

Personalities Shaped Events as

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Third of four articles

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There were large political and historical forces at work in the great balanced budget fight of this fall and winter, but in the middle of it all, shaping events and being shaped by them, were three formidable politicians: One who is president, one who wants to be president and one who sometimes acted as though he were president. The personalities and character of President

Clinton, Senate Majority Leader Robert J. Dole and House Speaker Newt Gingrich often seemed as pivotal in the budget endgame as the arguments over Medicare, tax cuts and spending for welfare, education and the environment. That was never more apparent than during a critical three-day stretch in the week before Christmas, from Wednesday morning Dec. 20 through the Friday night of Dec. 22, a time when the three leaders reassessed their positions and sought to analyze one another as the budget battle took a hard turn toward irresolution.

Much as Ideology

That Wednesday morning, the fifth day of the second government shutdown, began with Gingrich walking over to Dole's office to offer what had by then become a familiar lament: His House was still not willing to vote to reopen the government.

Gingrich's own leadership team had voted 12 to 0 earlier that morning to oppose an interim spending bill and to keep the heat on the Democrats until the White House presented a seven-year balanced budget bill.

Another round of top-level negotiations in
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the Oval Office, scheduled for later that day, would have to be called off.

"I know you don't agree with this strategy," Gingrich said to Dole.

Dole was clearly irritated. The shutdown strategy might only make it harder to negotiate. Didn't House members want a balanced budget above all else? he asked.

"Yeah, they want a balanced budget, but they don't think they can get one trusting this guy," said Gingrich. He said he fully understood if Dole did not want to be there when he broke the news of the turn of events to Leon Panetta, Clinton's chief of staff.

Dole said Gingrich should meet with Panetta alone.

Before Gingrich left, he and Dole engaged in a conversation about the man with whom they were dealing. They tried to explain Bill Clinton, and to read his mind.

"You know that movie 'National Lampoon's Christmas

Vacation' when the Chevy Chase character is at the store with his cousin?" Gingrich began.

Dole had a surprising command of pop culture. (He had once responded to a comment about the conservative House Democrats known as "Blue Dogs" by saying, "We don't have any Blue Dogs in the Senate. We have hot dogs. And Snoop Doggy Dog.") In this case he knew the movie Gingrich was talking about, even the name of the character. "Yeah," he said. "Cousin Willie."

Clinton reminded him of that character, Gingrich said. "That scene where Chevy Chase says to him, 'We're really worried about your kids and we want to help them get gifts.' And the cousin says, 'Oh, no, you shouldn't.' And Chevy Chase says, 'Oh, no we really want to.' And the guy goes, 'No, that would be like taking welfare.' And he says, 'Oh, no we really want to help you.' And the cousin says, 'Well, I happen to have a list in my pocket.' Then he says, as Chase is looking at the list, 'By the way, why don't you buy yourself something?'"

Clinton, Gingrich said, "knows how to maneuver you into a position that on a normal day you'd realize was utterly irrational."

Dole had been doing his own thinking about Clinton in recent days. He was always looking for reasons why Clinton would want to make the budget deal. For weeks he had been arguing that Clinton would come to the table because he had relied so heavily on Dole to support his position on Bosnia. He still believed it.

Another theory tossed about by some other Republicans on Capitol Hill was that Clinton had to do something to get Whitewater off the front pages. From the White House perspective, Whitewater in fact might have been having the opposite effect. Political adviser James Carville, who opposed a budget deal, would often say to the president, "Look, you're dealing with people who are screwing you every day on Whitewater. Why are you giving them so much?"

'Man, This Is Tough'

Panetta came to Gingrich's office accompanied by White House congressional lobbyist Pat Griffin.

"Trouble in River City, eh?" Panetta said, looking concerned.

"I realize you're going to be upset with this turn of

events. We can't do a CR," Gingrich said. "I fully expect this will blow things up for a day or two. I understand. Our people are just not willing to move forward."

The meeting turned into a confessional of sorts during which both sides sought to explain themselves, the internal dynamics they faced and their perceptions from across the table.

"Our guys figure they've probably taken your best hits on Medicare and they don't have much more to lose," Gingrich said. "They're staking their political careers on getting a balanced budget. Frankly, they're not going to budge in any way that would compromise that goal. You hit us with \$30 million in advertising, but frankly when we came back and won California [the special congressional election won Dec. 12 by Republican Tom Campbell], that made them think that a lot of this stuff isn't going to stick at election time."

Griffin used the same distancing technique, explaining the mind-set of other Democrats and how that affected the White House. "The president wants to rise above this and get a deal," he said. "But we have a situation where a lot of our guys are polling around the clock—and this is working for them. They blame the shutdown on you. Make you look like extremists. It's getting very difficult to move them because they think politics is on the side of doing nothing."

Panetta sighed. "Man, this is tough," he said. "We've never been in a situation like this. There's a problem with chemistry. Your guys are locking up and our guys are locking up. Until we change the chemistry it's going to be hard to move things. There's some concern that if at some point we do get a deal, a compromise, are you going to be able to deliver the votes?"

"When we do have a deal, if it's with an authentic balanced budget, we'll be able to deliver the votes," said Gingrich.

Gingrich returned to the topic he had explored earlier with Dole—the effect Bill Clinton had on him.

"I've got a problem. I get in those meetings and as a person I like the president," Gingrich said. "I melt when I'm around him. After I get out I need two hours to detoxify. My people are nervous about me going in there because of the way I deal with this."

Panetta and Griffin laughed.

"We've got the same problem on the other side," Panetta said. "People are nervous about Clinton going in and talking too much."

After Panetta and Griffin left, Gingrich muttered, "This is draining stuff. I'd rather be giving speeches."

'My New Best Friend'

Twice that day, President Clinton had called Bob Dole, the first to commiserate on the turn of events in the House. Was there any way Dole could move something in the Senate that could pick up House votes? Clinton asked. Then something extraordinary happened, made possible only by the peculiar turn of events that had brought Clinton and Dole temporarily together. The president began thinking like a campaign manager for the man who wants to replace him in the White House next year. "Isn't there some way you can get House members who've endorsed you to help you out on this?"

Clinton asked.

The second call was a heads-up from Clinton that he was about to go down to the White House press briefing room to lambaste the House for refusing to reopen the government. Dole offered a half-hearted argument against the move, though he clearly felt much the same way himself. They agreed that if left alone they could reopen the government and balance the budget in no time.

After hanging up, Clinton turned to his aides, smiled, and said, "My new best friend—Bob Dole!"

The president then left for the briefing room and told reporters that "the most extreme members of the House" had scuttled the negotiations. The buzz around town, encouraged by Clinton and his staff, was that radicals in the House freshman class had taken over the chamber and Gingrich had lost control.

If only it were that simple, Gingrich and his aides thought.

'It Was Brilliant'

At 8 the next morning, Dec. 21, Panetta traveled over to the Capitol to have breakfast with his familiar foes who head the budget committees in their chambers, Sen. Pete Domenici and Rep. John Kasich. The mission for the three men was to get the talks started again. Both sides agreed that they would only look worse if they refused to meet at a time when the government was still partially closed.

Panetta proposed that they negotiate second-tier budget issues that day and that the principals reconvene in the Oval Office the next day, then take four days off for Christmas and come back and negotiate some more. In the meantime, he said, Congress should enact a temporary spending bill, called a continuing resolution, to put government back in business until Jan. 3.

"Look, there's no way you're going to get a CR!" said Kasich, who had taken an increasingly hard line since Tuesday, when he was left distraught by the way Gingrich and Dole had seemed to fold at the White House. "Just forget it. We spent 30 days going nowhere while we had a CR."

"John, I want to be candid with you," said Panetta. "You're never going to get what you want using the kind of tactics you're using right now."

Domenici changed the subject. He had been thinking about how clever the Democrats seemed. He decided to praise Panetta while jabbing him at the same time.

"You guys have been brilliant," Domenici said, for using the rosy economic predictions of the administration's Office of Management and Budget as a base line for balancing the budget rather than the more conservative estimates of the Congressional Budget Office, which Republicans considered more accurate.

"You're able to go around the country talking about how you have a balanced budget, too. But you never had to meet the test that we met. The country doesn't know this. They can't tell the difference between OMB and CBO. I commend you on your political strategy, because it was brilliant."

Then he paused, focused more intensely on Panetta, and said. "I just have to ask you: Weren't you a little embarrassed with the offer that you brought in on the 15th of December that did absolutely nothing?"

There was moment of silence before Panetta respond-

ed. "Not as a negotiator, I wasn't embarrassed," he said.

The three men spent most of the day together, surrounded by aides, as they went over balanced budget issues on which both sides could agree—mostly items that were identical or nearly so in both plans. Kasich was in a foul mood. A few weeks earlier, at a Republican conference, he had vowed to keep cool throughout the negotiations and pretend he was "Bond—James Bond." So much for that bit of miscasting.

About This Series

This chronicle of budget talks and the politics behind them is based on more than 50 interviews with negotiators, their aides and advisers in the White House, Senate and House. Interviews were conducted while talks were proceeding to assure the greatest degree of accuracy. In most cases, accounts of conversations and internal meetings were confirmed by two or more sources and augmented by diaries, notes and documents.

Panetta and Griffin wanted to end the meeting with an agreement that both sides would leave the room and issue positive statements to the press. Kasich wanted none of it. "We didn't do anything today," he said. "I'm not going to go out there and say everything's great when we're not going anywhere!"

Griffin kept pushing, and Kasich finally relented. "If you want to say the talks were constructive, go ahead," he said.

How Much?

For the first time all year, Speaker Gingrich made an appearance that day at the Thursday Group, House GOP Conference chairman John Boehner's gathering of lobbyists for business and social coalitions friendly to the revolution. He walked in, unannounced, five minutes into the session, and quickly took over.

"How much would all of you pay for a budget agreement?" Gingrich asked.

The question was met with silence. No one was quite sure what he meant.

"How much of the tax cut would the business community be willing to give up to get a budget deal?"

The typical lobbyist might wait his entire career before receiving such a blunt question. Everyone knew that sooner or later the Republicans would have to reduce their proposed tax cuts to make a deal. Now, it seemed, Gingrich was finally making the move.

"Whatever you do with a tax cut, take care of the priorities of the constituencies that made you a majority," one lobbyist said. "Something for small business. Cap gains. And families."

"I don't think you should be so much concerned with how much taxes are cut but whose," said another. From the small business perspective, he said, if you deliver on

the small business perspective, estate tax relief and increase the equipment expense limit, we'll know we got something."

"What if we give you guys estate taxes but sunset it in 1998?" Gingrich asked. "That's an election year. No one is going to let your tax cut expire. But it helps us get a deal now. Would you go along?"

Yes, the lobbyists said, but only if it was fair across the board and other groups had their tax cuts sunset as well.

Gingrich also told the group of a conversation he had had with George Shultz, the former labor secretary and secretary of state in previous Republican administrations. They had first talked on Air Force One during the plane ride to Jerusalem for Israeli Prime Minister Yitzhak Rabin's funeral, then Shultz had sent him a paper on how to negotiate and Gingrich had followed it up with a phone call.

Shultz compared the budget negotiations, Gingrich said, to his dealings with the Soviets during the early 1980s. "They always wanted a reward just for coming to the table," Gingrich recalled Shultz telling him. He made the analogy to Clinton wanting the reward of keeping the government open for continuing the negotiations. "You don't give rewards for that," he said.

Back to the White House

The Republican negotiating team met at 10 the next morning in Dole's office before driving over to the White House. Along with Gingrich, Dole, Kasich and Domenici, there was a new member of the group—House Majority Leader Dick Armey. His Texas buddy, House whip Tom DeLay, had urged that Armey be added to the group partly to strengthen Gingrich's resolve. "You need someone in the room to watch your back," DeLay had told the speaker.

But it was Armey who sounded the most optimistic in the meeting at Dole's office. "I'm not out to be the bad cop in this whole thing," he said. "We have to go down there and be positive because one short word will be played by the other side as us blowing up the talks."

Gingrich and Dole also were feeling upbeat. Dole had just been recognized by his colleagues as the longest serving GOP leader in the Senate. Even some Democratic senators congratulated him privately by saying they looked forward to President Dole. Kasich and Domenici were less sanguine. They wondered what could possibly be accomplished until the White House presented what they considered a legitimate offer.

It turned out that the White House team had no intention of talking offers on this day during the meeting in the Cabinet Room. Instead they wanted staff members to brief them on the major issues, starting with Medicare and Medicaid. Clinton asked most of the questions, fully engaged as the policy wonk, often drawing his fellow traveler Gingrich into arcane points of inquiry. Kasich seemed the least intimidated by the president. Once, when Clinton said he agreed with "Mr. Kasich" on a point, the irrepressible Ohioan turned to Panetta and joshed, "See, Leon, you dumb SOB."

After a few hours, Clinton, Vice President Gore and Panetta took Dole, Gingrich and Armey into the Oval Office to discuss how to proceed from there. Panetta said the staffs should meet the following Wednesday, followed by the advisers on Thursday and the principals on Friday. Armey and Gingrich said they were ready to meet over the weekend if need be, but the Democrats said they needed the time off

for personal reasons. When they adjourned, Panetta came into the Roosevelt Room where Republican staff members had been waiting and announced the schedule. The aides breathed a sigh of relief about getting four days off, then remembered that the government was still shut down. Paranoid thoughts creeped in. How do we do this with a shut-down? Are we being set up? But Gingrich was happy on the ride home. He liked the way the meeting was set up, with the president seated in the middle and Gingrich right next to him on one side and Dole on the other, not across the table. It was not much, but he was looking for even small signs of hope.

He felt the year slipping away.

NEXT: The road to a "recess"



BY ROBERT A. REEDER—THE WASHINGTON POST

Playing the policy wonk: *President Clinton, flanked by House Speaker Newt Gingrich and Senate Majority Leader Robert J. Dole, holds forth during budget talks Dec. 22 at the White House.*



Entering the fray:
Speaker Gingrich arrives at the White House for a Dec. 22 meeting with the president. Previously, Gingrich had admitted a problem: He liked Clinton as a person and melted when he was around the president.

BY JAMES A. PARCELL—THE WASHINGTON POST

Heading for trouble:
Leon Panetta walks into a meeting with Gingrich on Dec. 20, a session at which the speaker said House Republicans would not support a continuing resolution to reopen the federal government.



BY KEITH JENKINS—THE WASHINGTON POST

INSIDE THE

NOVEMBER

DECEMBER

Nov. 19: President Clinton agrees to offer a seven-year balanced budget, and Republicans agree to end the six-day shutdown.

Nov. 20: Congress passes interim spending bill that brings 700,000 employees back to work.

Nov. 28: White House and congressional leaders open budget talks.

Dec. 6: Clinton vetoes GOP blueprint for balanced budget.

Dec. 7: Clinton offers plan GOP says is \$400 billion short.

Dec. 15: GOP rejects Clinton plan and shuts government, closing agencies whose spending bills have not been signed and furloughing 280,000.

GOVERNMENT OPEN

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REVOLUTION

TODAY'S FOCUS

JANUARY

Dec. 19: Clinton agrees to meet with GOP leaders.

Dec. 20: House GOP derails talks, refusing to support interim measure to reopen government.

Dec. 21: House GOP reaffirms opposition to any plan that doesn't include seven-year balanced budget.

Dec. 22: Senate passes but House opposes bill to return workers, and Congress leaves for recess.

Dec. 29: Senate Democrats reject House GOP plan to reopen government.

Jan. 4: Republicans offer a plan to return federal workers with pay while limiting funding to agencies.

Jan. 6: Clinton submits a seven-year balanced budget and signs legislation to fully reopen government until Jan. 26.

Jan. 9: Clinton and GOP leaders suspend budget talks.

GOVERNMENT CLOSED

OPEN