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^THE REUTER TRANSCRIPT REPORT@

CNN'S ``LATE EDITION``

GUESTS:

REPRESENTATIVE PATRICIA SCHROEDER (D-CO)
REPRESENTATIVE JOHN KASICH (R-OH)
ROBERT GATES, FORMER FBI DIRECTOR
SUSAN PAGE, NEWSDAY
TONY SNOW, DETROIT NEWS
SIDNEY BLUMENTHAL, THE NEW YORKER

HOST: FRANK SESNO

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MR. SESNO: Hundreds of American troops return from Somalia just
in time for the holidays.

JEANNE MESERVE: And a homecoming in New Hampshire for a former
prisoner of war, Army helicopter pilot Michael Durant. I'm
Jeanne Meserve, and I'll have those stories in our news update

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just ahead.

MR. SESNO: And I'm Frank Sesno. Today, new leadership at the Pentagon. Just who is this man President Clinton has nominated

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as his defense secretary? And what problems will he face? Ahead on Late Edition.

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

MR. SESNO: It's Sunday, December 19th, 1993. This is Late Edition, where we talk to people at the top of the news and take your phone calls. Today, the shakeup at the Pentagon. Les Aspin is out. Bill Clinton's new defense secretary nominee has a tough task ahead. Tightening budgets come at the same time new threats to American security appear on the horizon.

Q&A today with Representative Patricia Schroeder, Democrat of Colorado and a member of the Armed Services Committee; Congressman John Kasich, Republican of Ohio, also a member of the Armed Services Committee and ranking Republican on the House Budget Committee; and Robert Gates, director of the CIA during the Bush Administration. Later, Bill Clinton ends the year with higher approval ratings but lingering problems. We'll go 'round the table with our panel of veteran journalists. And finally, Bruce Morton and the last word on the crime wave everyone keeps talking about. Why do we feel so insecure?

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

MS. MESERVE: Frank, home for the holidays and happy about it. Three hundred and ninety-five soldiers from the U.S. Army's 43rd combat engineer battalion returned from Somalia today, back into the arms of their loved ones. Meanwhile, Joint Chiefs of Staff Chairman General John Shalikashvili arrived in Mogadishu today. He's reviewing plans to pull nearly all 8,000 U.S. troops out of Somalia by the end of March.

Perhaps the most heartfelt welcome home of all took place in Berlin, New Hampshire today, where Army pilot Michael Durant was the focus of a day of holiday activities in his hometown including a community dinner to give thanks and a homecoming

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rally in the high school gym. In this edition of high emotion, Durant's thoughts turned to fallen comrades.

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

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

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Representatives of Israel and the Palestine Liberation Organization have ended two days of talks in Norway. Both sides have returned home for consultations and plan to meet again in the next few days. The talks seek to resolve differences over how to implement Palestinian self-rule in Jericho and the Gaza Strip. Meanwhile, Israel's air force attacked targets that were said to be training bases for the pro-Iranian group Hezbollah in southern Lebanon. The raid was in response to a Hezbollah mortar attack on Israeli outposts. Also an Israeli judge has jailed six Jewish extremists, five of them U.S. citizens. They were charged with hoarding weapons and planning terrorist attacks against Arabs.

One way the administration might pay for expensive welfare reform programs is by cutting back on benefits to recipients who are not U.S. citizens. A senior administration official says the proposal is one of several being considered by President Clinton's task force on welfare reform. A similar plan introduced by House Republicans last month reportedly would save at least \$21 billion over five years.

For many Americans, this last weekend before Christmas is proving the perfect time to buy that centerpiece of holiday decorations, the Christmas tree. And Kathleen Koch reports there are lots of choices.

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

UNIDENTIFIED MAN: (From videotape.) Hey, if it strikes you,

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you've got to go with it.

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

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

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

MS. KOCH: The National Christmas Tree Association estimates it will sell just over 35 million trees in this year's one-month selling season, about what it did last year. Firs are now shooting up in popularity because of their pungent evergreen smell and thicker branches that hold ornaments better. Still, less expensive pines remain the bestsellers. And tree farmers have spotted a growing trend in replantable trees.

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

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

MS. KOCH: For those without yards or without much time, tree lots have sprouted in abundance. And poor economic conditions in many of the tree-harvesting states this year have made the entrepreneurs who run these stands eager to bargain.

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

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

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

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

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

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

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

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

MS. MESERVE: Sounds good.

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

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

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

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

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

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very concerned about civilian control of the military, so I see him coming in very strong and I see our secretary of state still being very, very weak. And my question is, who's going to set policy? How does this work? What does all of this mean? How do we proceed to do some declassification and get ready for this post-Cold War environment? Because basically he came out of the Cold War environment.

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

REP. SCHROEDER: Well, I mean, that's what I know of him. And I'm trying to wonder why they think he fits the post-Cold War environment better than, say --

MR. SESNO: Bob Gates, you come out of intelligence, too. We won't hold that against you in this case.

MR. GATES: Thank you.

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

MR. GATES: Yes.

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X:X:X:Yes.

MR. SESNO: So why is he the right man for the post-Cold War world?

MR. GATES: Well, first of all, I think you have to appreciate that he's been out of government for about a dozen years. And during that time, his experience has really been at some distance from the military-industrial complex. He's been chairman of the Federal Reserve of Dallas. He's taught at the University of Texas. He was involved in a large nonpartisan effort to try and improve public education in Texas. He has served on the boards of a number of companies that are not involved in defense contracting. The MCC microelectronics company, the consortium that he founded, was really to try and push America to the fifth-generation supercomputer and so on.

So all of these activities have really not been related to the military-industrial complex. But beyond that, even when he was in government at the beginning of the '80s, in his last government job, Bob Inman's effort in the rebuilding of U.S. intelligence was really focused on rebuilding our effort in the Third World, in strengthening our capability certainly vis-a-vis the Soviet Union. But the main thrust and the main investment was on things like nonproliferation on the Third World --

MR. SESNO: So you tell Congressman Schroeder --

MR. GATES: -- in areas --

MR. SESNO: -- not to worry.

MR. GATES: I'm telling you that this is a man who was looking ahead to a world in which the Soviet Union was not our preoccupation, in which it was not the sole concern of the United States. I think as a good intelligence officer, but also just because he's very smart, he was looking over the horizon at some problems we were going to have to deal with later. And he has this other experience.

REP. KASICH: I think that the confirmation process is not going to be about Bobby Inman. I think the confirmation process is going to be a discussion about where we're going with the defense budget, what our strategies are going to be in the world, where we're going to decide to use force, where we're

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going to decide we're not going to use force, what is our relationship with the United Nations. And when you have Nunn and Dole both come out and say they like this guy and you consider the fact that he served in both the Reagan and Bush -- the Reagan administration most particularly -- that kind of makes him a comfortable commodity with conservatives.

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

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

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

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

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

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

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

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

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

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

MR. GATES: Well, first, I think it's important to understand, with all this conversation, that Bob Inman will be loyal to the president. He knows the president is commander-in-chief. He will take direction from the commander-in-chief. And when the time comes, if the time ever comes that he disagrees with the president, he will not play typical Washington games. He will resign. He won't try and undercut the president. And that has not always been the case in Washington when people opposed --

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

REP. SCHROEDER: Yeah, that's right.

REP. KASICH: I mean, he is viewed as one of the great leakers, manipulators, behind-the-scenes kind of guys. My concern about Bobby Inman is, is he a policy guy? See, that was Les Aspin's greatest strength. He was policy. This guy's kind of a technocrat.

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

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

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

REP. SCHROEDER: Well, I was going to say, I think that's right.

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

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

(Announcements.)

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MR. SESNO: Back on Late Edition talking about Bobby Inman, who will be, pending Senate confirmation, the secretary of defense of the United States of America.

Bob Gates and Patricia Schroeder, you were talking about some of the signals that this guy has sent in congressional testimony. Maybe these stories are apocryphal; maybe they really happened. But they're very interesting insights on a man. What are the stories? What's the tradition here that you're talking about?

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

MR. SESNO: To press harder.

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

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

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

MR. SESNO: He has a temper?

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

MR. SESNO: I want to --

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

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

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

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

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REP. SCHROEDER: No.

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

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

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

REP. SCHROEDER: But, see, Frank, that's the only thing I know. I mean, I don't know where he is on Bosnia, Haiti, how we become peacekeepers, peacemakers, multinational post-Cold War, you know, what we do about North Korea, what about China. I mean, I know nothing about any of that.

MR. SESNO: Let's leap into North Korea for a minute and come out of the Pentagon narrowly and move to this issue that is so troubling. We'll come back to these, I'm sure, some of these

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other questions in the calls from our viewers. Today, on This Week With David Brinkley on the ABC broadcast, White House Chief of Staff Mack McLarty suggested that if North Korea is not forthcoming on this issue of its nuclear program, the next move may be in the realm of punitive economic sanctions, tighter sanctions. We have some tape. Let's take a look.

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

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X:X:X:petroleum.

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

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

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

MR. SESNO: What would you have done?

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

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

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

REP. SCHROEDER: But let me just intervene and say there's another piece that troubles me. I mean, you look at South Korea and their economy is 10 times that of North Korea and they've got twice the population. And yet we keep planning to go back

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and do the whole thing, or an awful lot of it, for them. I think we ought to be helping South Korea do more of that on their own, too. I think we've got to stop saying we'll be the 911 number --

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

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

MR. SESNO: What does that mean?

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

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

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

MR. SESNO: Visits?

REP. SCHROEDER: Yes.

MR. SESNO: Who's going to visit?

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

MR. SESNO: Do you want to visit?

REP. SCHROEDER: I want to visit. I want to visit. I want to take people in who are Korean-speaking from the State Department, people from the Defense Department, go in on military aircraft. I think we ought to sit down and say to them, "This is no nonsense. This is really very serious."

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

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

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

MR. SESNO: Will sanctions work?

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

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

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

REP. SCHROEDER: Yes.

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

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

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MR. SESNO: It hasn't gotten anywhere.

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

REP. SCHROEDER: Oil.

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

REP. SCHROEDER: Well --

REP. KASICH: Frank, this is --

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

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

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

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(Announcements.)

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

(Announcements.)

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

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

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

REP. SCHROEDER: I'm really glad you called, because John and I were just saying we need to talk about the budget. Well, let me say, look, first of all, we're spending almost as much on defense as the whole rest of the world put together. And I think one of the things we have to decide in this post-Cold War environment is yes, we should do our part. But the world can no longer count on us to do almost all of it. And I think that's the very important debate we need to have in this country once and for all.

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

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

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

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

REP. SCHROEDER: No.

REP. KASICH: And then on top of it, you're also -- you're \$20 billion short on inflation, another \$18 billion on the pay

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raise. And I think that the whole defense thing will come apart, and I think on a bipartisan basis we'll pump it back up again. I mean, you've got Jack Murtha and Norm Sisisky and a bunch of Democrats going down telling the president, ``Don't cut anymore.''

REP. SCHROEDER: Well --

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

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

MR. SESNO: Cut the Sea Wolf submarine?

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

MR. SESNO: Cut the C-17 transport.

REP. SCHROEDER: I think we should have cut the C-17 transport. I think we've got to crank back a lot of those kind of things. Maybe -- we've got to be working conversion.

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X:X:X:conversion.

MR. SESNO: Mothball some of those aircraft carriers?

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

MR. GATES: Frank, two quick sentences; two quick sentences in terms of continuity.

MR. SESNO: Okay.

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

REP. SCHROEDER: But the bottom line --

REP. KASICH: Frank, the other point that needs to be made, though, is not only that, but we can't get to Korea right now. Our -- one of the biggest problems that we have in our military is sealift. And airlift cannot solve the problem, just the C-17. We also can't fly these old transports around.

REP. SCHROEDER: But John --

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

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

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

REP. SCHROEDER: Well, but there is --

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

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

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

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REP. SCHROEDER: And --

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

CALLER: Yeah, a question for Ms. Schroeder and our hero Kasich. What question would they like to see asked at the

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LATE EDITION-12/19/93 w are you going to come up with a policy that's going to fit this budget? Are you prepared to tell the president that this budget isn't going to do the job?" This budget we just passed represents the lowest amount of GNP defense spending since World War II.

MR. SESNO: What questions?

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

MR. SESNO: What questions would you ask him?

REP. SCHROEDER: And I would be asking him, too, what is his vision for this post-Cold War period and how do we intercede as peacekeepers in multinational forces.

MR. SESNO: We want to squeeze a last question in here from a viewer from Toronto. Go ahead.

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

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

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

REP. KASICH: In this administration, Bush and Reagan, too, we

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have just simply not been concerned about proliferation.

MR. SESNO: You just got an F.

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

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

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MR. SESNO: There aren't against Israel.

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

REP. KASICH: I would give the --

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

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

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

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

MR. SESNO: Last word to Bob Gates.

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

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is the most dangerous and the most complicated one of all.

MR. SESNO: Okay. Bob --

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

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

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

(Announcements.)

MR. SESNO: And now 'round the table with our veteran Washington journalists: Susan Page, White House correspondent for Newsday; Tony Snow, columnist for the Detroit News; and Sidney

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Blumenthal, Washington editor for The New Yorker. And Sidney, welcome to you. Thanks for joining us your first time on the show.

MR. BLUMENTHAL: Thank you.

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

MR. BLUMENTHAL: I hope so.

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

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

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

MR. SNOW: The issue in a nutshell is the president of the United States in some cases borrowed money from friends and had

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other friends repay it; was involved in an investment group with a fellow who ran a failing savings and loan.

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

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

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

MR. SNOW: There are really three strings to the story. Number one is traditional back-scratching, political back-scratching. Did the president do it in a way that compromises his integrity? Number two, what happened to the records? Number three, there's been stonewalling of a congressional inquiry by Representative Jim Leach, normally a genial and affable Iowan.

MS. PAGE: You know, we've really seen the White House violate David Gergen's number one rule of spin control, which is if you have a problem, put all the information out there, whether it's good or bad; take your hit and get it over with. I mean, that's really the lesson of Watergate and every political scandal that's followed. And I think it's getting to the point where this story is reaching a kind of critical mass. It's not going to go away without a fuller explanation. And the White House is going to have to do that sooner or later.

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

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

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

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

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

MR. BLUMENTHAL: Some, but she's not worth a lot of money. There are people who make a lot of money. She's not worth a lot of

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money. And they have -- I know the president is not interested that much in material things or money. He's very preoccupied with politics.

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

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

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

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

MR. BLUMENTHAL: I think absolutely not. I think it's a reprehensible story. I think that it'll backfire. I don't think it's a press story. I mean, let's get serious. It's put out by a small right-wing publication, written by somebody whose credibility has been called into question by serious journalists at the Wall Street Journal who have --

MR. SESNO: By David Brock.

MR. BLUMENTHAL: -- David Brock -- who've done a point-by-point refutation of his previous work on Anita Hill. And he has chosen to do --

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

MR. BLUMENTHAL: Anyone who hears this can write the New Yorker and get -- the famous fact-checking department at the New Yorker has written a detailed analysis of his response and they can get both from the New Yorker. Write the New Yorker and you'll get

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them both.

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

MR. SESNO: No pun intended.

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

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

MS. PAGE: I think one thing that makes the press a little uncomfortable, the mainstream press, is that we write about these things when a publication, some other publication that's not in the mainstream press, writes about them. Then we pick them up. That's what happened with the Gennifer Flowers story. And there was a lot of second-guessing after that. Is this the way we should proceed? And that's certainly going to happen with this story, too.

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

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

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

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

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

(Announcements.)

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

Let us turn to other issues since we don't have that report yet and we haven't seen the details of it. And I would like to touch on something else, and that is Russia. Vice President Gore has been there. He has been trashing this ultranationalist who did rather

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well. At the same time, we're now getting signals from the administration they may be backing off on some of the tough demands they've attached to military aid -- military aid -- to economic aid. We're not there yet. President Clinton goes there next month. Change in policy needed here?

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

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

MR. BLUMENTHAL: Yeah. I think that there should have been some moderation in that policy.

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

MS. PAGE: I sure hope that's the reason he did so well, because

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the alternative explanation for why he did so well is he speaks to ethnic hatreds in Russia.

MR. SESNO: Is Bill Clinton --

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

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

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

MR. BLUMENTHAL: Thank you.

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

(Announcements.)

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

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

(Announcements.)

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

MR. MORTON: Well, crime, simply because it's on everybody's mind. A Puritan divine a couple of centuries used to terrify his flock by thundering, ``The arrow of death flies at high noon.'' And that's about the way a lot of Americans feel about their neighborhoods these days.

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Justice Department press release, November 1993: Crimes against U.S. residents at households fell by more than 5 percent last year, reaching a 20-year low. Justice Department press release, December 1993: The FBI said serious crimes reported by law enforcement agencies declined 5 percent in the first six months of 1993 compared to the same period of 1992. Violent crimes decreased 3 percent. James Lynch, American University specialist in demographics in crime: ``It always amazed me that people think there's a crime wave. There just isn't.''

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

Fear of crime always makes politicians want to cash in, to be tough on crime. So Congress is debating crime bills. But crime is really a problem for state and local governments. Washington can raise money for more police or local governments can raise the money for themselves. But either way, how well the police are trained, how adequate the prisons are, are things state and local governments will decide. Making more crimes federal offenses won't actually make the crimes very different. And looking through the files does show local differences; crime down a lot in some jurisdictions, less in others.

Community policing seems to help, at least in some places. But the long-term solution involves another problem which belongs to local government, not Washington -- schools. Rudolph Giuliani, newly-elected mayor of New York, said, ``The single most important thing I believe we can do to turn around long-term the problem of crime is to give our children a better basic education.''

Now, if we could just figure out how to do that.

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

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MR. MORTON: Well, yes, except that I think things really are worse now. I think the sense that people have of deranged people with guns wandering around is serious. People feel stress in their everyday lives. And these things happen just often enough to convince everyone that they're right about being afraid.

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

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

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

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

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

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

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

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