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**INTERVIEW WITH PRESIDENT BILL CLINTON BY ROBERT SIEGEL AND MARA LIASSON
BROADCAST ON "ALL THINGS CONSIDERED" ON NATIONAL PUBLIC RADIO
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MR. SIEGEL:Mr. President, welcome to the program. Many Americans woke up to the news today that the Whitewater independent counsel is investigating an allegation that you, or you and Vernon Jordan, encouraged a young woman to lie to lawyers in the Paula Jones civil suit. Is there any truth to that allegation?

PRESIDENT CLINTON: No, sir, there's not. It's just not true.

MR. SIEGEL: Is there any truth to the allegation of an affair between you and the young woman?

PRESIDENT CLINTON: No. That's not true either. And I have told people that I would cooperate in the investigation, and I expect to cooperate with it. I don't know any more about it than I've told you, and any more about it, really, than you do. But I will cooperate. The charges are not true. And I haven't asked anybody to lie.

MS. LIASSON: Mr. President, where do you think this comes from? Did you have any kind of relationship with her that could have been misconstrued?

PRESIDENT CLINTON: Mara, I'm going to do my best to cooperate with the investigation. I want to know what they want to know from me. I think it's more important for me to tell the American people that there wasn't improper relations, I didn't ask anybody to lie, and I intend to cooperate. And I think that's all I should say right now so I can get back to the work of the country.

MS. LIASSON: Mm-hm. But you're not able to say whether you had any conversations with her about her testimony, had any conversations at all.

PRESIDENT CLINTON: I think, given the state of this investigation, it would be inappropriate for me to say more. I've said everything. I think, that I need to say now. I'm going to be cooperative and we'll work through it.

MR. SIEGEL: But is the fact that in this case, as we understand it, a close friend of this young woman was outfitted with a wire, with a microphone, to record conversations with her at the instruction of the Whitewater counsel, does that disturb you? Do you regard that Mr. Starr is playing the inquisitor here in this case?

PRESIDENT CLINTON: Well, that's a question the American people will have to ask and answer, and the press will have to ask and answer, the Bar will have to ask and answer; but it's inappropriate for me to comment on it at this time. I just have to cooperate, and I'll do that.

MR. SIEGEL: And a broader question. I understand that you don't want to comment on this. There are some commentators -- on our network it would be Kevin Phillips -- who've said that the moral leadership of the presidency justifies the kind of scrutiny that you're receiving. Do you agree with that?

PRESIDENT CLINTON: Well, I think there has been -- there is a lot of scrutiny and there should be, and I think that's important. I'll leave it to others to define whether the kind we have received, in volume, nature and accuracy and sometimes downright honesty, is appropriate. That's for others to determine. You know, I just have a certain number of days here. I came here as not a Washington person. I came here to try to change the country and to work to build the future of America and a new century. And I just have to try to put this in a little box, like I have every other thing that has been said and done, and go on and do my job. That's what I'm going to work at.

MS. LIASSON: Mr. President, earlier today you said you tried your best to contain your natural impulses and get back to work. Were you furious? Is that what you were referring to?

PRESIDENT CLINTON: I was. I was.

MS. LIASSON: And what were you furious about?

PRESIDENT CLINTON: Well, I worked with Prime Minister Netanyahu till 12:30 last night. I'm getting ready for prime -- for Mr. Arafat. I'm working on the State of the Union. And we've got a lot of big issues out there in the -- within and beyond our borders. And I don't think any American questions the fact that I've worked very hard at

this job. And anything that's a distraction, I dislike. And --

MS. LIASSON: Do you see this as a partisan attack? Is that what you were --

PRESIDENT CLINTON: I didn't say that. I don't know what the facts are. I don't know enough to say any more about this. I don't want to get into that. You know at least as much about it as I do. I worked till 12:30 last night on something else. I have -- that's why I have given the answer that I have given to your questions today.

MR. SIEGEL: Moving on to the matter you were working on late at night last night, first, it seems the message to Mr. Netanyahu from the U.S. was: We want to see you withdraw from some part of the West Bank.

First, what's the message to Arafat, if you could sum it up?

PRESIDENT CLINTON: Well, first of all, let's talk about what they want. What -- I think what Israel wants is a peace that moves -- a peace process that moves immediately to final status negotiations and has -- gives them a stronger sense of security. I think what the Palestinians want is a peace process that gives them a stronger sense of self-determination and of possibility and dignity.

So what we've tried to do is -- for 12 months now, ever since the Hebron redeployment, we have been out involved in the region talking to all the players -- I say -- that's not the royal "we" -- I mean me, the secretary of state, Mr. Ross, Mr. Berger, others involved -- trying to analyze what it would take to get the peace process back on track. And we formulated some ideas and we talked to the Israeli prime minister about them yesterday. We're going to talk to Mr. Arafat about them tomorrow.

We hope, by the time we finish the talk, that both sides will be closer together than they were before we started. And if they are, then we'll try to close.

But I think there may be circumstances under which we could take a real leap forward in the Middle East peace process, if we get a break or two.

MR. SIEGEL: This week?

PRESIDENT CLINTON: I wouldn't -- no, I wouldn't go that far. It takes -- it's going to take a while to -- we have to work the Palestinians tomorrow. Then we have to analyze where we are with both and whether we can go forward. And we may not make any progress at

all, and if we don't, I'll tell you that.

MR. SIEGEL: I'd like to ask you, though, after spending so much time with Mr. Netanyahu on this visit and on other visits -- some people regard him as a man who always opposed a land-for-peace settlement to the conflict with the Palestinians, certainly wouldn't have negotiated the Oslo accords, had he been in office then, has never liked them particularly. Some would say he's really trying to thwart that process and contain the damage, from his standpoint. Do you think so?

PRESIDENT CLINTON: No, I can't say that, based on what I've seen.

I do believe he's made no secret of fact that he has principal differences with the Oslo process, which he has pledged to support. And we all know he has a different political coalition and that indeed the political forces in Israel itself are different than they were even a few years ago, in terms of the composition of the population, the rise of these -- the small parties and immigrant-related intense groups and all that. So I think that's all there.

I think that historically there's been a little bit of difference in the -- kind of the texture of the relationship between the Likud Party and the Palestinians, and the Labor Party and the Palestinians. So there are a lot of layers here.

But the bottom line is, I think Mr. Netanyahu is an intelligent man who wants to make peace and understands that -- that there has to be some formula where -- that some marginal increase in territorial insecurity by giving up land is more than offset by a dramatic increase in security by a changing of the feelings of the people, the climate, the capacity for growth and opportunity.

When -- so we're just trying to hammer out what each side would have to do to take another step. I'm hopeful.

MS. LIASSON: Mr. President, in Iraq, diplomacy hasn't worked yet. UNSCOM is still barred from doing its job the way it sees fit, getting into the sites that it wants to inspect.

Yet, on the other hand, military action also has downsides. It might upset any progress you're making with allies on other issues. Do you think the U.S. has any good choices on Iraq?

PRESIDENT CLINTON: Well, there are no easy choices. If we define "good" as easy, the answer is no. But you know, let's -- let's (do ?) -- what is the problem? The problem is the weapons-of-mass-

destruction program, chemical and biological weapons, primarily. What is the solution? Letting the UNSCOM inspectors go wherever they want, and that means that Saddam Hussein cannot determine when, where and who, when it comes to the UNSCOM teams.

So now he says that he is going to determine that, and there's not going to be any "when" for a couple of months, during which time he'll be free to move whatever he wants wherever he wants. I think that this is a big mistake, and I believe that the United Nations will see it as such in the real thwarting of its position. And we just have to see where we go from here.

MR. SIEGEL: Do you feel that, even with the threat of military action -- possible military action -- that you have to be able to point to some progress in the Arab-Israeli negotiations in order to maintain the support of the U.S. friends in the region? Is there some linkage between the problems?

PRESIDENT CLINTON: No, not -- I don't think there is a linkage, a direct linkage. You know, it may affect the atmosphere; just, you know, the attitude about America. But I think it would be wrong to say there's a direct linkage.

The main thing is every country in the region, and throughout the world, has a vested interest in seeing that no one who would either use or sell weapons of mass destruction -- especially chemical and biological weapons, which could be carried around in small amounts and little releases -- that no one who would use or sell them has a big program of them, which is why the whole United Nations is against the Iraqi program. Now, they need to think long and hard, these countries that have been a little squeamish about being firm, whether or not it's possible that they could be the victims of this, if not directly from Iraq, from some group or another that Iraq sells to in the future. So I think we need to be firm, and I am going to do my best to keep rallying support and keep working ahead.

I'd prefer the inspections. I'd prefer the diplomatic pressure -- I am not a -- I have not been trigger happy on this. Some here in our country think that we should have acted before. But I don't think we can rule out any option.

MS. LIASSON: Mr. President, moving to domestic policy and the budget surplus; Republicans and Democrats on the Hill have already said what they want to do with it, either cut taxes or pay down the debt, or spend more money on social problems. But so far, you've been silent on this. And I'm wondering if you are

ready to make a commitment to using whatever surplus there might be to shoring up the Social Security trust funds, making sure that safety net is there for the Baby Boom generation when it retires.

PRESIDENT CLINTON: Well, I'll make a commitment that in the State of the Union address, I'll announce what I think should be done.

MS. LIASSON: Well, what do you think should be done?

PRESIDENT CLINTON: I have decided, but I don't what to announce yet. I need to have something to say in the State of the Union that's new.

But let me say, before I say that, I would like to just caution -- we've had great -- we've had five great years, and we've always done better than we were predicted to do on the deficit. But I think I would still caution the Democratic and Republican leaders of Congress from passing some big five-year program to spend money through spending programs or tax cuts that hasn't yet materialized. We do not yet have a balanced budget. And I just -- we've worked so hard for so long to get this done, I'd sure hate to start counting our chickens before they hatch.

That's -- so I would like to start with that. And then when I speak at the State of the Union, I'll say what I think ought to be done.

MR. SIEGEL: Would you like to caution equally against shoring up the Social Security Fund in that case?

PRESIDENT CLINTON: Well, in general, I believe -- you know, my position on Social Security is that we need a bipartisan and fairly rapid process to work through the options and prepare for the long-term health and viability of the Social Security system along with the efforts that are going to be made by the Medicare Commission, which I'm very hopeful about. I mean, I think one of the big things I hope to achieve before I leave office is entitlement reform in both major systems.

So I will -- I'll tell you, I think that that needs to be done, and we're exploring how best to do that.

MS. LIASSON: Well, we don't want to let you off the hook too easily. You're not saying you're against using the surplus to shore up the Social Security Trust Funds?

PRESIDENT CLINTON: I'm not saying one way or the other. I'm saying I'd like to have something to announce on State of the Union night.

MR. SIEGEL: Mr. President, on tobacco, there's talk on Capitol Hill of writing and passing a "kids only" bill as opposed to seeking a huge global settlement. And that would achieve the aims, in theory, of raising the cost of a pack of cigarettes by so much that it would be beyond the reach of teenagers, achieve your major aim and not take companies off the hook for future liability. Are you in favor of such a bill?

PRESIDENT CLINTON: Now you'd have a children's only bill that did what? I'm sorry, I just -- you had a lot of points.

MR. SIEGEL: Yes, well, first it would raise the price of a pack of cigarettes simply to deter teenage purchases of cigarettes.

MS. LIASSON: And strengthen the hand of the FDA, do some marketing restrictions, but not be a complete global settlement.

PRESIDENT CLINTON: Well, I would favor doing something like that without committing to the specifics if we fail to get a global settlement. But I think we owe it to the attorneys general and the others who worked with us on this in good faith to try to achieve one. Because I think long term we need to deter teen smoking with more than just a higher price tag for cigarettes. I think there are lots of other things that can be done, and I think that we ought to have certain benchmarks of performance for the tobacco companies, too, which in my view will help, because then they'll be free to do more if they even have to spend a little more money than they're obligated to under the agreement. If they're not meeting the targets they may decide they ought to do that to save even more money down the road. So --

Now, I'm going to look for a global settlement in the tobacco case for the benefit of our children. If we fail, then I'll look at something else.

MS. LIASSON: Mr. Clinton, following up on that, you've cautioned Congress not to spend the surplus 'til they have it, yet you have committed \$60 billion of some projected tobacco settlement bill before it's even passed to new spending. Do you think that's wise? And if you don't get a tobacco settlement, are you committed to those

programs? Will you cut elsewhere in order to keep that new spending?

PRESIDENT CLINTON: Well, let me just say this. I will not under any circumstances favor funding anything I have recommended with the surplus, with the projected surplus.

MS. LIASSON: So you'd -- if you don't get the tobacco settlement you'd fund it elsewhere?

PRESIDENT CLINTON: No, if I don't get it -- in other words, if we don't get the tobacco settlement we'll either have to cut the size of the child care initiative or cut elsewhere or do something else because I will not just on my own get up and propose that we spend the proposed settlement or part of it on these programs. I think they're terribly important, but right now we've got other fish to fry, and we've got to make sure --

The most important thing is to keep this economy growing, to keep discipline, to keep strong, to do what makes sense. And that's what's gotten us here: five hard years of that. And we don't want to forget that. So, well, we do have new spending in our programs, but it's new spending within the context of fiscal discipline, it's new spending with the smallest federal government since Kennedy was president and the size of it continuing to go down.

MR. SIEGEL: Federal prosecutors reportedly rejected a plea bargain agreement not long ago with Theodore Kaczynski, with his lawyers, at least, that might have guaranteed his imprisonment for life. Evidently they want the death penalty. Is it important to you, say, if he's convicted that there be an exercise of the federal penalty?

PRESIDENT CLINTON: Well, it's what's -- if he's guilty, he killed a lot of people deliberately. And therefore I think it's something that the jury should be able to consider. From my point of view, I approve of the laws that we have in America now, this sort of two-tiered trial where you determine guilt and then you determine penalty. And I would want to hear all the testimony before I decided how I'd vote in that case. But I do think it's -- should be presented to the penalty phase.

MR. SIEGEL: Even if you had a guilty plea that, as there is no parole in the federal system, guaranteed none, and spared any

possibility of an acquittal, you would still prefer to reject that plea, to offer the jury the option of the death penalty?

PRESIDENT CLINTON: I think the jury should have the option. Now, also, you know, as a practical matter, there aren't many inmates -- perhaps he would be one -- that actually do get life without parole. And that's probably not a terrible thing; that is, in a prison system where you don't want prison riots, you have to reward people who do, you know, an extraordinarily good job of being good inmates within the prison system. Perhaps the practice of allowing people who have life sentences to be paroled after quite a long period of time is a good one, or at least defensible. But juries know that, too.

I think the -- you know, it's just -- it's hard to generalize. But this was a case where, based on what I know, I would consider it appropriate to present that to the jury.

MS. LIASSON: Mr. President, on the Asian financial crisis, a lot of Americans don't understand why taxpayers should help bail out banks and investors in the U.S. or Japan or in Europe who took a risk and made some mistakes. Don't they bear some responsibility?

PRESIDENT CLINTON: Absolutely.

MS. LIASSON: Don't they have to take some of the hit?

PRESIDENT CLINTON: They do bear some of the responsibility, and they shouldn't all be bailed out. And that's one of the most frustrating things about this.

On the other hand, what this is about is about rebuilding confidence in the investment climate of these countries. I don't think they ought to get one red cent unless the governments commit to do things for the future that will mean these banks will have to take a bigger risk and get their act cleaned up, unless their -- the International Monetary Fund plan is implemented, and then the U.S. and Japan and these other countries come in as a backup.

But if we refuse on the front end to do anything, the problem is it could hurt us a lot worse than it could hurt the odd banker that doesn't get his money back, because if a lot of people start not getting any of their money back, then other people say, "Well, I'm going to get my money out," and then others say, "Well, I'm not going to put my money in." And then all of a sudden, the value of the currency goes way down. Then what happens? They don't have any money

to buy American products, and all their products are cheaper competing against ours and other countries'.

So we have a big economic interest, as well as a huge interest in a stable, democratic Asia. And that's why I think we're doing the right thing. I hope in the State of the Union I can persuade the American people that it's the right thing.

MS. LIASSON: I want to ask you about "Clintonism." We've been hearing a lot about Clintonism lately -- a coherent political philosophy that may or may not be identified with you. Do you think there is such a thing? And what is it?

PRESIDENT CLINTON: Well, I do. I think, first of all, it's a very -- it's a future-oriented political philosophy that attempts to break the logjam between the 1980s and early '90s debate of the Republican position that government is the enemy and the Democratic position is --- sort of government is the solution if we do more of the same, we just need to do more. My position is we need a different kind of government for a different kind of society and a different kind of world, and we need to focus more on giving people the tools they need to make the most of their own lives, more on being a catalyst for good ideas, more on empowering the disadvantaged. That's -- and creating opportunity, enforcing responsibility, building community. I think that's what Clintonism is about, and I think it will get us to the 21st century.

MR. SIEGEL: Mr. President, thank you very much for talking with us.

PRESIDENT CLINTON: Thank you.