"develop a series of expanded initiatives to drive the international
efforts" to
combat the disease.

Top officials and some members of Congress contemplate much higher
spending
levels. The urgency of addressing AIDS has also touched off internal
disputes
over long-settled positions on trade policy and on legal requirements
that aid
contractors buy only American supplies.

The new effort--described by its architects as tardy and not
commensurate
with the size of the crisis--was spurred last year by U.S. intelligence
reports
that looked at the pandemic's broadest consequences for foreign
governments and
societies, particularly in Africa. A National Intelligence Estimate
prepared in
January, representing consensus among government analysts, projected that
a
quarter of southern Africa's population is likely to die of AIDS and that
the
number of people dying of the disease will rise for a decade before there
is
much prospect of improvement. Based on current trends, that disastrous
course
could be repeated, perhaps exceeded, in south Asia and the former Soviet
Union.

"At least some of the hardest-hit countries, initially in sub-Saharan
Africa
and later in other regions, will face a demographic catastrophe" over the
next
20 years, the study said. "This will further impoverish the poor and
often the
middle class and produce a huge and impoverished orphan cohort unable to
cope
and vulnerable to exploitation and radicalization."

Dramatic declines in life expectancy, the study said, are the strongest risk factor for "revolutionary wars, ethnic wars, genocides and disruptive regime transitions" in the developing world. Based on historical analysis of 75 factors that tend to destabilize governments, the authors said the social consequences of AIDS appear to have "a particularly strong correlation with the likelihood of state failure in partial democracies."

Another mobilizing factor is American politics. African American leaders, such as former representative Ron Dellums (D-Calif.) and Rep. Jesse L. Jackson Jr. (D-Ill), have adopted the cause of AIDS in Africa. Their interest is converging with that of long-standing AIDS activists in the United States and Europe, where the course of the epidemic has been slowed by preventive efforts and life-saving combinations of anti-retroviral drugs. They are angry at policies that price those medicines beyond the reach of the developing world.

In June, those activists disrupted Vice President Gore's presidential campaign announcement in Carthage, Tenn., and two other speeches that week--"blindsiding us completely," as one senior adviser put it. The activists, and several senior Clinton administration officials, say that pressure accelerated the White House's response.

There is no recent precedent for treating disease as a security threat. So unfamiliar are public health agencies with the apparatus of national defense that one early task force meeting was delayed when Co-chairwoman Sandra Thurman, whose Office of National AIDS Policy is across the street from the White House, could not find the Situation Room.

For all the stakes they now describe, Clinton administration officials do not contemplate addressing them on a scale associated with traditional security priorities. Gore's national security adviser, Leon Fuerth, freely acknowledged that the 2001 budget request of \$ 254 million to combat AIDS abroad--a sum surpassed, for example, by drone aircraft in the Pentagon budget--provides "resources that are inadequate for the task." He called the work of the task force "an iterative process" aimed at slowing the plague's rate of increase and alleviating some of its effects. Before this year, federal spending on AIDS overseas remained relatively flat.

Other officials noted that the United States has endorsed U.N. Secretary General Kofi Annan's declared five-year goal of reducing the rate of new infections by 25 percent. That falls close to the CIA's best-case, and least probable, scenario. Because such a turn of events would demand resources from U.S. allies and multinational bodies, the new White House group has been instructed to "develop a series of expanded initiatives to drive the international efforts."

Fuerth, a member of the "principals committee" that takes up the most important foreign policy questions, told representatives from 16 agencies on Feb. 8 that the panel wanted a package of proposals for Clinton within a several weeks. The working group is scheduled to finish drafting its proposals in May. Fuerth said the government is looking for "the kind of focus and coordination on this issue that we normally strive for on national security issues."

"The numbers of people who are dying, the impact on elites--like the army, the educated people, the teachers--is quite severe," he said. "In the end it was a kind of slow-motion destruction of everything we were trying, in our contact programs and our military-to-military programs, to build up, and would affect the viability of these societies, would affect the stability of the region. . . . In the world that we're facing, the destiny of the continent of Africa matters. And it isn't as if this disease is going to stay put in sub-Saharan Africa."

Twenty-three million people are infected in sub-Saharan Africa, with new infections coming at the rate of roughly 5,000 a day, according to World Health Organization figures. Of 13 million deaths to date, 11 million have been in

sub-Saharan Africa. In the developing world, the disease spreads primarily through heterosexual contact.

The intelligence estimate portrays the pandemic as the bad side of globalization. Accelerating trade and travel--along with underlying conditions favorable to the disease--are pushing much of Asia, and particularly India, toward "a dramatic increase in infectious disease deaths, largely driven by the spread of HIV/AIDS," the intelligence report said. "By 2010, the region could surpass Africa in the number of HIV infections." The number of infections now is relatively low, but the growth rate is high and governments have been slow to respond.

Infections are also growing rapidly, and largely unchecked, in the former Soviet Union and Eastern Europe. The intelligence estimate said this growth will "challenge democratic development and transitions and possibly contribute to humanitarian emergencies and military conflicts to which the United States may need to respond." The report also anticipates that "infectious disease-related trade embargoes and restrictions on travel and immigration also will cause frictions among and with key trading partners and other selected states."

"The thing that's most staggering, and people are just beginning to grasp, is that Africa is the tip of the iceberg," Thurman said. "We are just at the beginning of a pandemic the likes of which we have not seen in this century, and in the end will probably never have seen in history."

Senior administration officials, some of them apparently frustrated, said that the government does not dispute estimates by the Joint United Nations Program on HIV/AIDS that it would take nearly \$ 2 billion to fund adequate prevention in Africa, and a like sum for treatment. What the United States has been spending, by contrast, "is a rounding error for county budgets" in Fairfax and Montgomery counties, said one disgusted official.

"I don't have a fantasy that we're going to go to the Hill and get \$ 5 billion to build Africa's health care infrastructure," said one senior Africa policymaker. "We're trying to determine effective steps that need to be taken, and can be taken, right now."

After initial resistance from U.S. Trade Representative Charlene Barshefsky, the government has agreed in principle to encourage cheaper access to life-saving drugs by relaxing hard-line positions that protect U.S. drugmakers' intellectual property. Gore has said publicly that the United States does not rule out the use by afflicted countries of locally made or imported generics of drugs under patent by American companies. Assistant Trade Representative Joseph Papovich has written to the governments of Thailand and South Africa with new formulas for resolving intellectual property disputes on such medicines.

But several participants in the government effort said the practical meaning of the change, if any, will have to be decided at the Cabinet level or by Clinton personally. An early test comes in May, when Barshefsky's office decides whether South Africa should be removed from the "watch list" of countries facing potential trade sanctions. South Africa is on that list because it passed a law the United States initially described as threatening to the intellectual property of American drug manufacturers.

With the prospect of substantial new spending, agencies ranging from the Centers for Disease Control and Prevention (CDC) and National Institutes of Health to the Labor Department are fighting over the allocation of funds. Undersecretary of State Frank Loy, meanwhile, is said by participants to be resisting the emerging consensus that the international AIDS effort should be centered in Thurman's office.

The task force has also battled over proposals to amend the Foreign Assistance Act, which requires all taxpayer-funded aid to come from American suppliers. Public health agencies want exceptions for condoms and AIDS test kits, which can be acquired more cheaply overseas. Congress willing, the task force is likely to recommend that change.

The high-profile attention from the top is "raising this issue in ways that leaders [of afflicted nations] can't ignore it," one White House official said.

Richard C. Holbrooke, the U.S. ambassador to the United Nations, used his rotation as Security Council president in January to declare a month on Africa. He made AIDS the subject of the first Security Council meeting of 2000 and invited Gore to speak. When Clinton traveled to India in March, he successfully pressed the government to issue a joint declaration on AIDS.

Pervading the recent U.S. effort is a strong sense among participants of time misspent. The virulence of the pandemic was accurately foreseen, and "the United States didn't exactly cover itself with glory," said one close adviser to Clinton.

"We saw it coming, and we didn't act as quickly as we could have," said Helene D. Gayle, a physician who directs AIDS prevention at the CDC. "I'm not sure what that says about how seriously we took it, how seriously we took lives in Africa."

Peter Piot, a virologist who heads the United Nations AIDS efforts in Geneva, said "the good news is that the U.S. government is mobilizing. The bad news is that it took so long. This is not a catastrophe that came out of the blue. It has been clearly coming for at least 10 years."

Asked about those comments, Thurman looked pained.

"Oh yeah," she said softly. "It's very late. But better late than never. You rarely ever get a second chance in an epidemic."

Staff researcher Robert Thomason contributed to this report.

THE IMPACT OF AIDS

More than 16 million people have died from AIDS since the 1980s, 60 percent of them in sub-Saharan Africa. Not since the bubonic plague ravaged Europe in the Middle Ages has there been as devastating a disease. U.S. officials have reached the conclusion that the impact of AIDS will be so vast that it has become a threat to U.S. national security.

Percentage of adult population infected with HIV or suffering from AIDS. Selected countries

Zimbabwe: 25.9%
Botswana: 25.1
Namibia: 19.4
Zambia: 19.1
Swaziland: 18.5
Malawi: 14.9
Mozambique: 14.2
South Africa: 12.9
Rwanda: 12.8
Kenya: 11.6
Central African Rep.: 10.8
Ivory Coast: 10.1
India: .82
U.S.: .76

AIDS already has significantly shortened life expectancy and will cut more years off people's lives by 2010.

Namibia

Life expectancy without AIDS (years): 70.1
Life expectancy with AIDS (years): 38.9
Change: 44.5% drop

Zimbabwe

Life expectancy without AIDS (years): 69.5
Life expectancy with AIDS (years): 38.8
Change: 44.2

Botswana

Life expectancy without AIDS (years): 66.3
Life expectancy with AIDS (years): 37.8
Change: 42.9

Swaziland

Life expectancy without AIDS (years): 63.2
Life expectancy with AIDS (years): 37.1
Change: 41.3

Malawi

Life expectancy without AIDS (years): 56.8
Life expectancy with AIDS (years): 34.8
Change: 38.7

Zambia

Life expectancy without AIDS (years): 60.1
Life expectancy with AIDS (years): 37.8
Change: 37.1

Lesotho

Life expectancy without AIDS (years): 65.9
Life expectancy with AIDS (years): 44.7
Change: 32.1

South Africa

Life expectancy without AIDS (years): 68.2
Life expectancy with AIDS (years): 48.0
Change: 29.6

Tanzania

Life expectancy without AIDS (years): 60.7
Life expectancy with AIDS (years): 46.1
Change: 24.0

AIDS has left about 9 million children without their mothers or both parents, the vast majority in sub-Saharan Africa.

Number of 15-year-olds per 10,000 of that age group who have lost their mothers or both parents to AIDS.

Uganda: 1,100

Zambia: 890

Zimbabwe: 700

Malawi: 580

Togo: 400

Botswana: 390

Burundi: 390

Ivory Coast: 380

Thailand: 30

U.S.: 10

U.S. assistance to combat AIDS has stayed around \$ 120 million for the past seven years. But officials believe much more is needed to halt the disease and treat those infected.

2001 budget request: \$ 264 million

SOURCE: World Bank, WHO, UNICEF, USAID

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HEADLINE: Advise and Dissent: A Comity of Errors

BYLINE: Kamen, Washington Post Staff Writer

BODY:

The presidential election is still seven months away and there's already bad news for Vice President Gore and Texas Gov. George W. Bush: A new study warns that, whichever one wins in November, "the next administration will be lucky to have its Cabinet and sub-Cabinet in place by Nov. 1, 2001."

That's what may happen, says an extraordinarily bipartisan study, funded by Pew Charitable Trusts and conducted by the Brookings Institution and the Heritage Foundation, "unless something is done soon to streamline the process and restore comity between the two branches" of government.

The study, to be released Friday, is based on interviews with more than 400 Reagan, Bush and Clinton administration appointees. It notes that "the first wave of Clinton appointees bore the brunt of one of the most confusing transitions in recent history." (Exceptionally generous phrasing, unless by "recent" they mean since James G. Buchanan.)

The "last wave of Clinton appointees entered office during a period of intense scandal," things such as impeachment and campaign finance investigations, which "created a roller coaster of inefficiency in the presidential appointments process."

Delays have increased in each administration since 1960, say the authors, Paul C. Light of Brookings and Virginia L. Thomas of Heritage, but "the jump was particularly significant during the Clinton administration. On average, it took President Clinton's appointees two months longer to enter office--seven months for Clintonites versus five for President George Bush's appointees.

Still, Gore and Bush might do well to study the first Clinton transition as a primer on how things can go bad.

First of all, Loop Fans will recall that former U.S. trade representative Mickey Kantor was in charge of transition planning during the last few months before the election, something that both sides should do before the election and not be secretive about it. But much of what Kantor did was for naught when he got bounced in a postelection turf war. So former South Carolina governor Richard W. Riley picked up the personnel portfolio for a couple months, only to be moved by year's end to secretary of education. Then White House aide Bruce R. Lindsey, he of the huge, immovable stacks of papers on his desk, took over for a while.

By the end of Clinton's first year, Philip Lader, now ambassador to Britain and former White House deputy chief of staff, was moved in to run personnel. He then turned it over in early 1994 to Atlanta banker Veronica Biggins, who left less than a year later to be replaced by Robert J. Nash, the current personnel chief.

Then there was the huge assortment of cooks in the personnel stew, a group so big that one insider said that possible nominees never knew "who had to say 'yes' " to their bids. And don't forget the lengthy delays for considering ethnic, gender and geographic balance.

The Gore and Bush folks no doubt think it would be almost impossible to repeat all those mistakes. The candidates each have some advantages over Clinton. Gore, for example, doesn't have to replace everyone immediately, because the incumbents at least are Democrats. Bush may benefit because he would almost certainly have a friendly Senate to deal with.

However, the report says, "[i]t would be a mistake to assume that Clinton's departure from office will make all of the delays or frustrations . . . disappear. Although Clinton's departure will no doubt improve White House and Senate relations, it will not make financial disclosure forms easier to master, the FBI field investigations shorter or the Senate review process more efficient."

So both camps may want to pore over the Brookings-Heritage study. It's a chilling picture of how bad things have gotten.

Eliau No, Dinero No

There are many people unhappy with Attorney General Janet Reno's grab of Elian Gonzalez from his Little Havana house last weekend, starting of course with Elian's great-uncle Lazaro and his second cousin Marisleysis, not to mention the Cuban American community and lots of Republicans on the Hill.

But some of Elian's former neighbors have taken financial hits as a result of his departure. They had been renting spots on their front yards and driveways for up to \$ 300 a day to the dozen or so TV crews and other media for parking, tents, camera positions and such.

GAO Loses Its Census

Census director Kenneth Prewitt wasted no time yesterday demanding that General Accounting Office associate director J. Christopher Mihm pay up on a bet they had made over how many people would fill out their census forms.

In a letter, Prewitt said "the terms" were that "you would pay to a nonprofit of my choice the sum of \$ 25.00 if the response rate met the predicted 61 percent, plus an additional 10 percent of the base wager for every point" over that. Since the response rate was 65 percent, Prewitt calculated Mihm owed \$ 35, which he wanted sent to National Public Radio, "because it has consistently provided high quality census reporting to the American public."

It's Official

Shandwick International, the biggest PR operation in the world, gobbling up other firms like a hungry hammerhead, makes a formal announcement today that it has picked up the Murphy Pintak Gautier Hudome Agency Inc., which means, among other things, that Mike Murphy, a key adviser to Sen. John McCain's presidential campaign, is now part of the Shandwick operation.

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APPROPRIATIONS COMMITTEE

SUBJECT: APPROPRIATIONS FOR FOREIGN OPERATIONS

WITNESS: TREASURY SECRETARY LAWRENCE SUMMERS

CHAired BY: REP. SONNY CALLAHAN (R-AL)

LOCATION: 2359 RAYBURN HOUSE OFFICE BUILDING, WASHINGTON, D.C.

TIME: 10:20 A.M., EDT DATE: THURSDAY, APRIL 13, 2000

BODY:

REP. CALLAHAN: I want to go ahead and begin with my statement. I saw Ms. Pelosi on the floor about 12 minutes ago, so she said she'd be here as soon as she can. But I have some engagements this afternoon that I've got to attend to. so in order to begin the expediting of this procedure, I'll ask that you listen to my statement. And I'll provide it to the minority when they get here.

Good morning to you, Mr. Secretary. Welcome. I guess this is your first hearing before this subcommittee, and I want you to know that I'm on your side regarding free trade and market economies, and I encourage you to stand firm against those who are trying to besiege Washington this week. The committee has questioned many World Bank activities over the years, but I don't think it's fair to blame Jim Wolfensohn for the mistaken policies and bad debts left to him by others.

Considering events around the town and our previous conversation, it will be no surprise to you that a major topic this morning will be debt. We want to focus on multilateral bank debt in general and on your supplemental and regular budget request for debt forgiveness in particular. I ask that you focus on those matters in your oral testimony and that your full statement will be placed in the record.

Over the past several years, the committee has gone along with the request to increase the use of private voluntary organizations in the delivery of aid. We get more bang for the buck that way. Now, some of these same private and church groups want us to fully fund the HIPC trust fund. With the budget situation we face, these groups need to recognize that any funding for the HIPC trust fund will come from their bilateral programs. They have no guarantee that one penny for HIPC will benefit grassroots development programs. I can guarantee that HIPC will have an adverse effect on the United States PVOs.

I want to remind the church groups and the Jubilee 2000 coalition that this committee is sympathetic to the idea that poor countries cannot develop while staggering under the heavy burden of foreign debt. This committee decided many years ago to provide bilateral aid in the form of grants. We have discouraged AID from getting back into the loan business. The committee has supported bilateral debt relief for Poland, Egypt and many developing countries. We have shown our willingness to write off our own bad debts. I am skeptical about writing off the bad debts of others. But it seems at a minimum we should expect a timeout on new lending to these troubled countries if their debts are erased.

I look to you, Mr. Secretary, to provide the committee with a simple set of facts about the Heavily Indebted Poor Countries. Who is the direct beneficiary? In other words, who actually gets the cash -- poor people, poor countries, multilateral banks, or bond-holders in North America or Europe? What is the actual (difference?) in each HIPC country's cash flow over the next three years? Let's use Tanzania and Bolivia as an example. Had repayment of their bilateral debt been deferred -- or has repayment of their bilateral debt been deferred? Were payments of their old multilateral debts already being primarily financed by new loans from the same banks?

As far as the other budget request for IDA and the regional development banks, as always, the subcommittee will do the best we can with the allocation provided to us. From what I know at this time, it will be difficult, if not impossible, to appropriate sufficient funds for both IDA and the HIPC trust fund. So I look forward to your response on that during your testimony.

But just let me comment -- while we're waiting on Mrs. Pelosi, just let me comment that while I know that the church groups and the people that are interested in HIPC and are lobbying Congress so hard, primarily through pulpits, have very noble goals in mind, I don't think that they totally understand the process here in Washington, nor do I think that they've thought through the consequences of what will happen to their goals if indeed we do take money that is now being spent to feed starving children or to tend to the poor or tend to the sick and give it to banks when, in many cases, there's going to be no cash flow freed up to perform these services that they want.

Many of the countries that we're talking about, they don't pay principal; they don't pay interest. All we're doing is using money that we currently are giving to IDA to help these needy people. All we're doing is freeing up their books so they can borrow more money. So I hope that as we go through this process, that those that are so interested in this process, that they recognize that they're doing in some instances a great disservice to the very people they want to help, and that is the poor people of some of these heavily indebted countries.

Also, Bill Schertz (sp) is with us again today. We're happy to have you here, a former staff member of the committee.

And Mr. Secretary, if you will, we will begin your testimony now.

SEC. SUMMERS: Mr. Chairman, Congressman Packard, Ranking Member Pelosi, when she arrives, I appreciate the opportunity to testify about the administration's Fiscal Year 2001 budget request for Treasury's international programs. I appreciate the interest and effort this committee has devoted to these programs over the years. And I'm particularly grateful, Mr. Chairman, for the personal interest that you showed by attending and contributing at the Inter-American Development Bank meetings in New Orleans a few weeks ago.

Today I'd like to address three issues: First, the strong case for continued United States support for multilateral development banks and debt reduction; second, the central element of our request for funding for Treasury international programs; and third, our ongoing reform agenda for the MDBs

and
how it's being implemented in the context of debt relief programs. I have submitted a longer statement for the record. And with your indulgence, Mr. Chairman, I will deviate from my prepared oral statement to answer the questions that you've raised in your very thoughtful opening statement.

The case for U.S. MDBs and debt reduction programs rests on the importance of successful economic development in the developing world and the role of MDBs in debt reduction, in promoting such development. These institutions promote our core interests in three ways. They advance our core values and humanitarian goals at a time when more than 1.3 billion people live on less than a dollar a day. They promote our economic and commercial interests.

They support policy changes such as reduced tariffs in Mexico and in India, both of which occurred more through unilateral actions supported by the development banks than through trade agreements, which enormously benefit U.S. producers. And they promote our national security. From the experience of Germany in the '30s to Bosnia and Africa in more recent times, history teaches us that conflicts are more likely in situations of economic distress.

Mr. Chairman, you raised the crucial question of leverage and tradeoffs. What I would highlight is that each dollar that we contribute to the multilateral development bank leverages \$45 to build tomorrow's markets and democracies. We gain that leverage for two reasons. We gain it because the institutions are able to borrow in the markets, and we gain it because U.S. contributions are matched by others around the world. It is those two facts together that contribute to the 45-to-1 leverage.

For a variety of similar reasons, the multilateral character of the program and the power of the U.S. example, the fact that in many cases the loans are carried below book value, means that debt reduction programs similarly can provide leverage of as much as 20 to 1.

As private capital markets have grown and global realities have changed, we've successfully reduced our annual contributions to the multilateral development banks, working with this committee, by 40 percent, or \$700 million in real terms, since 1995. This is not primarily a matter of increased arrears. It is a matter of reduced international commitments. And our international commitments today are less than two-thirds of the international commitments to these institutions that we inherited in 1993.

At the same time, even with reduced U.S. contributions, strong U.S. leadership and advocacy on a wide range of issues has produced major operational and policy improvements. Through their policies and programs, the MDBs can have and have had a tangible impact. Think of the (green?) revolution. Think of the progress that is made in allowing 30 million people to now be protected from river blindness. Think about this, with all the problems with the world development effort. Life expectancy in the developing world in the last 20 years has increased by nearly eight years, an amount equivalent to the gain from solving cancer three times over.

Mr. Chairman, let me turn to our request. For Fiscal Year 2001, we're requesting a total of \$1.6 billion for Treasury international programs. A small portion, \$7 million, is for technical assistance. The remaining two large components are \$1.4 billion for the multilateral development banks, \$1.2 billion of which is for our scheduled commitments, and \$167 million of which is to work off arrears.

Let me stress that these programs are now operating on a sustainable basis.

Our \$1.2 billion commitment compares with the \$1.9 billion commitments that were in place in 1993. My written testimony details the specific development banks.

Let me just highlight that of particular concern in the arrears area is our \$200 million in arrears to the Global Environmental Facility. That puts the ability of that program to function at substantial risk. There is much that is controversial in the environmental area. I believe that the voluntary market-based approaches that the GEF supports should be able to command widespread support.

The second major component is a \$262 million request for debt restructuring.

Let me seek to address the three primary questions that you raised in your opening statement, if I could, Mr. Chairman. You asked who the real beneficiaries would be. The real beneficiaries would be poor countries and their governments, who found themselves with reduced interest burdens with funds that could be used for other purposes.

You asked, would there be real cash flow reductions that could translate into social benefits? Here it is important to distinguish between the situation of the bilateral debt and the situation of the multilateral development banks. In many cases, it is indeed the case that countries are in arrears on our bilateral debt, and so reducing that debt does not provide direct cash flow. In virtually every case, countries are servicing their multilateral debts, and so the reduction in those debts does translate into direct cash flow savings.

I might just mention, to take the two examples that you raised in your opening statement, Mr. Chairman, that Bolivia saved \$77 million in 1999 in debt service as a result of the original HIPC initiative and that social spending in that year was \$119 million more than it had been in 1998; that in Tanzania, the current intention in the year 2000, the commitment is to increase social spending by some \$50 million, or more than 10 percent, as it benefits from the debt reduction program. I might just say that that comes within the context of an assistance strategy that will form the basis for the poverty reduction strategy paper within the debt reduction program.

The third question you asked, Mr. Chairman, is one that is very troubling to us, and that is, you raised the very understandable suspicion that we're all just engaged in a cynical cycle where we forgive debt, then lend money again, and then find ourselves forgiving debt again. And that is something that is of very real concern to us.

To address that concern, we have insisted first that any debt reduction come in the context of a detailed multi-year financial plan that establishes, on realistic assumptions, the country's ability to manage debts during that period. Second, we have pursued a policy of not initiating new hard lending for countries receiving debt relief for a period of several years. We think, with respect to hard lending, that is absolutely appropriate.

Third, we've insisted that there be a framework for the national budget and for the various foreign assistance efforts that assures that whatever concessional finance is provided, it is provided on terms where it can comfortably be repaid during the period following debt reduction. We are very much prepared to discuss other measures to assure that these funds are used for their proper place and to work to the maximum extent possible to assure that we take advantage of this jubilee year, to do this now and do it right, and so we don't have to do it repeatedly.

Let me just say, Mr. Chairman, that my statement details a variety of steps that we have worked to take within the international institutions to bring about real reform, in many cases to highlight values that this committee has stressed. I will mention only a couple of examples: The decision of the IMF board last month to insist on external audits of all banks receiving IMF funding; the decision of the IMF to publish its operating budget on a quarterly basis; measures to make the multilateral development banks more transparent and accountable.

To take one example that I think was of particular concern to this committee, at the African bank, aggressive U.S. leadership -- and Mr. Schertz played a central role in this -- has produced top-to-bottom restructuring and reform. Seventy percent of top management has been replaced in the last few years. There's been a complete scrub of the balance sheet; new voting rules that cement the control of the donors; and the strongest good governance policy of the international financial institution system. With Congress having last year authorized new U.S. investments in the bank, ours is now the leading voice in

Africa's leading development institution.

With respect to broader policy towards the multilateral development banks, we have taken an approach of stressing that the banks need to recognize that we live in a world where there is today a robust private capital market. They need to focus their efforts on those projects which complement and support that private capital market rather than supplanting that capital market.

That means projects that support key social investments. That means maintaining a capacity to respond to emergencies where private capital flows are interrupted. That means creating frameworks in which the private sector flow of capital can function more effectively. It does not mean financing the kinds of projects for which private market finance is readily available. We will be discussing these issues and other issues connected with the functioning of the institutions with the G-7 and with the international financial committee and the development committee this weekend in Washington.

We will also be discussing a question that I think is of particular importance, and that is the question of what we can do to promote investments that pay off at the global level but not at the level of any single country. And perhaps the clearest example of such an investment is investments in vaccines to address tropical diseases, where the president has put forth a program with a number of elements, including working closely with Congresswoman Pelosi, support for pharmaceutical innovation through the tax system, where I think we have a great opportunity to do something that is very important for public health.

Mr. Chairman, at the beginning of this new century, I think one of the most important sets of decisions our country will take is how we will manage our policies with respect to the developing world. What I think we can all agree on is that we have an enormous stake in seeing success in the developing world, that market institutions have a central role in all of that, and that our international policies can make a real difference in what happens in the developing world. And it is incumbent on all of us to work together to find the most effective solutions so that we can support what we all seek, which is effective, inclusive growth in the developing world.

Thank you very much.

REP. CALLAHAN: Thank you, Mr. Secretary. Let me just respond to say that many of the things that you say sound very good sound very logical. But that's not the real world. The real world is if we had unlimited amounts of money, we could do some of these things without jeopardizing our ability to do other things.

The real world, however, is that we do not have unlimited amounts of money. We have this year an allocation which is going to be somewhere in the area of about \$2 billion less than the administration is requesting for your portion of our bill and for the secretary of State's portion of the bill. That's the real world. The real world is that we're not going to get a single Democratic vote in subcommittee, full committee or on the floor of the House. That's the real world.

The real world is we're going to go to a conference in the Senate and we're not going to be able to come up with anything that the administration can accept. So the real world is that all of this is going to be negotiated with Jack Lew in some back room of the Capitol sometime late at night, probably in the month of October.

The real world is that Jack Lew and I are both bullheaded. We couldn't agree on anything, I think, just on principle. He's a tough negotiator. And if the past is any indication of the future, then ultimately the speaker of the House and Jack Lew, along with the Democratic leadership, will meet and they will determine the fate and the numbers and the direction of this bill. That's the real world.

But I don't want people that are so active for such a noble cause to go down this road that they think is going to relieve suffering with any indication that there is not a cost to their goal. The real world is that the way we score and the way CBO scores, we're going to have to reduce a portion of that \$13 billion from monies that we're using whereby we, the United States of America, through private volunteer organizations, are providing for the poor, providing for the sick, providing for the starving, educating. We are doing that now. And if we take part of our \$13 billion and we give it to the Treasury to benefit some bank who has made a bad loan, then what we're going to do is to take away food, to take away medicine from the very people that these organizations are trying to help.

If that is going to be their mission with blinders on, so be it. They're God-fearing people. They're noble people. They certainly have their heart in this thing. But they're not educated people in the total process of this, because they're not being told the real-world facts. And the real-world facts are that we're going to have to take away medicine and food and educational opportunities from poor people in order that some bank, sitting there with their marble floors and their leather furniture, is not going to have to write off some type of loan that they're giving to some country, and then they're going to go in there also the next week. They're going to go in there, such as they did in Uganda. You know, you said that hard loans are not a factor; there should be a term. Uganda's had some debt forgiveness, some HIPC forgiveness, already. They've been back to the window for \$20 million.

STAFF (?): (Off mike.)

REP. CALLAHAN: Huh?

STAFF (?): The African.

REP. CALLAHAN: That's the African development bank. They've approved a \$20 million loan to Uganda. So, I mean, what you're saying sounds good, but it's not the real world. So, you know, God bless these people with Jubilee 2000. God bless these church groups for their involvement, for saving the environment, for saving the world. But I do wish that they would look at what they're doing and recognize that without some prohibition, where we just discount the fact that we take it from one fund to give it to the rich bankers -- let's look at the real world there.

The real world is that these people, these political leaders in these countries, borrowed these monies, and in many instances took the monies to Swiss banks, deposited -- never built the programs or the bridges that they borrowed it for, and now we want to forgive it and to give them the opportunity the next day to go right back to these same institutions and say, "We need to borrow some more money to make things better for our people."

It's not freeing up money. It's not freeing up cash flow that can be utilized to benefit the needy people in their countries. So let's not go into it with blinders on. In the end, Mr. Lew and I will sit down some late night, and we're going to give Mrs. Pelosi something of what she wants and Mrs. Lowey something, Mrs. Kilpatrick something, and everybody's going to get a little bit of everything some late night. But I just hope that the people that are such advocates of this transfer recognize that they're taking money out of the mouths -- they're taking food out of the mouths of starving children.

Mrs. Pelosi, we're ready for your opening statement.

REP. NANCY PELOSI (D-CA): Thank you very much, Mr. Chairman. I join you in welcoming our distinguished secretary, Mr. Summers, to our hearing this morning on the FY 2000 programs of the Department of Treasury. I would note, as you have already noticed, that it is an interesting day for the chairman -- the

chairman
has chosen an interesting day for this, in light of all the activity that
you
have referenced on the streets of Washington DC.

I'm going to use the time in my opening statement to address the debt
forgiveness issue, with all the greatest respect for my chairman, and
reluctantly in disagreement with him on this subject. He knows that. It
comes as
no surprise. The issue of debt forgiveness, despite all of the publicity
it has
received lately, remains largely understood. People can relate to the
concept of
forgiveness, helping the poor and giving countries a second chance for a
new
start.

It becomes more difficult to translate that into forgiving debt. Most
people
in the country can't even conceive of having their debt forgiven. If they
were,
they certainly don't expect the same bank or department store to lend
them money
after forgiving their debt. And that's the point I think the chairman
makes so
well. Yet despite their instincts, many Americans support debt relief for
the
world's poorest countries, and many have joined in the initiative of
Jubilee
2000 for debt forgiveness, in the tradition of the Bible, at the time of
the
millennium, to forgive.

I want to just provide a little background, take a few moments to
provide a
little background on this subject, which I think may be useful; I hope
so. In
the early 1970s, many newly independent African countries were enjoying a
boom
in mineral and agricultural exports and were also eager to borrow from
western
banks to expand infrastructure and grow their infant economies. Western
banks
were only too eager to comply. Billions of dollars flowed into these
inexperienced and sometimes corrupt governments.

These funds unfortunately were spent largely for huge
industrialization projects, arms purchases, and construction in capital
cities.
Little, if any, funds were spent to alleviate poverty. And if we have a
problem
about all of this today, it's because we nor the G-7 or no one else did
enough
to make alleviation of poverty the chief mission of the international
financial
institutions.

Initially all seemed well, but as the oil shocks of the 1970s triggered
worldwide inflation and recession, commodity prices for African goods
collapsed
and the prices for basic necessities shot up. Because most of the debt at
the
time was held by private banks, by the 1980s big lenders had teamed up
with the
IMF and the World Bank to get their money back. The result was a series of
reschedulings that made the private banks (whole?) but did nothing for
poor
countries but trap them in a devastating cycle of debt and
underdevelopment.

We should not forget that we, the United States, were an active
participant
in creating the ruinous cycle of debt for these countries. Trapped in
Cold War
mentality, we supported many of the corrupt regimes in countries now
trying
desperately to recover. Also, we enabled some of the major banks of the
world to
make themselves whole from their own bad investments through our actions
at the
IMF and the World Bank.

The question for us today is, do we move forward to support the debt
relief
plan agreed to by the international community, or do we demand further
concessions from these impoverished countries? Well, I would submit that
Africa
has changed vastly since the 1980s, and we need to recognize that. While
we in
the West tend to focus on the areas of conflict on that continent, we
should not
ignore the fact that many governments in Africa have changed dramatically.

Mozambique is a shining example of a country which has taken dramatic
steps
to democratize and comply with every bit of financial conditionality set
down by
the international financial institutions. They have been under the IMF
plan for
over three years. They need our help now. And this is separate and apart

from
disaster assistance that our distinguished colleague has been calling for
relentlessly and effectively, hopefully.

Other countries, such as Uganda, Tanzania, Mauritania, Senegal and Mali
have
taken similar steps and need immediate help. Bear in mind that it takes
two or
three years for countries to reach the decision point to get approval for
debt
relief -- (brief audio break).

Getting to that point requires adherence to a long set of conditions --
the
fact that there is now a consensus among commercial banks, multilateral
institutions and the G7 countries to relieve debt should demonstrate to
us that
this is a pragmatic, not a charitable approach and solution. Africa is a
better
place to lend money than it was a decade ago. The history of debt in Latin
America is similar to that of Africa in many respects.

But beyond the rules of the new lending -- beyond that, the rules for
new
lending change. Banks and countries have put together tougher
conditionality in
place which makes it tougher to get new loans. The framework of the HIPC
initiative has been carefully woven so that the mistakes of the past can
be
avoided.

I would state to my distinguished chairman that there are many vocal
critics
out there who still feel that this plan is too tough on poor countries.
The
mantra of our foreign policy these days is going all out to open markets
for
Western goods. Debt relief followed by renewed economies in Africa will
enable
precisely that.

Mr. Chairman, I appreciate your indulgence in my putting my statement
to this
effect on the record. I will use my time on the questions to ask them.
But I
just want to say this. And that is when we talk about these budget
priorities,
it seems to me it shouldn't be an either/or: either our noblesse oblige
or their
self-reliance.

We absolutely must help these countries get on their feet and solve
their own
problems. And we also must match the compassion of the American people
with the
resources to help stop the spread of disease which is in our national
interest;
alleviate poverty, creating markets for our products, which is in our
national
interest; help these countries therefore democratize, which is in our
national
interest.

So what we're doing is for us as well as for the world, and I would
hope that
we could see the debt relief not as an either/or -- our charity or their
self-reliance -- but some balance in the approach that we take.

And I do want to remind that Secretary Summers and Mr. Armev
negotiated the
debt relief last year. And so I mean hopefully he will be at -- we will
all be
at the table and you'll be using your considerable leverage on behalf of
Mrs.
Lowey, Ms. Kilpatrick and me. But nonetheless, it went to a different
place -- a
different place last year.

And I would hope that the values that I believe the American people
support
in supporting Jubilee 2000 will prevail at the end of the day whoever is
at the
table. With that, I yield back the balance of my time.

REP. CALLAHAN: Mr. Wolf.

REP. WOLF: Thank you, Mr. Chairman. Mr. Secretary, welcome. I have two
issues. One I want to express a personal disappointment in you and in the
Treasury Department for your lack of action with regard to the Chinese
National
Petroleum Corporation. I want to insert, Mr. Chairman, without objection,
all
the letters I've sent the secretary over the last seven months and the
action I
think are really very disappointing.

In that country there's terrorism. They tried to assassinate President
Mubarak. Had they done that, the world would be different today. There's
mass
killing -- two million Christians and animists have been killed in the

south,
and your department has been silent. There is slavery going on today. We
could
leave this building, fly there and trek after we went into southern
Sudan, and
you could buy slaves.

And because of allowing this to go on -- and I'm not asking you a
question,
I'm making a statement. Your silence is deafening. And I believe that
history
will judge the lack of action of your administration very, very harshly.
We'll
have to find out.

The question that I have is on another issue. I read an article in the
"National Journal" that you are participating in this so-called White
House War
Room with regard to passing China MFN. Is that correct?

The article says the principals who have been huddling once a week for
the
past couple of months include Secretary of State Albright, Agriculture
Secretary, Treasury Secretary Summers. Are you participating in it?

SEC. SUMMERS: I've certainly participated in meetings with my Cabinet
colleagues --

REP. WOLF: Are your employees participating in this?

SEC. SUMMERS: -- on that issue.

REP. WOLF: Are your employees participating?

SEC. SUMMERS: Certainly there are people in the Treasury Department
who have
worked hard on what the president's identified as a major national issue.

REP. WOLF: Are any of them civil servant employees?

SEC. SUMMERS: Civil service employees have certainly been involved in
issues
relating to trade policy. But they have not been involved in political
policy.

REP. WOLF: (Off mike) -- civil service employees have been involved in
those
meetings in preparation for those meetings?

SEC. SUMMERS: Congressman Wolf --

REP. WOLF: Just yes or no and if the answer is you don't know, have one
of
your employees call down there and report before you leave. Have civil
service
employees been involved in those meetings

SEC. SUMMERS: Civil service employees, Congressman Wolf, have been
involved
in policy discussions regarding U.S. trade policy towards China.

REP. WOLF: Mr. Secretary, that was not the question I asked you. I said
with
regard to those meetings' preparation.

SEC. SUMMERS: I'm not sure. Well, yes, civil service employees have
certainly
been involved in preparations for Cabinet- level discussions of China
policy.
Yes, they have.

REP. WOLF: Now I asked the GAO to examine this. And they have now made a
request of the White House and the Treasury Department. Have you
responded to
their request -- the GAO?

SEC. SUMMERS: I'm not familiar with that GAO -- I'm not familiar with
that
GAO request.

REP. WOLF: Well, the letter's to Mr. Lindsey and one went to Treasury,
one
went to Ag. and one went also to the Trade Office. It said the following.
It
will take up most of my time, but I'll read it.

"GAO has requested -- been requested by Congressman Frank Wolf to review
efforts of the administration to go on to support for permanent normal
trade
relations with China. Congressman Wolf is particularly concerned about
whether
such efforts may be in violation of 18 U.S.C. 1913 or any applicable
appropriation provision that prohibit the expenditure of appropriated
funds for
publicity or propaganda purposes or to lobby."

And then they go on and say "We need to immediately get the
information, we
need to work on this." They're asking for a meeting. And some of the
questions

that GAO are asking are a list of all employees who have been assigned to the working group, a list of other individuals who are anticipated to assist in the working group's operation, including the legal authority under which they're assisting in the working group's operation and for each staff employee identified above please provide their employee agency, non-federal, Federal Schedule C or whatever and many, many other questions.

If they are civil service employees, they may very well be in violation of the law, or you may very well be in violation of the law. And what we're asking is that someone -- your smile is sarcasm. It is speaking.