

*See Over***INSIDE THE REVOLUTION**

ENDGAME

During Clash at Pinnacle, A Fatigued Speaker Weeps

Another in a series of occasional articles

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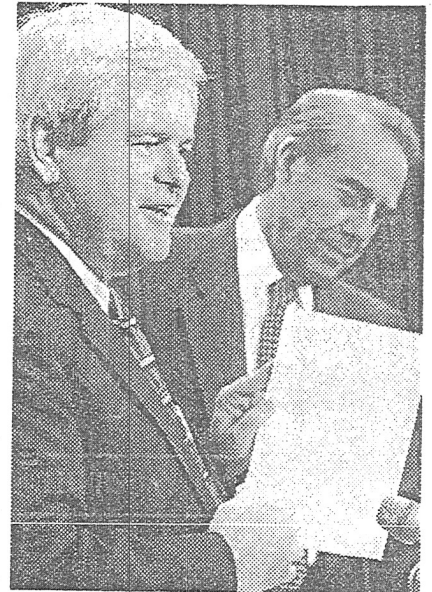
Tears streamed down Newt Gingrich's face as he sat in his chief of staff's office on the night of Dec. 6. It was near the end of another trying day. A telephone call had just brought the news that most of the charges filed against him by Democrats had been thrown out by the House ethics committee. But one charge remained, and a special counsel would be hired to investigate it. A friend in the room had interrupted a long silence by suggesting that the outcome seemed like a victory for the speaker.

"Yeah," Gingrich said, his voice choking. "But no one knows what my wife and kids have gone through for two and a half years of charge after charge after charge."

His wife, Marianne, who had arrived at the Capitol in time to hear the news, moved to embrace him, crying herself. An old congressional ally who had stopped by the office to talk about farm issues rose from his chair and hugged them both. Gingrich could no longer hold back his emotions.

He began sobbing uncontrollably.

It was not just the ethics decision that made him lose his composure that night, Gingrich explained later. It was everything. It was a year's accumulation of burdens from commanding his conservative revolution. It was the self-inflicted wounds. The public ridicule from his comments about being slighted by President Clinton during a long flight to Jerusalem and back on Air Force One. The drubbing he was taking in the polls and in the press. The grind of holding together his obstreperous rank and file. The struggle with an "old establishment" unhappy because he was



BY ROBERT A. REEDER—THE WASHINGTON POST

Speaker Gingrich and Majority Leader Dole, two of the three principals in a bitter struggle over government's role.

"trying to change their world," as he put it.

And as much as anything, it was the pressure of the endgame battle with Clinton over the seminal issue of the Republican Congress, a budget bill that would in one stroke alter the role of government more profoundly than anything since the New Deal. Only hours earlier, using a pen with which LBJ had signed Medicare into law 30 years earlier, Clinton had vetoed the

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Republican bill to balance the federal books in seven years. With that act he had wiped out months of effort by the speaker and his Republican team.

Gingrich still believed he would prevail, but for the first time saw the possibility of a long, difficult fight ahead, one that might jeopardize the extraordinary potential gains of his revolution: the first-ever overhaul of Medicare, the end of federal guarantees for welfare and Medicaid, the restructuring of farm subsidy programs and massive tax cuts.

He was heaving with sobs of fatigue that night in the Capitol, overcome by what he had gone through and what awaited. It was a moment among friends, he said, where he could finally express "the totality of how hard it's been."

This winter's historic struggle over the role of govern-

ment has turned on a number of intertwined factors: the clear clash of ideologies, the 1996 presidential campaign, the battle of political message. But in the midst of those larger forces were three men—Gingrich, Clinton and Senate Majority Leader Robert J. Dole—whose goals and personalities played the determining role in shaping events. They entered the fray from very different perspectives in late November and early December, the starting point both of the budgetary endgame and this series of articles.

How those varying outlooks established the tone and direction of negotiations will be covered in today's article, with the next three installments examining how negotiations lost their focus, bogged down in the clash of personalities and politics and ultimately broke down after

Gingrich regained his emotional and political footing.

On Track for a Collision

For months Washington had been obsessed with the notion of a train wreck, that the philosophical collision of Republicans and Clinton would end in impasse, and that the federal government would run out of funds as a result.

Gingrich and his budget-cutting revolutionaries had in fact promised it, vowing to shut down the government to force Clinton to accept what only months before had seemed impossibly radical: a piece of legislation that would mandate the budget be balanced in seven years by dismantling and turning over to the states certain Great Society programs, harnessing the federal government's regulatory powers, reining in the once untouchable Medicare program.

Clinton could stop it with a veto, of course, but would he dare? Perhaps the fact that the train wreck was visible for so long made few people believe that it would actually happen. Certainly one side would stop, or both would move off to a track of compromise.

The train wreck did happen, but hardly with the result Republicans had envisioned. From the first time government closed in November, a few weeks before Gingrich's night of tears, through December and into the first weeks of January, the shutdown of government became the image most dearly etched in the public mind, not the struggle to balance the budget. The wreckage is everywhere.

The personal casualties include hundreds of thousands of federal workers who lost time and faced financial hardships, the companies dependent on government work that suffered and a larger number of American citizens who missed the services of their government. The political casualties have yet to be determined. Some count Gingrich among the wounded, and there is some evidence to support that argument.

His own troops, including members of his leadership team, became frustrated by his self-destructive comments, especially about his trip aboard Air Force One. "He picked the wrong bloody moment to take out a .357 and shoot both kneecaps off," one said. His position in the House was weakened by his efforts to maintain a unified front with Dole, who House members felt was too accommodating to the White House. And Gingrich's self-confidence was clearly eroded when he finally tried to negotiate a budget deal himself, a task at which he proved utterly inept, his trips to the White House ending in confusion and dismay as time after time he was seduced by Clinton and the atmosphere of the Oval Office.

Gingrich had looked like a brilliant field marshal during the first months of Congress, piling up one victory after another over a dispirited, riven band of House Democrats. Now, for the first time, he encountered real resistance, from a revitalized president intent on reelection.

An analysis of Gingrich's memos and private actions during that period shows that he was often astute at anticipating the consequences of various courses of action—especially that the public would blame Republicans for the government shutdown—though he was less adept at making things happen.

On the shutdowns, his missteps had so weakened him in the public eye and among his Republican troops that he was not in a good position to overcome members of his leadership team who pushed hardest to close the government. On the budget negotiations, he had become so convinced early

on that the White House wanted a deal, and was so taken by Clinton every time he encountered him, that he shaped all of his strategies around that notion, and it took a long time before he would finally decide otherwise.

Bob Dole's role during the endgame was the most intriguing and least understood. At times, especially during arguments about the shutdown, he appeared to be closer to the White House than to Gingrich and the House. Clinton, in fact, once finished a phone conversation with his most likely opponent in the 1996 presidential election by saying, "My new best friend, Bob Dole!"

But Dole, in his terse, close-to-the-vest style, was playing a careful game. On the one hand, he wanted to get rid of the shutdown problem so that he could go campaign in Iowa and New Hampshire. On the other hand, even as he angered some of the true believers in the House, he was careful never to sever his close relationship with Gingrich, who was important to him both as a symbol of the conservative wing of the party and as the only person, despite his troubles, who could move the House.

Many strategists at the White House presumed that Dole would be the least interested in achieving a balanced budget agreement, since the lack of a deal might serve as a campaign issue for him. Dole's actions in working toward a deal were more complicated. While constantly pushing Gingrich and others to keep returning to the bargaining table, he was also, privately, at times the most pessimistic that an agreement could ultimately be struck.

Clinton, like his staff, was divided from the start. On one side was consultant Dick Morris, who had spent the year successfully helping Clinton reconstruct his image as a centrist and who believed that a budget deal was an important final step in that process. In Morris's calculation, the president had already won. Gingrich and the House Republicans had placed themselves in a politically untenable position by cutting Medicare and demanding a balanced budget in seven years, and they were merely looking for a graceful way to declare defeat and accept a budget agreement defined on Clinton's terms.

Just as the Republican position was weakened in part by Gingrich's petty reaction to the Air Force One incident, the Democratic side was changed by Clinton's personality and one of his apparent misstatements. The triangulation theory that Morris had designed for him, in which Clinton would set himself up as the voice of reason between Gingrich's revolutionaries and liberal Democrats in Congress, was rearranged from the moment early last fall when the president declared at a Houston fund-raiser that he regretted some of the tax hikes he successfully championed in 1993. That statement so infuriated Democrats in Congress that Clinton from then on became more solicitous of them.

Clinton thereafter stiffened his resolve as the forceful defender of social programs, forged a new bond with congressional Democrats and paid more attention to members of his staff who opposed a deal. Republicans found it harder to predict Clinton's actions. Gingrich believed throughout December that Clinton would abandon the liberals and strike a centrist deal. It was one of many ways the speaker would guess wrong.

One day in the middle of September, at the

end of a meeting between congressional leaders and White House officials, House Majority Whip Tom DeLay sauntered up to Vice President Al Gore and said: "You have to realize we're serious. We'll shut down the government if we have to balance the budget."

"Our polls show you guys lose if the government shuts down," Gore responded.

The November Surprise

The game of political dare played by Clinton and the Republicans throughout the fall came to an end Nov. 14 when most of the government ran out of funds. After five days of talks on the terms of a temporary spending bill, the two sides began to close in on a deal. As the final wording came over by fax from the White House to the Senate majority leader's office in the Capitol, John Kasich, chairman of the House Budget Committee, turned to Pete Domenici, chairman of the Senate Budget Committee, and slapped him a high five.

Kasich had insisted all along that the White House was ready to deal. He could not get out of his mind the picture of Leon Panetta, Clinton's chief of staff, running after him in the House gym two days before, his hair flying, asking whether the Republicans were ready to negotiate again and reopen the government.

Gingrich's leadership team had been split on whether to deal with the White House. Some members welcomed the

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.

November shutdown and confrontation. They had heard the buzz that Clinton's poll numbers were starting to drop. Let him stew, they said. After all, they had done enough suffering of their own recently. First they had blundered by adding a Medicare provision to a bill that would have reopened the government at reduced levels of spending. When Clinton vetoed it, he was able to skirt the question of balancing the budget and blame Republicans for burdening the elderly. Then Gingrich had issued his diatribe about being snubbed on Air Force One, making it look like the shutdown arose from an infantile tantrum.

It was, some argued, time to take the offensive. John Boehner, chairman of the House Republican Conference, had believed the shutdown confrontation was bound to happen eventually so it might as well be played out now.

But Kasich thought the time was right for a deal. And he had Bob Dole on his side. It was Dole, in fact, who had turned the tide, after returning from a campaign trip to

Florida to learn that his team had not been negotiating. "Well, we gotta get an offer on the table so we don't look intransigent," Dole said. No one in the room had challenged him. They faxed a proposal to the White House, which led to the deal the Republicans were now celebrating.

The agreement, they all felt, was a clear victory for their side.

In return for reopening the government for 30 days, Kasich and Domenici were delighted to see that the White House had capitulated to their demand for a proposal that would balance the budget in seven years based on the Congressional Budget Office's conservative estimates of economic growth, the same base line Republicans had been using. Before that, the administration had fought being pinned down to seven years, and it had wanted to use rosier projections from the Office of Management and Budget, providing hundreds of billions of more dollars in government revenues.

The Republican team paid little attention to language the White House insisted on adding to the agreement in which "the president and the Congress agree that the balanced budget must protect future generations, ensure Medicare solvency, reform welfare and provide adequate funding for Medicaid, education, agriculture, national defense, veterans and the environment." Gingrich's people considered it nothing more than "hortatory language."

The optimism lasted until morning. All the euphoria of the day before had been premature. They had assumed that the media would treat the deal as a clear win for the Republicans. Instead it was portrayed as a draw between two squabbling sides. A sudden gloom enveloped the speaker's suite on the second floor of the Capitol. Tony Blankley, Gingrich's press secretary, fell into a depression; he usually displayed far more equanimity than his boss when it came to treatment by the media.

The White House had not just won the battle of the morning papers, it was already redefining the agreement on the morning television shows. Panetta described it as a victory for the president. The agreement, he said, did not necessarily bind them to seven years, nor to CBO-scoring, but only to the notion that those factors would be considered in balance with the need to maintain Clinton's budget priorities.

Gingrich and his troops were stunned. They had been naive. The language that seemed superfluous to them was being used by the Democrats to regain control of the mes-

sage. "It was more cleverly written by them than it was read by us," he said later. The government had reopened without the Republicans winning any concrete concessions.

'Tell Newt to Shut Up'

House Republicans returned from the Thanksgiving recess with a common refrain. Their constituents, they said, were telling them to hang tough on the balanced budget despite the plunging polls for Republican handling of the budget. And they were also passing the word along to "tell Newt to shut up!" as one put it. House GOP conference Chairman Boehner heard it so many times that he mentioned it at a leadership meeting. It was point six of his regular communications report: "Tell Newt no more stories about airplanes!"

Gingrich did not laugh. Fifteen minutes later, steaming, he turned to Boehner and repeated the line. "No more sto-

ries about the airplane, right?"

But another Gingrich matter that week was far more troubling to Republican members of the House. On the first day back they had heard him suggest, after a meeting at the White House, that he might support Clinton's decision to send troops to Bosnia. Robert Walker, the Pennsylvania congressman who was Gingrich's oldest and closest friend in the House, visited him privately and expressed serious concern. The Republican House was solidly against Clinton's Bosnia policy, Walker warned. Gingrich was already in a vulnerable position with his troops.

Boehner arrived with an even blunter message. Like the other members of the House leadership team, Boehner had enormous respect for Gingrich as the father of the revolution. He considered Gingrich the smartest of the group and the only one who could lead them. Yet true conservatives like Boehner and Majority Whip DeLay did not consider Gingrich a conservative. They thought of him more as a radical, a doer, someone who wanted to change things. That sometimes made him unpredictable.

All day long members had been coming up to Boehner asking about Gingrich and Bosnia. On Tuesday night, Nov. 28, Boehner visited Gingrich in his office.

"You already have an image problem with the airplane," Boehner said. "And now this thing with Bosnia. It's probably going to be the straw that breaks the camel's back. There are people out there wanting to question whether you ought to be speaker."

It was, Boehner thought, the toughest thing he had had to do all year, like punching a friend in the stomach.

Gingrich took a deep breath. "What do you think I should do?" he asked.

"Lay low," Boehner said. "And for God's sakes, when it comes to Bosnia, just don't say anything."

Gingrich took the advice.

Show Us Your Plan

That was the same day budget negotiations started between the White House and Congress down in the Mansfield Room of the Capitol, a windowless, wood-paneled chamber that had the feel of a gentlemen's club.

Kasich and Domenici led the Republican team, while Panetta and Office of Management and Budget Director Alice Rivlin led the White House contingent.

The session immediately devolved into an argument.

"You're slashing programs for people! You don't care!" Panetta shouted. He rejected attempts by Kasich and Domenici to get him to present a proposal scored by the CBO that would balance the budget in seven years. Panetta wanted only to talk about programs, not overall numbers.

"Leon, you're never going to get anywhere if you yell like that," said House Majority Leader Dick Armey.

"Don't worry, that's just Leon," said Kasich, who was familiar with his Italian temper going back to the days when Panetta served as chairman of the committee Kasich now ran. "Leon," Kasich continued. "Are you saying you're not for a seven-year balanced budget?"

Panetta indicated he was not saying that, as did White House aide George Stephanopoulos, who sat behind him.

"Well," Kasich continued. "Can you produce a seven-year balanced budget that meets your priorities?"

Panetta paused before answering, "Yes I can."

"When you do," Kasich said, "I'd like to see it."

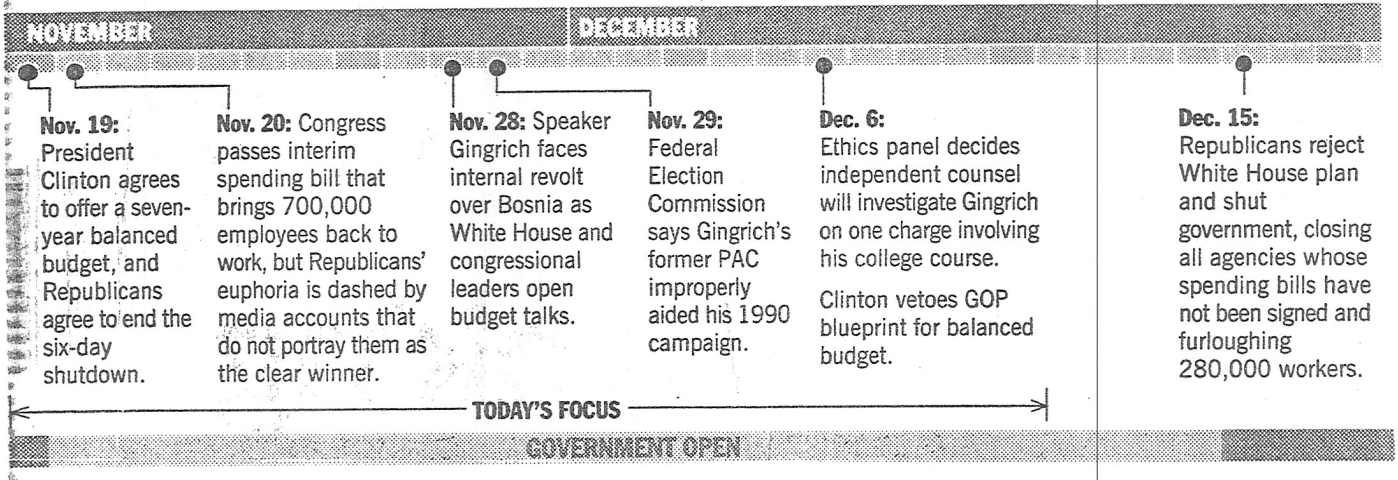
NEXT: Turmoil in the House



Days of tension: Gingrich turns to chief of staff Dan Meyer for Capitol corridor conference before leaving for mid-November session with Clinton.

BY RAY LUSTIG—THE WASHINGTON POST

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THURSDAY, JANUARY 18, 1996 A11

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