NLWJC- Kagan

Counsel - Box 019 - Folder 004

Term Limits [1]

May 24, 1995

MEMORANDUM FOR THE PRESIDENT

THROUGH: LEON PANETTA
Chief of Staff

FROM: ABNER J. MIKVA
JAMES CASTELLO
DOUGLAS LETTER
KATHLEEN WHALEN

SUBJECT: Term Limits

The Supreme Court has just struck down the amendment to the Arkansas constitution setting term limits for Members of Congress. The Court held that such a state measure could only be adopted pursuant to a federal constitutional amendment authorizing limits. We assume that various groups will now push for a constitutional amendment, and that the Administration's views may be sought.

During the campaign debates, you spoke against imposing term limits (the text of your statement is attached), saying that they would hamper smaller states from being heard, and increase the influence of unelected Congressional staff members. You urged instead that campaign and lobbying reform be adopted. We believe that the Administration has not taken a position on the wisdom of term limits (although statements have been made to the effect that, if term limits are adopted, they should apply to the current Members of Congress). To our knowledge, you have never expressed a view on the somewhat different question whether the Constitution should be amended to permit each state to decide whether to impose limits on its own Congressional delegation. Should you do so now?

Discussion

A constitutional amendment allowing each state to limit the terms of its congressional delegation could be justified by principles of federalism. Support for this provision would not mean changing your position; you would be saying that, while you do not think it is a good idea, if the voters in a state want to restrict themselves, they can do so. Such a stand would allow

the Administration to avoid direct opposition to a concept that has substantial popularity among the voters.

On the other hand, the Supreme Court decision gives renewed support for the Framers' choice of constitutional design, and this fact could justify the Administration's opposition to any term limits amendment. As Justice Stevens' majority opinion describes, the Framers considered the precise question of allowing states to set qualifications for Members of Congress and decided against it. The Framers feared that such a system would undermine the structure of a national government, as well as the egalitarian principles that the opportunity to be elected should be open to all and that sovereignty is vested in the people, who should have the right to choose their representatives freely.

In response to claims that Congress is not working properly, you could reemphasize the points you made in the campaign that election and lobbying reform are the appropriate way to attack these perceived problems. Moreover, the Administration can state bluntly that democracy means that, if the voters think the current Congress is not working well, their. best means of fixing the problem is through the ballot box.

Recommendations

There are three options at this stage:

(1) The Administration can take no position on this issue. This tack might be defensible if we did not expect a serious vote in Congress on a possible constitutional amendment. Because such a vote is likely, this option of silence is probably not practical.

(2) The course we recommend is that you draw on the Court's opinion and its articulation of the Framers' view to renew your support for the most democratic principle: that voters in each election should be able to choose their representatives, unfettered by terms limits. As part of this view, we urge that you continue to state your position in favor of election and lobbying reform.

(3) Finally, you could use the Court's ruling as an occasion to accede to the forces of federalism and support a state-choice amendment. For the reasons stated above, we think the better position is to reject this view.

Agree ___ Disagree (option 1) ___ Disagree (option 3) ___ Let's Discuss ___

THE WHITE HOUSE

WASHINGTON

May 26, 1995

MEMORANDUM FOR THE CHIEF-OF-STAFF

FROM: MICHAEL WALDMAN MW

SUBJECT: TERM LIMITS

As you may recall from the meeting in your office on term limits, I told Judge Mikva that I felt that the Counsel's office memorandum on term limits -- which he has submitted to you -- did not include the option recommended by the DPC (a shift in position, but only if coupled to lobby reform). He suggested that we prepare a one-page supplemental memorandum, which could be included along with his if his were sent to the President.

Attached is that memorandum, for your consideration and for attachment to the Counsel's office memorandum if appropriate.

THE WHITE HOUSE

WASHINGTON

May 26, 1995

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE CHIEF-OF-STAFF

FROM: MICHAEL WALDMAN MW
BRUCE REED BR

SUBJECT: TERM LIMITS -- A PROPOSED POSITION

This memorandum supplements the memorandum from the Counsel's office on term limits, and contains a different option from the ones included in the Counsel's memorandum.

We recommend that you announce a new position on congressional term limits -- one that explicitly reflects a shift, but retains a consistency of rationale. As you know, your prior opposition to term limits was premised on a) the potential for discrimination against small states; b) the power of congressional staff; c) the need for "real" reform -- campaign finance and lobbying reform. We recommend that you now say:

> *I have not supported term limits; I have been concerned that they will hurt smaller states, and I have wanted other political that would change the way Congress does business today, not 12 years from now.*
>
> *However, if Congress will pass my political reform agenda -- a ban on gifts, lobby disclosure, free TV for candidates, and the line-item veto -- I will go along with a constitutional amendment that would give every state the <u>option</u> of enacting term limits. This would give small states the chance to reject term limits, if they chose, and it would not be irreversible. States set their own rules for how long their governors and legislators can serve, and I see no harm in letting them impose limits on their own Members of Congress.*
>
> *In fact, I will help make this amendment happen. <u>But I will do so only if Congress acts immediately on the real political reform measures</u> that do not require a constitutional amendment, and that would truly change the system.*

This would link term limits (which is vigorously supported by an overwhelming majority of the public, but scorned by elites) with a reform agenda that you have consistently advocated (and which is supported by both elites and the public). If you choose to change your position on term limits, we recommend that you do so in a distinct and dramatic way -- making news with a speech, rather than merely "dribbling" it out in response to a question.

POTUS on TERM LIMITS 5/30

Q Another hot issue out in our readership area is term limits, an initiative that, in fact, started in Colorado. Do you feel the recent Supreme Court decision about term limits in your home state puts an end to the term limits movement, or is the debate over career politicians, entrenched politicians, one that will continue, become a major campaign issue next year?

THE PRESIDENT: Oh, I think it will continue, and I think it should continue. I've had my own reservations about term limits because I didn't necessarily think that -- as a national thing -- because I didn't necessarily think that voters in one state ought to tell voters in another how long they ought to be able to vote for

MORE

people of their choice. But in the case of Colorado and Arkansas, my

home state, there was a vote among the people. So what we're doing now is I'm trying to -- I'm having this decision, which I have not personally read, analyzed, and I'm going to get some advice about it. And we're going to look at it and see what happens from here.

But let me say that there are other things that voters who are for term limits and don't want career politicians controlled by special interest to run this government -- there are other things they can do right now. Congress can pass the line-item veto. Both Houses passed it, the Republicans have said they were for it for years and they won't even appoint a committee to agree on the line-item veto that they can send me. I could get rid of a lot of pork and a lot of special interest politics if I had the line-item veto.

Last year, the Democrats waited too long to pass the lobbying bill requiring lobby disclosure and a gift ban, and as a result, the Republicans filibustered that. Now, for the first time in my adult lifetime, you actually got the lobbyist up here writing the bills and telling the congressmen what's in it. So we out to have -- we ought to pass this lobby reform bill and have lobby disclosure. I think that would help a great deal to promote the kind of political reform that people who are for the term limits are also supporting. So I think that would be a very good thing.

Those a just a couple things that could be done right now that would, in my opinion, really further this whole debate and make sure that we don't have people who think more about organized special interest than the public interest making these decisions.

Q Do you think Congress will, in the near future, make another effort to pass a term limits amendment, or is that dead for now?

THE PRESIDENT: I don't know. I don't know. Basically, what happened is, all the -- a lot of the Republicans who were all for terms limits decided they didn't care that much about it once they got in, once they had the majority. And so that hurt. And then, as I said, they won't pass the line-item veto and they won't pass the lobby disclosure law.

Another thing they could do is to make all elections a fair fight by providing free TV time to candidates for honest debates, so that you wouldn't have big money behind mass mailings or 30-second attack adds controlling every election.

So what I would say is -- like I said, I'm studying the Supreme Court decision to see what happens after this, because either you have to -- the people of Connecticut -- I mean, the people of Colorado and the people of Arkansas and the people of, I think, 21 other states, actually voted on this. So they weren't trying to impose their will on other states, they were trying to just say what they wanted for their own. So I'm looking through this opinion to see what other options are out there.

But meanwhile, I would urge the term limits people to get behind lobby reform, lobby disclosure, the line-item veto and mandatory open time for candidates debates. Those things would make a big difference, as well.

Q Sir, tomorrow you'll be addressing a service academy at a time of continued and intensified problems in the world, particularly in the former Yugoslavia. Are you prepared to commit U.S. commandos to free the U.N. peacekeepers? And, in general, what is the message you would bring to the cadets out there at this time?

THE PRESIDENT: Well, let me answer the general message

MORE

MEMORANDUM FOR THE PRESIDENT

THROUGH: LEON PANETTA

FROM: ABNER J. MIKVA
JAMES CASTELLO
DOUGLAS LETTER

SUBJECT: Term Limits

The Supreme Court has just struck down the Arkansas provision setting term limits for Members of Congress. Quite properly, the Court offered no view concerning the wisdom of a constitutional amendment to impose such limits in the future or to allow each state to decide whether to set limits on its own Congressional delegation. We assume that various groups will now push for a constitutional amendment, and that the Administration's views may be sought.

During the campaign debates, you spoke against term limits (the text of your statement is attached), saying that they would hamper smaller states from being heard, and increase the influence of unelected Congressional staff members. You urged instead that campaign and lobbying reform be adopted. Since these statements, we believe that the Administration has not taken a position on the wisdom of term limits (although statements have been made that, if term limits are adopted, they should apply to the current Members of Congress).

We see no reason to contemplate switching positions on the merits of term limits. However, different issues are posed by a constitutional amendment merely allowing each state to decide if it wants to limit the terms of its congressional delegation. Such an amendment would be supported by strong notions of federalism. Support for this provision would not mean changing positions; the Administration would be saying that, while we do not think it is a good idea, if the voters in a state want to restrict themselves, they can do so. Such a stand would allow the Administration to avoid direct opposition to a concept that has substantial popularity among the voters.

Alternatively, based on the Framers' view of the best constitutional framework, the Administration could oppose a state choice proposal. As Justice Stevens' majority opinion describes, the Framers considered the precise question of allowing the states to set qualifications for Members of Congress, and decided against it, fearing that such a system would allow states to undermine the national government. In addition, Justice Stevens noted the Framers' intent to adopt the egalitarian principles that, with only a few exceptions, the opportunity to be elected should be open to all and that sovereignty is vested in the people, who should have the right to choose freely their representatives for the national government.

Accordingly, we could state that the Framers considered this issue and resolved it in favor of the democratic principle of allowing the voters in **each** election to choose, and we

oppose any violation of this principle. If states are allowed to set term limits, it is also not clear why they should not be able to set other qualifications that they deem important. Yet, such a rule would lead to a fractured national government.

In response to claims that Congress is not working properly, we could reemphasize the points you made in the campaign that election and lobbying reform are the appropriate way to attack these perceived problems. Moreover, the Administration can state bluntly that democracy means that if the voters think the current Congress is not working well, they possess the best means to fix it through the ballot box.

We see no reason that the Administration should volunteer any position at this stage; it makes sense to let Congress first debate the point in the wake of the Supreme Court's ruling. However, if asked directly about your position, we recommend that you state your agreement with the Framers in favor of the most democratic principle: the voters in each election should be able to choose their representatives. This means opposing both an amendment imposing term limits and one providing a state option. We recommend that you continue to state your position in favor of election and lobbying reform. Finally, we recommend that you reiterate the position that, if term limits are to be imposed, they should fairly apply to all current Members of Congress.

FOCUS - 1 OF 1 DOCUMENT

Public Papers of the Presidents

October 15, 1992

CITE: 28 Weekly Comp. Pres. Doc. 1943

LENGTH: 16490 words

HEADLINE: Presidential Debate in Richmond, Virginia

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Mr. Perot. On any program, and this includes crime, you'll find we have all kinds of great plans lying around that never get enacted into law and implemented. I don't care what it is, competitiveness, health care, crime, you name it. The Brady bill, I agree that it's a timid step in the right direction but it won't fix it. So why pass a law that won't fix it?

Now, what it really boils down to is can you live -- we have become so preoccupied with the rights of the criminal that we have forgotten the rights of the innocent. In our country, we have evolved to a point where we've put millions of innocent people in jail, because you go to the poor neighborhoods and they've put bars on their windows and bars on their doors and put themselves in jail to protect the things that they acquired legitimately. Now, that's where we are.

We have got to become more concerned about people who play by the rules and get the balance we require. This is going to take, first, building a consensus in grassroots America. Right from the bottom up, the American people have to say they want it. And at that point, we can pick from a variety of plans and develop new plans. And the way you get things done is bury yourselves in the room with one another, put together the best program, take it to the American people, use the electronic town hall, the kind of thing you're doing here tonight, build a consensus, and then do it and then go on to the next one. But don't just sit here slow dancing for 4 years doing nothing.

Ms. Simpson. Thank you. Thank you, Mr. Perot.

We have a question up here.

Term Limits

Q. Please state your position on term limits. And if you are in favor of them, how will you get them enacted?

President Bush. Any order? I'll be glad to respond. I strongly support term limits for Members of the United States Congress. I believe it would return the Government closer to the people, the way that Ross Perot is talking about. The President's terms are limited to two, a total of 8 years. What's wrong with limiting the terms of Members of Congress to 12? Congress has gotten kind of institutionalized. For 38 years, one party has controlled the House of Representatives. And the result? A sorry little post office that can't do anything right, and a bank that has more overdrafts than all of Chase Bank and Citibank put together.

We've got to do something about it. I think you get a certain arrogance, bureaucratic arrogance if people stay there too long. So I favor, strongly favor term limits. And how to get them passed? Send us some people that will pass the idea, and I think you will. I think the American people want it now. Everyplace I go, I talk about it, and I think they want it done.

Actually, you'd have to have some amendments to the Constitution because of the way the Constitution reads.

Ms. Simpson. Thank you.

Governor Clinton?

Governor Clinton. I know they're popular, but I'm against them. I'll tell you why. I believe, number one, it would pose a real problem for a lot of smaller States in the Congress who would have enough trouble now making sure their interests are heard. Number two, I think it would increase the influence of unelected staff members in the Congress who have too much influence already. I want to cut the size of the congressional staffs, but I think you're going to have too much influence there with people who were never elected who have lots of expertise.

Number three, if the people really have a mind to change, they can. You're going to have 120 to 150 new Members of Congress. Now, let me tell you what I favor instead. I favor strict controls on how much you can spend running Congress, strict limits on political action committees, requirements that people running for Congress appear in open public debates like we're doing now. If you did that, you could take away the incumbent's advantage, because challengers like me would have a chance to run against incumbents like him for the House races and Senate races, and then the voters could make up their own mind without being subject to an unfair fight. So that's how I feel about it, and I think if we had the right kind of campaign reform, we'd get the changes you want.

Ms. Simpson. Mr. Perot, would you like to address term limitations.

Mr. Perot. Yes. Let me do it first on a personal level. If the American people send me up to do this job, I intend to be there one term. I do not intend to spend one minute of one day thinking about reelection. It is a matter or principle. My situation is unique, and I understand it. I will take absolutely no compensation. I go as their servant.

Now, I have set as strong an example as I can. And at that point, when we sit down over at Capitol Hill -- tomorrow night I'm going to be talking about government reform. It is a long subject; you wouldn't let me finish tonight. If you want to hear it, you can get it tomorrow night. [Laughter] But the point is, you'll hear it tomorrow night. But we have got to reform Government.

If you put term limits in and don't reform Government, you won't get the benefit you thought. It takes both. So we need to do the reforms and the term limits. And after we reform it, it won't be a lifetime career opportunity. Good people will go serve and then go back to their homes, and not become foreign lobbyists and cash in at 30,000 bucks a month, and then take time off to run some President's campaign.

They're all nice people. They're just in a bad system. I don't think there are any villains, but boy, is the system rotten.

Ms. Simpson. Thank you very much.

We have a question over here.

Health Care Reform

Q. I'd like to ask Governor Clinton, do you attribute the rising costs of health care to the medical profession itself, or do you think the problem lies elsewhere? And what specific proposals do you have to tackle this problem?

Governor Clinton. I've had more people talk to me about their health care problems, I guess, than anything else. All across America, people who have los their jobs, lost their businesses, had to give up their jobs because of sick children -- so let me try to answer you in this way.

Let's start with the premise. We spend 30 percent more of our income than any nation on Earth on health care. And yet, we insure fewer people. We have 35 million people without any insurance at all, and I see them all the time. One hundred thousand Americans a month have lost their health insurance just in the last 4 years.

So if you analyze where we're out of line with other countries you come up with the following conclusions: Number one, we spend at least $ 60 billion a year on insurance, administrative costs, bureaucracy, and Government regulation that wouldn't be spent in any other nation. So we have to have, in ...

TALKING POINTS RE: TERM LIMITS CASE

* The Solicitor General's position addresses only the **constitutionality** of term limits enacted without a constitutional amendment, not their **desirability**. It is **a legal issue**, not **a policy determination**.

* The way to fight incumbency and reform the political system is through **real reform of campaign finance and lobbying**. That's why this Administration has fought for -- and will vigorously fight for -- **campaign finance reform, limits on PACs, and restrictions on lobbyists**.

[* As the President stated during the campaign, he does not think term limits are a particularly good idea, and he thinks that real political reform is more important and more effective. But, as he's also said, he thinks term limits are looking better and better all the time.]

Term limits

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We have got to become more concerned about people who play by the rules and get the balance we require. This is going to take, first, building a consensus in grassroots America. Right from the bottom up, the American people have to to say they want it. And at that point, we can pick from a variety of plans and develop new plans. And the way you get things done is bury yourselves in the room with one another, put together the best program, take it to the American people, use the electronic town hall, the kind of thing you're doing here tonight, build a consensus, and then do it and then go on to the next one. But don't just sit here slow dancing for 4 years doing nothing.

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If you put term limits in and don't reform Government, you won't get the benefit you thought. It takes both. So we need to do the reforms and the term limits. And after we reform it, it won't be a lifetime career opportunity. Good people will go serve and then go back to their homes, and not become foreign lobbyists and cash in at 30,000 bucks a month, and then take time off to run some President's campaign.

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Let's start with the premise. We spend 30 percent more of our income than any nation on Earth on health care. And yet, we insure fewer people. We have 35 million people without any insurance at all, and I see them all the time. One hundred thousand Americans a month have lost their health insurance just in the last 4 years.

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Transcript from 2nd Debate

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GOVERNOR CLINTON: I've had more people talk to me about their health care problems, I guess, than anything else. All across America, people who have lost their jobs, lost their businesses, had to give up their jobs because of sick children -- so let me try to answer you in this way.

Let's start with the premise. We spend 30 percent more of our income than any nation on earth on health care. And yet, we insure fewer people. We have 35 million people without any insurance at all, and I see them all the time. One hundred thousand Americans a month have lost their health insurance just in the last four years.

So if you analyze where we're out of line with other countries you come up with the following conclusions: Number one, we spend at least $60 billion a year on insurance, administrative costs, bureaucracy and government regulation that wouldn't be spent in any other nation. So we have to have, in my

Transcript from 3rd Debate

MR. LEHRER: President Bush, one minute.

THE PRESIDENT: Well, I don't believe it would be appropriate for a president to suggest that the banking system is not sound; it is sound. There are some problem banks out there.

But what we need is financial reform. We need some real financial reform, banking reform legislation. And I have proposed that, and when I am reelected I believe one of the first things ought to be to press a new Congress, not beholden to the old ways, to pass financial reform legislation that modernizes the banking system, doesn't put a lot of inhibitions on it, and protects the depositors through keeping the FDIC sound. But I think that -- I just was watching some of the proceedings of the American Bankers Association, and I think the general feeling is, most of the banks are sound; certainly there's no comparison here between what happened to the S & Ls and where the banks stand right now, in my view.

MR. LEHRER: Mr. Perot, one minute.

MR. PEROT: Well, nobody's gotten into the real issue yet on the savings and loan. Again, nobody's got a business background, I guess. The whole problem came up in 1984. The President of the United States was told officially it was a $20-billion problem.

These crooks -- now, Willie Sutton would have gone to own a savings and loan rather than rob banks, because -- he robbed banks because that's where the money is; owning a savings and loan is where the money was.

Now, in 1984 they were told -- I believe the Vice President was in charge of deregulation -- nobody touched that tar baby until the day after election in 1988, because they were flooding both parties with crooked PAC money. And it was, in many cases, stolen PAC money. Now, you and I never got a ride on a lot of these yachts and fancy things it bought, but you and I are paying for it. And they buried it until right after the election.

Now, if you believe The Washington Post and you believe this extensive study that's been done -- and I'm reading it -- right after election day this year, they're going to hit us with 100 banks -- it'll be a $100-billion problem. Now, if that's true, just tell me now. I'm grown up. I can deal with it. I'll pay my share. But just tell me now. Don't bury it until after the election twice. I say that to both political parties. The people deserve that since we have to pick up the tab. You've got the PAC money, we'll pay the tab. Just tell us.

MR. LEHRER: All right. Mr. Perot, the next question -- we're going into a new round here on a category just called "differences." And the question goes to you, Mr. Perot, and Gene will ask it.

Gene?

MR. GIBBONS: Mr. Perot, aside from the deficit, what government policy or policies do you really want to do something about? What really sticks in your craw about conditions in this country -- beside the deficit -- that you would want to fix as president?

MR. PEROT: The debt and the deficit. Well, if you watched my television show the other night, you saw it. And if you watch it Thursday, Friday, Saturday this week, you'll get more. So, the shameless -- Mr. President -- but in a nutshell, we've got to reform our government or we won't get anything done. We have a government that doesn't work. All these specific examples I'm giving tonight, if you had a business like that,

they'd be leading you away and boarding up the doors. We have a government that doesn't work. It's supposed to come from the people, it comes at the people. The people need to take the government back.

You've got to reform Congress. They've got to be servants of the people again. You've got to reform the White House. We've got to turn this thing around. And it's a long list of specific items. And I've covered it again and again in print and on television. But very specifically, the key thing is to turn the government back to the people and take it away from the special interests, and have people go to Washington to serve.

Who can give themselves a 23 percent pay raise anywhere in the world except Congress? Who would have 1,200 airplanes worth $2 billion a year just to fly around in? I don't have a free, reserved parking place at National Airport. Why should my servants? I don't have an indoor gymnasium and an indoor tennis court, an indoor every other thing they can think of. I don't have a place where I can go make free TV to send to my constituents to try to brainwash them to elect me the next time. And I'm paying for all that for those guys.

I'm going to be running an ad pretty soon that shows -- they promised us they were going to hold the line on spending, a tax and budget -- and I'm going to show how much they've increased this little stuff they do for themselves. And it is Silly Putty, folks, and the American people have had enough of it.

Step one, if I get up there, we're going to clean that up. You say: How can I get Congress to do that? I have millions of people at my -- shoulder-to-shoulder with me, and we will see it done warp speed, because it's wrong. We've turned the country upside-down.

MR. LEHRER: Governor Clinton, you have one minute. (Applause.)

Governor?

GOVERNOR CLINTON: I would just point out on the point that Mr. Perot made, I agree that we need to cut spending in Congress. I've called for a 25 percent reduction in congressional staffs and expenditures. But the White House staff increased its expenditures by considerably more than Congress has in the last four years under the Bush administration, and Congress has actually spent $1 billion less than President Bush asked them to spend. Now, when you outspend Congress, you're really swinging.

That, however, is not my only passion. The real problem in this country is that most people are working hard and falling further behind. My passion is to pass a jobs program to get incomes up with an investment incentive program to grow jobs in the private sector, to waste less public money and invest more. To control health care costs and provide for affordable health care for all Americans, and to make sure we've got the best trained work force in the world. That is my passion.

We've got to get this country growing again, and this economy strong again, or we can't bring down the deficit. Economic growth is the key to the future of this country. (Applause.)

MR. LEHRER: President Bush, one minute.

THE PRESIDENT: On government reform?

MR. LEHRER: Sir?

THE PRESIDENT: Government reform?

MORE

MR. LEHRER: Yes. Well, to respond to the subject that Mr. Perot mentioned.

THE PRESIDENT: How about this for a government reform policy? Reduce the White House staff by a third after, or at the same time the Congress does the same thing for their staff. Term limits for members of the United States Congress. Give the government back to the people. Let's do it that way. The President has term limits. Let's limit some of these guys sitting out here tonight. (Applause) Term limits, and then how about a balanced budget amendment to the Constitution? Forty-three states -- more than that -- states have it, I believe. Let's try that.

And you want to do something about all this extra spending that concerns Mr. Perot and me? Okay, how about a line-item veto? Forty-three governors have that. And give it to the President. And if the Congress isn't big enough to do it, let the President have a shot at this excess spending.

A line-item veto. That means you can take a line and cut out some of the pork out of a meaningful bill. Governor Clinton keeps hitting me on vetoing legislation. Well, that's the only protection the taxpayer has against some of these reckless pork programs up there. And I'd rather be able to just line it right out of there and get on about passing some good stuff, but leave out the garbage. Line-item veto. There's a good reform program for you. (Applause.)

MR. LEHRER: The next question goes to Governor Clinton. You have two minutes, Governor, and Sue will ask it.

MS. ROOK: Governor Clinton, you said that you will raise taxes on the rich people with incomes of $200,000 a year or higher. A lot of people are saying that you will have to go lower than that -- much lower. Will you make a pledge tonight below which an income level that you will not go below? I am looking for numbers, sir, not just a concept.

GOVERNOR CLINTON: My plan -- you can read my plan. My plan says that we want to raise marginal incomes on family incomes above $200,000 from 31 percent to 36 percent. That we want to ask foreign corporations simply to pay the same percentage of taxes on their income that American corporations pay in America. That we want to use that money to provide over $100 million in tax cuts for investment in new plant and equipment for small business for new technologies and for middle class tax relief.

Now, I can tell you this: I will not raise taxes on the middle class to pay for these programs. If the money does not come in there to pay for these programs, we will cut other government spending or we will slow down the phase-in to the programs. I am not going to raise taxes on the middle class to pay for these programs.

Now, furthermore, I am not going to tell you to read my lips on anything, because I cannot foresee what emergencies might develop in this country. And the President said, never, never, never would he raise taxes. In New Jersey the other day, Marlin Fitzwater, his spokesman, said, now, that's not a promise. So I think even he has learned that you can't say read my lips, because you can't know what emergencies might come up.

But I can tell you this: I'm not going to raise taxes on middle class Americans to pay for the programs I've recommended. Read my plan. And you know how you can trust me about that? Because, you know, in the first debate, Mr. Bush made some news. He had just said Jim Baker was going to be Secretary of State, but in the first debate he said, no, now he's going to be responsible for domestic economic policy.

EXCERPT FROM THE SECOND 1992 PRESIDENTIAL DEBATE
President Bush, Arkansas Gov. Bill Clinton, and Ross Perot
University of Richmond, Robins Center, Richmond, Va.
October 15, 1992

AUDIENCE PARTICIPANT: Please state your position on term limits, and, if you are in favor of them, how will you get them enacted?
PRESIDENT BUSH: Any order? I'll be glad to respond.
SIMPSON: Thank you.
PRESIDENT BUSH: I strongly support term limits for members of the United States Congress. I believe it would return the government closer to the people, the way that Ross Perot is talking about. The president's terms are limited to two, a total of eight years. What's wrong with limiting the terms of members of Congress to 12? Congress has gotten kind of institutionalized. For 38 years one party has controlled the House of Representatives, and the result, a sorry little post office that can't do anything right and a bank that has more overdrafts than all the Chase Bank and Citibank put together. We've got to do something about it.

And I think you get a certain arrogance, bureaucratic arrogance, if people stay there too long. And so I favor, strongly favor, term limits.

And how to get them passed? Send us some people that will pass the idea. And I think you will. I think the American people want it now. Every place I go I talk about it, and I think they want it done. Actually, you'd have to have some amendments to the Constitution because of the way the Constitution reads.
SIMPSON: Thank you. Governor Clinton.
GOVERNOR CLINTON: I know they're popular, but I'm against them. I'll tell you why. I believe, number one, it would pose a real problem for a lot of smaller states in the Congress who have enough trouble now making sure their interests are heard. Number two, I think it would increase the influence of un-elected staff members in the Congress who have too much influence already. I want to cut the size of the congressional staffs, but I think you're going to have too much influence there with people who were never elected, who have lots of expertise.

Number three, if the people really have a mind to change, they can. You're going to have 120 to 150 new members of Congress.

Now, let me tell you what I favor instead. I favor strict controls on how much you can spend running for Congress, strict limits on political action committees, requirements that people running for Congress appear in open public debates like we're doing now. If you did that you could take away the incumbents' advantage because challengers like me would have a chance to run against incumbents like him for House races and Senate races, and then the voters could make up their own mind without being subject to an unfair fight.

So that's how I feel about it, and I think if we had the right kind of campaign reform, we'd get the changes you want.
SIMPSON: Mr. Perot, would you like to address term limitations?
PEROT: Yes. Let me do first on a personal level. If the American people send me up to do this job, I intend to be there one term. I do not intend to spend one minute of one day thinking about re-election. And as a matter of principle--and my situation is unique, and I understand it--I would take absolutely no compensation; I go as their servant.

Now, I have set as strong an example as I can, then at that point when we sit down over at Capitol Hill--tomorrow night I'm going to be talking about government reform--it's a long subject, you wouldn't let me finish tonight. If you want to hear it, you get it tomorrow night--you'll hear it tomorrow night.

But we have got to reform government. If you put term limits in and don't reform government, you won't get the benefits you thought. It takes both. So we need to do the reforms and the term limits. And after we reform it, it won't be a lifetime career opportunity;

good people will go serve and then go back to their homes and not become foreign lobbyists and cash in at 30,000 bucks a month and then take time off to run some president's campaign.

They're all nice people, they're just in a bad system. I don't think there are any villains, but, boy, is the system rotten.

SEPTEMBER 9, 1994

MEMORANDUM TO CLIFF SLOAN

FROM: **DAN COLLINS**

RE: **TERM LIMITS**

CC: **LIZ BERNSTEIN**
MICHAEL WALDMAN

Cliff:

Per the Nexis search, it appears that term limits were not discussed in the first debate (transcript attached). In the second and third debates, term limits were discussed and Bush supported them (exerpts attached).

On Perot, Michael asked me to do a quick scan of his books "United We Stand", "Not For Sale at Any Price", and "Save Your Job....". In the 1992 "United", Perot does not mention term limits in his chapter on political reform (attached). He mentions slashing the Congressional budget, reforming retirement and legislative systems, and turning excess campaign funds over to the Treasury as Congressional reforms. In the 1993 "Not For Sale", he notes term limits as an incentive for deficit reduction (attached). Also attached are a Federal Candidates checklist and a quote about from "United".

Please let me know if I can provide any additional assistance.

who left it to us. We were to do as they did and pass this nation on to our children in better shape than they left it to us.

Who among us in good conscience is willing now to say that this solemn charge has been fulfilled? Which ones of us loves their country or children or grandchildren so little that they would leave behind an America weaker or sicker than the one they inherited? Who among us can look at these facts and turn away with a shrug?

These are not simple problems that can be solved with a single vote on Election Day. One person in one office will not restore excellence to America.

There is only one person in the entire world who can with character, devotion, hard work, and sacrifice create an America stronger and healthier than it is today.

Go back and look in that mirror again.

Congressional reform p. 30

CHAPTER TWO

An America that Reforms Its Politics

Our political system has lost its moorings It no longer rises to meet new challenges

It seems designed to avoid solving problems

The first words of the Constitution are "We, the people" *We* created the Constitution *We* created Congress It exists for us, not the other way around *We* hire and pay for the bureaucracy *They all work for us*

Before we can hope to face up to our problems, we have to restore the intent and meaning of the Constitution we created We cannot repair our economic engine, retool our economy to be competitive in a new age and put ourselves on a solid footing for the future unless we take back control of our government that has been taken from us

The first and most important action we can take as a people is to treat our elections seriously. Candidates for public office must be required to lay out their proposed solutions to the problems that confront us. They avoid this like the plague. They'll raise false issues, appeal to the voters' self-interests, or sling mud—anything to avoid facing the tough issues.

The Savings & Loan crisis is a case in point. In 1984, the administration and Congress believed that the S & L crisis was a $20- to $30-billion dollar problem. The special interests mobilized. The S & L operators flooded Washington with lobbyists, campaign contributions, PAC money, and free airplane trips to fancy resorts. As a result, the issue was swept under the rug. It didn't reappear on the screen during the 1988 elections. The day *after* the 1988 election, our Republican President and Democratic Congress suddenly discovered we had a $400- to $500-billion S & L crisis that could no longer be ignored.

In 1990 we were told by Washington that the deficit for the next five years would be $547 billion. A year later we were told there was a slight mistake. The five-year deficit would total $1 trillion. As usual, nobody wanted to talk about it.

Do not allow any candidate in this election to ignore our deficit. When Governor Clinton talks about his new programs, ask him where the money is coming from. When President Bush talks about finishing the job he started, ask him when he's going to start on the job of getting this country back on track. If you will hold all the candidates accountable, then we'll be on the way to getting this problem fixed. You will have done your part no matter for whom you vote.

After the election the real work will begin. The men and women who are chosen by the people to go to Washington in 1992 should pledge themselves to restore the people's control over our institutions. That will mean irritating their powerful friends and big donors. It will also mean shutting the revolving door. It will mean restoring the intent of the Constitution.

Start at the Top

Before we can hope to eliminate our deficit, we have to overhaul the political system that created it. Our Founders built a beautiful ship of state, but the barnacles have latched on and the hull has rusted. It's time for a scrubdown from top to bottom.

It's not just a matter of bringing in new people. It's not just a matter of replacing a Republican President with a Democrat, or a Democratic Congress with a Republican one. To throw the rascals out is an impulse as American as apple pie, but it alone won't do the job.

The wave of new members of Congress who were elected in 1974 as reformers in the wake of the Watergate scandal were as bright and sincere as Congress has ever seen. Eighteen years later those who remain in office are as encrusted in the system as the people they replaced. They enjoy the same perks, PAC payouts, bounced checks, fawning staffs, and personal exemptions from the laws they pass.

Take any good, decent citizen and put him in a limousine, hold the red lights for him, give him a private jet for personal use, supply him with free tickets to any place he wants to go, and he'll lose touch with reality

in a hurry. If we replace every person in Washington tomorrow but keep the present system intact, in a few weeks the new people will be just like the old people.

The British aristocracy we drove out in our Revolution has been replaced with our own version: a political nobility that is immune to the people's will. They have created through our campaign and lobbying laws a series of incentives that corrupt the intent of the Constitution.

It's time to make a few changes. Specifically, we need to insist on a sweeping package of reforms for our political system:

- Restrict campaign contributions to $1,000—period. No more "soft money" contributions of up to $100,000 from corporate interests, labor unions, and rich people. No more $8-million extravaganzas where the dinner seating is determined by how much money you gave to the President's campaign. Think of it. This is the presidency of the United States. This is the office George Washington once held. We will no longer allow it to be demeaned and cheapened by pandering to wealthy donors from all over the world.
- Curb political action committees. In 1974 PACs contributed nearly $13 million to congressional candidates. About that time lobbyists noticed that congressmen returned their phone calls if their PAC had given money. In 1990, PACs contributed over $150 million, an eleven-fold jump. Who are we trying to kid here? We know what they're out to buy. It's time for the owners of the country to declare that the United States Congress and the White House are not for sale.
- Give the Federal Election Commission real teeth.

Right now, the President appoints six members. By tradition there are three Republicans and three Democrats. Guess how many tie votes there are. You can also guess at the amount of winking and nodding that goes on around the table. No wonder it's a paper tiger. It must be revamped. Let's have five members appointed at staggered terms. Give it criminal prosecution powers to enforce our election laws.

- Change the way we hold elections. First, shorten the campaign season. Five months is long enough for anyone to make a case. Hold elections on both Saturday and Sunday so working people can go to the polls. Release no information until all polls are closed. Since the airwaves belong to the public, require equal free time for candidates for federal office. Joined with easier voter registration, these measures will improve our elections and stimulate more voters to go to the polls.
- Eliminate the electoral college. There's no reason to filter the people's vote. Why shouldn't we let the people directly choose their President and Vice President? Whoever gets the most votes of the entire country should be the President.

Public Service Is a Public Trust

Reforming our campaign laws is only the beginning. We have to restore the idea that public service is a sacred trust. Being an elected, appointed, or career public servant is a noble calling. Some of our elected and appointed officials see their terms of office as interim steps to high-paying lobbying jobs. We need to

make it abundantly clear that anyone who enters the federal government comes to serve, not to cash in.

• Make it a criminal offense for any foreign government or individual or company to attempt to influence American laws or policies by means of direct or indirect campaign contributions. Tighten laws requiring full and prompt disclosure.

• Rewrite the foreign agent registration and lobbying laws to close the loopholes. Today there is not even a clear definition of what lobbying is. For example, if you don't want to be accused of hiring a lobbyist, you hire a law firm to accomplish the same task.

• Forbid any former President, Vice President, cabinet officer, agency director, Federal Reserve governor, commission director, White House staffer, trade negotiator, member of the Senate or House from accepting one penny for any reason from any foreign interest—ever. Anybody who holds one of these high offices does so because the American people gave them their trust. That trust should be honored.

• Forbid anyone who has held any position in the federal government to be a paid lobbyist for any domestic interest for five years after leaving government. Slam the revolving door shut.

• Draft a tough ethics code for private citizens who serve as consultants and advisers to the federal government. The federal government contracts with these private citizens, most of whom used to work for the government, to do the work that federal employees could do. These people usually get paid much more than workers on the federal payroll. Establish stiff criminal penalties for any abuse or fraud.

• Forbid anybody on the payroll of a foreign government or foreign interest from serving in any capacity, volunteer or paid, in a presidential or congressional campaign. Right now, foreign lobbyists play key roles in both the Democratic and Republican campaigns. That is inexcusable.

Clean Up the Executive Branch

At a time when we're asking the American people to make sacrifices for their country, why do we allow our political elites to live like pampered royalty? No wonder the American people have grown disgusted with their government; we need to take severe steps to restore that sacred trust.

• Move immediately to sell off the 111 civilian aircraft maintained for discretionary use by federal government executives. Conduct a case by case review of the remaining 1,100 civilian planes owned by the federal government that are allotted to different legislative and executive agencies. Keep the few that are essential.

• Eliminate the 89th wing of the air force. It exists solely to transport top officials around the country. The Cold War is over. The Vice President doesn't need an air force jet to go play golf. I don't understand how a chief of staff to the President could even consider using a government jet to take him to the dentist.

People might say, "Aren't you being a little hard? These people have giant responsibilities while running huge departments of government. Most corporate exec-

utives never run anything so large and complex, and they all have corporate jets."

These people work for *us*. They are our employees. Unless we take steps like this, they will continue to believe we work for them.

We need to capture their hearts and minds. No matter how high their office or how lofty their titles, members of the next administration should fly commercially. They should go out to the airport, get in line, lose their baggage, eat a bad meal, and stay in touch with how normal people live. Then, if there's a recession in this country, it won't take three months for them to figure it out. The person in the seat next to them will let them know in no uncertain terms.

• Have the cabinet members spend most of their time outside Washington anwering tough questions and solving real problems. What good can the Secretary of Education do behind a desk while our schools are falling apart? How can the Secretary of Health and Human Services tackle the massive bureaucratic problems of this system without really understanding the people who encounter them?

• Encourage federal employees to treat citizens as owners. When *any* owner of this country walks into a federal office, that person should be treated with the courtesy and respect that an owner should receive. We need to restore pride in the federal service so that our employees will smile every day at the office and be polite.

• Reduce civil service restrictions and allow more discretion so that federal employees can be more responsive. The word "bureaucrat" conjures up some bloodless, uncaring robot with a rubber stamp. In

truth, I've found almost every federal employee I've encountered to be a dedicated, intelligent professional. We need to lift restrictions that keep our employees from doing their best jobs. We need fewer employees and more rewards.

We need to give our officers the tools to do the job. Right now, for example, the Secretary of Housing and Urban Development presides over a department of 13,000 people. By legislative statute he can only hire or fire 105 of them. It's not surprising that public housing is a mess.

• Drastically cut the White House and executive branch staffs. John F. Kennedy had a White House staff of 600. George Bush has 1,850. In 1960, Congress had a total staff of 5,610. Today it has a staff of over 20,000. What do all these people do? From my experience, their main mission is to insulate executive officials and members of Congress from you, the owners. Their secondary mission is to make sure their boss gets reelected. Congress and the executive branch have grown fat, complacent, unwieldy, and unresponsive. The White House and Congress could easily reduce their staffs by 30 percent.

Never forget that staffs accomplish very little. All of the action is in the field.

Look at the Agriculture Department to see how much the bureaucracy in the executive branch has grown. In 1948, farms employed 20 percent of our population, and the Agriculture Department had 67,000 employees. It was considered a huge bureaucracy. Today only 2 percent of our people work on farms, but the Agriculture Department has swollen to 118,000 employees. Instead of creating a new cabinet office every time

a special interest group wants more attention, we should overhaul and permanently reduce departments of government so that we can apply our resources where they will do more good for our people. We don't need staffers in Washington to hold a cabinet officer's briefcase. We need hands-on problem solvers out in the field where they will do some good.

Restore Confidence in Congress

Congress needs to take a good, hard look at itself as an institution. It has been through trying times. It has in large measure lost the respect and confidence of the American people. We cannot afford to let this go on. A representative democracy depends on the essential trust the people place in their institutions. We should urge Congress to regain that trust by taking four measures immediately:

- Slash the current $2.8 billion budget that supports Congress, its agencies, gymnasiums, staffs, barber shops, free mail, and all the other perks that have been built up over the years. Cut congressional staffs by 30 percent and other perks by 40 percent. Congress could apply nearly $1 billion toward cutting the deficit. Suddenly the people, the financial markets, our allies, and our competitors would realize that the United States is serious about facing its problems. Congress would rise to new heights of respect in everyone's eyes by becoming more productive.
- Reform the retirement system. Up to 93 members of Congress are eligible for lifetime pension benefits ex-

ceeding $2 million apiece. This is *much* higher than their constituents' pensions! The people consider such excesses a breach of trust.

- Reorganize the legislative system. As many as fifteen committees and subcommittees must be involved for any significant piece of legislation to pass the House. Negotiations among all these committees and subcommittees become so complex that loopholes and special favors get enacted with only a handful of people knowing about it. Congress needs to streamline this process so that they and the people can follow the progress, or lack of it, on bills before the House and Senate. Members of Congress should be acutely aware that the people run this country, not the lobbyists in the hallways and offices.
- Turn in excess campaign funds to the Treasury. Some congressmen have racked up campaign war chests which hold many millions of dollars. Every two years, the PACs pour more money in just to stay in their good graces. Clean it up. The owners want that money back.

Restore a Sense of Ownership to Our People

Owners have responsibilities, too. If you have guests in your house, and you allow them to pocket the loose change on the dresser, you have nobody to blame but yourself when you discover they've stolen your television set. The most honest people in the world will be corrupted by a pattern of winking at minor misdemeanors. By the time they get to the television set they've lost all sense of proportion. They've begun to believe

that they deserve it and that nobody will mind. If that's the psychology at work with people in your own home, magnify it a million times to understand the problem that festers in Washington.

Again, if you want to know who's to blame for our political system that encourages and rewards people who cash in on public service, look in the mirror.

We have abdicated our responsibilities as owners. Our political system can only be repaired if we take charge of it.

- First, all of us must vote. We need legislation to make voter registration more accessible. How can anyone disagree? We should change the voting time from Tuesday to both Saturday and Sunday.
- Second, we must stay informed. I've suggested we have an interactive "Electronic Town Hall" so that as a nation we can lay out the issues, review the choices, argue over the merits and demerits, and reach a consensus. This has aroused a lot of controversy, but why? Most of us carry on a quiet debate with our leaders every morning while we're reading the newspapers. I remember that FDR's "Fireside Chats" united us as a country and set a national direction. President Reagan used the same medium to explain his ideas. The only difference between the Fireside Chat and the Electronic Town Hall is that the first was one-way, the only radio technology available at the time, and the second is two-way, which we can do today. Instead of passively listening to the radio or watching members of the political elite debate on television, our citizens will be able to engage their representatives and appointed officials in a direct conversation. This may be a conversation

our political elites would like to avoid, and I can understand why. That doesn't mean they should be able to avoid it. For our system to work, our elected officials must listen to the owners (us) we, the people.

Eternal vigilance is the price of liberty, and citizen participation is the price of responsible representative democracy. This is what our Founders intended and what we must restore.

Fix the System First

We must repair the political system. If we don't, the actions we take to repair our economic engine will be just another series of temporary fixes. We have to change the incentives if we expect our political leaders to hold the course in setting this country right. Let's tackle this like our grandparents would have. Let's fix it. Then let's keep it fixed. Do it as an act of love for our grandparents and parents who gave us this country, and also for our children and grandchildren. They deserve the very best government we can give them.

71% FAVOR A BALANCED BUDGET AMENDMENT.

Reform Proposal #4

Give the President the Line Item Veto.

- To make balancing the budget a reality, we need to give the President the Line Item Veto.
- Many states already have a balanced budget provision, and several have given their governors the power to enforce it with the Line Item Veto.
- The Line Item Veto will allow the President to kill pork-barrel projects which members of Congress try to push through the system by attaching them to other pieces of legislation.

61% FAVOR THE LINE ITEM VETO.

Reform Proposal #5

Pass a term limitation law as part of the tax increase package.

- If the financial forecast which Congress approves does not produce results on schedule, a term limitation law would automatically take effect and limit the number of terms members of Congress can serve.
- This creates an incentive for our elected representatives to keep their promises.

Chapter Six

The Challenge

The American people have a rare opportunity to actually reform our political system. During the next few months, Congress will be deciding upon taxing and spending measures. There will never be a better time to tell Congress what we want from our government in exchange for the higher taxes that we are getting ready to pay. Here are ten specific proposals for reform that will go a long way toward solving many of the problems that plague the current political system, and that will help to correct our economic problems at the same time.

In a poll conducted March 21-22, 1993, by the Gordon S. Black Corporation, citizens across the country were asked to respond to questions about government reform. Their responses are shown in the proposals listed below.

BEFORE WE, THE PEOPLE, WILL AGREE TO A TAX INCREASE — WE DEMAND THE FOLLOWING REFORMS:

Reform Proposal #1

Give the American people the detailed financial plan for tax increases, spending increases, and spending cuts.

- We have no interest in raising taxes now, with only a vague promise that spending cuts will be made later.
- Give us a detailed time schedule with 90-day benchmarks so that we can compare the projections for the program with actual results.
- Detail how the plan will lead to elimination of deficit spending in the near-term and debt reduction in the long-term.
- As you spend our money, be careful — not reckless, as you have been in the past.

89% FAVOR PRESENTING THE ENTIRE FINANCIAL PLAN TO THE AMERICAN PEOPLE SO THAT THE NET RESULTS OF THE PLAN ARE SEEN BEFORE PEOPLE ARE ASKED TO PAY HIGHER TAXES.

Reform Proposal #2

Publish an accurate, audited quarterly financial report that will allow the taxpayers to see the actual results and determine whether or not the plan is producing the promised results in connection with taxing, spending, and savings.

- This quarterly financial statement will be our instrument panel to see whether or not our leaders are performing on budget, and on schedule.

- All results must be accurately accounted for. Stop rounding off to the nearest tens or hundreds of billions of dollars. Don't give us estimates, give us accurate numbers.
- Eliminate all off-balance-sheet items and other accounting tricks. For example, do not call an increase in Social Security taxes a "savings." Call it what it is — a tax increase.
- Never again try to manipulate us with funny numbers or confusing phrases such as "revenue enhancement." Just call it what it is — a tax increase.

92% FAVOR A PROPOSAL FOR A QUARTERLY, AUDITED FINANCIAL REPORT SO THAT WE CAN KNOW WHETHER THE RESULTS OF DEFICIT REDUCTION PROGRAMS ARE BEING ACHIEVED.

Reform Proposal #3

Pass the Balanced Budget Amendment to the Constitution.

- There is no financial discipline in Washington. The only way to get our elected servants to balance the budget and get rid of the debt is to pass the Balanced Budget Amendment to the Constitution.
- A deficit-phase-down period of no more than five years should be included to avoid damaging the economy.
- An emergency clause should be included that allows a deficit only in the event of a major military conflict.
- Any non-military emergencies will require immediate spending cuts or a tax increase.

NOT FOR SALE AT ANY PRICE

71% FAVOR A BALANCED BUDGET AMENDMENT.

Reform Proposal #4

Give the President the Line Item Veto.

- To make balancing the budget a reality, we need to give the President the Line Item Veto.
- Many states already have a balanced budget provision, and several have given their governors the power to enforce it with the Line Item Veto.
- The Line Item Veto will allow the President to kill pork-barrel projects which members of Congress try to push through the system by attaching them to other pieces of legislation.

61% FAVOR THE LINE ITEM VETO.

Reform Proposal #5

Pass a term limitation law as part of the tax increase package.

- If the financial forecast which Congress approves does not produce results on schedule, a term limitation law would automatically take effect and limit the number of terms members of Congress can serve.
- This creates an incentive for our elected representatives to keep their promises.

THE CHALLENGE

78% FAVOR A TERM LIMITATION LAW THAT AUTOMATICALLY TAKES EFFECT IF CONGRESS FAILS TO MEET A PUBLICLY AGREED UPON DEFICIT REDUCTION TIMETABLE.

Reform Proposal #6

Eliminate foreign lobbyists. Curtail domestic lobbyists.

- Create criminal penalties for anyone involved in foreign lobbying activities.
- At the same time, curtail the activities of domestic lobbyists to providing information; eliminate all possibility of lobbyists giving money to or raising money for campaigns — directly or indirectly.

67% FAVOR THE ELIMINATION OF FOREIGN LOBBYISTS

78% FAVOR REDUCING THE ROLE OF DOMESTIC LOBBYISTS.

75% BELIEVE THAT FOREIGN LOBBYISTS HAVE TOO MUCH INFLUENCE OVER PUBLIC POLICY.

Reform Proposal #7

Change federal election laws to eliminate the influence of the special interests.

- Get rid of all political action committees.
- Replace the electoral college with the popular vote.
- Get rid of all "soft money" contributions to political parties.

- Shorten the time for political campaigns. This will reduce the cost, and therefore the need to raise huge sums of money.

69% FAVOR THE ELIMINATION OF POLITICAL ACTION COMMITTEES.

74% BELIEVE THAT CAMPAIGN CONTRIBUTIONS FROM POLITICAL ACTION COMMITTEES HAVE TOO MUCH INFLUENCE OVER OUR PUBLIC POLICY.

Reform Proposal #8

The American people are being asked to sacrifice. Our elected leaders in Washington must lead by example — all sacrifice must start at the top.

- Cut the President's and Congressional salaries by at least 10%.
- Cut staff costs by 25%.
- Eliminate all automatic cost-of-living adjustments for federal employees — taxpayers don't get them. Congress has no incentive to keep the dollar strong.
- Today, ninety members of Congress have retirement plans worth over two million dollars each. Bring the congressional retirement plan in line with the retirement plans of the American people they were elected to serve.
- Eliminate perks such as subsidized haircuts, subsidized food, and free parking at National Airport.
- Eliminate limousines and chauffeurs — except for the President and a small number of other senior officials with major security problems.

- Sell the 1,200 government airplanes now used to fly senior officials around.
- Close vacation retreats paid for by the people, but available only to senior public officials.
- Do not pass legislation which applies to us and not to Congress.
- Pass a law which requires Congress to abide by the same laws as the people, including those laws from which Congress has previously exempted itself.
- Dramatically slash the cost of the President's aircraft — 21 airplanes - 19 helicopters - 6,000 staff members - $500 million per year budget.

90% FAVOR THE SALARY REDUCTION PROPOSAL.

89% FAVOR THE ELIMINATION OF PERKS AND SPECIAL PRIVILEGES.

90% FAVOR THE PROPOSAL OF REDUCING THE RETIREMENT PLANS OF CONGRESS TO BRING THEM IN LINE WITH AMERICAN WORKERS.

Reform Proposal #9

Institute pilot programs for major new spending initiatives, such as health care.

- First of all, explain major, new spending programs in detail before passing them into law.
- Before implementing these complex and expensive programs, conduct pilot programs. Make sure these new programs work.
- Report the costs and benefits of the pilot programs in detail to the people.

- If the pilot programs work as planned, they can then be implemented with little risk of failure.
- Finally, make these new programs dynamic, allowing the administrators to improve and optimize them based on actual experience.

93% BELIEVE THAT MAJOR NEW PROGRAMS SHOULD FIRST BE PRESENTED TO THE AMERICAN PEOPLE IN DETAIL BEFORE THEY ARE IMPLEMENTED NATIONWIDE.

85% BELIEVE THAT PROGRAMS SHOULD BE TESTED IN PILOT PROGRAMS TO PROVE THEIR EFFECTIVENESS BEFORE THEY ARE IMPLEMENTED NATIONWIDE.

Reform Proposal #10

Don't get caught up in the "First 100 Days" mindset.

- Don't try to do too many things at once.
- Poorly conceived legislation will be rushed through with the costs understated and the benefits overstated.
- The American people will pay more money than anticipated for programs that are second-rate.
- To use an old carpenter's saying, "Measure twice — cut once."

I realize that this may seem to be strong medicine to our senior elected servants. As they consider this plan, we remind them to never forget that they have badly mismanaged our money. From now on we demand that

they treat it as a limited resource — stop wasting our money.

Finally, we direct them to earn our trust and respect by conducting their business in an honest and ethical manner. They can begin to do this by making certain that the taxpayers are provided with accurate and timely information about the country's financial situation.

Appendix

Check List for All Federal Candidates

We would like to have your specific plans to:

——— Eliminate the deficit
——— Keep the budget balanced through binding legislation
——— Pay off the national debt
——— Rebuild the job base and put our people back to work
——— Develop an intelligent, supportive relationship between government and business
——— Develop strategic plans industry by industry to strengthen and rebuild our companies
——— Target the industries of the future and develop specific plans to be the world leader in those industries
——— Stimulate the growth of small businesses
——— Maintain and build our manufacturing base
——— Make "Made in the USA" the world's standard of excellence
——— Rebuild our cities
——— Make our public schools the finest in the world
——— Get rid of illegal drugs
——— Dramatically reduce crime and violence throughout our country
——— Provide affordable health care
——— Get rid of waste, fraud, and abuse in the federal government

——— Develop a new tax system that is fair, paperless for most Americans, and raises the money necessary to pay our country's bills
——— Get rid of foreign lobbyists and foreign political contributions
——— Develop *fair* free-trade agreements
——— Pass laws prohibiting cashing in on prior government service
——— Develop an intelligent energy policy
——— Implement the line item veto for the President
——— Pass laws to stop Congress from exempting itself from laws it imposes on the rest of the country
——— Bring the congressional retirement plan in line with private-sector plans
——— Pass laws requiring the return of all excess campaign funds to the U.S. Treasury
——— Pass laws to reduce the time for federal elections, reduce the cost of federal campaigns, and create equal opportunity for all new candidates by providing equal television time for all candidates
——— Replace the electoral college with the popular vote
——— Pass laws eliminating all possibilities for special interests to give large sums of money to candidates
——— Pass a law to hold elections on Saturday and Sunday, instead of Tuesday
——— Pass a law forbidding release of election information before the polls in Hawaii close
——— Slash staffs in the executive and legislative branches
——— Get rid of unnecessary perks throughout the federal government

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HEADLINE: The '92 Vote: The First Presidential Debate

BODY:

ANNOUNCER: This is an ABC News Special: The '92 Vote. Tonight, live from Saint Louis, Missouri, the first presidential debate. Now reporting from the ABC News world headquarters, Peter Jennings.

PETER JENNINGS: Good evening, and welcome to our coverage of the first debate. That is the field house at Washington University in Saint Louis, Missouri, where George Bush and Bill Clinton and Ross Perot, already on the stage, know they have their work cut out for them. And when it's over, we'll hear what some of the voters' impressions are before the so - called "spin doctors" get to them. And it wouldn't be a televised debate if we didn't have various ABC News colleagues in place ready with their opinions. We've never had a three - way presidential debate before. And the negotiations have included such mundane matters - mundane, at least, to most of us - as to whether the candidates can take notes on a certain kind of paper - that's Mrs Perot, by the way - and whether when we first see them they were already going to be on the stage or would walk in to the applause of their supporters. That's the final outcome of their negotiations. The candidates have had reams of advice. The pundits have had a field day telling us all how important this debate is. The moderator is going to be Jim Lehrer from the MacNeil / Lehrer Newshour on PBS, and he will introduce the rest of his panelists. Here we go to Saint Louis. Have a good evening.

MR JIM LEHRER, MODERATOR: Good evening, and welcome to the first of three debates among the major candidates for president of the United States sponsored by the Commission on Presidential Debates. The candidates are: Independent candidate Ross Perot, Governor Bill Clinton, the Democratic nominee, and President George Bush, the Republican nominee. I am Jim Lehrer of the "MacNeil - Lehrer News Hour" on PBS and I will be the moderator for this 90 - minute event which is taking place before an audience here in the athletic complex on the campus of Washington University in Saint Louis, Missouri. Three journalists will be asking questions tonight. They are John Mashek of The Boston Globe, Ann Compton of ABC News and Sander Vanocur a freelance journalist. We will follow a format agreed to by representatives of the Clinton and Bush campaigns. That agreement contains no restrictions on the content or subject matter of the questions. Each candidate will have up to two minutes for a closing statement, the order of those as well of the questioning was determined by a drawing. The first question goes to Mr Perot. He will have two minutes to answer to be followed by rebuttals of one minute each from Governor Clinton and then President Bush. Gentlemen, good evening.

GOVERNOR BILL CLINTON, DEMOCRATIC PRESIDENTIAL NOMINEE: Good evening, Jim.

MR ROSS PEROT, INDEPENDENT PRESIDENTIAL NOMINEE: Good evening.

MR LEHRER: The first topic tonight is what separates each of you from the other. Mr Perot, what do you believe tonight is the single most important separating issue of this campaign?

MR PEROT: I think the principal issue be - that separates me is that 5 1/2 million people came together on their own and put me on the ballot. I was not put on the ballot by either of the two parties, I was not put on the ballot by any PAC money, by foreign lobbyist money or any special interest money. This is a movement that came from the people. This is the way the framers of the Constitution intended our government to be, a government that comes from the people. Over time we have developed a government that comes at the people, that comes from the top down, where the people are more or less treated as objects to be programmed during the campaign with commercials and media events and fear messages and personal attacks and things of that nature. The thing that separates my candidacy and makes it unique is that this came from millions of people in 50 states all over this country who wanted a candidate that worked and belonged to nobody but them. I go into this race as their servant, and I belong to them. So this comes from the people.

MR LEHRER: Governor Clinton, one minute response.

GOVERNOR CLINTON: The most important distinction in this campaign is that I represent real hope for change a departure from trickle - down economics, a departure from tax - and - spend economics to invest and grow. But before I can do that I must challenge the American people to change, and they must decide. Tonight I say to the president, Mr Bush, for 12 years you've had it your way, you've had your chance and it didn't work. It's time to change. I want to bring that change to the American people, but we must all decide first we have the courage to change for hope and a better tomorrow.

MR LEHRER: President Bush, one minute response, sir.

PRESIDENT GEORGE BUSH: Well, I - I think one thing that distinguishes is experience. I think we've dramatically changed the world - I'll talk about that a little bit later. But the changes are mind - boggling for world peace. Kids go to bed at night without the same fear of nuclear war. And change for change sake isn't enough. We saw that message in the late '70s when we heard a lot about change. And what happened? That misery index went right through the roof. But I - my economic program, I think, is the kind of change we want. And the way we're going to get it done is we're going to have a brand - new Congress, a lot of them are thrown out because of all the scandals. I'll sit down with them, Democrats and Republicans alike, and work for my agenda for American renewal which represents real change. But I'd say, if you had to separate out, I think it's experience at this level.

MR JIM LEHRER, MODERATOR: Governor Clinton, how do you respond on - on - to the president on the qu - you have two minutes - on the question of experience. He says that is what distinguishes him from the other two of you.

GOVERNOR CLINTON: I believe experience counts but it's not everything. Values, judgment and the record that I have amassed in my state also should count for

something. I've worked hard to create good jobs and to educate people. My state now ranks first in the country in job growth this year. Fourth in income growth, fourth in the reduction of poverty. Third in overall economic performance according to a major news magazine. That's because we believe in investing in education and in jobs. And we have to change in this country. You know, my wife, Hillary, gave me a book about a year ago in which the author defined insanity as just doing the same old thing over and over again and expecting a different result. We have got to have the courage to change. Experience is important, yes. I've gotten a lot of good experience in dealing with ordinary people over the last year and month, I've touched more lives and seen more heartbreak and hope, more pain and more promise than anybody else who's run for president this year. And I think the American people deserve better than they're getting. We have gone from first to 13th in the world in wages in the last 12 years, since Mr Bush and Mr Reagan have been in. Personal income has dropped while people have worked harder in the last four years. There have been twice as many bankruptcies as new jobs created. We need a new approach. The same old experience is not relevant. We're living in a new world after the Cold War and what works in this new world is not trickle - down, not government for the benefit of the privileged few, not tax - and - spend but a commitment to invest in American jobs and American education, controlling American health - care costs and bringing the American people together. That is what works. And you can have the right kind of experience and the wrong kind of experience. Mine is rooted in the real lives of real people and it will bring real results if we have the courage to change.

MR LEHRER: President Bush, one minute to respond.

PRESIDENT BUSH: I just thought of another - another big difference here between me - I don't believe Mr Perot feels this way but I know Governor Clinton did - because I want to accurately quote him. He thinks - I think he said that the country is coming apart at the seams. Now, I know that the only way he can win is to make everybody believe the economy is worse than it is. But this country's not coming apart at the seams, for heaven's sakes. We're the United States of America. We - in spite of the economic problems, we are the most respected economy around the world. Many would trade for it. We've been caught up in a global slowdown. We can do much, much better but we ought not to try to convince the American people that America is a country that's coming apart at the seams. I would hate to be running for president and think that the only way I could win would be to convince every - everybody how horrible things are. Yes, there are big problems and, yes, people are hurting, but I believe that this agenda for American renewal I have is the answer to do it and I believe we can get it done now whereas we didn't in the past because you're going to have a whole brand - new bunch of people in the Congress that are going to have to listen to the same American people I'm listening to.

MR LEHRER: Mr Perot, a minute response, sir.

MR PEROT: Well, they've got a point. I don't have any experience in running up a $4 trillion debt. I don't have any experience in gridlocked government where nobody takes responsibility for anything and everybody blames everybody else. I don't have any experience in creating the worst public school system in the industrialized world, the most violent crime - ridden society in the industrialized world, but I do have a lot of experience in getting things done. So if we're at a point in history where we want to stop talking about it and do it, I've got a lot of experience in figuring out how to solve problems, making

the solutions work and moving on to the next one. I've got a lot of experience in not taking 10 years to solve a 10 - minute problem. So if it's time for action, I think I have experience that counts. If it's more time for gridlock and talk and finger - pointing, I'm the wrong man.

MR JIM LEHRER, MODERATOR: President Bush, the question goes to you. You have two minutes. And the question is this, are there important issues of character separating you from these other two men?

PRESIDENT BUSH: I think the American people should be the judge of that. I think character is a very important question. I said something the other day where I was accused of being like Joe McCarthy because I questioned - I'll put it this way, I think it's wrong to demonstrate against your own country or organize demonstrations against your own country in foreign soil. I just think it's wrong. I - that - maybe - they say, Well, it was a youthful indiscretion.' I was 19 or 20 flying off an aircraft carrier and that shaped me to be commander in chief of the armed forces and - I'm sorry, but demonstrating - it's not a question of patriotism, it's a question of character and judgment. They get on me - Bill's gotten on me about read my lips' and I'll make - when I make a mistake, I'll admit it, but he has made no - made - not admitted a mistake and I just find it impossible to understand how an American can demonstrate against his own country in a foreign land - organizing demonstrations against it - when young men are held prisoner in Hanoi or kids out of the ghetto were drafted. Some say, Well, you're a little old - fashioned.' Maybe I am, but I just don't think that's right. Now whether it's character or judgment, whatever it is I have a big difference here on this issue. And so we'll just have to see how it plays out, but I - I couldn't do that. And I don't think most Americans could do that. And they all say, Well, it was a long time ago.' Well, let's admit it then. Say, I made a terrible mistake.' How could you be commander of chief of the armed forces and have some kid say - when you have to make a tough decision, as I did in Panama or in - in Kuwait, and then have - have some kid jump up and say, Well, I'm not going to go, the commander in chief was organizing demonstrations halfway around the world during - during another era.' So there are differences. But that's about the main area where I think we have a difference. I don't know about - we'll talk about that a little with Ross here in a bit.

MR LEHRER: Mr Perot, you have one minute.

MR PEROT: I think the American people'll make their own decisions on character. And at a time when we have work to do and we need action I think they need to clearly understand the backgrounds of each person. I think the the press can play a huge role in making sure that the backgrounds are clearly presented in an objective way, then make a decision. Certainly, anyone in the White House should have the character to be there, but I think it's very important to measure when and where things occurred. Did they occur when you were a young person in your formative years or did they occur while you were a senior official in the federal government? When you're a senior official in the federal government spending billions of dollars in taxpayers' money and you're a mature individual and you make a mistake, then that was on our ticket. If you make it as a young man, time passes. So I would say just - you know, look at all three of us, decide who you think will do the job, pick that person in November because believe me, as I've said before, the party's over and it's time for the cleanup crew. And we do have to have change and people who never take responsibility for anything when it happens on their watch ...

MR LEHRER: Ah.

MR PEROT: ... and people who are in charge ...

MR LEHRER: Your time is up.

MR PEROT: Your time is up.

MR LEHRER: Time is up.

MR PEROT: More later.

MR LEHRER: More - Governor Clinton, you have one minute.

GOVERNOR CLINTON: Ross gave a good answer, but I've got to respond directly to Mr Bush. You have questioned my patriotism. You even brought right - wing congressmen into the White House to plot how to attack me for going into Russia in 1969 and 1970 when 50,000 other Americans did. Now I honor your service in World War II, I honor Mr Perot's service in uniform and the service of every man and woman who ever served, including Admiral Crowe who was your chairman of the Joint Chiefs and who's supporting me. But when Joe McCarthy went around this country attacking people's patriotism, he was wrong. He was wrong, and a senator from Connecticut stood up to him named Prescott Bush. Your father was right to stand up to Joe McCarthy. You were wrong to attack my patriotism. I was opposed to the war, but I love my country and we need a president who'll bring this country together not divide it. We've had enough division. I want to lead a unified country.

MR JIM LEHRER, MODERATOR: All right. We move now to the subject of taxes and spending. The question goes to Governor Clinton for a two - minute answer. It will be asked by Ann Compton.

MS ANN COMPTON, ABC NEWS: Governor Clinton, can you lock in a level here tonight on where middle - income families can be guaranteed a tax cut or at the very least at what level they can be guaranteed no tax increase.

GOVERNOR CLINTON: The tax increase I have proposed triggers in at family incomes of $200,000 and above. Those are the people who in the 1980s had their incomes go up while their taxes went down. Middle - class people, defined as people with incomes of $52,000 and down, had their incomes go down while their taxes went up in the Reagan - Bush years because of six increases in the payroll taxes. So that is where my income limit would trigger.

MS COMPTON: So there'd be no tax increases below $200,000.

GOVERNOR CLINTON: That's right. My plan - not withstanding the - my opponent's ad - my pan triggers in at gross incomes - family incomes of $200,000 and above. And then we want to give modest middle - class tax relief to restore some fairness, especially to middle - class people with families with incomes under $60,000. In addition to that, the money that I raise from upper - income people and from asking foreign corporations just to pay the same income on their income earned in America that American corporations do, will be used to give incentives back to upper - income people. I want to give people permanent incentives on investment tax credit like President Kennedy and the Congress inaugurated in the

early 1960s to get industry moving again - a research - and - development tax credit, a low - income housing tax credit, a long - term capital gains proposal for new business and business expansions. We've got to have - no more trickle - down, we don't need across - the - board tax cuts for the wealthy for nothing. We need to say here's your tax incentive if you create American jobs the old - fashioned way. I'd like to create more millionaires than were created under Mr Bush and Mr Reagan. But I don't want to have four years where we have no growth in the private sector and that's what's happened in the last four years. We're down 35,000 jobs in the private sector. We need to invest and grow and that's what I want to do.

MR LEHRER: President Bush, one minute, sir.

PRESIDENT BUSH: Well, let me - I have to correct one thing. I didn't question the man's patriotism, I questioned his judgment and his character. What he did in Moscow, that's fine. Let him explain it. He did. I accept that. What I don't accept is demonstrating and organizing demonstrations in a foreign country when your country's at war. I'm sorry, I cannot accept that. In terms of - this one on taxes spells out the biggest difference between us. I do not believe we need to go back to the Mondale proposals or the Dukakis proposals of tax and spend. Governor Clinton says $200,000, but he also says he wants to raise $150 billion. The two - taxing people over $200,000 will not get you $150 billion. And then when you add in his other spending proposals, regrettably, you end up socking it to the working man. That old adage that they use, We're going to soak the rich. We're going to soak the rich.' It always ends up being the poor cabdriver or the working man that ends up paying the bill. And so I just have a different approach. I believe the way to get the deficit down is to control the growth of mandatory spending programs and not raise taxes on the American people. You've got a big difference there.

MR LEHRER: Mr Perot, one minute.

MR PEROT: We've got to have a growing, expanding job base to give us a growing tax base. Right now we have a flat - to - deteriorating job base and where it appears to be growing is minimum - wage jobs. So we've got to really rebuild our job base. That's going to take money for infrastructure and investment to do that. Our foreign competitors are doing it. We're not. We cannot pay off the $4 trillion debt, balance the budget and have the industries of the future and high - paying jobs in this country without having the revenue. We're going to go through a period of shared sacrifice. There's one challenge, it's got to be fair. We've created a mess, don't have much to show it, and we have got to fix it. And that's about all I can say in a minute.

MR JIM LEHRER, MODERATOR: OK. Next question goes to President Bush for a two - minute answer and it will be asked by Sandy Vanocur.

MR SANDER VANOCUR, JOURNALIST: Mr President, this past week your secretary of the army, Michael Stone, said he had no plans to abide by a congressional mandate to cut US forces in Europe from 150,000 to 100,000 by the end of September, 1996. Now why, almost 50 years after the end of World War II and with the total collapse of the Soviet Union, should American taxpayers be taxed to support armies in Europe when the Europeans have plenty of money to do it for themselves?

PRESIDENT BUSH: Well, Sander, that's a good question and the answer is for 40 -

some years we kept the peace. If you look at the cost of not keeping the peace in Europe, it would be exorbitant. We have reduced the number of troops that are deployed and going to be deployed, I have cut defense spending. And the reason we could do that is because of our fantastic success in winning the Cold War. We never would have got there if we'd gone for the nuclear - freeze crowd, never would have got there for the - if we'd listened to those that wanted to cut defense spending. I think it is important that the United States stay in Europe and continue to guarantee the peace. We simply cannot pull back. Now, when anybody has a spending program they want to spend money on at home, they say, Well, let's cut money out of the Defense Department.' I will accept and have accepted the recommendations of two proven leaders, General Colin Powell and Dick - Secretary Dick Cheney; they feel that the levels we're operating at and the reductions that I have proposed are proper and so I simply do not think we should go back to the isolation days and start blaming foreigners. We are the sole remaining superpower and we should be that, and we have a certain disproportionate responsibility. But I would ask the American people to understand that if we make imprudent cuts, if we go too far, we risk the peace and I don't want to do that. I've seen what it is like to see a war and I - to - to see the burdens of a war, and I don't want to see us make reckless cuts. Because of our programs, we have been able to significantly cut defense spending. But let's not cut into the muscle and let's not cut down our insurance policy which is participation of American forces in NATO, the greatest peacekeeping organization ever made. Today you've got problems in Europe still bubbling along even though Europe's going democ - democracy's route, but we - we are there and I think this insurance policy is necessary. I think it goes with world leadership and I - I think the levels we've come up with are just about right.

MR LEHRER: Mr Perot, one minute, sir.

MR PEROT: If I am poor and you're rich and I can get you to defend me, that's good. But when the tables get turned, I ought to do my share. Right now we spend about $300 billion a year on defense. The Japanese spend about $30 billion, the Ger - in Asia, the Germans spend around $30 billion in Europe. For example, Germany will spend $1 trillion building infrastructure over the next 10 years. It's kind of easy to do if you only have to pick up a $30 billion tab to defend your country. The European Community is in a position to pay a lot more than they have in the past. I agree with the president, when they couldn't we should have, now that they can, they should. We sort of seem to have a desire to try to stay over there and control it. They don't want us to control it very candidly. So it - I think it's very important for us to let them assure - assume more and more of the burden and for us to bring that money back here and rebuild our infrastructure because we can only be a superpower if we are an economic superpower. And we can only be an economic superpower if we have a growing, expanding job base.

MR LEHRER: Governor Clinton, one minute, sir.

GOVERNOR CLINTON: I agree with the general statement Mr Bush made. I disagree that we need 150,000 troops to fulfill our role in Europe. We certainly must maintain an engagement there. There are certainly dangers there. There are certainly other trouble spots in the world which are closer to Europe than to the United States. But two former defense secretaries recently issued a report saying that 100,000 or slightly fewer troops would be enough, including President Reagan's former defense secretary, Mr Carlucci. Many of the military

experts whom I consulted on this agreed. We're going to have to spend more money in the future on military technology and on greater mobility, greater airlift, greater sea lift - the V-22 airplane. We're going to have to do some things that are quite costly and I simply don't believe we can afford, nor do we need, to keep 150,000 troops in Europe given how much the Red Army, now under the control of Russia, has been cut. The arms control agreement concluded between Mr Bush and Mr Yeltsin - something I have applauded - I don't think we need 150,000 troops. Let me make one other point. Mr Bush talked about taxes, he didn't tell you that he vetoed a middle - class tax cut because it would be paid for by raising taxes on the wealthy ...

MR LEHRER: We ...

MR CLINTON: ... and vetoed an investment tax credit paid for by raising taxes on the wealthy.

MR JIM LEHRER, MODERATOR: All right. We go now to a - to Mr Perot for a two - minute question and it will be asked by John Mashek.

MR JOHN MASHEK, THE BOSTON GLOBE: Mr Perot, you talked about fairness just a minute ago on sharing the pain. As part of your plan to reduce the ballooning federal deficit you've suggested that we raise gasoline taxes 50 cents a gallon over five years. Why punish the middle - class consumer to such a degree?

MR PEROT: It's 10 cents a year accumulative. It finally gets to 50 cents at the end of the fifth year. I think punish' is the wrong word. Again - see, I didn't create this problem, we're trying to solve it. And if you study our international competitors, some of our international competitors collect up to $3.50 a gallon in taxes and they use that money to build infrastructure and create jobs. We collect 35 cents and we don't have it to spend. I know it's not popular, and I understand the nature of your question, but the people who will be helped the most by it are the working people who will get the jobs created because of this tax. Why do we have to do it? Because we have so mismanaged our country over the years and it is now time to pay the fiddler. And if we don't, we will be spending our children's money. We have spent $4 trillion worth. An incredible number of young people are active in supporting my effort because they're deeply concerned that we have taken the American dream from them. I think it's fitting that we're on the campus of a university tonight. These young people, when they get out of this wonderful university will have difficulty finding a job. We've got to clean this mess up, leave this country in good shape and pass on the American dream to them. We've got to collect the taxes to do it. If there's a fairer way I'm all ears. But - but - see - let me make it very clear, if people don't have the stomach to fix these problems, I think it's a good time to face it in November. If they do, then they will have heard the harsh reality of what we have to do. I'm not playing Lawrence Welk music tonight.

MR LEHRER: All right. Governor Clinton, you have a minute, sir.

GOVERNOR CLINTON: I think Mr Perot has confronted this deficit issue, but I think it's important to point out that we really have two deficits in America, not one. We have a budget deficit in the federal government, but we also have an investment, a jobs, an income deficit. People are working harder for less money than they were making 10 years ago, two - thirds of our people. A $1,600 drop in average income in just the last two years. The problem I have with the Perot

prescription is almost all economists who have looked at it say that if you cut the deficit this much this quick it will increase unemployment, it will slow down the economy. That's why I think we shouldn't do it that quickly. We have a disciplined reduction in the deficit of 50 percent over the next four years. But first get incentives to invest in this economy, put the American people back to work. We've got to invest and grow. Nine Nobel Prize - winning economists and 500 others, including numerous Republican and Democratic business executives, have endorsed this approach because it offers the best hope to put America back to work and get our incomes rising instead of falling.

MR LEHRER: Mr Bush, one minute, sir.

PRESIDENT BUSH: The question was on fairness, I - I just disagree with Mr Perot. I don't believe it is fair to slap a 50 - cent - a - gallon tax over whatever many years on the people that have to drive for a living, people that go long distances. I don't think we need to do it. You see, I have a fundamental difference - I agree with what he's talking about in trying to get the spending down and the discipline although I think they ought to totally exempt Social Security - but he's - he's talking tough medicine and I think that's good. I disagree with the tax - and - spend philosophy. You see, I don't think we need to tax more and spend more and then say that's going to make - make the problem better and I'm afraid that's what I think I'm hearing from Governor Clinton. I believe what you need to do is some of what Ross is talking about, control the growth of mandatory spending and get taxes down. He's mentioned some ways to do it and I agree with those. I've been talking about getting a capital gains cut forever and his friends in Congress have been telling me that's a tax break for the rich. It would stimulate investment. I'm for an investment - tax allowance. I am for a first - time - a tax break for first - time home buyers and we - with this new Congress coming in, gridlock will be gone and I'll sit down with them and say, Let's get this done.' But I do not want to go the tax - and - spend route.

MR JIM LEHRER, MODERATOR: All right. Let's move now to the subject of jobs. The first question goes to President Bush for two minutes and John will ask that question. John.

MR MASHEK: Mr President, last month you came to Saint Louis to announce a very lucrative contract for McDonnell Douglas to build F-15s for Saudi Arabia. In today's Post - Dispatch, a retired saleswoman - a 75 - year - old woman named Marjorie Roberts asked if she could ask a question of the candidates, that wanted she wanted to register her concern about the lack of a plan to convert our defense - oriented industries into other purposes. How would you answer her?

PRESIDENT BUSH: Well, I assume she was supportive of the decision on McDonnell Douglas, I assume she was supporting me on the decision to sell those airplanes. I think it's a good decision. I took a little heat for it, but I think it was the correct - the correct decision to do. And we worked it out. And indeed we're moving forward all around the world in a much more peaceful way. So that one we came away with, which - in creating jobs for the American people. I would simply say to her, Look, take a look at what the president has proposed on job retraining.' When you cut back on defense - defense spending, some people are going to be thrown out of work. If you throw another 50,000 kids on the street because of cutting recklessly in troop levels, you're going to put a lot more out of work. I would say to them, Look at the job retraining programs that we're proposing.' Therein is the best answer to her. And another one is stimulate

investment and savings. I mean, we've got big economic problems but we are not coming apart at the seams. We're ready for a recovery. With interest rates down and inflation down, the cruelest tax of all, caught up in a global slowdown right now, but that will change if you go with the programs I've talked about and if you help with job retraining and education. I am a firm believer that our America 2000 education problem is the answer. A little longer - it's going to take a while to educate, but it a good program. So her best hope for short - term is job retraining, if she was thrown out of work at a defense plant. But tell her it's not all that gloomy. We're the United States. We got - we've faced tough problems before. Look at the misery index when - when the Democrats had both the White House and the - and the Congress. It was just right through the roof. Now, we can do better and the way to do better is not to tax and spend but to retrain, get that control of the mandatory spending programs. I - I am much more optimistic about than - about this country than some.

MR LEHRER: Mr - Mr Perot - Mr Perot, you have one minute, sir.

MR PEROT: Well, the defense industries are going to have to convert to civilian industries; many of them are. And the sooner they start, the sooner they'll finish and there will be a significant transition. And it's very important that we not continue to let our industrial base deteriorate. We had someone, who I'm sure regrets said it in the president's staff, said he didn't care whether we made potato chips or computer chips. Well, anyone that thinks about it cares a great deal. Number one, you make more making computer chips than you do making potato chips. And number two, 19 out of 20 computer chips we have in this country now come from Japan. We've given away whole industries. So as we phase these industries over - there's a lot of intellectual talent in these industries, a lot of these people can con - in these industries can be converted to the industries of tomorrow, and that's where the high - paying jobs are. We need to have a very carefully thought through tran - phaseover. Now other co - see, we practice 19th century capitalism, the rest of the world practices 21st century capitalism. We've got - I can't handle that in a minute, but I hope we can get back into later. In the rest of the world, the countries and the businesses would be working together to make this transition in an intelligent way.

MR LEHRER: Governor Clinton, you have one minute, sir.

GOVERNOR CLINTON: We must - we must have a transition plan to plan to convert from a defense to a domestic economy. No other nation would have cut defense as much as we already have without that. There are 200,000 people unemployed in California alone because we have cut defense without planning to retrain them and to reinvest in the technologies of the future here at home. That is what I want to do. This administration may say they have a plan but the truth is they have not even released all the money, the paltry sum of money, that Congress appropriated. I want to take every dollar by which we've reduced defense and reinvest it in technologies for the 21st century - in new transportation, in communication and environmental cleanup technologies. Let's put the American people to work and let's build the kind of high - tech, high - wage, high - growth economy that the American people deserve.

MR JIM LEHRER, MODERATOR: All right. The next question goes to Mr Perot for a two - minute answer. It will be asked by Ann. Ann.

MS COMPTON: Mr Perot, you talked a minute ago about rebuilding the job base, but

is it true what Governor Clinton just said, that that means unemployment will increase, that it'll slow the economy? And how would you specifically use the powers of the presidency to get more people back into good jobs immediately?

MR PEROT: Step one, the American people send me up there. The day after election, I'll get with the congressional - we won't even wait until inauguration and I'll ask the president to help me and I'll ask his staff to help me and we will start putting together teams to put together - to take all the plans that exist and do something with them. Please understand, there are great plans lying all over Washington nobody ever executes. It's like having a blueprint for a house you never built, you don't have anywhere to sleep. Now our challenge is to take these things, do something with them. Step one, you want to put America back to work, clean up the small business problem. Have one task force at work on that. The second, you've got your big companies that are in trouble, including the defense industries. Have another on that. Have a third task force on new industries of the future to make sure we nail those for our country and they don't wind up in Europe and Asia, convert from 19th to 21st century capitalism. See, we have an adversarial relationship between government and business. Our international competitors that are cleaning our plate have an intelligent relationship between government and business and a supportive relationship. Then have another task force on crime because next to jobs our people are concerned about their safety; health care, schools, one on the debt and deficit. And finally in - in that 90 - day period before the inauguration, put together the - the framework for the town hall and give the American people a Christmas present. Show them by Christmas the first cut at these plans. By the time Congress comes into session, go to work, have those plans ready to go in front of Congress. Then get off to a flying start in '93 to execute these plans. Now there are people in this room and people on this stage who have been in meetings when I would sit there and say, Is this one we're going to talk about or do something about?' Well, obviously my orientation is let's go do it. Now put together your plans by Christmas, be ready to go when Congress goes, nail these things. Small business; you've got to have capital, you've got to have credit and many need mentors or coaches. And we can create more jobs there in a hurry than any other place.

MR LEHRER: Governor Clinton, one minute.

GOVERNOR CLINTON: This country desperately needs a jobs program and my first priority would be to pass a jobs program to introduce it on the first day I was inaugurated. I would meet with the leaders of the Congress, with all the newly elected members of the Congress, and as many others with whom I could meet between the time of the election and the inauguration and we would present a jobs program. Then we would present a plan to control health - care costs and phase in health - care coverage for all Americans. Until we control health - care costs, we're not going to control the deficit. It is the number one culprit. But first we must have an aggressive jobs program. I live in a state where the manufacturing job growth has far outpaced the nation in the last few years, where we have created more private - sector jobs since Mr Bush has been president than have been created in the entire rest of the country, where Mr Bush's labor secretary said that job growth has been enormous. We've done it in Arkansas. Give me a chance to create these kind of jobs in America. We can do it. I know we can.

MR LEHRER: President Bush, one minute.

PRESIDENT BUSH: We've got the plan, announced for - what we can do for small business. I've already put forward things that'll get this country working fast - some of which have been echoed here tonight - investment tax allowance, capital gains reduction, more on research and development, a tax credit for first - time home buyers. What I'm going to do is say to Jim Baker when this campaign is over, All right, let's sit down now, you do in domestic affairs what you've done in foreign affairs, be the econo - economic coordinator of all the domestic sides of the house, and that's - that includes the economic side, all the training side and bring this program together. We're going to have a new Congress and we're going to say to them, You've listened to the voters the way we have, nobody wants gridlock anymore and so let's get the program through.' And I believe it'll work because as Ross said, we've got the plans, the plans are all over Washington and I've put ours together in something called "The Agenda for American Renewal". And it makes sense. It's sensible. It creates jobs. It gets to the base of the kind of jobs we need. And so I'll just be asking for support to get that put into effect.

MR JIM LEHRER, MODERATOR: All right. The next question goes to Governor Clinton for two minutes. It will be asked by Sandy.

MR VANOCUR: Governor Clinton, when a president running for the first time gets into the office and wants to do something about the economy, he finds in Washington there's a person who has much more power over the economy than he does, the chairman of the Federal Reserve Board, accountable to no one. That being the case, would you go along with proposals made by Treasury Secretary James Brady and Congressman Lee Hamilton to make the Federal Reserve Board chairman somehow accountable to elected officials?

GOVERNOR CLINTON: Well, let me say that I think that we might ought to review the terms and the way it works. But frankly, I don't think that's the problem today. We have low interest rates today - at least we have low interest rates that the Fed can control. Our long - term interest rates are still pretty high because of our deficit and because of our economic performance. And there was a terrible reaction internationally to Mr Bush saying he was going to give us four more years of trickle - down economics, another across - the - board tax cut and most of it going to the wealthy with no real guarantee of investment. But I think the important thing - the important thing is to use the powers the president does have on the assumption that given the condition of this economy we're going to keep interest rates down if we have the discipline to increase investment and reduce the debt at the same time. That is my commitment. I think the American people are hungry for your - action, I think Congress is hungry for someone who will work with them instead of manipulate them. Someone who will not veto a bill that has an investment tax credit, middle - class tax relief, research and development tax credits as Mr Bush has done. Give me a chance to do that. I don't have to worry, I don't think, in the near - term about the Federal Reserve. Their policies so far, it seems to me, are pretty sound.

MR LEHRER: President Bush, you have one minute.

PRESIDENT BUSH: Well, I don't think the Fed ought to be put under the executive branch, there is separation there. I think that's fine. Alan Greenspan is respected. I've had some arguments with him about the speed in which we might have lowered rates, but Governor Clinton - he talks about reaction of the markets, there was a momentary fear that he might win and that - the markets went down like that so I - I don't think we can judge on - stock market has been

strong, it's been very strong since I've been president and they recognize we've got great difficulties but they're all so much more optimistic than the pessimists we have up here tonight. In terms of vetoing tax bills, you're darn right. I am going to protect the American taxpayer against the spend - and - tax Congress. And I'm going to keep on vetoing them because I don't think we are taxed too little, I think the government's spending too much. So Governor Clinton can label it tax for the rich or anything he wants, I'm going to protect the working man by continuing to veto and to threaten veto until we get this new Congress and then we're going to move forward on our plan. I've ...

MR LEHRER: Mr ...

PRESIDENT BUSH: ... got to protect them.

MR LEHRER: Mr Perot, one minute.

MR PEROT: Keep the Federal Reserve independent, but let's live in a world of reality. We live in a global economy, not a national economy. These interest rates we have now don't make any sense. Ju - we have a $4 trillion debt and only in America would you finance 70 percent of it five years or less, so 70 percent of our debt is five years or less. It's very interest rate sensitive. We have a 4 percent gap between what we pay for Treasuries and what Germany pays for one - to five - year Treasuries. That gap is going to close because the Arabs, the Japanese and folks in this country are going to start buying German Treasuries because they can get more money. Every time our interest rates go up 1 percent, that adds $28 billion to the deficit, or to the debt, whichever place you want to put it. We are sitting on a ticking bomb, folks, because we have totally mismanaged our country and we had better get it back under control. Just think in your own business, if you had all of your long - term problems financed short - term, you'd go broke in a hurry.

MR JIM LEHRER, MODERATOR: All right we're going to move - going to move to foreign affairs. The question - first question goes to Mr Perot for a two - minute answer and Sandy will ask it.

MR VANOCUR: Mr Perot, in the post war - world - Cold War environment, what should be the overery time our interest rates go up 1 percent, that adds $28 billion to the deficit, or to the debt, whichever place you want to put it. We are sitting on a ticking bomb, folks, because we have totally mismanaged our country and we had better get it back under control. Just think in your own business, if you had all of your long - term problems financed short - term, you'd go broke in a hurry.

MR PEROT: Well, again, if you're not rich, you're not a superpower so we have two that I'd put as number one, I have one and 1 - A. One, is we've got to have the money to be able to pay for defense and we've got to manufacture here. Believe it or not, folks, you can't ship it all overseas. You've got to make it here and you can't convert from potato chips to airplanes in an emergency. See roller iron could be converted from cars to airplanes in World War II because it was here. We've got to make things here. You just can't ship them over seas anymore. Second thing, on priorities, we've got to help Russia succeed in its revolution; and all its republics. When wethink of Russia, remember, we're thinking of many countries now. We got to help them. That's pennies on the dollar compared to renewing the Cold War. Third, we've got all kinds of agreements on paper and some that are being executed on getting rid of nuclear

warheads. Russia and its republics are out of control or at best in weak control right now. It's a very unstable situation. You've got every rich Middle Eastern country over there trying to buy nuclear weapons, as you well know, and that will lead to another five - star migraine headache down the road. We really need to nail down the Intercontinental Ballistic Missiles, the ones that can hit us from Russia. And se - we're focused on the tactical, we've made real progress there. We've got some agreements on the nuclear but we don't have those things put away yet. The sooner the better. So in terms of priorities, we've got to be financially strong. Number two, we've got to take care of this missile situation and try to get the nuclear war behind us and give that a very high priority. And number three, we need to help and support Russia and the republics in every possible way to become democratic capitalistic societies and not just sit back and let those countries continue in turmoil because they could go back worse than the way things used to be and believe me there are a lot of old boys in the KGB and military that liked the - better the way it used to be. Thank you.

MR LEHRER: Governor Clinton, one minute.

GOVERNOR CLINTON: In order to keep America the strongest nation in the world, we need some continuity and some change. There are three fundamental challenges. First of all, the world is still a dangerous and uncertain place. We need a new military and a new national security policy equal to the challenges of the post - Cold War era, a smaller permanent military force but one that is more mobile, well trained with high - technology equipment. We need to continue the negotiations to reduce the nuclear arsenals in the Soviet Union - the former Soviet Union and the United States. We need to stop this proliferation of weapons of mass destruction. Second, we have to face that in this world, economic security is a whole lot of national security. Our dollar's at an all - time low against some foreign currencies. We're weak in the world. We must rebuild America's strength at home. And finally, we ought to be promoting the democratic impulses around the world. Democracies are our partners, they don't go to war with each other, they're reliable friends in the future. National security, economic strength, democracy.

MR LEHRER: President Bush, one minute.

PRESIDENT BUSH: We still are the envy of the world in terms of our military, there's no question about that. We're the envy of the world in terms of our economy, in spite of the difficulties we're having, there's no question about that. Our exports are dramatically up. I might say to Mr Perot, I can understand why you might have missed it because there's so much fascination by trivia, but I worked out a deal with Boris Yeltsin to eliminate, get rid of entirely, the most destabilizing weapons of all, the SS-18, the biggest Intercontinental Ballistic Missile.

MR PEROT: I know that.

PRESIDENT BUSH: I mean, that's been done. And thank God it has because the parents of these young people around here go to bed at night without the same fear of nuclear war. We made dramatic progress. And so we've got a good military. The question - he says get a new military, get the best in the world. We've got it, and they're keeping the peace. And they're respected around the world. And we are more respected because the way we have conducted ourselves. We didn't listen to the nuclear - freeze crowd. We said peace through strength and it worked and the Cold War is over and America understands that. But we're so

turned so inward, we don't understand the global picture. And we are helping democracy. Ross, the Freedom Support Act is something that I got through the Congress and it's a very good thing because it does exactly what you say and I think you agree with that, to help Ru - Russian democracy. We're going to keep on doing that. Would you exert US power to influence affairs in China.

MR JIM LEHRER, MODERATOR: All right. Next question is for Governor Clinton and John will ask it.

MR MASHEK: Governor Clinton, you've accused the president of coddling tyrants, including those in Beijing. As president, how would you exert US power to influence affairs in China?

GOVERNOR CLINTON: I think our relationships with China are important and I don't think we want to isolate China, but I think it is a mistake for us to do what this administration did when all those kids went out there carrying the Statue of Liberty in Tiananmen Square. Mr Bush sent two people in secret to toast the Chinese leaders and basically tell them not to worry about it. They rewarded him by opening negotiations with Iran to transfer nuclear technology. That was their response to that sort of action. Now that voices in the Congress and throughout the country have insisted that we do something about China, look what has happened. China has finally agreed to stop sending us products made with prison labor, not because we coddled them but because the administration was pushed into doing something about it. And recently the Chinese have announced that they are going to lower some barriers to our products, which they ought to do since they have a $15 billion trade surplus with the United States under Mr Bush, the second biggest surplus of all, second to Japan. So I would be firm. I would say, If you want to continue most - favored - nation status for your government - owned industries as well as your private ones, observe human rights in the future. Open your society. Recognize the legitimacy of those kids carrying the Statue of Liberty.' If we can stand up for our economic interests, we ought to be able to pursue the democratic interests of the people in China and over the long run they'll be more reliable partners.

MR LEHRER: President Bush, you have one minute.

PRESIDENT BUSH: Well, the administration was the first major country to stand up against the abuse in Tiananmen Square. We are the ones that worked out the prison labor deal. We are the ones that have lowered the barrier to products, with Carla Hills' negotiation. I am the one who said let's keep the MFN because you see China moving towards free - market economy. To do what the Congress and Governor Clinton is suggesting you'd isolate and ruin Hong Kong. They are making some progress, not enough for us. We were the first ones to put sanctions on, we still have them on on some things. But Governor Clinton's philosophy is isolate them. He says don't do it, but the policies he's expounding of putting conditions on MFN and kind of humiliating them is not the way you make the kind of progress we are getting. And I've stood up with these people and I understand what you have to do to be strong in this situation and it's moving. Not as fast as we'd like, but you isolate China and turn them inward and then we've made a tremendous mistake and I'm not going to do it. And I've had to fight a lot of people that were saying human rights. And we are ones that put the sanctions on and stood for it. And he can insult General Scowcroft if he wants to, they didn't go over to coddle, he went over to say ...

MR LEHRER: Mr President, you're over ...

PRESIDENT BUSH: ... you must make the very changes they're making now.

MR LEHRER: Mr. - one minute, Mr Perot.

MR PEROT: It's a huge co - China's a huge country broken into many provinces, it has some very elderly leaders that will not be around too much longer. Capitalism is growing and thriving across big portions of China. Asia will be our largest trading partner in the future. It will be a growing and a closer relationship. We have a delicate tightwire walk that we must go through at the present time to make sure that we do not cozy up to tyrants. To make sure they don't get the impression that they can suppress their people. But time is our friend there because their leaders will change in not too many years, worst case. And their country is making great progress. One last point on the missiles. I don't want the American people to be confused. We have written agreements and we have some missiles that have been destroyed, but we have a huge number of Intercontinental Ballistic Missiles that are still in place in Russia. The fact that you have an agreement is one thing, until they are destroyed some crazy person can either sell them or use them.

MR JIM LEHRER, MODERATOR: All right, the next question goes to President Bush for a two - minute answer and Ann will ask it.

MS COMPTON: Mr President, how can you watch the killing in Bosnia and the ethnic cleansing' or the starvation and anarchy in Somalia and not want to use America's might if not America's military to try to end that kind of suffering?

PRESIDENT BUSH: Ann, both of them are very complicated situations and I vowed something - because I learned something from Vietnam, I am not going to commit US forces until I know what the mission is, until the military tell me that it can be completed, until I know how they can come out. We are helping. American airplanes are helping today on humanitarian relief for Sarajevo. It is America that's in the lead in helping with humanitarian relief for Somalia. But when you go to put somebody else's son or daughter into war, I think you've got to be a little bit careful and you have to have - be sure that there's a military plan that can do this. You have ancient ethnic rivalries that have cropped up as - as Yugoslavia's dissolved or getting dissolved and it isn't going to be solved by sending in the 82nd Airborne. And I'm not going to do that as commander in chief. I'm going to stand by and use the moral persuasion of the United States to get satisfaction in term of prison camps and we're making some progress there, and in terms of getting humanitarian relief in there. And right now as you know, the United States took the lead in a no - fly operation up there in - no - fly order up in the United Nations. We're working through the international organizations. The United St - that's one thing I learned by forging that tremendous and greatly highly suc - sucessful coalition against Saddam Hussein, the dictator. Use - work internationally to do it. I am very concerned about it. I'm concerned about ethnic cleansing.' I'm concerned about attacks on Muslims for example over there, but I must stop short of using American force until I know how those young men and women are going to get out there as well as get in, know what the mission is and define it and I think I'm on the right track.

MS COMPTON: Are you defining a mission that ...

MR LEHRER: Miss - Ann, sorry. It's all right, time is up. We have to go to Mr Perot for a one - minute response.

MR PEROT: I think if we've learned anything in Vietnam, it's you first commit this nation before you commit the troops to the battlefield. We cannot send our people all over the world to solve every problem that comes up. This is basically a problem that is a primary concern to the European Community. Certainly we care about the people. We care about the children. We care about the tragedy. But it is inappropriate for us, just because there's a problem somewhere around the world, to take the sons and daughters of working people - and make no mistake about it, our all - volunteer armed force is not made up of the sons and daughters of the beautiful people, it's the working folks who send their sons and daughters to war - with a few exceptions. Very unlike World War II when FDR's sons flew missions. Everybody went. It's a different world now. It's very important that we not just - without thinking it through - just rush to every problem in the world and have our people torn to pieces.

MR LEHRER: Governor Clinton, one minute.

GOVERNOR CLINTON: I agree that we cannot commit ground forces to become involved in the quagmire of Bosnia or in the tribal wars of Somalia, but I think it's important to recognize that there are things that can be done short of that and that we do have interests there. There are, after all, two million refugees now because of the problems in what was Yugoslavia, the largest number since World War II. And there may be hundreds of thousands of people who will starve or freeze to death in - this winter. The United States should try to work with its allies and stop it. I urged the president to support this air cover and he did and I applaud that. I applaud the no - fly zone and I know that he's going back to the United Nations to try to get authority to enforce it. I think we should stuff - stiffen the embargo on the Belgrade government and I think we have to consider whether or not we should lift the arms embargo now on the Bosnians since they are in no way in a fair fight with a heavily armed opponent bent on ethnic cleansing.' We can't get involved in the quagmire but we must do what we can.

MR JIM LEHRER, MODERATOR: All right, moving on now to divisions in our country. The first question goes to Governor Clinton for two minutes and Ann will ask it.

MS COMPTON: Governor Clinton, can you tell us what your definition of the word family' is?

GOVERNOR CLINTON: A family involves at least one parent, whether natural or adoptive or foster, and children. A good family is a place where love and discipline and good values are transmuted from the elders to the children. A place where people turn for refuge and where they know they're the most important people in the world. America has a lot of families that are in trouble today. There's been a lot of talk about family values in this campaign. I know a lot about that. I was born to a widowed mother who gave me family values and grandparents. I've seen the family values of my people in Arkansas. I've seen the family values of all these people in America who are out there killing themselves, working harder for less in a country that's had the worst economic years in 50 years and the first decline in industrial production ever. I think the president owes it to family values to show that he values America's families, whether they're people on welfare you're trying to move from welfare to work, the working poor whom I think deserve a tax break to lift them above poverty if they've got a child in the house and working 40 hours a week. Working families who deserve a fair tax system and the opportunity for constant

retraining. They deserve a strong economy and I think they deserve a family and medical leave act, 72 other nations have been able to do it. Mr Bush vetoed it twice because he says we can't do something 72 other countries do even though there was a small - business exemption. So with all the talk about family values, I know about family values. I wouldn't be here without them. The best expression of my family values is that tonight's my 17th wedding anniversary and I'd like to close my question by just wishing my wife a happy anniversary and thanking my daughter for being here.

MR LEHRER: President Bush, one minute.

PRESIDENT BUSH: Well, I would say that one meeting that made a profound impression on me was when the mayors of the big cities, including the mayor of Los Angeles, a Democrat, came to see me and they unanimously said the decline in urban America stems from the decline in the American family. So I do think we need to strengthen family. When Barbara holds an AIDS baby, she's showing a certain compassion for family. When she reads to children, the same thing. I believe that discipline and respect for the law, all of these things should be taught to children; not in our schools, but families have to do that. I'm appalled at the highest, outrageous numbers of - of divorces. It happens in families. It's happened in ours. But it's gotten too much. And I just think that we ought to do everything we can to respect the American family. It can be a single - parent family. Those mothers need - need help. And one way to do it is to get these deadbeat fathers to pay their obligations to these mothers. That'll help strengthen the American family and there's a whole bunch of other things that I can't click off in this short period of time.

MR LEHRER: All right. Mr Perot, you have one minute.

MR PEROT: If I had to solve all the problems that face this country and I could be granted one wish as we started down the trail to rebuild the job base, the schools and so on and so forth, I would say a strong family unit in every home where every child is loved, nurtured and encouraged. A little child before they're 18 months learns to think well of himself or herself or poorly. They develop a positive or negative self - image. At a very early age they learn how to learn. If we have children who are not surround with love and affection - see, I look at my grandchildren and wonder if they'll ever learn to walk because they're always in someone's arms. And I think, my gosh, wouldn't it be wonderful if every child had that love and support, but they don't. We will not be a great country unless we have a strong family unit in every home. And I think you can use the White House as a bully pulpit to stress the importance of these little children, particularly in their young and formative years, to mold these little precious pieces of clay so that they, too, can live rich, full lives when they're grown.

MR JIM LEHRER, MODERATOR: New question, two - minute answer goes to President Bush. Sandy will ask it.

MR VANOCUR: Mr President, there's been a lot of talk about Harry Truman in this campaign, so much so that I think tomorrow I'll wake up and see him named as the next commissioner of baseball.

PRESIDENT BUSH: They could use one.

MR VANOCUR: But the thing that Mr Truman didn't have to deal with was drugs.

Americans are increasingly alarmed about drug - related crimes in cities and suburbs. And your administration is not the first to have grappled with this. And are you at all of a mind that maybe it ought to go to another level? If not to what's advocated by William F. Buckley Jr and Milton Friedman, legalization, somewhere between there and where we are now?

PRESIDENT BUSH: No, I - I don't think that's the right answer. I don't believe legalizing narcotics is the answer. I just don't believe that's the answer. I do believe that there's some fairly good news out there. The use of cocaine, for example, by teen - agers is dramatically down. But we've got to keep fighting on this war against drugs. We're doing a little better in interdiction. Many of the countries below that used to say this is the United States' problem. If you'd get the demand down, then we wouldn't have the problem - are working cooperatively with the DEA and other law - the ar - the military. We're using the military more now in terms of interdiction. Our funding for recovery is up - recovering the addicts. Where we're not making the progress, Sander, is in - we're making it in teen - agers. And thank God, because I - I thought what Ross said was most appropriate about these families and these children. But where we're not making it is with the confirmed addicts. And I'll tell you one place that's - that's working well, and that is the private sector - Jim Burke and this task force that he has - you may know about it. I'll tell the American people. But this man said, I'll get you $1 million a day in pro bono advertising, something that's very hard for the government to do, and he went out and he did it. And people are beginning to educate through this program teaching these kids you shouldn't use drugs. So we're still in fight, but I must tell you I think legalization of narcotics or something of that nature in the face of the medical evidence would be totally counterproductive, and I oppose it and I'm going to stand up and continue to oppose it.

MR LEHRER: Mr Perot - Mr Perot, one minute.

MR PEROT: Any time you think you want to legalize drugs go to a neonatal unit if you can get in. They are 100 and 200 percent capacity up and down the East Coast. And the reason is crack babies being born. Baby's in the hospital 42 days. Typical cost to you and me is $125,000. Again and again and again the mother disappears in three days and the child becomes a ward of the state because he's permanently and genetically damaged. Just look at those little children and if anybody can even think about leav - legalizing drugs, they've lost me. Now let's look at priorities. You know, we went on the Libyan raid - You remember that one? - because we were worried to death that Qaddafi might be building up chemical weapons. We've got chemical warfare being conducted against our children on the streets in this country all day every day and we don't have the will to stamp it out. Again, if I get up there, if you send me, we're going to have some blunt talks about this and we're really going to get out in the trenches and say, Is this one you want to talk about or fix?' 'Cause talk won't do it, folks. There are guys that couldn't get a job third shift in a Dairy Queen driving BMWs and Mercedes selling drugs. And these old boys are not going to quit easy.

MR LEHRER: Governor Clinton, one minute.

GOVERNOR CLINTON: Like Mr Perot, I have held crack babies in my arms. But I know more about this, I think, than anybody else up here because I have a brother who is a recovering drug addict. I'm very proud of him. But I can tell you this, if drugs were legal, I don't think he'd be alive today. I am adamantly opposed to

legalizing drugs. He is alive today because of the criminal justice system. That's a mistake. What should we do? First we ought to prevent more of this on the street. Thirty years ago there were three policemen for every crime. Now there are three crimes for every policeman. We need 100,000 more police on the street. I have a plan for that. Secondly, We ought to have treatment on demand. Thirdly, we ought to have boot camp for first - time non - violent offenders so they can get discipline and treatment and education and get reconnected to the community before they are severed and sent to prison where they can learn how to be first - class criminals. There is a crime bill that was lamentably was blocked from passage once again mostly by Republicans in the United States Senate which would have addressed some of these problems. That crime bill is going to be one of my highest priorities next January if I become president.

MR JIM LEHRER, MODERATOR: Next question is to you, Mr Perot. You have two - two minutes to answer it and John will ask it.

MR MASHEK: Mr Perot, racial division continues to tear apart our great cities, the last episode being this spring in Los Angeles. Why is this still happening in America and what would you do to end it?

MR PEROT: I - this is a relevant question here tonight. First thing I'd do is during political campaigns, I would urge everybody to stop trying to split this country into fragments and appeal to the differences between us and then wonder why the melting pot's all broken to pieces after November the 3rd. We are all in this together. We ought to love one another, because united teams win, the divided teams lose. If we can't love one another, we ought to get along with one another. And if you can't get there, just recognize we're all stuck with one another because nobody's going anywhere. Right? Now that ought to get everybody back up to let's get along together and make it work. Our diversity is a strength. We've turned it into a weakness. And again, the White House is a bully pulpit. I think whoever's in the White House should just make it absolutely unconscionable and inexcusable - and if anybody's in the middle of a speech at a - at a - you know, one of these conventions, I would expect the candidate to go out and lift him off the stage if he starts preaching hate, because we don't have time for it. See, our differences are our strengths. We have got to pull together. In athletics, we know it. See, divided teams lose, united teams win. We have got to unite and pull together and there's nothing we can't do. But if we sit around blowing all this energy out the window on racial strife and hatred, we are stuck with a sure loser, because we have been a melting pot, we're becoming more and more of a melting pot. Let's make it a strength, not a weakness.

MR LEHRER: Governor Clinton, one minute.

GOVERNOR CLINTON: I grew up in the segregated South, thankfully raised by a grandfather with almost no formal education but with a heart of gold who taught me early that all people were equal in the eyes of God. I saw the winds of hatred divide people and keep the people of my state poorer than they would have been spiritually and economically. And I've done everything I could in my public life to overcome racial divisions. We don't have a person to waste in this country. We are being murdered economically because we have too many dropouts, we have too many low birth weight babies, we have too many drug addicts as kids, we have too much violence, we are too divided by race, by income, by region. And I have devoted a major portion of this campaign to going across this country and looking for opportunities to go to white groups and African - American groups

and Latino groups, Asian - American groups and say the same thing. If the American people can not be brought together, we can't turn this country around. If we can come together, nothing, nothing can stop us.

MR LEHRER: Mr President, one minute.

PRESIDENT BUSH: Well, I - I - I think Governor Clinton is committed. I do think it's fair to note - he can rebut it - that Arkansas' one of the few states that doesn't have any civil rights legislation. I've tried to use the White House as the bully pulpit speaking out against discrimination. We passed two very forward - looking civil rights bills. It's not going to be all done by - by legislation, but I do think that you need to make an appeal every time you can to eliminate racial divisions and discrimination. And I'll keep on doing that and pointing to some legislative accomplishment to back it out. I have to take 10 seconds here at the end - the red light isn't on yet - to say to Ross Perot, please don't say to the DEA agents on the street that we don't have the will to fight drugs. Please, I have watched these people. The same for our local law enforcement people. We're backing up every way we possibly can. But - but maybe you meant that some in the country don't have the will to fight it ...

MR LEHRER: Time.

PRESIDENT BUSH: ... but those out there on the front line, as you know, you've been strong backer law enforcement, really I just ...

MR LEHRER: Time.

PRESIDENT BUSH: ... want to clear that up - have the will to fight it, and frankly some of them are giving their lives.

MR LEHRER: Time - time, Mr President.

MR JIM LEHRER, MODERATOR: All right, let's go now to another subject, the subject of health. The first question, for two minutes, is to President Bush, and John will ask it.

MR MASHEK: Mr President, yesterday tens of thousands of people paraded past the White House to demonstrate their concern about the disease AIDS. A celebrated member of your commission, Magic Johnson, quit saying that there was too much inaction. Where is this widespread feeling coming from that your administration is not doing enough about AIDS?

PRESIDENT BUSH: Coming from the political process. We have increased funding for AIDS - we've doubled it - on research and on every other aspect of it. My request for this year was $4.9 billion for AIDS, 10 times as much per AIDS victim as per cancer victim. I think that we're showing the proper compassion and concern, so I can't tell you where it's coming from. But I am very much concerned about AIDS, and I believe that we've got the best researchers in the world out there at NIH working the problem. We're funding them. I wish there was more money, but we're funding them far more than any time in the past, and we're going to keep on doing that. I don't know, I was a little disappointed in Magic, because he came to me and I said, Now if you see something we're not doing, get ahold of me, call me, let me know.' He went to one meeting and then we heard that he was stepping down. So he's been replaced by Mary Fisher, who electrified the Republican commission by talking about the compassion and the

concern that we feel. It was a beautiful moment and I think she'll do a first - class job on that commission. So I think the appeal is, yes, we care. And the other thing is part of AIDS - it's one of the few diseases where behavior matters. And I once called on somebody, Well, change your behavior. If the behavior you're using is prone to cause AIDS, change the behavior.' The next thing I know, one of these ACT - UP groups is out saying, Bush ought to change his behavior.' You can't talk about it rationally. The - the extremes are hurting the AIDS cause. To go into a Catholic mass in a beautiful cathedral in New York under the cause of helping in AIDS and start throwing condoms around in the mass, I'm sorry, I think it sets back the cause. We cannot move to the extreme. We've got to care. We've got to continue everything we can at the federal and the local level. Barbara, I think, is doing a superb job in destroying the myth about AIDS. And all of us are in this fight together. All of us care. Do not go to the extreme.

MR LEHRER: Mr. - one - one minute, Mr Perot.

MR PEROT: First, I think Mary Fisher was a great choice. We're lucky to have her heading the commission. Secondly, I think one thing that if I were sent to do the job I would sit down with FDA, look exactly where we are, then I would - I would really focus on let's get these things out. If you're going to die, you don't have to go through this 10 - year cycle that FDA goes through on new drugs. Believe me, people with AIDS are more than willing to take that risk. And we could be - we could be moving out to the human population a whole lot faster than we are on some of these new drugs. So I would - I think we can expedite the problem there. Let me go back a minute to racial divisiveness. All - time low in our country was the Judge Thomas - Anita Hill hearings, and those senators ought to be hanging their heads in shame for what they did there. Second thing, there are not many times in your life when you get to talk to the whole country, but let me just say this to all of America, you hate people, I don't want your vote. That's how strongly I feel about it.

MR LEHRER: Governor Clinton, one minute.

GOVERNOR CLINTON: Over 150,000 Americans have died of AIDS. Well over a million and a quarter Americans are HIV positive. We need to put one person in charge of the battle against AIDS to cut across all the agencies that deal with it. We need to accelerate the drug approval process. We need to fully fund the act named for that wonderful boy Ryan White to make sure we're doing everything we can on research and treatment. And the president should lead a national effort to change behavior, to keep our children alive in the schools, responsible behavior to keep people alive. This is a matter of life and death. I've worked in my state to reduce teen pregnancy and illness among children, and I know it's tough. The reason Magic Johnson resigned from the AIDS commission is because the statement you heard tonight from Mr Bush is the longest and best statement he's made about it in public. I'm proud about - I'm proud of what we did at the Democratic convention, putting two HIV positive people on the platform, and I'm proud of the leadership that I'm going to bring to this country in dealing with the AIDS crisis.

MR JIM LEHRER, MODERATOR: New question for Mr Perot. You have two minutes to answer and Ann will ask it.

MS COMPTON: Mr Perot, even if you've got what people say are the guts to take on changes in the most popular, the most sacred of the entitlements, Medicare,

people say you haven't a prayer of actually getting anything passed in Washington. Since a president isn't a Lone Ranger, how in the world can you make some of those unpopular changes?

MR PEROT: Two ways. Number one, if I get there, it will be a very unusual and historical event, because the people - because the people, not the special interests, put me there. I will have a unique mandate. I have said again and again, and this really upsets the establishment in Washington, that we're going to inform the people in detail on the issues through an electronic town hall so that they really know what's going on. They will want to do what's good for our country. Now all these fellows with thousand dollar suits and alligator shoes running up and down the halls of Congress that make policy now, the lobbyists, the PAC guys, the foreign lobbyists, what have you, they'll be over there in the Smithsonian, you know, because we're going to get rid of them. And the Congress will be listening to the people and the American people are willing to have fair - shared sacrifice. They're not as stupid as Washington thinks they are. The American people are bright, intelligent, caring, loving people who want a great country for their children and grandchildren, and they will make those sacrifices. So I welcome that challenge. And just watch, because if the American people send me there, we'll get it done. Now everybody will faint in Washington, they've never seen anything happen in that town. This is a town where the White House says, Congress did it.' Congress says, The White House did it.' And I'm sitting there and saying, Well, who else could be around,' you know? Then - then when they get off by themselves they said nobody did it. And yet the cash register is empty and it used to have our money, the taxpayers' money, in it, and we didn't get the results. No, we'll get it done. We'll have to cheat.

MR LEHRER: Governor, one minute.

GOVERNOR CLINTON: Ross, that's a great speech, but it's not quite that simple. I mean, look at the facts. Both parties in Washington, the president and the Congress, have cut Medicare. The average senior citizen is spending a higher percentage of income on health - care today than they were in 1965 before Medicare came in. The president's got another proposal to require them to pay $400 a year more for the next five years. But if you don't have the guts to control cost by changing the insurance system and taking on the bureaucracies and the regulation of health care in the private and public sector, you can't fix this problem. Costs will continue to spiral. And just remember this, folks, a lot of folks on Medicare are out there every day making the choice between food and medicine. Not poor enough for Medicare - Medicaid, not wealthy enough to buy their medicine. I've met them, people like Mary, Annie and Edward Davis in Nashua, New Hampshire. All over this country they cannot even buy medicine. So let's be careful. When we talk about cutting health - care costs, let's start with the insurance companies and the people that are making a killing instead of making our people healthy.

MR LEHRER: One minute, Mr President.

PRESIDENT BUSH: Well, first place, I'd like to clear up something. Because every four years, the Democrats go around and say, Hey, Republicans are going to cut Social Security and Medicare.' They've started it again. I'm the president that stood up and said, Don't mess with Social Security,' and I'm not going to and we haven't and we are not going after the Social Security recipient. I have one difference with Mr Perot on that, 'cause I don't think we need to touch Social Security. What we do need to do, though, is control the growth of these

mandatory programs. And Ross properly says, OK, there's some pain in that. But Governor Clinton refuses to touch that - simply refuses. So what we've got to do is control it to the growth - let it grow for inflation, let it grow for the amount of new people added, population and then hold the line. And I believe that is the way you get the deficit down, not by the tax - and - spend program that we hear every four years, whether it's Mondale, Dukakis, whoever else it is. I just don't believe we ought to do that. So hold the line on these - on Social Security and put a cap on the growth of the mandatory program.

MR JIM LEHRER, MODERATOR: New question. It is for Governor Clinton. Two - minute answer. Sandy will ask it.

MR VANOCUR: Governor Clinton, Ann Compton has brought up Medicare. I remember in 1965 when Wilbur Mills of Arkansas, the chairman of Ways and Means, was pushing it through the Congress. The charge against it was it's socialized medicine. Number one, you ...

GOVERNOR CLINTON: Mr Bush made that charge.

MR VANOCUR: Well, he served with him, too, two years later in 1967 where I first met him. The second point, though, is that it is now skyrocketing out of control. People want it. We say it's going bonkers. Is not the Oregon plan applied to Medicaid, rationing, the proper way to go, even though the federal government last August ruled that violated the Americans with Disabilities Act of 1990?

GOVERNOR CLINTON: Well, I thought the Oregon plan should at least have been allowed to be tried, because at least the people in Oregon were trying to do something. But let me go back to the main point, Sandy. Mr Bush is trying to run against Lyndon Johnson and Jimmy Carter and everybody in the world but me in this race. I have proposed a managed competition plan for health care. I will say again, you cannot control health - care costs simply by cutting Medicare. Look what's happened. The federal government has cut Medicare and Medicaid in the last few years. States have cut Medicaid. We've done it in Arkansas under budget pressures. But what happens? More and more people get on the rolls as poverty increases. If you don't control the health - care costs of the entire system, you cannot get control of it. Look at our program. We set up a national ceiling on health - care costs tied to inflation and population growth set by health - care providers, not by the government. We provide for managed competition, not government models in every state, and we control private and public health - care costs. Now just a few days ago, a bipartisan commission of Republicans and Democrats, more Republicans than Democrats, said my plan will save the average family $1,200 a year more than the Bush plan will by the year 2000; $2.2 trillion in the next 12 years; $400 billion a year by to the end of this decade. I've got a plan to control health - care costs, but you can't just do it by cutting Medicare. You have to take on the insurance companies, the bureaucracies and you have to have cost controls, yes. But keep in mind, we are spending 30 percent more on health care than any country in the world - any other country - and yet we have 35 million people uninsured, we have no preventive and primary care. The Oregon plan is a good start if the federal government's going to continue to abandon its responsibilities. I say if Germany can cover everybody and keep costs under inflation, if Hawaii can cover 98 percent of their people at lower health - care costs than the rest of us, if Rochester, New York, can do it with two - thirds of the cost of the rest of us, America can do it, too. I'm tired of being told we can't. I say we can. We can

do better and we must.

MR LEHRER: President Bush, one minute.

PRESIDENT BUSH: Well, I don't have time in 30 seconds or whatever - a minute ...

MR LEHRER: One minute.

PRESIDENT BUSH: ... to talk about our health - care reform plan. Oregon plan made some good sense, but it's easy to dismiss the concerns of the disabled. As president, I have to be sure that those waivers we're approving all over the place are covered under the law. Maybe we can work it out. But the Americans for Disabilities Act - speaking about sound and sensible civil rights legislation - was the most - foremost piece of legislation passed in modern times. And so we do have something more than a technical problem. Governor Clinton clicked off the things - you've got to take on insurance companies and bureaucracies. He failed to take on somebody else: the malpractice suit people. Those that bring these lawsuits against - these frivolous trial lawyers lawsuits that are running costs of medical care up by $25 billion to $50 billion. And he refuses to put anything - controls on these crazy lawsuits. If you want to help somebody, don't run the costs up by making doctors have to have five or six tests where one would do for fear of being sued. Or have somebody along the highway not stop to pick up a guy and help him because he's afraid a trial lawyer will come along and - and sue him. We're suing each other too much and caring about people too little.

MR LEHRER: Mr Perot, one minute.

MR PEROT: We've got the most expensive health - care system in the world, ranks behind 15 other nations when we come to infant - to life expectancy, in 22 other nations when we come to infant mortality, so we don't have the best. Pretty simple, folks. If you're paying more and you don't have the best, if all else fails go copy the people who have the best who spend less, right? Well, we can do better than that. Again, we've got plans lying all over the place in Washington, nobody ever implements them. Now I'm back to square one. If you want to stop talking about it, do it, then I'll be glad to go up there and we'll get it done. But if you just want to keep the music going, just stay traditional this next time around and this - four years from now you'll have everybody blaming everybody else for a bad health - care system. Talk is cheap, words are plentiful, deeds are precious. Let's get on with it.

MR LEHRER: And - and that's exactly what we're going to do.

MR JIM LEHRER, MODERATOR: That was, in fact, the final question and answer. We're going to move to closing statements. Each candidate will have up to two minutes. The order, remember, was determined by a drawing and, Mr Perot, you were first.

MR PEROT: Well, it's been a privilege to be able to talk to the American people tonight. I make no bones about it, I love this country. I love the principle it's founded on. I love the people here. I don't like to see the country's principles violated. I don't like to see the people in a deteriorating economy and a deteriorating com - country because our government has lost touch with the people. The people in Washington are good people, we just have a bad system. We've got to change the system. It's time to do it because we have ro - run up

so much debt that time is no longer our friend. We've got to put our house in order. When you go to bed tonight, look at your children. Think of their dreams. Think of your dreams as a child. And ask yourself, Isn't it time to stop talking about it? Isn't it time to stop creating images? Isn't it time to do it?' Aren't you sick of being treated like an unprogrammed robot? Every four years they send you all kinds of messages and tell you how to vote and then go back to business as usual. They told you at the tax and budget summit that if you agreed to a tax increase we could balance the budget. They didn't tell you that that same year they increased spending $1.83 for every dollar we increase taxes. That's Washington in a nutshell right there. In the final analysis, I'm doing this for your children when you look at them tonight. There's another group that I feel very close to, and these are the men and women who fought on the battlefield, the children - the families of the ones who died, the people who left parts of their bodies over there. I'd never ask you to do anything for me, but I owe you this and I'm doing it for you. And I can't tell you what it means to me at these rallies when I see you, and you come up and the look in your eyes, and I know how you feel and you know how I feel. And then I think of the older people who are retired, they grew up in the depression, they fought and won World War II. We owe you a debt we can never repay you, and the greatest repayment I can ever give is to recreate the American dream for your children and grandchildren. I'll give it everything I have if you want me to do it. Governor Clinton, your closing statement.

GOVERNOR CLINTON: I'd like to thank the people of Saint Louis and Washington University, the Presidential Debate Commission and all those who made this night possible, and I'd like to thank those of you who are watching. Most of all, I'd like to thank all of you who have touched me in some way over this last year. All the thousands of you whom I've seen, I'd like to thank the computer executives and the electronics executives in Silicon Valley, two - thirds of whom are Republicans and said they wanted to sign on to a change to create a new America. I'd like to thank the hundreds of executives who came to Chicago, a third of them Republicans, who said they wanted to change. I'd like to thank the people who started with Mr Perot who've come on to help our campaign. I'd like to thank all the folks around America that no one ever knows about, the woman who was holding the AIDS baby she adopted in Cedar Rapids, Iowa, who asked me to do something more for adoption. The woman who stopped along the road in Wisconsin and wept because her husband had lost his job after 27 years. All of the people who are having a tough time and the people who are winning but know how desperately we need to change. This debate tonight has made crystal clear a challenge that is as old as America. The choice between hope and fear, change or more of the same. The courage to move into a new tomorrow or to listen to the crowd who says things could be worse. Mr Bush has said some very compelling things tonight that don't quite square with the record. He was president for three years before he proposed a health - care plan that still hasn't been sent to Congress in total. Three years before an economic plan, and he still didn't say tonight that that tax bill he vetoed raised taxes only on the rich and gave the rest of you a break. But he vetoed it anyway. I offer a new direction. Invest in American jobs, American education, control health - care costs, bring this country together again. I want the future of this country to be as bright and brilliant as its past and it can be if we have the courage to change.

MR LEHRER: President Bush, your closing statement.

PRESIDENT BUSH: Let me tell you a little what it's like to be president. In the Oval Office you can't predict what kind of crisis is going to come up. You have

to make tough calls. You can't be on one hand this way and one hand another. You can't take different positions on these difficult issues. And then you need a philosophical - I'd call it a philosophical underpinning. Mine for foreign affairs is democracy and freedom, and look at the dramatic changes around the world. Cold War is over, Soviet Union is no more and we're working with democratic country. Poland, Hungary, Czechoslovakia, the Baltics are free. Take a look at the Middle East. We had to stand up against a tyrant and. The United States came together. We haven't in many, many years, and we kicked this man out of Kuwait. And in the process, as a result of that will and that decision and that toughness, we now have ancient enemies talking peace in the Middle East. Nobody would have dreamed it possible. And I think the biggest dividend of making these tough calls is the fact that we are less afraid of nuclear war. Every parent out there has much less worry that their kids are going to be faced with nuclear holocaust. All this is good. On the domestic side what we must do is have change that empowers people. Not change for the sake of change - tax and spend - we don't need to do that anymore. What we need to do is empower people. We need to invest and save. We need to do better in education. We need to do better in job retraining. We need to expand our exports, and they're going very, very well indeed. And we need to strengthen the American family. I hope, as president, that I've earned your trust. I've admitted it when I make a mistake, but then I go on and help try to solve the problems. I hope I earned you trust, 'cause a lot of being president is about trust and character, and I ask for you support for four more years to finish this job. Thank you very, very much.

MR LEHRER: Don't go away yet. I just - I just want to - I just want to thank the three panelists and thank the three candidates for participating, President Bush, Governor Clinton and Mr Perot. They will appear again together on October the 15th and again on October 19th. The next Tuesday there will be a debate among the three candidates for vice president. And for now from Washington University in Saint Louis, Missouri, I'm Jim Lehrer. Thank you and good night.

PETER JENNINGS: And this is Peter Jennings with you again for some period of time now to discuss the debate. I promise you, before very long we're going to hear from some of the voters around the country who have been watching this and, as I said at the outset, have not been approached by the spin doctors yet. It may help to give you a little explanation about the crowd there. I was split into four this evening. Twenty - five percent of the audience were President Bush's supporters, 25 percent Governor Clinton, 25 percent Ross Perot, and 25 percent invited by the bipartisan debate commission. So, in the main, perhaps, as you've heard in the past, the applause you heard from the various candidates came from their supporters. We told you at the outset - as we look at Governor Clinton on his 17th wedding anniversary, as he told us, with his family; Mr Perot there with his family and friends saying good night to Jim Lehrer, and Mrs Perot - that the debate historians, the people who study these things for a living, or at least certainly for a more serious avocation than most of us - have all told us that these events in the main only serve to reinforce our faith in the candidate we already prefer and that only a major gaffe will make a difference. I have no idea yet what you at home think about this night, but let me offer you up a product liability warning: You are going to hear from some of the press tonight, and we'll begin in that field house with words from our distinguished Jeff Greenfield. Jeff:

JEFF GREENFIELD: Well, Peter, that sound you hear is the thunder of the political operatives running into the press room to tell the several thousand press people here how their men did well. But two things occur to me. One, if

Ross Perot had stayed in this race, and if Ross Perot had not dropped out and behaved erratically, and then performed the way he did tonight, we would be looking at a very different campaign. This was the Ross Perot tonight that really attracted so much interest way back in the spring before diverting off the main highways of politics. And the second thing, and this is a - this is a cliche that most people say at debates unless one of the candidates falls down, or utters an unkind or obscene words, but it's very hard to see how anyone who was leaning toward one candidate was pushed away by what happened tonight. This was a high - toned debate; very little mix at the beginning about the character issue, on - on the issue of patriotism, but not a debate where I think in the two main candidates you saw a lot of minds being changed, Peter.

JENNINGS: OK, Jeff. For those of you who wanted to keep at least half an ear or half an eye on the World Series, the Blue Jays from Toronto have come from behind to defeat the Oakland A's in the 11th inning. In just a minute we're going to have the results of a poll of registered voters who've been watching the debate; and then we're going to talk to some of those whom we've met around the country, in San Francisco, North Carolina, and New York. And we'll hear from the rest of my ABC colleagues. Might be fun, hope you'll stay with us.[COMMERCIAL BREAK]

PETER JENNINGS: Welcome back. That's the field house in St Louis. Pretty much beginning to break up, though. But as Jeff Greenfield said, the spin doctors are running for the corners to talk to the press. You will hear none of them here this evening. We'd like now to introduce you to some voters. And we've met them across the country. In the last several weeks they've been part of a focus group we have used on World News Tonight. And we've chosen them - or at least our polling unit chose them, heretofore - because up until tonight, at least - haven't talked to them yet this evening - they have all been decided. Let me just introduce them to you, first of all. There, in San Francisco, is Lorna Green, who is a recreational director, and Thomas Hoey, who is an electronic technician. In North Carolina are Crystal Greer, who is a student at the University of North Carolina and a part - time waitress, and Tom Astin, who is a retired banker. And up there in New York are Beverly Benn, who is a corporation communications manager, and John Donovan, who's a retired autoworker. Thank you all for coming back and joining us again. Let's go to San Francisco first and ask you, Lorna, first, what did you think?

MS LORNA GREEN: Well, I was really impressed that there wasn't the kind of negative attacking of each other that we sometimes see. I thought that they each really made themselves look real good.

JENNINGS: I want to correct myself very quickly, because I said, Lorna, that you were all decided voters. Quite the opposite. You've been all undecided voters up until now.

MS GREEN: Right.

JENNINGS: Did this help you make your mind up?

MS GREEN: Well, I'd say things are a little clearer. I actually was more impressed with Perot than I thought I would be. I hadn't heard that much of him directly, and I liked his practical let's get down and do it' approach. I'm not ready to make that decision yet, still, though.

JENNINGS: OK, we'll come back perhaps and talk about the issue; but sitting beside Lorna there is Tom Hoey, who as I said is an electronic technician. What'd you think, Tom?

MR THOMAS HOEY: Well, I was really impressed that, also, that the candidates did not resort to the type of mudslinging that is common during political type of campaigns. I was also pleased to see that Ross Perot spoke to the issues. And he seemed to keep the other candidates more focused on what I feel that the American people really want to hear in this election, and that is about the issues.

JENNINGS: When I saw you at Stanford University the other night, Tom, you didn't think that Ross Perot was a serious candidate, and - nor did Lorna. Do you think he's a more serious candidate for the presidency tonight?

MR HOEY: I don't know if he has a chance to win the presidency. I think that what he will do that is good is - is to focus more on the issues, and less on the character type of issues that have been dominating the campaign so far.

JENNINGS: OK, let's go down to North Carolina where Crystal Greer, who, as I said, a University of North Carolina student and a part - time waitress. What did you think, Crystal?

MS CRYSTAL GREER: I thought they brought out a lot of important issues that we haven't heard much of in the past few months. Ross Perot did speak specifically to the issues that we haven't heard him do as of yet. But with him dropping out of the candidacy, I don't know how that will affect the campaign.

JENNINGS: OK, and Tom Astin, sitting right beside you, our retired banker. What'd you think, Tom?

MR TOM ASTIN: I enjoyed it very much, Peter. I - it was good to see the three of them there together and it - what they had to say in that hour and a half cleared up some things for me. But I still can't tell you that I'm prepared to tell you who I'm going to vote for come Election Day.

JENNINGS: All right. All righty. I just remembered, when we were down there in North Carolina, you were trashing these guys like nobody's business. I'm going to come back to you on this. And another person, I must say, who trashed politicians quite a lot was in New York City here, so let me introduce you now to John Donovan, who is a retired autoworker, on the left; and on his right, Beverly Benn. We'll start with you, Beverly, who's a corporation communications manager. What did you think?

MS BEVERLY BENN: It was good to finally hear all three of them talk about the issues, and like everybody else has said, not hear them just slinging mud. Ross Perot was a little more interesting because he said he hadn't rehearsed and he sounded like he hadn't. And the other two sounded like they'd prepared their answers.

JENNINGS: And, John, what did you think, John Donovan?

MR JOHN DONOVAN: I didn't think that anybody hurt themself. They all did very well. But, Ross Perot, where were you the last three months? He was great.

JENNINGS: In other words, you're glad to see Mr Perot back in the race, John?

MR DONOVAN: Oh, yeah. He'll wake everybody up.

JENNINGS: And do you think he's a serious candidate, or do you think he's helped people focus on the issues?

MR DONOVAN: I think he's a serious candidate now. Definitely.

JENNINGS: OK. All right. Thank you very much, all of you, for a first go - round. We'll come back and talk about some of the specific issues when we continue this coverage in just a moment. ABC colleagues in Washington and in Saint Louis still to come.[COMMERCIAL BREAK]

PETER JENNINGS: Well, one thing about Governor Clinton, his wife complains about it regularly, you cannot get him away from a crowd; and he continues to talk to the crowd there at American University in Saint Louis - or Washington University in Saint Louis, in the field house there. Don't know precisely if they thought it was as high a toned a debate as Jeff Greenfield did, and our focus group. But let us now talk a little bit about Ross Perot, because everybody has mentioned Ross Perot. And it has long been assumed that Mr Perot was not going to make it to the White House. In fact, there was one moment this evening where he got - he got laughs on a couple of occasions, but he said - he got some laughter there at one point when he talked about the uniqueness of me getting there' to Washington; and at least the political crowd in the field house there in Missouri did laugh. But everybody in our focus group has been assumed with - has been impressed with him. Let us go to Washington and talk to Cokie Roberts and Jim Wooten. First you, Cokie. What's the impact of everybody being impressed with Ross Perot tonight, in pure political terms?

COKIE ROBERTS: I think it is just fascinating, because clearly the people are waiting to hear from us, and we're waiting to hear from them. They want to hear from us if Ross Perot is serious or not, because clearly - let's call a spade a spade here. Ross Perot won this debate. And the question then is, what effect does that have on the candidacy? And I think we're going to have to sit and wait and see whether people decide they want the change that Bill Clinton offers because they know him, he's safe, he's a regular sort of candidate; or whether they decide this late in the game to throw up their hands and say, Let's go for real change. Get - let's go for that guy that didn't sound like a politician at all, didn't sound like those people who really did sound a lot alike. They sounded like Washington.'

JENNINGS: OK, but now you've been covering this thing for years and years and years. What's in your bones at the moment about this?

ROBERTS: My bones are that this up again, because Ross Perot really did a - did perform well here tonight. It was - he made the other two sound alike, and that's the worst thing that can happen to Bill Clinton.

JENNINGS: What about all that conventional wisdom that You have to make a major goof to lose it'?

ROBERTS: That conventional wisdom assumes two candidates. It doesn't assume a third candidate in there, and a third candidate like this. Now look, it's entirely possible that people have given up on Ross Perot. That's not what we

were hearing from the - your focus group people. And that's certainly not the effect he had here in this room with just the people here. He won every time. You say he caused some laughter. The first laughter he caused was when he said, I have - haven't had the experience of causing a $4 trillion debt.' And everybody laughed. It put him in a different category. And the question is whether people just think it's fun for the evening, or whether they think that this is something more serious. And I do - do think at this point that means that the other debates might have more of an effect, which I didn't expect going into tonight.

JENNINGS: OK.

ROBERTS: I thought it was this one.

JENNINGS: All right. Same early question to you, Jim Wooten, the impressions that you have sitting where you are.

JIM WOOTEN: Well, let me go out on a limb a little bit and say that I think probably that Bill Clinton was helped in at least one state tonight, one very important state, by Perot's performance. That is ...

JENNINGS: By Perot. You're going to say California.

WOOTEN: No, I'm going to say Texas.

JENNINGS: No, you're not. Ah.

WOOTEN: I'm going to say Texas. I think that the race there was becoming close enough between Clinton and Bush that with Perot's performance in Texas tonight he may take enough from Bush that Clinton might actually win Texas. I'd also like to point out, Peter, that at one point tonight it became clear - at least to me, if not to all of the other millions of Americans watching - that Perot was saying that what Clinton did as a young man doesn't matter, and what Bush has done as a vice president and president, does matter.

JENNINGS: OK. Jim and Cokie, thanks very much. We're going to come back and talk to our focus group in just a moment to see if they can isolate a particular issue which impressed them in any greater way than it has up until now. I must say that the American Agenda reporters and producers who work on World News Tonight around here, and who cover domestic issues, have reported in and they say that they find no glaring errors in any of the presentation made by any of the candidates; no outrageous lies' was the word we got from downstairs where they've all been watching. We thank them for coming in on a Sunday night. And we'll be back in just a moment.

PETER JENNINGS: We're going to go back to our focus group now to see whether any issue jumped off the page, or jumped off the podium for them. Let me work this time from east to west, and go to New York and ask Beverly Benn. Beverly, anything that really impressed you, that's taken you farther away from being undecided?

MS BEVERLY BENN, COMMUNICATIONS MANAGER: Nothing really impressed me. The most interesting thing was listening to Ross Perot describe some of the economic problems. But he described the problems, and the only solution I heard was the 50 percent - 50 cent gas tax. So, nothing that's getting me ready to make a

decision on who I'm going to vote for yet.

JENNINGS: John Donovan, same question to you.

MR JOHN DONOVAN, RETIRED AUTO WORKER: Well, there was at least a half a dozen issues that they really - they coalesced, but no one really gave a radical departure from what they said in the past. And I agree with Beverly. I was sitting here waiting for the next thing that Perot was going to say.

JENNINGS: What was it most that impressed you about Perot, that he crystallized the problem, or that he had a solution?

MR DONOVAN: He just seemed to have a very, very positive attitude. He didn't - oh, he didn't mince words or waste time. He just - he's a typical businessman. He just, you know, This is what the problem is, let's solve it. Appoint a staff, give me a report by Tuesday' - that type of attitude.

JENNINGS: OK. Let's go down to North Carolina. Crystal Greer, Tom Astin, anything jump out for you particularly? Crystal:

MS CRYSTAL GREER: Well, Ross Perot did do a very good job tonight, but he goes about it in a way - he wants to see the problem and get the problem accomplished. But then how can he explain dropping out of the presidential race, when he made that decision to go into it and then all of a sudden dropped out? He's really set on making set decisions, and he's going into it head on, then how can he explain dropping out of the presidential race, is my question.

JENNINGS: Tom - OK. Tom Astin:

MR TOM ASTIN: Well, Peter, I - to me, I still think the big thing is the national debt.

JENNINGS: Who do you think addressed it best this evening?

MR ASTIN: I - I think that Ross Perot addressed it best, because - and I say that because I haven't seen as much or heard as much from Pos - Ross Perot as I have of the other two. Consequently, to me at least, he didn't sound like the typical politician, as the other two do.

JENNINGS: OK. Let's go to California.

MR ASTIN: But the one thing I want to say ...

JENNINGS: Sorry. Go ahead - quickly, Tom.

MR ASTIN: Bush kept referring to the fact that the new Congress, the new Congress - why - why is he so confident?

JENNINGS: Good question. California, Lorna Green:

MS LORNA GREEN: Yeah, I think again the debt is my major concern, and I think what impressed me is that Perot seemed to have a plan like the other people have said - kind of like a business plan. Here's the plan, let's do it now.' Whereas Clinton seems to say, We'll make a plan.' And Bush says, I already have a plan.' Why isn't it working? So I think they had really different approaches there.

JENNINGS: Tom Hoey:

MR TOM HOEY: Well, my major concern this year is the deficit. And while all the candidates seem to have a plan about what to do about it, none of - they were all kind of vague on exactly how we're going to pay for it. If you want to have a good plan, that's fine. But the money has to come from somewhere.

JENNINGS: OK. Thank you all in the focus group.

PETER JENNINGS: We're running out of time here in our post - debate area. We've also been conducting our regular poll all across the country this evening of people who've been listening to the debate. 404 of them, plus or minus 5 percent is the margin of error we've already used. Here's what that looked like. Who won the debate? Clinton, 27 percent; Perot, 22 percent; Bush, 18 percent; and a tie, 29 percent. Now, here's what we don't very often use around here, the horse - race question: Who would you vote for as of now? Before the debate, 46 for Clinton, after 45; before for Bush, 35, and after, 31; and Mr Perot, very much reflected by what we've heard from anybody here, has taken a jump from 6 to 15 percent. And perhaps, I think it was Lorna Green or somebody else that asked, Where was Ross Perot all this time?' Quick final comment of 10 seconds, Jeff Greenfield, out there in Saint Louis:

JEFF GREENFIELD: Only time will tell, Peter - oldest cliche in the book, and it's true about Ross. OK, thank you very much. Thank you to all - Cokie Roberts, Jim Wooten, Jeff Greenfield, and to our focus group in here, North Carolina and in California. Hope you've enjoyed the debate. High - toned did in seemed to be the issue - did indeed seem to be the reaction, and talking to issues that people wanted to hear about. I'm Peter Jennings in New York.

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