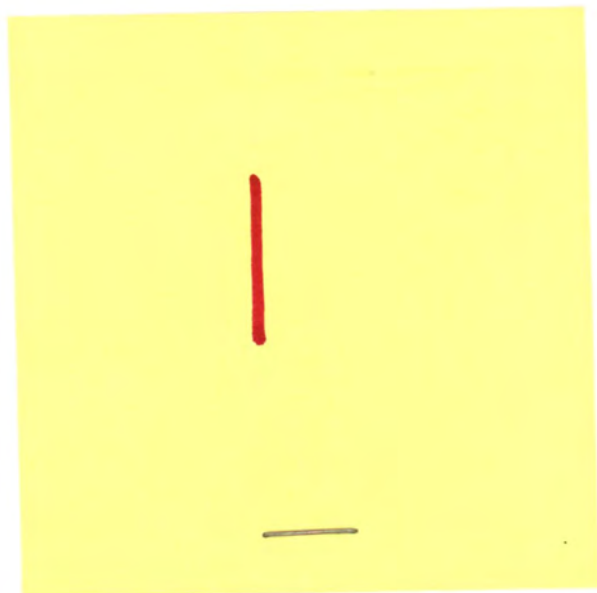




APPROPRIATIONS

Clinton, GOP Hope for Compromise On the Vetoes Rescissions Bill

President Clinton's veto of a major bill combining spending cuts with emergency disaster relief gave him an opportunity to flex presidential muscle and highlight his philosophical differences with congressional Republicans over spending priorities.

The June 7 veto, Clinton's first since taking office, sent top appropriators and White House officials back to the drawing board to try to negotiate a compromise bill both sides could accept. Republicans said they would not attempt to override the veto.

No modern president has waited so long — 29 months — to wield the veto pen. And no other president has vetoed a measure containing such large cuts in previously appropriated funds. (*History*, p. 1624)

Clinton had threatened Republicans that he would veto the rescissions bill (HR 1158) if it retained deep House-backed cuts in education, environmental and housing programs. But House-Senate conferees ignored the administration's warnings. They attacked several Clinton priorities, such as his prized National Service initiative, with deeper cuts than the Senate had approved in its milder version of the bill.

"I actually agree with the spending cuts passed by the United States Senate with a bipartisan majority... because it protected programs like the Drug Free School program, the National Service program, the education programs that we're working so hard on," Clinton said at a June 7 Rose Garden ceremony. (*Text*, p. 1669)

"Unfortunately what happened is after the Senate passed the bill they went into a closed door conference with members of the House who passed a bill that did cut all these things," he said.

Cutbacks and Add-Ons

The final bill combined \$16.4 billion in rescissions — the largest such package ever — with \$7.3 billion in new spending for natural disaster relief, aid to Jordan and relief related to

By Andrew Taylor



BOXSCORE

Bill: HR 1158 (H Rept 104-124) — Fiscal 1995 rescissions.

Latest action: President Clinton vetoed the measure June 7.

Background: The bill would rescind spending authority previously appropriated for the 1995 fiscal year.

Reference: Weekly Report, pp. 1494, 1407, 1231, 1015, 931, 859, 794, 676, 595, 509, 411.

the recent Oklahoma City bombing.

Congressional Republicans say they are willing to add back from \$600 million to \$800 million in fiscal 1995 spending for Clinton's social initiatives, but that they would want to determine what additional cuts to make to offset the Clinton priorities.

While both sides want a bill, Republicans cautioned that passage of a new bill could not be guaranteed; Republicans have consistently said they will need Democratic votes to pass any bill that contains add-backs sought by Clinton for social programs. Only 10 House Democrats voted for the conference report May 18.

"It is Russian roulette he's playing," House Appropriations Chairman Robert L. Livingston, R-La., warned of Clinton's veto.

In vetoing the bill, Clinton criticized Congress for restoring funding cut from highway and federal building projects, paid for by deep cuts in education and housing.

"There are billions of dollars in pork — unnecessary highway demonstration projects, courthouses, and other Federal buildings — that could have been cut instead of these critical investments," Clinton said in his veto message.

The day after Clinton vetoed the bill, White House Chief of Staff Leon E. Panetta went to Capitol Hill to meet with Livingston and Senate Appropriations Committee Chairman Mark O. Hatfield, R-Ore.

"I think there's a willingness on all sides to see if there isn't a way to try to meet our concerns and to try to see if we can't find an effective compromise that can get the rescissions bill back up," Panetta said after the meeting. "If we're going to do this, it obviously has to happen sooner, rather than later... It's got to be something we try to resolve within days as opposed to weeks."

Panetta said he did not know whether enough House Democrats could be lined up to vote for a new bill.

"Now that the president seems to be able to come to the table and work out the differences, we ought to be able to put it back together and get it back through as quickly as possible," said House Majority Leader Dick Armey, R-Texas.

A new bill would probably bypass the committee and move straight to the floor.

Top appropriators were a little less sanguine about what was possible.

"I just don't know that it is doable at this time to come up with another proposal," said Hatfield.

"I don't know if we're going to have a resolution," Livingston said after the June 8 meeting with Hatfield and Panetta. "If we don't resolve this in the next 10 days, there's not going to be another bill, period."

Participants said the June 8 talks did not focus on the details of what a new bill would look like. The difficulty is not so much the up-to-\$800 million in add-backs sought by Clinton. The tough negotiating involves finding offsetting spending cuts to finance Clinton's demands that are acceptable to both Republicans and the administration. Other Clinton priorities may also get hit.

Clinton's official request is for \$1.4 billion in add-backs, including: \$619 million for education and training; \$500 million for water treatment

Vetoes: A History of Conflicts

President Clinton's veto of the \$16.4 billion package of fiscal 1995 rescissions (HR 1158) on June 7 was not only the first veto of his presidency. It was also the first time that a president has vetoed a rescissions bill, aimed at cutting spending already appropriated for a given fiscal year.

There have, however, been plenty of past struggles between Congress and the White House over spending, tax and appropriations bills.

President Richard M. Nixon frequently attacked Congress' lack of fiscal discipline in the 1970s and showed his displeasure with the Democrat-controlled Congress by refusing to spend certain appropriated funds.

In a January 1973 news conference, Nixon asserted his right to impound (not spend) money appropriated for specific programs. By the end of 1973, Nixon had tried to impound more than \$20 billion in funds, which would have all but gutted federal programs such as the Rural Environmental Assistance Program, the Rural Electrification Administration, the clean water program and housing grants. Although federal courts ruled in almost every instance that the administration had to spend the canceled funds, Nixon kept right on impounding, in effect making 101 additional spending cuts, whether Congress liked it or not.

In reaction to perceived abuses of the presidential impoundment powers by the Nixon administration, Congress made major revisions to the 1950 Anti-Deficiency Act (PL 81-784). The 1974 Congressional Budget and Impoundment Control Act (PL 93-344) was one of several pieces of legislation designed to curb the unilateral exercise of presidential power over the federal budget.

Nixon opposed the legislation but it had passed both chambers by overwhelming margins. Conceding defeat, he signed the bill into law July 12, 1974, less than four weeks before he resigned the presidency.

First Rescissions Bill

Congress cleared its first rescissions bill Dec. 10, 1974, at the request of President Gerald R. Ford. Ford

had asked for \$4.6 billion in rescissions, but Congress approved only \$133 million.

President George Bush openly challenged the Congress to cut spending several times during the 1992 presidential election year. In a March 20 speech explaining his veto of a \$77.5 billion tax bill, Bush criticized the Democrats for attempting to raise taxes on the wealthy, arguing that pork barrel spending should be cut instead. Bush threatened to send weekly rescissions requests to Congress. Congressional Democrats retorted that there was plenty of fat that could be cut from Republican pet programs as well.

In the end, Bush requested four bundles of spending cuts totaling \$7.9 billion, largely from domestic programs. Congress responded with \$8.2 billion in cuts, including \$7.1 billion from defense. Bipartisan support for matching Bush's rescissions requests cut for cut propelled a bill laden with defense cuts through both chambers. Having gotten a package of cuts that equaled the spending cuts requested, even though the emphasis had shifted from domestic programs to defense, Bush signed the bill (PL 102-298) June 4, 1992.

A decade earlier, President Ronald Reagan twice vetoed \$5 billion in urgent supplemental appropriations bills because there were no matching spending cuts attached. Lacking the \$5.9 billion needed to keep social

services such as community health centers and guaranteed student loan programs afloat, parts of the federal government came staggering to a halt. Large-scale layoffs of federal employees were being planned.

A compromise version of the appropriations bill (PL 97-216), which included \$5.4 billion in spending and \$5.8 billion in cuts, was signed by Reagan, after four months of wrangling, on July 18, 1982.

Nearly 13 years later, a new Republican Congress would turn the tables and use Clinton's emergency supplemental request to make twice as many cuts in the fiscal 1995 budget as Clinton originally intended. Angry at the magnitude and the severity of the spending cuts planned for social programs, Clinton threatened a veto. And on June 7, he delivered it.

—Sondra J. Nixon



Clinton was first to veto rescissions bill.

grants; \$230 million for housing programs and Veterans Administration hospitals; \$20 million for the Women, Infants and Children program; \$31 million for crime prevention programs; and \$14 million for community development banks.

Clinton proposes further cuts of \$438 million in federal courthouses and other projects, \$450 million in

highway projects, \$474 million in government travel and \$102 million in foreign aid.

Both Clinton and Congress have a big stake in winning passage of a new bill. Both sides are eager to obtain the \$250.5 million in spending related to the Oklahoma City tragedy, as well as \$5.3 billion in emergency disaster aid for California and smaller amounts for

other states.

Republicans favor the supplemental spending in the bill. Just as important, however, they need the spending cuts as an initial step in their difficult path to a balanced budget. If the fiscal 1995 spending cuts do not go into effect, spending levels for the fiscal 1996 bills will have to be reduced even further. ■

THIS SEARCH	THIS DOCUMENT	THIS CR ISSUE	GO TO
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	Senate Contents	CR Issues by Date

Congressional Record entry 10 of 100

THE RESCISSIONS PACKAGE (Senate - June 30, 1995)

[Page: S9595]

Mr. DOLE. Mr. President, with respect to the rescissions package, I regret we were unable to pass that, were unable to complete action on the rescissions package because it was something that had broad support on both sides of the aisle, support by the President.

The President very much wanted to have it done before this Fourth of July recess. As I indicated earlier, the Senator from Minnesota, Senator Wellstone, and the Senator from Illinois, Senator Carol Moseley-Braun, were within their rights to block action on the bill.

But I must say, as I listened to their statements in which they wished they could have offered their amendments, they had about 3 hours to offer amendments and used all that time and just had a discussion of the amendments and what was wrong with the bill.

And I am not certain when the rescissions package will be back for a vote. Unless there is an agreement on that side of the aisle I will not bring it back up on the Senate floor. As soon as the President can persuade my Democratic colleagues that this bill is necessary, it is important, and it ought to be passed, and I do not see any reason to take any further time of other Senators because we have a lot of important legislation.

But keep in mind, again this bill which was blocked contains money for the Oklahoma City disaster, it contains money for California earthquakes, it contains money for 39, I think 39, States which suffered disasters, including the States of Illinois, and maybe Minnesota. I am not certain.

So, while the Senators have every right to make their point about certain programs they do not agree with, this rescissions package had been the subject of long discussions, long debate, and even after it passed the Senate and the House, was vetoed by the President; more debate, more discussion by the White House and Democrats and Republicans on each side of the aisle.

So I hope when we come back we will have an agreement that we can take it up immediately, and have an up-or-down vote on the bill itself without amendments.

I would say again there was certainly every opportunity by either the Senator from Illinois or the Senator from Minnesota to offer all the amendments they wanted to offer today. They refused to offer amendments. So I proposed I would offer their amendments. I asked consent to offer their amendments. And they objected.

So I do not want the record to reflect that somehow they were somehow disadvantaged and did not have an opportunity to offer their amendment. That was not the case. They had plenty of time and could have offered the amendments. We could have been finished with that bill by now, and a lot of people around the country would have felt a lot better about it.

So I do not know how they explain it. But that will be their problem.

[Page: S9596]

4TH STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company
The New York Times

June 8, 1995, Thursday, Late Edition - Final

SECTION: Section A; Page 1; Column 5; National Desk

LENGTH: 1178 words

HEADLINE: With First Veto, Clinton Rejects Budget-Cut Bill

BYLINE: By ALISON MITCHELL

DATELINE: WASHINGTON, June 7

BODY:

President Clinton vetoed his first bill today, striking down a plan to cut \$16.4 billion in spending this year and marking a new phase in his confrontation with the Republican-controlled Congress.

During a Rose Garden ceremony honoring high schools for combating drug use, Mr. Clinton repeatedly struck a lectern for emphasis as he said the bill, which Republicans had offered as a down-payment on their promise to balance the Federal budget in seven years, would strike at an array of education programs while providing new money for building projects.

"I cannot in good conscience sign a bill that cuts education to save pet Congressional projects," Mr. Clinton said, as the invited guests applauded. "That is old politics. It is wrong. It wasn't a good policy when we were increasing spending on everything. It is a terrible policy if you're going to cut education to put pork back in."

Republican leaders said they could not muster the two-thirds majority in each house to override the veto, and would reopen negotiations with the White House to seek a compromise.

Mr. Clinton also challenged Congress to resolve the differences between its versions and send him a bill to sign that would give a President the power to veto individual items within bills. In exchange, he pledged that if this year he was given the power called for in the Republicans' Contract With America, he would not use it to kill individual tax provisions, only spending items. But he said he still held out the right to veto entire tax cut proposals.

Mr. Clinton's veto, the first of many he has threatened in recent months, puts his relationship with Congress into a new period of testing. There are inherent political risks and benefits for each side depending on how they maneuver in the coming months over future budget cuts as well as changes in foreign aid, environmental legislation and welfare, among other proposals.

As senior White House aides were quick to point out, the veto put to rest for now questions about the President's relevance after a sustained period in which Congressional Republicans have been setting the political agenda. It also more

The New York Times, June 8, 1995

sharply defined a leader who has suffered from the perception that he is indecisive. But analysts said Mr. Clinton must take care that his veto not appear to be directed against deficit reduction itself.

And many vetoes over a prolonged period would carry the risk for both Mr. Clinton and the Republicans of appearing obstructionist and ineffective. "If there's gridlock, I think it hurts everybody, and hurts everybody equally," said Mark Mellman, a pollster who works for the Democratic leaders in Congress. "It's a partisan draw."

In an effort to shape the legislation last month, Mr. Clinton indicated that he objected only to \$1.4 billion of the spending cuts in programs for education, the environment, crime prevention, housing and other social programs. He proposed \$1.5 billion in alternative cuts primarily in construction projects, foreign aid and Government overhead.

Senator Mark O. Hatfield, the Oregon Republican who is chairman of the Appropriations Committee, said Republicans were prepared to restore \$600 to \$800 million in spending as the "cornerstone of an agreement."

But Mr. Hatfield said that the President would have to deliver Democratic votes for such a compromise and that Republican support for the bill would diminish in the House and possibly in the Senate.

In the House, Representative Robert L. Livingston, who heads the Appropriations Committee, said, "If we change this bill, we are only going to make some trimming at the edge." The Louisiana Republican added that it would be difficult to persuade some Republicans, especially the freshmen, to support any compromise with the White House. "The more change that the President wants, the more votes we lose," he said.

Mr. Clinton spent his first two years in office striking deals on issues like crime and the budget rather than trying to draw rigid lines or threaten a veto. Indeed, today was the first time Mr. Clinton wielded the tool known as the President's ultimate weapon, after a period without issuing a veto that was in itself a modern record. Not since Millard T. Fillmore left the White House 142 years ago had a President waited so long to cast a veto.

But since the Republicans took control of Congress, Mr. Clinton has threatened to veto several pieces of legislation making their way through Capitol Hill, including foreign aid bills he has denounced as "isolationist," attempts to repeal last year's ban on 19 kinds of assault weapons and efforts to weaken environmental legislation, as well as plans to make the Federal food stamp program into a block grant administered by the states.

Democratic strategists say the President's veto threats have helped define for the public the difference in what the two parties stand for. "He highlights very clearly the key differences with Republicans on key issues," said Mr. Mellman. "That's very important for us."

But the White House, which believes that Mr. Clinton has never received sufficient attention for his deficit-reduction efforts, has also taken pains to make sure that the President is not perceived as a big-spending Democrat. It has sought to strike a constant theme that there is a right way and a wrong way to

The New York Times, June 8, 1995

cut spending. And budget officials have been quietly drafting plans to balance the budget in a decade, so Mr. Clinton will have alternatives to present when Congress reaches agreement on its plan to balance the budget in seven years.

"I do not want to just say no," Mr. Clinton said today. "I have not said no to this," he said, pointing out that he would have been willing to accept the Senate version of the bill to cut spending.

"We must recognize that the only deficit in this country is not the budget deficit," he said. "There's a deficit in this country in the number of drug-free children. There's a deficit in this country in the number of safe schools. There's an education deficit in this country," he said, arguing that Congress could find money to fight such problems as it finds deficit reductions elsewhere.

Republicans lost no time in accusing Mr. Clinton of blocking savings. "It is highly regrettable that President Clinton chose a bill cutting spending for his first veto," said the Senate majority leader, Bob Dole, the front-runner in the race for the Republican Presidential nomination. He added, "For the sake of generations to come it's time for the President to stop being an obstacle in the road and join us in our responsibility to secure our nation's economic future."

Mr. Clinton said recently that he was not looking for a "pile of vetoes" and would prefer to work with Congress. But with the President likely to face more and more veto decisions as appropriations measures move toward his desk in the next months, White House advisers said his challenge was not to allow himself to be painted as the obstructionist. Said a senior White House aide, "It depends on who wins the definitional wars."

GRAPHIC: Photo: President Clinton vetoing a bill for the first time yesterday at a gathering in the Rose Garden. (David Scull/The New York Times) (pg. B11)

LANGUAGE: ENGLISH

LOAD-DATE: June 8, 1995

Hot Helpful

COVER STORY

Fight Over Interim Measures Previews a Bigger Battle

*GOP leaders, President Clinton exchange barbs
as federal government faces shutdown*

While Republican negotiators made critical progress behind the scenes on their huge, seven-year plan to balance the budget, GOP conservatives touched off a bitter showdown with the White House over interim measures to keep the federal government alive and paying its bills.

Republicans spoiling for a fight with President Clinton crafted a short-term funding bill and a temporary extension of the nation's borrowing authority, loading both with provocative provisions that Clinton warned he would not accept.

Congress cleared the borrowing extension, but a last-minute glitch postponed final passage of the short-term funding bill until just hours before much of the federal government was set to run out of day-to-day operating funds at midnight Nov. 13. The Senate was scheduled to take up the House-passed version of the bill earlier that day and was expected to pass it.

That set up near-certain presidential vetoes and made it highly likely the government would endure at least a temporary shutdown until Clinton and congressional Republicans could reach a compromise. It also touched off finger-pointing over who should be blamed if hundreds of thousands of federal workers were forced to stay home and all but essential government services were suspended.

"If he wants to shut the government down, that's his choice," said Senate Majority Leader Bob Dole, R-Kan. "His fingerprints are going to be



Speaker of the House has continually said that what he wants to do is to basically shut down the government and to force a default if the country and the president won't accept the priorities that the Republicans are trying to push in the budget."

Clinton himself appeared briefly in the White House press room late Nov. 10 to call on Republicans not to force a debate on the budget "under the threat of a government default or shutdown."

But that only provoked Dole and Speaker Newt Gingrich, R-Ga., to go before the cameras later and deride Clinton for leaving the White House after his brief speech to play golf. "One of the major problems we have in America is that we have a president

who doesn't mind playing, he doesn't mind talking, but he doesn't seem to like working," said Gingrich.

Positioning for a Bigger Fight

Viewed in a broader context, the verbal stridency was mostly just positioning for the larger fight to come when congressional Republicans and the Democratic White House square off later this year over how to balance the budget. The decisions the two sides make then will rewrite fundamental national policies for years to come; the time-buying agreements they reach in the next couple of weeks will be ripped up and redone before the year is out.

The point now was to act tough, stay on the message and behave as if backing down was unthinkable — all a prelude to the elaborate backing down that will have to occur on both sides if

all over it."

The administration was having none of it. "The Republicans' strategy for months has been basically to bring us to this point," White House Chief of Staff Leon E. Panetta said on NBC's Today show Nov. 10. "The

RECONCILIATION '95

Debt Limit Debate.....	p. 3441
Stopgap Spending Measure.....	p. 3442
Istook's Lobbying Fight.....	p. 3443
Shutting Down Government.....	p. 3444
Tinkering with Medicare.....	p. 3456
Rearranging Medicaid.....	p. 3457
More Welfare Changes.....	p. 3459

By George Hager and Alissa J. Rubin

a real budget deal is to be reached later this year.

In fact, once past the first round of vetoes, Republicans would seem to have a major incentive to find a face-saving way to quickly come to terms with Clinton on at least the short-term funding issue. If the GOP leaders get bogged down in a prolonged fight with the White House over a government shutdown, they risk obscuring the larger message they want to send the country Nov. 16-17, when the House and Senate are set to pass the big budget-reconciliation bill (HR 2491) designed to balance the budget over the next seven years. That would mark the first time since the budget began to spin out of control in the mid-1970s that Congress has passed a plan with a real chance of getting it back in balance.

There, the news for Republicans seemed good. Largely overshadowed by the raging arguments over the two temporary bills, negotiators were steadily settling House-Senate differences over reconciliation during the week of Nov. 6, compromising issues that Democrats had hoped might sink the effort and which even Republicans had worried might derail them.

By the end of the week, negotiators had resolved or come close to resolving many of their deepest differences over sweeping and highly controversial plans to overhaul — and sharply cut projected spending for — Medicare, Medicaid, welfare and agriculture programs. All had been at the top of the list of issues negotiators had feared might stall them.

And with much of the work on spending cuts out of the way, negotiators were at last turning to the desert — the \$245 billion in tax cuts over seven years that Republicans have promised to deliver. They faced internal differences there, too, but expected to resolve them and have the entire package finished by Nov. 13.

Two Short-Term Bills

While Republicans were finding ways to agree with one another on the broad budget issues, however, they were deliberately putting distance between themselves and the White House — and often between their own moderates and conservatives — over the two short-term bills.

The first and most critical was a short-term continuing resolution ("CR" in budget jargon) that would extend through Dec. 1 funding for agencies covered by unfinished fiscal



Reps. Philip Crane, R-Ill., left, confers with Archer at Ways and Means markup on the debt ceiling on Nov. 7. At right is the panel's ranking Democrat, Sam M. Gibbons.

1996 appropriations bills. Only two of the 13 fiscal 1996 bills had been signed by Nov. 10; fiscal 1995 funding ran out with the end of the fiscal year at midnight Sept. 30 and has been continued since then by an earlier CR (PL 104-31).

The House approved the new stop-gap bill (H J Res 115) Nov. 8 on a 230-197 vote. The Senate modified the bill Nov. 9 and passed it, 50-46. The House modified the bill Nov. 10 and passed it again, 224-172. That set up one final vote in the Senate on Nov. 13. (*House vote 775, p. 3486; Senate vote 567, p. 3482*)

Clinton signaled he would veto the measure, which would likely force a government shutdown Nov. 14, since there would be little time to work out a compromise.

The second measure would provide a temporary increase in the nation's debt limit through Dec. 12, but at the cost of severely restricting the president's ability to move money around in government accounts to stave off default after that. The House passed the measure (HR 2586) Nov. 9 on a 227-194 vote. The Senate modified it and passed it that same day on a 49-47 vote. The House accepted the Senate changes Nov. 10, clearing the bill on a 219-185 vote for Clinton's promised veto. It was widely expected that Clinton would use existing money management techniques indefinitely to avoid default, rather than accept the GOP bill. (*House vote 781, p. 3488; Senate vote 569, p. 3483*)

On both measures, Republicans had to work out internal disagreements before they could send anything to Clinton. Restless House conservatives were particularly interested in confronting the president over what they said was his refusal to negotiate with them, and many were deeply unhappy about the prospect of voting for any hike in the limit on the national debt.

It quickly became clear that leaders would have to attract votes for both bills with sweeteners designed to bolster the Republican message and stick it to the president. But that made for a delicate balancing act, since aggressive House conservatives wanted more than Senate moderates were willing to give them.

By midweek, the horsetrading had created a mini-spectacle that had Dole and Gingrich contradicting each other over whether a proposal to kill off the Commerce Department was on or off the debt-limit extension. Gingrich said yes; Dole said no. The confusion symbolized the distance between the two chambers and threatened to muddle Republicans' message: How could Republicans blame the White House for any shutdown or default on the debt if the GOP could not deliver the relevant bills to Clinton?

"This is a big test of leadership for the Speaker," said a senior aide to a moderate GOP senator. "He knows how to lead the revolution, but part of being a leader is also being able to sell his people on some kind of compro-

Short-Term Debt Extension OK'd

A barrage of last-minute lobbying by Republican leaders rallied the votes necessary to get both chambers to pass a temporary extension of the debt limit, but, because of certain add-on provisions, President Clinton vowed to veto it.

The measure (HR 2586) easily passed the House Nov. 9 on a vote of 227-194, and squeaked through the Senate, 49-47. The next day, the House cleared the Senate-amended version on a largely party-line vote of 219-185. (*House vote 781, p. 3488; Senate vote 569, p. 3483*)

Under the bill, the debt limit would be raised to \$4.967 trillion through Dec. 12, then snapped back to \$4.8 trillion, which is below the current ceiling. The bill would prohibit the Treasury Department from juggling federal trust fund monies to raise the cash necessary for the government to keep meeting its obligations. The current debt limit is \$4.9 trillion, and the government is set to hit that ceiling Nov. 15, when a \$24.8 billion interest payment comes due.

These two provisions — the so-called snapback and the constraint on juggling trust fund monies — were anathema to Clinton. They were designed to force him either to forge a budget deal with Republicans by Dec. 12 or face the prospect of a default, while robbing the Treasury Department of the cash management tools required to forestall a crisis.

Also tacked onto the debt limit extension bill was a massive regulatory reform bill that was filibustered in the Senate earlier this year, plus an overhaul of habeas corpus laws. Additional provisions in the bill would require Medicare to cover the costs of certain drugs used in the treatment of breast cancer and prostate cancer and require the president to agree to enact a seven-year budget-balancing plan using the Congressional Budget Office's accounting methods.

Republican lawmakers, who knew that the bill would face a veto because of the constraints it would place on the Treasury, made no bones about the fact that they wanted to shift the blame to Clinton for any tremors in the financial market due to the lack of a debt limit extension. And they appeared determined to force him into the politically difficult position of dipping into trust funds to keep the nation's finances afloat.

"If the president wants to mess around with the trust funds, let him defend that," said Senate Majority Whip Trent Lott, R-Miss. Added House member Fred Upton, R-Mich., "If there's no debt limit extension, it won't be because we haven't done our work."

Treasury Secretary Robert E. Rubin and White House Chief of Staff Leon E. Panetta charged that the Republican Congress was putting Clinton in an untenable position and urged Congress to support a "clean" debt-limit extension without add-on provisions.

BOXSCORE

Bill: HR 2586 — Debt limit extension.

Latest action: On Nov. 9, the House passed the bill, 227-194; the Senate passed it with an amendment, 49-47. The House on Nov. 10 cleared the amended bill, 219-185.

Next likely action: The president has vowed to veto the bill.

Reference: Weekly Report, pp. 3188, 2863.

"They [Republicans in Congress] are essentially trying to threaten the country and threaten the president with the choice between accepting their [budget] priorities or facing the prospect of default," said Panetta, who called the strategy "blackmail."

Rubin said that the country would be able to avoid outright default because it has some cash management options. But he added, "The Treasury will be forced to take extraordinary actions to stave off default. These actions are without precedent, they are costly, they require legal judgments, but they are definitely preferable to default."

The Treasury's options in the absence of a debt limit extension are limited, but it can use money from at least two of its 160-plus trust funds: the Government Securities Investment Fund and the Civil Service Retirement Fund. Under law, those two funds have restoration provisions requiring the government to repay any interest lost if the funds are disinvested or underinvested because of a debt crisis.

It is likely that those two funds would be tapped in coming weeks, unless Congress and Clinton can come to an agreement on a temporary debt-limit extension without constraints, said a senior Treasury official. There is enough money in the two funds, but primarily in the Civil Service fund, which has \$349 billion in it, to forestall default for months.

Tension: GOP vs. GOP

The main tension in the debt-limit debate was between Republican House conservatives and GOP Senate moderates. Conservatives refused to vote for a debt limit increase unless it was tied to deficit-cutting efforts by including provisions, such as the elimination of the Commerce Department. Moderate Republican senators preferred a bill without add-ons and wanted to leave Treasury with the latitude to exercise whatever cash management options it needed.

The Senate, on a voice vote, stripped out the Commerce Department abolition, which was in the original House version of the debt limit bill. But Senate moderates were still unhappy, and the leadership had to engage in last-minute arm-twisting to stop them from sinking the bill. When an alternative "clean" debt-limit bill was offered by Sen. Daniel Patrick Moynihan, D-N.Y., four GOP moderates voted against killing it, which would have had the effect of sinking the loaded-up debt-limit bill. But at the last minute Sen. Nancy Landon Kassebaum, R-Kan., was persuaded to change her vote, and the Moynihan amendment was tabled, or killed, 49-47. (*Vote 568, p. 3483*)

Indeed, Democrats and moderate Republicans would have had the votes to defeat the bill on final passage, except that two Democrats were absent: Sen. Barbara Boxer, D-Calif., and Sen. Daniel K. Akaka, D-Hawaii.

—Alissa J. Rubin

A Different 'CR' This Time Around

In late September, when congressional Republicans put together this year's first stopgap funding measure for unfinished appropriations bills, they deliberately avoided antagonizing the White House. Not this time.

The continuing resolution (H J Res 115) that the House and Senate worked on Nov. 8-10 (and which is slated for a final Senate vote Nov. 13) pushes funding sharply lower for Clinton initiatives that Republicans would like to slash or kill.

Under the first "CR," which began Oct. 1 and expires at midnight Nov. 13, even those programs the House and Senate have both voted to zero out were allowed to continue at 90 percent of their fiscal 1995 funding level, pending final negotiations with the White House. (*Weekly Report*, p. 2972)

The new bill drops that to 60 percent, which would cut back money for the National Service program, the Goals 2000 education initiative and other Clinton priorities that the GOP wants to kill.

Other programs would be continued at the lowest of the levels in the House-passed 1996 appropriations bill, the Senate-passed bill or 1995 funding, the traditional formula for CRs.

Republicans also included a provision that would immediately invoke the GOP plan to keep Medicare's doctor-care (Part B) premium higher than called for under current law, holding it at the current 31.5 percent of program cost instead of allowing it to drop back as scheduled to 25 percent on Jan. 1, 1996.

Republicans said they needed to make the change now to allow the six weeks necessary to reprogram government computers. (The proposal is included with other Medicare changes in the budget-reconciliation

bill.)

Republicans also tried to add a controversial provision to impose lobbying restrictions on organizations that receive federal grants, but a last-minute House-Senate snafu forced bill leaders to drop it. (*Lobbying*, p. 3443)

The administration, which had demanded a "clean" stopgap bill free of controversial riders, immediately threatened a veto.

Republicans toughened the CR this time, in part to raise pressure on Clinton to come to terms on unfinished appropriations bills and, in part to satisfy GOP conservatives who want to confront Clinton now — even if that risks a government

The administration, which had demanded a "clean" stopgap bill free of controversial riders, immediately threatened a veto.

shutdown.

If no new temporary funding bill is in place by midnight Nov. 13, the administration must begin shutting down non-essential federal services and furloughing workers.

The new measure was written to provide temporary money for agencies funded by the 11 fiscal 1996 appropriations bills still unsigned by Clinton. Congress had finished three of those, but the other eight were in various states of limbo, mostly hung up by internal GOP disputes over issues such as abortion.

Although the new CR extends funding through Dec. 1, much of the extra time would be lost to the Thanksgiving recess.

Democrats complained that the new measure will provide funding for only about six more working days, virtually guaranteeing that Congress would have to approve still another CR.

—George Hager

mise... This is a fight between the Senate [GOP] moderates and the House [GOP] conservatives."

In the end, both sides moved. Senate moderates stripped the Commerce measure from the debt-limit extension, but they agreed to several other riders to maintain peace with the House. House leaders returned the favor, counseling unhappy conservatives that now was not the time to dig in their heels.

"You can't bring about this much change without a lot of listening and hand-holding," said Rep. John A. Boehner, R-Ohio, chairman of the Republican Conference. "What we're trying to make them understand is that we are trying to save the country, balance the budget, and that means that on any given day we may not get everything we want... In the end, the

[elimination] of the Commerce Department is going to happen. It may not be on this bill, but it is going to happen."

The Republicans' willingness to submerge their differences set up twin showdowns with Clinton:

• **Debt limit.** Ironically, the fight over the nation's borrowing limit — despite the enormous potential repercussions of the nation's first-ever default — seemed much less serious than the showdown over the short-term spending bill.

Although both sides talked tough about the prospects for missing interest payments on the national debt as soon as Nov. 15, there seemed to be little chance of that actually happening. Analysts reasoned that an administration that took extraordinary pains to prevent Mexico from defaulting last

January (when the United States moved to shore up the peso) was not likely to allow the United States to default this November, especially when it had the tools to ward that off.

Administration officials have conceded for months that they have numerous ways to stave off default, chiefly by juggling money in various government trust funds to create additional borrowing room under the \$4.9 trillion debt ceiling. Congressional Republicans offered a temporary increase in the debt limit to \$4.967 trillion through Dec. 12, but at an extraordinary cost: Once the temporary limit expired, Clinton could either accept the GOP budget-reconciliation bill with its built-in long-term debt extension or almost instantly plunge the nation into its first-ever default. Absent any other action by

Istook Amendment's Wild Ride

In the heat of the budget battle, a band of conservative lawmakers who want to cut off federal grants to organizations that lobby the government managed to eke out an important, if temporary, victory.

The initiative was chiefly backed by a cadre of House conservatives, including Ernest Jim Istook Jr., R-Okla. Legislative language that came to be known as the "Istook amendment" bounced off two appropriations bills before briefly settling on the stopgap spending bill (H J Res 115). It ultimately bounced off that bill too, after the House discovered technical errors that could not be fixed without forcing the Senate to immediately face another tough vote on the issue.

Still, the fact that the provision survived a high-wire act to pass both chambers, albeit in different forms, represents a win for conservatives. It is not clear where the lobbying language will end up next. But the entire episode represented a fascinating example of what happens when House zealots collide with the small, but often decisive, band of Senate Republican moderates.

To supporters like Istook and David M. McIntosh, R-Ind., or Sens. Larry E. Craig, R-Idaho, and Alan K. Simpson, R-Wyo., the issue is whether to cut off "welfare for lobbyists." Opponents — who include virtually all Democrats, many Republican moderates and the Clinton administration — say it would gag the ability of nonprofit organizations to bring their message to the government.

First, House leaders had to whip hard to win a 216-210 procedural vote Nov. 8 to push the stringently drafted House measure past opposition from GOP moderates. (*Vote 773, p. 3486*)

Then, Senate supporters of the effort had to give the House language a severe scrubbing to slide a watered-down version through by the slimmest margin possible. Even that effort took two tries, as supporters lost the first Senate vote, 46-49. A vote switch by Ben Nighthorse Campbell, R-Colo., during a subsequent revote allowed the effort to prevail, 49-47. (*Votes 564, 565, p. 3482*)

In the end, it was only a tactical retreat by Simpson and Craig that made it possible for the Senate to pass anything at all. At the core of the Senate plan is a proposal to cut off federal grants to large nonprofit



Rep. Istook

organizations that lobby the government.

For months, House advocates have pushed a stricter plan that would place tight limits on the ability of all groups that receive federal grants to engage in "political advocacy," which would be broadly defined to include publicity efforts, political campaign activities or lawsuits against the government. House supporters of the idea also want to require all groups that receive federal grants to extensively report on their political efforts. (*Weekly Report, p. 3299*)

House leaders put the issue into play on the stopgap spending bill, after earlier efforts to attach it to the Labor-HHS spending bill (HR 2127) and the Treasury-Postal spending bill (HR 2020) were blocked by the Senate.

Simpson and Craig, while supportive of the House position, had been telling their colleagues across the Capitol for weeks that there was no way it would fly in the Senate. So, as the Senate took up the continuing resolution Nov. 9, Simpson and Craig had to scramble to redraw the House plan in an attempt to assuage the concerns of many senators and get something passed.

The Senate duo produced a stripped-down plan that would bar federal grants to so-called 501(c)(4) nonprofits, so named because of their designation in the tax code, with annual budgets of more than \$3 million. Such groups are nonprofits organized for lobbying purposes, and they include such organizations as the American Association of Retired Persons. Instead of applying to "political advocacy," the restrictions would be limited to lobbying the federal government.

In addition, all groups, including corporations, would have to live by a \$1 million "soft cap" on the amount of money they can spend on lobbying, if they still want to receive federal grants. Organizations with budgets greater than \$17 million could spend an additional 1 percent of their funds on lobbying. All organizations that receive less than \$125,000 in grants would be exempt.

"We've gone as far as we can go," Craig said. As a result, Istook said Nov. 10, "We're going to work from the Senate language." But first, he'll have to find a new home for his itinerant amendment.

—Andrew Taylor

Dec. 13, the permanent limit would drop back to \$4.8 trillion — \$100 billion lower than the current limit — and the administration would be prohibited from using trust funds as a tool to prevent default.

"It is crafted to coerce the president into signing a budget that he has already said he will not sign," said Treasury Secretary Robert E. Rubin of the GOP bill.

If there was no formal debt-limit

extension by Nov. 15, Rubin said, the Treasury Department would take "extraordinary actions" to ward off a default. Rubin left no doubt he would rather take those actions than risk default, even if a stalemate between the administration and Congress dragged on. "We can work our way through this for some period of time," Rubin said, declining to specify how long.

June O'Neill, director of the Congressional Budget Office, said that the

administration could stave off default for months or even years by manipulating various federal trust funds, which she noted contain billions of dollars.

"There is precedent for it, and I think the argument would be made that it's much worse for the government to default, and faced with those two prospects, using the trust funds as authority to borrow is the better of the two," O'Neill said.

Effects of a Federal Shutdown

The employees of the U.S. Postal Service will be working to ensure mail delivery if the federal government shuts down at midnight Nov. 13, but staff will be absent from shuttered Smithsonian museums and the National Zoo in Washington.

Fighter pilots will still be testing the limits of their sophisticated aircraft, but routine audits of military investigations will have to wait.

The likely failure of President Clinton and the Republican-controlled Congress to agree on legislation allowing the government to continue current operations will have a far-reaching effect on every federal department and agency.

A total of 800,000 executive branch employees, from Washington to Los Angeles and Bangor, Maine, to Beaumont, Texas, will be furloughed without pay, looking to a benevolent Congress to decide at a later date whether to make some financial restitution. The government is under no legal obligation to pay their salaries.

Still on the job will be some 1.2 million executive branch workers who will not see their paychecks for some time, 1.6 million uniformed military personnel and 800,000 postal employees.

The legislative and judicial branches will decide separately how many of their 63,000 employees are essential to operations and should continue to work.

Forced to operate with a smaller staff, the government will continue to send out Social Security checks to



SCOTT J. FERRELL

Rivlin's memo spells out what steps to take when the government runs out of money.

retirees but will be unable to handle new applications. Veterans will not receive their benefit checks, but staff will continue to operate veterans' hospitals and clinics.

The military will continue to train its forces, but commanders in the field will decide what work is necessary for civilian employees. Close to 300,000 of the 866,000 civilian employees will be affected.

"They'll be side by side out in the field with one paid and one not — a definite inequity," John J. Hamre, the Pentagon's comptroller, said in an interview.

The last government shutdown occurred over the 1990 Columbus Day holiday weekend, but an extended halt was averted when Congress passed a continuing resolution in the early hours of the Oct. 8 session and President George Bush signed the legislation.

With the Nov. 13 deadline approaching, Office of Management and Budget Director Alice M. Rivlin sent a memorandum to the heads of all executive departments and agencies spelling out what steps to take when the government runs out of money.

"If no continuing resolution has been enacted or will likely be enacted Tuesday, we will issue instructions initiating a phase-down of activities for non-excepted employees," Rivlin wrote in the Nov. 9 memo. "You should complete such phase-down activities for non-excepted personnel, if called for, during the first three hours of the workday."

—Donna Cassata

• **Continuing resolution.** Failure to agree on a method for extending fiscal 1996 funding would have much more immediate and tangible impact. Starting Nov. 14 and continuing until one side blinked or both sides compromised, much of the federal government would have to shut down for the first time since a three-day stoppage in 1990 — the last time a president of one party (Republican George Bush) faced off with an opposition Congress (then held by the Democrats) over budget matters.

Republicans used the debate over the stopgap bill to bludgeon Clinton for what they said was his failure to negotiate with them. "We have gotten zero negotiations, zero help, zero ideas from the White House," complained Gingrich.

But Democrats shot back that it is Republicans themselves who are hold-

ing up most of the appropriations bills, noting that most of the eight bills that have yet to clear Congress are stalled by internal GOP arguments over non-spending issues such as abortion.

Throughout the week, key players kept raising the rhetorical temperature. At the White House, Panetta labeled the GOP debt-limit bill "economic terrorism" and warned Republicans, "Don't put a gun to the head of the president and the head of the country, and say ... 'We're going to blow you apart.'"

On Capitol Hill, Gingrich repeatedly bashed Clinton, mocking what the Speaker said was Clinton's reliance on political advisers and his constant changes of mind.

"It's very difficult to work with a president who seems to be driven primarily by his political advisers," said

Gingrich.

Although none of this fell outside the wide limits of Washington tough talk, it did not sound like the dialogue of people who are about to sit down and reason together. By week's end, some members were warning that enough was enough.

"It's about time that we put an end to this terrible rhetoric," said Robert L. Livingston, R-La., chairman of the House Appropriations Committee, who was aiming at Panetta's "terrorism" remarks but might as well have been issuing a broader call for rhetorical peace.

"Up here, rhetoric really does matter," echoed House Budget Committee Chairman John R. Kasich, R-Ohio. "You've just got to watch what you're saying, because at the end of the day we all have to sit down and work this out."

COVER STORY

Budget Battle Came Sooner Than Either Side Expected

Congressional leaders misjudge Clinton's determination to veto stopgap funding, debt-limit bills

Republicans and Democrats were always expected to have a titanic clash over the budget. Just not quite this soon.

The script called for Republicans first to pass their huge, budget-balancing reconciliation bill and all 13 appropriations bills. Then President Clinton would veto the big budget bill and many of the spending bills. Once both sides had done what they promised, proving they were tough and principled, they were supposed to sit down and work out a deal.

But for reasons that may never be entirely clear — unwillingness to wait? personal pique? simple miscalculation? — Republicans figured they could jump the schedule and force Clinton to bend to key demands in exchange for two short-term bills designed to keep the government going.

Before even finalizing the reconciliation bill or sending half their appropriations bills to Clinton, Republicans shipped the president a stopgap spending bill and a short-term borrowing extension for the Treasury, both with poison pills Clinton had signaled for days he would reject.

Clinton vetoed both bills. Instead of a waffling, eager-to-please president they might have thought they could bully into making quick concessions, Republicans encountered a determined chief executive who had been badly wounded by accusations that he was a spineless flip-flopper.

Much earlier than expected and



From left, Gingrich, Kasich, Domenici and Dole at news conference Nov. 14 on the standoff.

sooner than either side might have wished, the fight was on. Goodbye: balanced-budget deal. Hello: chaos, uncertainty and red-hot rhetoric.

The impasse precipitated a government shutdown, as funding for most departments ran out in the wee hours of Nov. 14. Almost 800,000 "non-essential" federal workers were ordered home that day, and activities that ranged from medical research to the

processing of Social Security applications closed down indefinitely.

The incendiary back-and-forth over who was to blame and how to get out of the mess took the focus almost completely off Republicans' biggest triumph to date: the fact that they were in the process of delivering on their campaign promise with the most sweeping and significant fiscal overhaul since deficits ran out of control in the mid-1970s. The House adopted the budget-balancing measure (HR 2491) on Nov. 17,

237-189, voting largely along party lines. A few hours later, the Senate followed suit, passing the bill, 52-47.

But was anyone watching? The public saw instead the spectacle of a government ground to a halt. The government had closed down nine times previously but never for more than three days. By Nov. 17, the four-day shutdown had set a dubious record.

"Everybody believed this wouldn't happen until the first week of December," said House Republican Conference Chairman John A. Boehner, R-Ohio. Would it not have been better to showcase their balanced-budget plan and then go to meltdown to get bargaining leverage over Clinton? "Ideally we would have, but 'ideally' doesn't always happen," said Rep. Dennis Hastert, R-Ill., chief GOP deputy whip.

Polls quickly punished the Republicans, who were blamed almost two-to-one over Clinton for the shutdown. The mess also invited embarrassing criticism that Republicans were trying to hold Clinton liable for unfinished work that was held up largely by their

RECONCILIATION '95

Debt Limit Maneuvers.....	p. 3504
Gingrich Under Fire.....	p. 3506
Shutdown at a Glance.....	p. 3508
Touching Up Tax Cuts.....	p. 3510
Congress Debates Budget Bill...	p. 3512
Reconciliation Provisions.....	p. 3513
Farm Fight Goes to Wire.....	p. 3523
Medicare Overhaul Advances.....	p. 3535
Fine-tuning Medicaid.....	p. 3539
Welfare War Rages On.....	p. 3541

By George Hager

Breathing Room Under Debt Ceiling

President Clinton's veto of a bill to increase the government's authority to borrow money set in motion an extraordinary but not unprecedented series of actions by the Treasury Department intended to prevent a default on interest and principal owed to government bondholders.

On Nov. 15, Treasury Secretary Robert E. Rubin in effect created \$61.3 billion in additional borrowing authority by "disinvesting" two retirement funds managed by the government for civil service employees. Rubin's action was essentially to substitute a non-interest-paying IOU for some of the government-issued securities the funds previously held.

The precipitating event for his actions, he said, was the need to pay \$25 billion in interest on outstanding government bonds, which came due Nov. 15. Without taking some action, the interest could not be paid because the government was nearly out of cash and had reached the \$4.9 trillion ceiling on outstanding government debt that Congress set in 1993.

Congress had cleared a bill (HR 2586) Nov. 10 to increase the debt ceiling to \$4.967 trillion through Dec. 12. The president vetoed the bill Nov. 13, however. (*Weekly Report*, p. 3441)

Clinton objected to provisions that would have caused the debt ceiling to revert to a level \$100 billion lower than currently set, threatening a default on \$44 billion in government debt that will come due in mid-December. He also objected to provisions that would have blocked the very maneuver that Rubin employed to keep the government solvent. (*Veto message text*, p. 3559)

Spare Change

Though not quite the functional equivalent of finding loose change in the sofa cushions, Rubin's maneuver did buy time for the administration, which is locked in a standoff with the GOP-led Congress over efforts to balance the federal budget by 2002.

There is no more visible evidence of the flow of red ink through the government's books than the periodic need to increase the debt ceiling, and Congress attempted to use the expiration of the debt limit to pressure Clinton to agree to the pending deficit-reducing budget-reconciliation bill (HR 2491). That measure would increase the permanent debt ceiling to \$5.5 trillion, enough borrowing authority presumably to last until 1997. (*Reconciliation fight*, p. 3503)

The extra borrowing authority engineered by Rubin should last through December. Without being specific,



Treasury Secretary Rubin, left, and White House Chief of Staff Leon Panetta discuss the debt limit and budget standoff Nov. 14.

Rubin said the Treasury was evaluating steps to take then if the debt ceiling has not been increased by law.

What Rubin did was to order that \$39.8 billion in securities held by the Civil Service Retirement and Disability Fund (whose assets total about \$350 billion) and \$21.5 billion in securities held by the Government Securities Investment Fund (the entire balance) be redeemed for cash. In fact, it was a book-keeping change.

As a result, \$61.3 billion in outstanding bonds disappeared from the govern-

ment's balance sheet, permitting Treasury immediately to borrow \$57.5 billion in the public bond markets.

Rubin assured federal pensioners that whenever the debt limit is permanently increased, the retirement funds will be reinvested in interest-bearing bonds and that lost interest will be paid to the funds.

Déjà Vu

The actions Rubin took to find room under the debt ceiling are closely reminiscent of steps taken by Treasury Secretary James A. Baker III in October and November 1985, during the second Reagan administration.

While Congress spent more than two months debating the Gramm-Rudman anti-deficit bill, which eventually became law (PL 99-177), the government breached its debt ceiling (then set at \$1.824 trillion). Gramm-Rudman was carried as an amendment to a simple bill to increase the debt ceiling, but the debate delayed enactment until Baker said he had no choice but to pull cash out of a variety of trust funds to pay their beneficiaries and otherwise meet cashflow requirements. (*1985 Almanac*, pp. 457, 459)

Eventually, Baker announced he would have to tap the Social Security trust funds to make November payments to pensioners, sparking howls of protest until it was disclosed that the trust had already been tapped in October and before that in 1984 when Congress previously failed to enact a timely debt-limit increase.

Depriving the Social Security trust funds of interest-bearing investments provided enough political pressure to bust Senate intransigence to a short-term debt-ceiling in November 1985, and enactment of that increase put an end to Treasury's juggling act then.

When finally enacted in December, Gramm-Rudman carried a permanent debt-ceiling increase and language requiring Treasury to reinvest each of the affected trust funds and to refund interest that the funds would have earned during the period they were not fully invested.

—John R. Cranford

own internal disagreements.

And, perhaps most ominously, it seemed to lock both sides prematurely into cement-hard positions that left them little room for tactical retreat without a major loss of face.

CBO Numbers a Sticking Point

Republicans vowed that they would not budge until Clinton agreed to balance the budget over seven years on the basis of scorekeeping methods used by the Congressional Budget Office (CBO). After Clinton vetoed the first stopgap bill (H J Res 115), which would have provided money to keep the government going, Republicans passed another continuing resolution (H J Res 122) that dropped a controversial Medicare proposal and included just the balanced-budget condition.

"All the president has to do ... is commit to a seven-year balanced budget with honest numbers and an honest scoring system," said House Speaker Newt Gingrich, R-Ga. "Everything else has to be negotiated once we have reached that decision."

Clinton's own budget proposal was based on more optimistic economic projections from the Office of Management and Budget (OMB), which allowed him to claim balance with much shallower spending cuts than the GOP plan. If Clinton agreed to CBO projections instead, he would find himself in the same box that forced Republicans to go looking for enormous cuts in projected spending for Medicare and Medicaid.

"He [Clinton] is giving away the store if he does it," said Robert D. Reischauer, a former CBO director who is now a senior fellow at the Brookings Institution. "Then it's incumbent on him to come up with kinder and gentler cuts than the Republicans meted out, and there's no way to do that."

Clinton refused to move an inch if the price was accepting CBO numbers. "I will still veto any bill that requires crippling cuts in Medicare, weakens the environment, reduces educational opportunity or raises taxes on working families," he said.

With that, the two sides dug in.

"We are prepared to fight until December," said Gingrich, who predicted the shutdown could "easily last 90 days."

Clinton upped the ante, insisting he would refuse to knuckle under to Republicans, even if the battle lasted a year. "I'm not going to do it, even if



SCOTT J. FERRELL

Democrat Martin Olav Sabo, left, and Kasich confer Nov. 14.

it's 90 days, 120 days or 180 days," Clinton said on the CBS Evening News on Nov. 15. "If we take it right into the next election, let the American people decide."

House Budget Committee Chairman John R. Kasich, R-Ohio, topped even that. "I'd be prepared to carry this thing until hell freezes over," he said.

Reconciliation Bill Overshadowed

Meanwhile, all but overshadowed by the escalating tensions over the shutdown, negotiators finally worked out once-contentious House-Senate differences in separate versions of the big reconciliation bill.

Though it was destined to be just the Republicans' opening bid in endgame negotiations with Clinton, the huge bill virtually guaranteed major changes in the size and shape of the federal government, presuming the two sides can make some kind of a deal.

According to final scorekeeping, the measure would slash \$894 billion out of projected federal spending by 2002, enough to produce the barest, \$4 billion surplus by then. If that actually materialized, it would be the first since a \$3.2 billion surplus in 1969.

To satisfy Republicans' twin goals — balance the budget and make the federal government smaller and much less powerful in the process — the bill calls for radical overhauls in social spending programs that have been

mainstays of the Democratic vision of government since the New Deal days of the 1930s and the Great Society era of the 1960s.

House and Senate Republicans agreed to radically revamp a broad array of welfare programs that date to the Great Depression, cutting a total of \$82 billion and ending the guaranteed right of eligible poor children and their mothers to minimum government assistance.

Medicare, the federally subsidized health insurance program for the elderly, would be overhauled to emphasize market forces and encourage seniors to move to managed care institutions, such as health maintenance organizations. In a bid to save \$270 billion over seven years, negotiators largely agreed to House demands not to hit beneficiaries with higher deductibles for doctor bills. Instead, Republicans would seek to insure savings with "lookback" cuts to health care providers, if savings fell below target levels.

Medicaid, the joint federal-state health care program for the poor and disabled, would be turned over to state governments, who would get block grants and minimal mandates from the federal government. Savings would amount to about \$163 billion over 7 years.

In another key area, House negotiators largely prevailed over their Senate counterparts in paring back farm subsidies and setting the stage to do

'Train Wreck' Engineered by GOP ...

Republicans in Congress thought that only a so-called government train wreck would lead them to their goal of balancing the budget. They didn't expect to be lying on the tracks when the cars derailed.

The government shut down the week of Nov. 13 as a result of a tense standoff between President Clinton and the GOP majority in Congress. The Republicans, who thought they would have the upper hand in a train-wreck scenario, instead endured one of their most dismal weeks since coming to power in January.

Though by week's end they made progress on balanced-budget legislation, Republicans lost control of the debate and their message just as the White House seemed to be finding new self-assurance and political direction. The congressional majority's standing with the public plummeted, with opinion polls universally showing Republicans being blamed more than Clinton for the problems in Washington.

To make matters worse, the loquacious House leader, Speaker Newt Gingrich, R-Ga., became an issue himself, further obscuring the Republican message. Halfway through the week, just as the GOP seemed to be regaining its footing, Gingrich publicly revealed that he forced the shutdown in part because he felt that Clinton had snubbed him during an overseas diplomatic trip to attend the funeral of Israeli Prime Minister Yitzhak Rabin and later made Gingrich and Senate Majority Leader Bob Dole, R-Kan., exit the rear of the plane.

His outburst of pique was played at the top of television news broadcasts and on front pages across the country. On the House floor, Democrats paraded a blow-up of a New York Daily News headline. "CRY BABY," screamed the headline, next to a caricature of Gingrich in diapers captioned, "Newt's tantrum: He closed down the government because Clinton made him sit at back of plane."

Privately, Republicans advised Gingrich to calm down, get more rest and restrain himself in public.

Rep. Christopher Shays, R-Conn., said, "If people don't like the messenger, they don't listen to the message."

Behind the scenes, House Republicans maneuvered to push other leaders in the budget issue out front to help deliver their message, hoping they could soften the hard edge of Gingrich's public appearances.

"We're going to try to diffuse some of this," said one House leader.

At week's end, bloodied, sleep-deprived House Republicans were able to adopt the conference report on their defining, budget-balancing bill; the Senate also was expected to complete action. But they had far to go to repair the political damage.

"I think it will all come together in the end, but this ugliness may last a while longer," said Rep. Robert L. Livingston, R-La., chairman of the House Appropriations Committee.

Republicans' Stumbling Start

The week started badly for the Republicans.

Gingrich, Dole and Clinton had traded insults for several consecutive days. And outside the Beltway, what

Republicans had hoped would be viewed as a great debate about redefining the role of the federal government was quickly coming to be seen as a silly, schoolyard brawl. Worse for the Republicans, who had campaigned on a slogan of ending business-as-usual in Washington, many of their constituents described the problem as the same old partisan gridlock.

Dole and Gingrich complained that the president would not call them to arrange negotiations to end the stalemate. For his part, the president vetoed a stop-gap spending measure sent by Congress that would have provided the government enough money to keep running until the impasse could be resolved. He accused Republicans of cutting Medicare benefits by proposing to cancel an already scheduled reduction in premiums for doctor visits.

By the time House Republicans met in a late evening session on Monday, they had had enough bad PR.

Rep. Mike Parker, R-Miss., a Democrat-turned-Republican attending his first conference meeting, told House leaders they should pick up the phone and ask for a meeting with Clinton. "Go pound on the gates if you have to," Parker recalled saying. "Let's quit playing these games and let's go talk."

GOP leaders made the phone call and about 10 p.m. they met with Clinton. The two sides failed to resolve the immediate problem of keeping the government open, and hundreds of thousands of federal workers stayed home the next day.

Unhappily for Republicans, they had made a big political miscalculation: They had underestimated Clinton's willingness to take up the fight early. So the focus of the showdown became the bill aimed at maintaining the government temporarily while the larger issue of balancing the budget was stuck in furious eleventh-hour meetings aimed at completing the omnibus budget-reconciliation bill.

Gingrich acknowledged that he mistakenly expected the showdown with the president to come after the Thanksgiving congressional break and that the veto of the short-term measure had engaged Republicans prematurely. John Motley, senior vice president of the National Retail Federation, said, "They misjudged it and now are scrambling to get the upper edge."

Republicans were split over whether to take on the president or hold their fire until later, with some fearing they would be perceived as weak if they waited too long. Some Republicans were unsure which way to go.

Rep. Henry J. Hyde, R-Ill., said, "I am standing on two stools that are rapidly separating. I expect to get a political hernia at any minute."

Some of the GOP's trouble stemmed from its 73-member freshman class, a highly conservative and assertive group often used by Gingrich as leverage to press House positions on the president and in the Senate, where moderates frequently tinker with House initiatives. But freshman intransigence had become a liability.

By insisting for months on attaching policy riders to every bill that came along, they had radically slowed the movement of legislation through Congress. Republicans

... Batters Party and House Speaker

were ripe for Democratic attacks accusing them of failing at the basic work of governing — passage of the 13 annual appropriations bills. The stalled spending bills created the need for the short-term bill vetoed by Clinton.

Rep. C. W. Bill Young, R-Fla., chairman of the National Security Appropriations Subcommittee, said he told Gingrich: "We've got to get the leadership involved in getting these appropriations bills out of here."

Despite the all-encompassing effort of putting together the budget bill, congressional leaders stepped up work on the spending bills, further distracting the GOP from its central budget message.

The House freshmen were also among those clamoring for action on reform legislation to ban gifts to members and to force lobbyists to disclose more about their dealings with lawmakers. The bills are considered a step toward improving Congress' image, but they also were another distraction from the budget message. (Story, p. 3516)

"The freshmen are dug in on a lot of things," complained Rep. Dan Burton, R-Ind., who opposed them by sponsoring a watered-down version of the gift ban. "They came here to change the world." The House eventually rejected the alternative and adopted a strict gift ban.

A GOP Rebound and the Speaker's Pique

By midweek, there were signs that things might improve for the Republicans. They awoke the morning of Thursday, Nov. 16, fully expecting to take political advantage of the previous night's vote.

Forty-eight Democrats had crossed party lines to vote for a second stopgap spending bill, this one purged of politically damaging Medicare provisions but containing a Republican condition forcing Clinton to agree in principle to balance the budget in the GOP's seven-year time frame using its conservative economic forecasts.

To boot, an editorial in that day's Washington Post praised Republicans for having the "guts" to cut spending and accused the Democrats of demagoguery on Medicare.

But any hope of a fast Republican recovery was flattened by revelations of Gingrich's personal animosity toward the White House. News accounts described a remarkable breakfast meeting with reporters during which the Speaker admitted being "petty" when he attached tough provisions to the first stop-gap bill. He said he had done so out of anger at his perceived snub by Clinton during the long, round-trip flight on Air Force One to Jerusalem for the Rabin funeral.

The ensuing media feeding frenzy swallowed GOP chances of focusing on the Democratic defections of the night before or on the Post editorial.

The airplane flap also threatened to exacerbate the public's already dim view of Gingrich. Sixty-five percent of Americans disapproved of his handling of the budget stalemate, according to a CNN/USA Today survey on

Nov. 15. Republicans, according to Shays, told Gingrich: "You are on the message when you are rested and happy. But when you are tired and not feeling good, you are off message and people don't like you."

Others had harsher interpretations. Rep. Peter J. King, R-N.Y., told the New York Post: "It's incredible, petty childishness. Nobody in America gives a damn where he was on Air Force One. . . . It's total egomania to think anybody cares."

Later on Thursday, the White House released a photograph showing Dole and Gingrich in Clinton's Air Force One cabin, apparently engaged in conversation.



The White House released this photo of Gingrich, left, and Clinton, far right, aboard Air Force One to counter the Speaker's charge of a snub.

As Gingrich himself became an issue, Democrats and some Republicans began to wonder whether Dole and others should assume a larger role in eventual budget talks with Clinton. House Minority Whip David E. Bonior, D-Mich., said, "Dole is a more reasonable person and would work to get this thing done. That's his history as a legislator. Newt's is destruction."

Some GOP members also suggested that more moderates and female lawmakers help deliver the budget message, which they hoped would let them reach a broader spectrum of Americans.

But Gingrich is the party's leading conservative visionary and the mastermind of the Republican takeover of Congress. "To say they are stuck with him is an understatement," said Stephen Hess of the Brookings Institution. "He created them. He created the Republican majority. They can't turn their backs on him now."

As the week ended, Republicans expressed optimism that their fortunes would improve once the public became better acquainted with their bill promising a balanced budget by 2002.

Young said, "The immediate issue may be going the other way, but when people see that we accomplished what we set out to accomplish, and nobody got hurt, we'll win."

—Jackie Koszczuk

Budget Showdown: Day by Day

Following is a day-by-day summary of key events in the budget showdown between the GOP-led Congress and President Clinton, immediately before and after Clinton ordered 800,000 federal workers furloughed for lack of enacted appropriations for fiscal 1996:

Nov. 8: The House passes H J Res 115, a stopgap continuing appropriations resolution to extend funding through Dec. 1 for agencies covered by appropriations bills not yet enacted. The vote was 230-197. (*Vote 775, Weekly Report, p. 3486*)

Nov. 9: The House passes HR 2586, a temporary increase in the government's borrowing limit, on a 227-194 vote. (*Vote 781, Weekly Report p. 3488*)

The Senate modifies H J Res 115 before passing it, 50-46, and returning it to the House. (*Vote 567, Weekly Report, p. 3482*)

The Senate modifies HR 2586 before passing it, 49-47, and returning it to the House. (*Vote 569, Weekly Report, p. 3483*)

Nov. 10: The House modifies H J Res 115 and passes it again, 224-172. The action sends the bill back to the Senate. (*Vote 786, p. 3560*)

The House clears HR 2586, 219-185. (*Vote 785, p. 3560*)

Nov. 13: The Senate clears H J Res 115 by voice vote.

President Clinton vetoes HR 2586, the debt-limit bill; the House postpones an attempt to override the veto until Dec. 12. (*Vote 788, p. 3560*) Treasury Secretary Robert E. Rubin says the government will take steps to ensure that it will make good on principal and interest payments due Nov. 15 and 16.

Clinton vetoes H J Res 115, the continuing resolution; the House postpones an effort to override the veto until Dec. 1. (*Vote 790, p. 3562*)

Clinton meets with the bipartisan congressional leadership at the White House.

Nov. 14: The federal government suspends "non-essential" services. An estimated 800,000 federal workers across the country are sent home. Law enforcement and some other vital services continue, but many do not. The government stops processing new Social Security applications, though it continues to send checks to retirees. Tourist attractions such as the National Gallery of Art and Grand Canyon National Park are shut. This is the first such government shutdown since Columbus Day 1990.

Nov. 15: Rubin shifts \$61.3 billion in two government-employee retirement funds out of Treasury securities and into cash, giving the government room to borrow without exceeding the \$4.9 trillion statutory debt limit.

The House passes another continuing resolution, H J Res 122, on a 277-151 vote. It would provide funding for the government through Dec. 5. (*Vote 802, p. 3564*)

Nov. 16: The Senate clears H J Res 122, 60-37. (*Vote 581, p. 3569*)

Nov. 17: On a mostly party-line vote of 237-189, the House adopts the conference report to the budget-reconciliation bill (HR 2491 — H Rept 104-350) designed to balance the federal budget by 2002. The Senate also adopts the conference report, 52-47, after amending it.

away with them altogether in some future round of cuts.

And, in a final set of agreements that provided a sweetener to go along with all the spending cuts, negotiators compromised on a \$245 billion package of tax cuts. In a deliberate move to defang Democratic attacks that Republicans were handing out tax breaks to the rich, conferees restricted a \$500 per child tax credit to families making up to \$110,000 a year instead of the originally proposed \$200,000 a year income ceiling.

Anger, Division on Both Sides

While Republicans expressed enormous pride and satisfaction at fulfilling the balanced-budget promise they made in last year's elections, Democrats denounced the reconciliation bill as a mean-spirited attack on the nation's poor.

It was no surprise that the two sides were deeply divided, angry and seemingly far from agreement. The showdown has been looming ever since Republicans unexpectedly won control of Congress a year ago.

A Democratic president and a Republican Congress now have to find a way to compromise essentially irreconcilable differences between widely divergent philosophies of government. Should poor children have a right to minimal financial support? Should the disabled have a guarantee of medical care? Should the federal government spell out uniform nationwide standards for basic-benefits programs, or should the 50 states be allowed to go their own ways?

The big GOP reconciliation bill poses scores of questions like that. No one ever expected things to be easy, but the wide gaps between the two

sides and the sheer vitriol and resentment that have permeated the debate seem unusually ominous now.

"I've never seen anything like this," said Rudolph G. Penner, who was CBO director from 1983 to 1987 and saw the inside of some of the worst budget battles of the Reagan administration. "I'm rather depressed about the prospects."

Penner, now an economist at the Barents Group, a subsidiary of KPMG Peat Marwick, said he worries that this year could be a repeat of 1985 — when Republicans tried and failed to cut back Social Security cost of living adjustments, got hammered by Democrats and lost the Senate the next year. The political fallout made Social Security the vaunted "third rail of American politics" (touch it and die), and has put the nation's single largest spending program all but off limits to

budget-cutters ever since. Penner said he fears the same thing could happen to Medicare, which has provoked a white-hot fight this year between Republicans who want to pare it back and Democrats who claim the GOP wants to kill it.

"If we take Medicare off the table, too, we're in big trouble," Penner said.

Motivations To Make a Deal

While there is a greater-than-usual likelihood that two sides so far apart could ultimately fail to reach any agreement at all, there are powerful motivations to make a deal.

Indeed, despite the defiant talk from their leaders, rank-and-file members began to heighten the prospects for compromise on the continuing resolution as the week drew to a close Nov. 17.

By then, significant numbers of Democrats had begun to abandon strict allegiance to Clinton's hard line and opted to back at least the concept of a seven-year balanced budget based on CBO numbers, though most of them strongly rejected the GOP plan itself. Fully 48 House Democrats — about a quarter of the caucus — joined with Republicans to support the second continuing resolution in the 277-151 vote Nov. 16, putting Republicans within nine votes of the 289 they would need to override Clinton's veto. In the Senate, seven Democrats backed the second CR in a 60-37 vote Nov. 16, despite a prediction by Minority Leader Tom Daschle, D-S.D., that only one or two Democrats would jump ship. (*Votes*, pp. 3560-3569)

It was a powerful statement of Democratic displeasure. Clinton professed to be unworried. "I would have been concerned if it had been enough for a veto override," he said of the House defections. But Democrats said the White House lobbied hard to keep the count down, and with their leaders refusing to move, centrists in both parties began to push for a bipartisan, grass-roots deal.

"At some point there's no more winners, there's only losers, and I think we're pretty close to that point," said Sen. John B. Breaux, D-La., on Nov. 17. "Clinton can balance the budget in seven years if you get the right [economic] assumptions." Be-



NATHANIEL D. HARARI

Dole and Domenici at news conference Nov. 14.

hind the scenes, negotiators were already talking over a possible compromise between CBO and OMB numbers that would make it easier for Clinton to come to the table.

With that in mind, Reps. Fred Upton, R-Mich., and Tim Roemer, D-Ind., floated a proposal that would soften the CBO condition slightly, stating that both sides "should" agree to allow CBO to score the final numbers in any balanced-budget agreement. But GOP leaders appeared to reject the plan late Nov. 17.

Both Sides Need a Signed Bill

Gingrich and other GOP leaders have insisted all year long they want a signed balanced-budget bill, rather than a campaign document to wave in next year's elections. A deal with Clinton, Reischauer noted, would demonstrate they are not the extremists Democrats have portrayed, and that they can actually get things done. Further, Clinton and the Democrats would share bipartisan blame for deep

spending cuts made in this Congress.

It is even more obviously in Clinton's interest to get an agreement, since it would validate claims that he can moderate Republican demands, work effectively in a divided government and get things done — all of which would enhance his re-election prospects next year.

The keys to a deal have been obvious for months. Clinton wants smaller cuts in the health-care entitlements and welfare programs, plus a little more money to spend on key "investments" in education and other priorities.

The question is where to find the money to pay for that, and the most obvious place now is in the economic assumptions. Former CBO director Penner said the "rational" thing to do would be to find a compromise on the economic projections, arguing that many Republicans have mistakenly elevated the CBO numbers to "religious significance." In most cases, he said, the CBO-OMB differences are small, well within the scope of legitimate disagreements between economists.

Ultimately, though, the key to any deal is whether the parties really want one. On that score there are mixed signals. Sources inside the first few sessions of high-level talks between the White House and Congress said part of the most obvious push toward agreement has been coming from two moderate veterans of past negotiations who already had been conducting private, back-channel talks for months.

Senate Budget Chairman Pete V. Domenici, R-N.M., and White House chief of staff Leon E. Panetta were both described as searching for common ground. "Domenici and Panetta have been in these things from 1987 on," said one participant who watched both men in the early closed-door rounds. "When Domenici and Panetta were talking to each other, it was pretty favorable."

On the other hand, the participant said, it was clear that forces beyond the pair's control were deliberately blocking the way, at least for the moment. "I've been through a lot of negotiations," Panetta was quoted as saying at the outset of a high-level meeting at the Capitol on Nov. 14 that ended with no progress. "I know when it's right and I know when it's not right. This one's not right." ■

Budget on Gen

RECONCILIATION

Harsh Rhetoric on Budget Spells a Dismal Outlook

As GOP blasts both veto and Clinton plan, efforts at a deal go nowhere

How the world has changed. If President Clinton had done one year ago what he did Dec. 7 — send Congress a plan that purported to balance the budget in seven years — Republicans would have reacted with astonished glee.

Instead, their angry disappointment made for another week in which budget talks went virtually nowhere and the two sides traded further accusations of bad faith.

A president who once wanted nothing to do with a balanced-budget plan, and who then balked at setting a date certain for balance, appeared to take a big step toward the GOP, offering his own seven-year plan. Rank-and-file Democrats who had been deeply critical of Clinton for offering a 10-year plan in June were generally supportive.

But Republicans saw the move as little more than political posturing, and they denounced Clinton for basing his plan on economic projections they said were phony.

Whether any of this opened the way to an eventual agreement — or even constituted enough face-saving progress to ward off another government shutdown in mid-December — was unclear. Judging strictly from the visible developments and the rhetoric, things did look dismal.

Clinton vetoed the Republicans' balanced-budget package Dec. 6, condemning it so unequivocally and theatrically (vetoing it with the same pen President Lyndon B. Johnson used to sign Medicare and Medicaid into law in 1965) that wounded Republicans



White House Chief of Staff Leon E. Panetta holds copies of president's balanced-budget plan during a news conference Dec. 7.

warned bluntly that his tone was getting in the way of progress.

"Today I am vetoing the biggest Medicare and Medicaid cuts in history, deep cuts in education, a rollback in environmental protection and a tax increase on working families," Clinton said. "With this veto, the extreme Republican effort to balance the budget through wrongheaded cuts and mis-

placed priorities is over."

"They had better lower the rhetoric if they want this done," responded House Budget Committee Chairman John R. Kasich, R-Ohio.

In a blast of his own, House Speaker Newt Gingrich, R-Ga., fired back at Clinton. "Instead of leading, instead of governing, he played games with the American people," Gingrich said.

When Clinton unveiled his balanced-budget plan, Republicans denounced it so strongly that it was Clinton's turn to suggest that the rhetoric was unhelpful.

White House aides said the new proposal added \$141 billion in spending cuts to the June plan, in-

cluding deeper cuts in welfare and lower-priority domestic appropriations. The White House left intact its June proposal on Medicare and Medicaid, opting to cut projected spending for each less than half as much as Republicans did.

In its most controversial move, the White House insisted on sticking for the moment with its own, somewhat more optimistic economic projections. The administration proposed an unspecified enforcement mechanism with automatic spending cuts to make up the difference if it turned out that its forecasts were wrong.

Republicans immediately derided the enforcement proposal as a dodge to avoid making real cuts, and they blasted Clinton for relying on deficit projections they said were unsound. "Using this kind of a gimmick gives smoke and mirrors a bad name," Kasich said, calling the proposal a "tremendous disappointment."

RECONCILIATION '95

Highlights of Clinton Plan.....	p. 3722
House Freshmen Diverge.....	p. 3724
Sorting Out Spending Bills.....	p. 3726
GOP vs. Clinton on Farm Policy..	p. 3730
White House Medicare Plan.....	p. 3742
Governors Watch Medicaid.....	p. 3744

By George Hager

Highlights of Clinton's Proposal . . .

President Clinton's latest budget proposal — the third this year — would balance the budget in seven years using the economic assumptions of the Office of Management and Budget (OMB). It would cut spending by \$465 billion over seven years and reduce taxes by \$105 billion.

That contrasts sharply with the Republican-passed balanced-budget proposal (HR 2491), which is based on the economic assumptions of the Congressional Budget Office (CBO). The Republican plan calls for \$812 billion in spending cuts to balance the budget by 2002. The Republicans would reduce taxes by \$245 billion.

OMB uses somewhat more optimistic economic assumptions than CBO, which allows Clinton to cut less from programs and still claim to achieve balance. The differences between OMB and CBO numbers remain a hotly contested matter between Republican and Democratic budget negotiators.

The administration proposes making up the gap between the two economic estimates by designing an enforcement mechanism that would trigger additional spending cuts if deficit-reduction targets were not met.

The latest Clinton budget would save \$141 billion more than the 10-year balanced-budget plan he proposed in June, and it is more detailed than the earlier plan. (*Weekly Report*, p. 1715)

However, in all but three areas there are few changes from the June plan. The areas are: discretionary spending, where the administration would cut an additional \$64 billion; corporate tax measures, where the administration would save \$28 billion by ending 26 tax preferences; and welfare, where the administration would save an additional \$8 billion.

• **Discretionary spending:** The new Clinton plan would cut \$250 billion over seven years from domestic programs in contrast to the Republicans' proposed \$440 billion in cuts. The Clinton plan constitutes a 20 percent reduction in spending for non-priority domestic programs, meaning that they would be frozen at the fiscal 1996 spending levels with no increase for inflation through 2002.

Although administration officials provided few details, programs that would face reduced spending under Clinton's plan include transportation, specifically national highway system funding, and some public housing programs. Clinton would continue to increase spending for his top priorities, such as the Head Start preschool program, Goals 2000, which aims to help states and school systems maintain high academic and teaching standards; Pell Grants, which subsidize college studies for lower-income students; and environ-

mental programs, such as those promoting the development of environmental technology.

The Republican budget would keep spending below the fiscal 1995 levels in all domestic programs except defense.

• **Medicare:** While the amount of the savings in the Clinton plan is far smaller than in the Republican proposal, the framework is similar. Under both plans, beneficiaries would face higher premiums, although those increases would be smaller under the Clinton plan. The bulk of the savings in both proposals would come from slowing the growth in reimbursement rates to health care providers and encouraging the elderly to join managed care plans. The Clinton plan would reduce provider reimbursement rates by \$124 billion over seven years. Both plans would make it easier for doctors and hospitals to form managed care networks.

In contrast to the GOP plan, Clinton provides for more consumer protections for the elderly who enroll in managed care networks. His plan would prohibit managed care health plans from charging additional amounts above the annual Part B premium, which covers doctor services. It would allow the elderly who decide they do not like managed care to move back into the traditional Medicare system and reactivate their Medigap insurance. (Medigap pays for such benefits as prescription drugs and other copayments and deductibles.) Under current law, those who re-enter traditional Medicare can have difficulty getting Medigap insurance.

Beneficiaries under the Clinton plan would pay 25 percent of the cost of the Part B premium. The Republican plan would increase the payment to 31.5 percent and would require affluent seniors to pay as much as 100 percent of the Part B premium. (*Medicare*, p. 3742)

• **Medicaid:** Clinton would retain the federal guarantee of health insurance for eligible poor and disabled recipients, including pregnant women and children. His plan would restrain spending by instituting a per-person cap on benefits. He would keep the requirement that states provide full health benefits for recipients, and he would maintain the strict 1987 nursing home regulations. However, Clinton proposed to ease many governors' concerns by making it easier for states to set up managed care programs for the poor.

Clinton would allow federal spending on Medicaid to grow by 7.8 percent annually, which is less than the projected rate of medical inflation but higher than under the Republican plan.

"I don't think that's very constructive," Clinton responded when told of Kasich's comments.

The president said his new offer was "a good place to start discussions. I made a proposal. Now I'd like to see what theirs is."

Negotiators were temporarily slowed by the lack of up-to-date numbers from the Congressional Budget

Office (CBO), which had promised to redo its seven-year economic projections to take into account a new and more favorable economic outlook. The sheer size of the job delayed new numbers until a preview scheduled for Dec. 11.

That meant that Republicans would get no official CBO evaluation of the new Clinton plan until it could

be "scored" against the updated numbers.

And even more important, it kept negotiators waiting to find out how much new bargaining room CBO would give them; the CBO re-estimate is expected to reduce the seven-year deficit numbers by some \$50 billion to \$150 billion, "money" that could be used to narrow the gap between Re-

... To Balance Budget in Seven Years

For their part, Republicans would eliminate the federal entitlement status for Medicaid and convert it to a block grant system administered by the states. The governors would decide which benefits would be provided to beneficiaries and how many beneficiaries could be covered. Although states would be required to cover low-income pregnant women and children and the disabled, no specific services would be set. Republicans would allow the states to police most nursing home standards. Overall, the program would grow about 5.2 percent annually under the GOP plan. (*Medicaid*, p. 3744)

• **Health reform:** Showing he has not given up the idea of changing the nation's health care system, Clinton tucked into his balanced-budget plan some incentives aimed at increasing the number of people with health insurance coverage. His budget proposed guaranteeing coverage for six months for those people who lose their jobs and expanding the tax deduction for health insurance premiums for the self-employed from 30 percent to 50 percent.

• **Tax cuts and corporate tax changes:** The family tax cut proposals are unchanged from what Clinton outlined earlier this year. They include: a phased-in \$500-per-child tax credit for families with adjusted gross annual income of up to \$60,000 for children under 13 years old; a \$10,000 annual tax deduction for education for families with adjusted gross income of up to \$100,000 a year; and an expansion of Individual Retirement Accounts for taxpayers whose adjusted gross annual income is up to \$50,000 for single people and \$80,000 for married couples. Under current law, the income limits are \$25,000 for single people and \$40,000 for couples.

The new component in the Clinton package is the ending of \$28 billion in corporate tax preferences, which is in addition to the \$7 billion in tax savings already outlined in the administration's fiscal 1996 budget proposal. Among the corporate tax preferences that would be phased out are the tax credit for companies doing business in Puerto Rico and tax incentives for corporations to sell and borrow against corporate-owned life insurance policies.

• **Spectrum auction:** Clinton would auction off an additional \$13 billion in broadcast spectrum rights in 2000-2002, which, when combined with his earlier proposal, would mean \$28 billion in total savings from this source. That is almost twice as much as the Republican plan would raise.

• **Welfare:** The administration's latest proposal to



REUTERS

Clinton, using the pen Lyndon Johnson used to sign Medicare into law in 1965, vetoes the reconciliation bill Dec. 6.

overhaul welfare would save \$46 billion over seven years, primarily by cutting food stamp benefits by \$19 billion, trimming benefits to legal immigrants by \$11 billion and reducing spending for Supplemental Security Income, which supplies cash assistance to the elderly, blind and disabled, by \$7.5 billion. In sharp contrast to Republicans, the administration would not create a block grant for Aid to Families with Dependent Children or for a variety of child protection programs, such as certain foster care and adoption assistance.

• **Agriculture:** The Clinton plan would save about \$5 billion by reducing the amount of acreage eligible for farm subsidies but continuing the traditional policy of increasing subsidies when market prices drop. The GOP proposal, which would save \$12.3 billion over seven years, would grant farmers fixed but declining payments regardless of market conditions.

• **Consumer Price Index:** The plan assumes a two-tenths of 1 percentage point reduction in the Consumer Price Index, reflecting changes that would be made by the Bureau of Labor Statistics in calculating the widely used inflation index. This would produce \$32 billion in savings by reducing projected government spending on programs that are automatically adjusted for inflation, such as Social Security. The Republicans have a similar proposal in their plan.

—Alissa J. Rubin

publicans and the White House.

Clinton's Tightrope Walk

Meanwhile, Clinton was clearly steering a tricky course between Republicans and the activist liberal core of his own party, particularly in the House. Democrats were broadly supportive of Clinton's decision to engage with the GOP on a seven-year bal-

anced-budget plan. "Democrats do not win if the argument is whether to have a balanced budget," explained Rep. Thomas M. Barrett, D-Wis. "Where Democrats win the argument is that we can do it in a fairer fashion."

But some sent Clinton a pointed message. "We like this better as an ending point than a starting point,"

said Rep. Sam M. Gibbons, D-Fla., signaling that while Clinton's new plan might be much too little for Republicans, it is almost too much for some Democrats.

White House Chief of Staff Leon E. Panetta left a meeting with House Democrats Dec. 7 and seemed to address his remarks directly to Democrats like Gibbons. "Everybody needs

GOP Freshmen Split Over Details

For nearly a year, the freshman House Republicans have been the piston of the party's policy revolution. But, with the budget debate now entering a critical phase, the group no longer appears so monolithic.

Left out of the day-to-day budget negotiations that are being conducted by a small group of senior lawmakers, the GOP freshmen are trying to figure out how best to exercise their power, both as a group and individually.

As part of their effort to ensure their influence on the final outcome, and also to give themselves some direct contact with the White House, they met Dec. 6 with Alice M. Rivlin, director of the Office of Management and Budget, to discuss budget priorities.

While the meeting did not bridge important policy gaps, it did strike a surprisingly cordial tone. Rivlin received rave reviews from several members, almost suggesting that if it were up to the GOP freshmen and Rivlin, the budget deal could be done in no time.

"I'm more optimistic than I have been in a long time that there is going to be a bipartisan agreement on the budget," Rep. Mark W. Neumann, R-Wis., said after the freshmen's hourlong discussion with Rivlin.

While the Republican leadership growled at President Clinton for presenting his latest budget plan using numbers from the Office of Management and Budget instead of the Congressional Budget Office (CBO), the freshmen took a more measured view. "It's a first step, and we'll have it scored by the CBO and then we can see how much more he [Clinton] wants to spend than we do and start negotiating," Neumann said.

Several freshmen said the thing they wanted most was for the White House to take them more seriously. "I compliment Ms. Rivlin for coming to talk with us. . . . The White House has a view of the freshman class as being dug in. . . . We explained to her that the reason the freshman class has dug in its heels is that we came here with a set of principles, which we promised our colleagues back home we would fulfill. She did a lot of listening to us," said Rep. John Shadegg, R-Ariz.

Jon Christensen, R-Neb., who set up the Rivlin meeting, went even further. "Ms. Rivlin, in my eyes, has skyrocketed because she clearly is in line with the freshman class in terms of balancing the budget — much more productive than what we're hearing out of the Senate and House Democrats," he said. "She's with us for a balanced budget."

Attempting Softer Image

Overall, the freshmen seem to be attempting to soften their image as hardliners who are unwilling to compromise on their budget-balancing goals. At the same time, behind the scenes, they are breaking into factions, with somewhat different philosophies about how much the GOP should compromise on any final budget deal.



Scarborough and other House freshmen are taking new approaches.

"All the freshmen are united on balancing the budget in seven years using the numbers of the Congressional Budget Office. But when you start talking about tax cuts, about Medicaid, there are differences," said Rep. Joe Scarborough, R-Fla.

Some freshmen have decided to join the new "Mainstream Conservative Alliance," a group of Republicans willing to work with conservative and moderate Democrats on a budget agreement.

Any compromise with the conservative Democrats is likely to involve jettisoning at least some portion of the GOP's \$245 billion tax cut, as well as some of the other pillars of the Republican plan, such as ending entitlement status for Medicaid, the govern-

ment's health insurance program for the poor and disabled.

Other freshmen have lined up with a group called the Conservative Action Team, which is made up of conservative Republicans who are committed to maintaining the full tax cut.

Overall, only about 10 to 20 of the 73 members of the freshman class are adamant about keeping the \$245 billion tax cut that is currently in the Republican plan, according to freshmen members. The \$245 billion number was arrived at in negotiations between the House and Senate and is far smaller than the \$353 billion tax cut the House voted for in April as part of the House GOP's "Contract With America." (*Weekly Report*, p. 1010)

But while many of the freshmen say they could support a smaller tax cut, some will do so only if the money goes toward further deficit reduction rather than being used to reduce the size of the cuts in Medicare and Medicaid.

"Spending in Medicare and Medicaid is rising 10 percent a year. The escalation in spending is just not acceptable," said Brian P. Bilbray, R-Calif. "The only way anybody would consider giving up the tax cut would be if the money weren't going to be used to continue to bloat Medicare and Medicaid. . . . We can not keep allowing the taxpayer to be ripped off," he said.

A similar problem exists for some members on Medicaid. While Democrats want to preserve Medicaid as an entitlement, many freshman Republicans say their philosophical belief is that the program ought to be a block grant to the states. This would essentially end Medicaid as an entitlement program because there no longer would be a requirement that the states cover the poor and disabled segments of the population that they do now.

However, other members are reluctant to draw a line in the sand on Medicaid. They say it is more important to stick to their guns on Medicare, which is targeted for savings of \$270 billion over seven years.

"Medicare's an area I would have difficulty changing, but I don't know on Medicaid," said Christensen.

—Alissa J. Rubin

to understand that we do not view this as a starting point," he said of Clinton's new offer. "There is not a lot of negotiating room here."

To no one's surprise, talks subsequently went nowhere. Panetta walked Republicans through the new administration plan in a closed-door session Dec. 7, but the two sides gave up after barely 90 minutes.

The only positive development — if it could be called that — was that the two sides finally began to talk about their most deeply held differences, which go far beyond simple budget numbers.

Senate Budget Committee Chairman Pete V. Domenici, R-N.M., told Democrats at the meeting that one of the Republicans' "absolute needs" was to transform Medicaid, the federal-state health program for the poor, from an entitlement program that guarantees minimum health care for anyone who qualifies to a limited program of block grants to the states, which would decide who would get care and how much.

Democrats feel just as strongly that the program should remain an entitlement. According to one participant in the budget talks, Domenici warned that any attempt to keep full-entitlement status for Medicaid would be "a deal breaker."

"Obviously we are going to have some difficult times here trying to arrive at an agreement," said Panetta afterwards. "There are some very fundamental differences here with regard to policy," he said.

Republicans countered that the White House had barely moved since its June plan, only tinkering around the edges with marginal new cuts and falling at least \$400 billion short of what it would really take to balance the budget.

"I am as disappointed as I can be," said Domenici.

Meanwhile, some Republicans remained deeply suspicious that Clinton was just toying with them and might really have no intention of coming to agreement at all. As these Republicans saw it, Clinton was still refusing to comply with language of the continuing resolution he agreed to Nov. 19 to put the government back to work — a deal they felt locked him into a seven-year balanced budget, based on an up-front acceptance of CBO numbers. (*Weekly Report*, p. 3598)

Clinton's continued insistence on using White House numbers for the time being "reinforced our belief that

Clinton giving you his word on something isn't worth anything," said Rep. David M. McIntosh, R-Ind. "I think he's setting it up for another veto. I think he's just politically posturing at this point."

Clinton sought to raise the pressure on Republicans Dec. 8 by opening a planned weekend-long series of attacks that accused them of backing a

"Obviously we are going to have some difficult times here trying to arrive at an agreement."

—White House Chief of Staff
Leon E. Panetta

Medicaid plan whose deep cuts risked safety-net health care for millions of poor Americans. "That would violate our values; it is not necessary," Clinton said at a meeting with Democratic governors. "If it continues to be a part of the budget, if necessary, I will veto it again."

House Republicans in turn sought to raise the pressure on Clinton by laying plans to bring the new White House budget and an updated GOP balanced-budget plan to the House floor. The new Republican plan would likely include input from conservative "Blue Dog" Democrats in a bid to broaden the GOP's so-far anemic bipartisan support (only five of 198 Democrats crossed party lines to back the GOP plan Clinton vetoed).

Some Reason to Hope

With time running out before the current stopgap spending bill expires at midnight Dec. 15, the more immediate question is not whether a budget deal will be in place by then — virtually no one thinks that is even remotely possible now — but whether there can be any agreement to stave off another partial government shutdown that could send more than 300,000 federal workers home without pay shortly before Christmas.

Six appropriations bills remained unfinished Dec. 8, and at least three were likely to remain undone Dec. 15, leaving numerous agencies subject to another shutdown. Panetta said he had asked Republicans to consider a new continuing resolution that would carry the government to Jan. 26. But Republicans wanted a much shorter "CR" to keep the White House at the

table. "That ain't going to happen," said Kasich of the month-and-a-half long measure. Gingrich warned that without good-faith progress in the budget talks, there might be no CR at all.

To the dismay of those who wanted a budget deal — or at least a Christmastime break — the budget talks seemed hopelessly stuck in an endless and unproductive round of schoolyard nyah-nyah.

But a look at the larger picture also gave those who want an eventual deal some reason to hope.

Yes, Clinton and congressional Republicans were still miles apart. By his own math, Clinton was \$347 billion short of what the GOP said was necessary to balance the budget. White House figures showed the Republican plan with \$812 billion in spending cuts over seven years, versus just \$465 billion in cuts in the new Clinton plan. By Republican math, Clinton was roughly \$400 billion short of a real plan to get rid of the deficit.

But the two sides were now on the same continent, maybe even in the same state.

Almost every move Clinton has made since his "you-go-first" budget in February — which called for virtually no new deficit reduction — has brought him closer and closer to Republican demands that he engage in a real discussion about balancing the budget over seven years.

It was only last spring that Clinton began to suggest he might match the Republican effort with a balanced-budget plan of his own. In June, he delivered a 10-year plan to balance the budget — although Republicans immediately roasted it when the CBO said it would get nowhere near balance.

To put the government back to work in November, Clinton agreed to work toward a seven-year plan to balance the budget, using CBO as the final scorekeeper.

On Dec. 5, he told Senate Majority Leader Bob Dole, R-Kan., that he would produce a seven-year plan of his own, and two days later he unveiled that plan.

"We've got the makings now of some serious discussions," said Rep. Charles W. Stenholm, D-Texas, a key conservative who is one of eight Democrats at the budget talks. Concrete-hard positions that have blocked any real negotiations until now "may be cracking a little bit," said Stenholm. But it was a rare note of optimism amid all the hard-line rhetoric. ■

9

—

House
REPUBLICAN
Conference

NEWS

JOHN BOEHNER
Chairman
8th District, Ohio

Contact : John Czwartacki
(202) 225-5107

February 21, 1996

CLINTON VETO OF VIOLENCE AGAINST WOMEN ACT BETRAYS 'COMMITMENT' TO DOMESTIC VIOLENCE

President Clinton spoke today about preventing domestic violence, but his veto pen ensured that the federal prevention efforts were without proper funds for 1996. In December, the president vetoed a bill (Commerce, State, Justice Appropriations) which would have provided the Violence Against Women Act with \$175 million to protect women and children from abuse -- a 573% increase over 1995's funding level.

"Ending the agony of domestic violence, a disease which inflicts far too many American households, is a goal upon which we all agree. Both the Congress and the Administration have shown their commitment to helping victims of domestic violence, and while I applaud the Justice Department's new hotline, I am bothered that last December, for purely partisan reasons, the president chose to turn his back on the safety of our sisters, mothers, daughters and friends. Putting politics above good policy, the president vetoed a bi-partisan effort to prevent the kind of violence this hotline seeks to address.

"I call on the president to put politics aside and join the Republicans in truly attacking crimes targeted toward women by signing into law the bill to fund the Violence Against Women Act."

Rep. Susan Molinari (R-NY)
Vice Chair, House Republican Conference

General
Budget
Pieces

—

Budget gen.

RNC TALKING POINTS

Bill Clinton's "Gruesome" Veto Pen

January 3, 1996

There is only one person responsible for the longest government shutdown in American history, and there is only one person standing in the way of a balanced budget. That person is Bill Clinton. Federal workers are idle today and innocent people are being hurt because Bill Clinton is afraid to make the hard decisions necessary to balance the budget.

Today, White House Press Secretary Mike McCurry called House Speaker Newt Gingrich, House Majority Leader Dick Armey and House Majority Whip Tom DeLay, "That gruesome group up there." But what's really gruesome is the shocking degree to which this president gives his word to do something-and then fails to keep it.

Remember, this is the same Bill Clinton who talked his way into the White House by promising to change the way Washington does business and balance the budget:

"[As president] I would present a five-year plan to balance the budget."

-Bill Clinton, CNN's *Larry King Live!*, 6/4/92

Of course, Clinton never submitted a five-year plan to balance the budget. He hasn't even lived up to the agreement he signed two months ago after he shut the government down the first time. That agreement, Public Law 104-56, committed him to a seven-year balanced budget using honest numbers. But Clinton has never presented one. Instead, he vetoed the first balanced budget passed by Congress in 26 years.

Republicans in Congress have done their job, passed a budget and negotiated in good faith. But it's the stroke of Bill Clinton's veto pen that has kept the government closed.

"Who vetoed the budget, anyway? After all, the Republicans did send the president a budget, the same president who claims, among other things, to be an 'agent of change.' What change? The president vetoed the budget over a difference of 1.4 percent of GDP in the year 2002. He promised to deliver a balanced budget using CBO assumptions, but hasn't delivered it. This president has become an agent of non-change. When it comes to crunch time, Bill Clinton digs in to defend the status quo."

-*The Wall Street Journal*, 1/3/96

Bill Clinton could open the government today and let 280,000 federal employees furloughed over the holidays go back to work, but he and the liberal Democrats in Congress would rather dig in and defend the status quo. In the span of two days, Bill Clinton single-handedly vetoed legislation that would have funded six government departments for FY 1996.

- ☐ Two days after the second shut down began on December 16, Clinton vetoed two appropriations bills, one for the Interior Department and another for the Veterans Affairs and Housing and Urban Development Departments. (Incidentally, the stock market plummeted 101.52 points on the same day, its biggest one-day loss in four years.)
- ☐ The next day, Clinton promptly vetoed yet another appropriations bill, this one funding the Commerce, State and Justice Departments.

Why did Bill Clinton veto these bills to keep the government operating? Because they didn't spend enough for Bill Clinton's liberal tastes. That's right. Clinton vetoed the spending bills Congress sent him because they didn't spend enough to fund his liberal agenda and pet projects. Bill Clinton is probably the only president in history to veto a host of spending bills because he wants Congress to spend more of your

money-not less.

Bill Clinton didn't keep his promise to the American people to balance the budget, but Republicans have. We have worked hard over the past year to pass a balanced budget and keep our promise to the American people. **Today, as this first session of the historic 104th Congress closes and a new one begins, Republicans can be proud that we have kept our word and stood firmly for a balanced budget for American families.**

All Bill Clinton has done for a balanced budget is stand in the way.

| Main Street | Newsstand | Talking Point Index |

Copyright © 1996 Republican National Committee

2

John - There
has to be better
stuff on this. In
Cong. Record it ~~is~~
nowhere else. See
debate on passage of
bill if not in response
to veto itself.
John

7TH STORY of Level 1 printed in FULL format.

Copyright 1995 Cable News Network, Inc.
ALL RIGHTS RESERVED
CNN

SHOW: Capital Gang Sunday

August 13, 1995

Transcript # 2

TYPE: Show; Package

SECTION: News; Domestic

LENGTH: 4930 words

HEADLINE: The Perot Factor in the 1996 Election

HIGHLIGHT:

With Ross Perot's well-publicized Dallas convention as a backdrop, panelists discuss what role Perot is likely to play in the 1996 election and why all the candidates attended his convention.

BODY:

ANNOUNCER: Now, live from Washington, Capital Gang Sunday.

JIM GLASSMAN, 'Washington Post': Good evening and welcome to Capital Gang Sunday. I'm Jim Glassman with Christopher Hitchens of Vanity Fair filling in for Juan Williams, syndicated columnist Mona Charen, Jim Warren of the Chicago Tribune and Time magazine's Michael Duffy filling in for Howard Fineman.

[voice-over] Just an hour ago, Ross Perot wrapped up his three day political convention, leaving open the question of whether or not he'll run for president or form a third party.

ROSS PEROT: A second Contract With America that put all these reforms through, everything you talked about tonight, did it in a bipartisan way, it would be the nicest Christmas present you could give the American people.

JIM GLASSMAN: [voice-over] Saturday, every Republican presidential candidate made the trip to Dallas, in an effort to appeal to the anti-government mood that fueled the Perot movement.

Sen. ROBERT DOLE, (R), Kansas: We have to take the whole political system off the backs of taxpayers.

LAMAR ALEXANDER, (R), Presidential Candidate: We don't need Washington telling us what our prison sentences ought to be. We don't need Washington passing 1,000-page education bills about our schools and we need to change the culture of Washington.

PAT BUCHANAN, (R), Presidential Candidate: The politicians of both parties sold

Capital Gang Sunday, August 13, 1995

us out up in Washington, D.C. But I'm here to tell you now, our time is coming. Our time is coming. Our time is coming.

JIM GLASSMAN: Jim Warren, I know you spent the entire weekend watching this stuff. What were the Perotistas, what were they cheering about? I mean who got the big cheers?

JAMES WARREN, 'Chicago Tribune': It was our time has come, our time has come.

JIM GLASSMAN: All right, all right, enough of that.

JAMES WARREN: Our time has come.

JIM GLASSMAN: We've heard enough of that.

JAMES WARREN: Well if you actually checked out a lot of the punch lines and what had them on their feet, it was a pretty disparate array. I mean these are a group of people who don't like regulation, taxes, campaign finance, regulation, NAFTA, GATT.

JIM GLASSMAN: You said regulation twice.

JAMES WARREN: Right, welfare- well that's-

CHRISTOPHER HITCHENS, 'Vanity Fair': And you didn't like it that time, either.

JAMES WARREN: Well, let's see- welfare-

JIM GLASSMAN: Immigration-

JAMES WARREN: NAFTA, GATT, the Departments of Education, Energy and Commerce-

MICHAEL DUFFY, 'Time': Democrats and Republicans.

JAMES WARREN: Democrats, Republicans-

CHRISTOPHER HITCHENS: Or one another. They don't like each other, either.

JAMES WARREN: The United Nations, they detest, Wall Street bankers they detest and you listen to Phil Gramm, Senator Phil Gramm of Texas, on Saturday night, they're also very down on air conditioning in prisons.

JIM GLASSMAN: Okay.

CHRISTOPHER HITCHENS: But at least we put them in.

JAMES WARREN: Yeah, very unhappy with anything vaguely establishment, and whether that results in some third party candidate or maybe a third and fourth party candidate, at this point, who knows?

JIM GLASSMAN: Christopher Hitchens, welcome.

CHRISTOPHER HITCHENS: Thank you.

Capital Gang Sunday, August 13, 1995

JIM GLASSMAN: To our little family.

CHRISTOPHER HITCHENS: When you say they're mad, I think you mean they're a bit loopy and when you hear the repetition, you want to say well, not as nice as he looks, not as nice as he looks, not as nice as he looks, till you get to Pat Buchanan, who finally gets the G-spot of these people and gets them to rise up.

MICHAEL DUFFY: Right. Right.

CHRISTOPHER HITCHENS: He was the guy they wanted and that's interesting, because the big difference is going to be between the conservatives, the Gingrich types, the technolibertarians that he would say take a free economy, let it rip, who knows? It'll do damage to society, it'll destabilize the stability of-

JIM GLASSMAN: Right.

CHRISTOPHER HITCHENS: - the climate itself.

JIM GLASSMAN: And? And the-

CHRISTOPHER HITCHENS: And the real reactionaries, the conservatives, the ones who want things to remain the way they think they remember them, and that's going to be a real ideological split among the reactionary camp and I think it will open today.

JIM GLASSMAN: Okay, speaking of reactionary camp, which is just a coincidence, Mona?

MONA CHAREN, Syndicated Columnist: I'm not sure I like-

JIM GLASSMAN: Give us your response to this.

MONA CHAREN: - the toss there. Well, I think that it was a very unfortunate display that you had all the leading political figures in the country traipsing down to Dallas. I think we have, in America, a stature gap that everyone felt the need- nobody had the self-confidence to say I do not need to speak to these 3,000 people that Ross Perot has assembled in this room. That is pandering and I won't do it. Nobody did that. They went down there to give their pitch to this, you know, slightly unbalanced, lighter than air billionaire.

MICHAEL DUFFY: Well that's a really important fact and we all know how these other guys reacted. We saw Dole, we saw Gramm. But we also saw Perot and that's something that we haven't seen in such, you know, undigested, undiluted form in a- for three or four years, and it reminded us, I think, of just how sort of volatile- and he looked a little too excited at points. One of the reasons he didn't do as well as he might have, he could have, in 1992, is I think Americans see that he's really not fit to be president.

CHRISTOPHER HITCHENS: And if I may add-

JIM GLASSMAN: So will he run, Christopher?

CHRISTOPHER HITCHENS: Well if I may add, it also adds a new dimension to the term giant sucking sound when you see these guys applying their mussels to this

Capital Gang Sunday, August 13, 1995

particular, what should we say, south end, it's a deplorable sight and it's made me realize what I don't like about Mr. Dole. I've finally worked it out. With one part of himself, he talks as if he's entitled to be president, he's earned it, he's already been it, practically, it's his turn, which is boring, but dignified. With the other part of himself, he rant- acts as if he's running

for the first time and will do anything to get attention and he must make up his mind. [crosstalk]-

JIM GLASSMAN: Okay, but hold it-

MONA CHAREN: And he missed one right here. Right here.

CHRISTOPHER HITCHENS: He must make up his mind what it's going to be.

JIM GLASSMAN: But speaking of running for the first time, or the second time, did this give you any indication, since you've watched 20 hours worth of it, whether Perot would actually run?

JAMES WARREN: Didn't I tell you these people are against regulation?

JIM GLASSMAN: You said that a couple of times.

JAMES WARREN: No, no. He's being, you know, decidedly coy again with the conventional wisdom at this point that a lot of people in that audience don't necessarily want him. He probably knows that.

MONA CHAREN: Well that was really interesting, you know? A lot of these people don't want him to run. The polls show that. The Perot voters of 1992 do not want to see him be the third party candidate. They keep saying he should be the catalyst, not the candidate.

JIM GLASSMAN: Yeah, Michael?

MICHAEL DUFFY: Well he's also made a decision that he doesn't talk about it over the weekend, and that is he really thought hard about a third party this year. He went a long way in the spring and early summer to see what he could do in these maybe 25, 26 states where there are pretty strong, the United We Stand organizations. And then he realized he couldn't control them. He can't- you know, he can't control them the way he controls all the people who work for him in his company, you know, telling them what to wear and how to think and all that stuff. So he has said, in the last two weeks, I'm not going to form a third party, because I can't really run it, and so if he does this, it's going to be in some other form. But not a- not with a giant-

CHRISTOPHER HITCHENS: Incidentally, what we mean to say is he doesn't want to form a second party. That's what he's proved yet again, is that there is appalling bipartisan consensus-

MONA CHAREN: No.

CHRISTOPHER HITCHENS: - that agrees on at least- [crosstalk].

JIM GLASSMAN: Oh I don't think that's true.

Capital Gang Sunday, August 13, 1995

MONA CHAREN: No, no, no, no, no.

CHRISTOPHER HITCHENS: That agrees- there are two wings of the one party system and they agree on one thing, which is even runts started small and we can down and apply the- apply our filmy lips to the fountain of money and patronage.

JIM GLASSMAN: But it is true that-

CHRISTOPHER HITCHENS: How could you tell from any of the speeches today what party those guys were from?

JIM GLASSMAN: Well I think the problem-

MICHAEL DUFFY: The Democrats were on Friday and the Republicans were on Saturday.

JIM GLASSMAN: No, but I think Christopher is right in the sense that the problem was at- what little I actually watched of it, it was hard to tell the difference between the Democrats and the Republicans.

CHRISTOPHER HITCHENS: It's supposed to be.

JIM GLASSMAN: They didn't seem to want-

CHRISTOPHER HITCHENS: It's supposed to be Mona.

JIM GLASSMAN: Do you agree with that?

MONA CHAREN: No. Well-

JIM GLASSMAN: They didn't seem to want to delineate.

MONA CHAREN: Well no, but the reason for that is that the Democrats have found out that their ideas are not very popular and they're trying their very best to sound more like Republicans, very simple.

JIM GLASSMAN: Okay.

[Commercial break]

The Fallout From Clinton's Tough Talk on Tobacco

JIM GLASSMAN: Welcome back.

[voice-over] President Clinton declared war on tobacco this week, taking on teenage smoking and resisting tobacco belt legislators from his own party.

[on camera] This morning, David Kessler [sp?] of the FDA defended the president's actions.

DAVID KESSLER, FDA Commissioner: This is an enormous public health issue and it's time to do something about it and the president stood up and, I think, took a momentous step.

Capital Gang Sunday, August 13, 1995

JIM GLASSMAN: But some Democratic lawmakers had harsh words for the president.

Rep. CHARLE ROSE, (D), North Carolina: What has the president accomplished by what he has proposed, other than set us on a long legal battle that will do absolutely nothing but cause a lot of national posturing about who's really trying to keep kids from smoking?

JIM GLASSMAN: Mona, you're for family values, as we all know. Don't you give the president some credit here?

MONA CHAREN: No, there are a million things wrong with this position.

JIM GLASSMAN: Tell me one.

MONA CHAREN: This is President Clinton at his most trendy, okay? One. He calls this a pediatric illness. Once again, the illness metaphor. We don't have alcoholics, we don't have people who drink too much, we have people who have a disease called alcoholism. Now there's a disease called teenage smoking. It's not a disease, it's a behavior. Second point, the- it's possibly illegal for the president to do this, because they are really stretching the definition and saying that nicotine is a drug and meets all the criteria for being a drug, that is, it is addictive, you have to have more and more of it to get the same effect, you build up a tolerance and all this, which I think is far from proved, as all the millions of smokers who've quit can testify. And finally, it's absolutely absurd for the federal government to be taking on this responsibility. The more, as a wise man once said, the more unnecessary things the state tries to do, the more inadequately it will perform the necessary tasks.

JIM GLASSMAN: Michael?

MICHAEL DUFFY: Well I think this is one of the maybe least significant things Bill Clinton has done as president. He's been looking for-

JIM GLASSMAN: He doesn't think so.

MICHAEL DUFFY: Of course not. For months, he's been looking for a way to do something. He hasn't done very much this year, he hasn't been able to accomplish very much and we know he's frustrated. So he decides to come up with something almost no one is against, except maybe Mona, which is, you know, to go after teenage smoking. Now I don't think this is something that most Americans are going to give him, you know, a lot of grief for. They may even say gosh, he's for something, or he may be against something and that's what he's looking for, a chance to show some backbone.

JIM GLASSMAN: Christopher, in our long acquaintanceship, I've known you to puff.

CHRISTOPHER HITCHENS: Still-

JIM GLASSMAN: What do you think?

CHRISTOPHER HITCHENS: Still-

JIM GLASSMAN: Do you support your president?

CHRISTOPHER HITCHENS: I still have to disagree with Mona. I mean this is a really noble stand by the president who understands that here's a position he has to take, he can't pull back from, and where big government is really necessary to convince people, all those people who started smoking, in the conviction that it's good for them. And those people are out there and they need big government to help them and the best person to help them would be the president who converted Sarajevo into a smoking section and a non-smoking section. I think it doesn't go far enough, is my only problem with it. What it needs is all the wonder of the war on drugs that's got us where we are today, proud to be American and proud to be American immigrants. It needs a czar, and remember what a czar involves? Despotism, high cost, corruption and inefficiency, just like the war on drugs, and nothing less will do. I think-

JIM GLASSMAN: And you would also-

CHRISTOPHER HITCHENS: - to vindicate the honor of Mr. Clinton and his health program.

JIM GLASSMAN: And an anti-fat czar, as well.

CHRISTOPHER HITCHENS: I can remember people who said that- excuse me.
[crosstalk]

JIM GLASSMAN: Let's let Jim [unintelligible].

CHRISTOPHER HITCHENS: No, I remember people who said that we should leave Bosnia alone because it might endanger Hillary's health care program.

JIM GLASSMAN: All right, well-

CHRISTOPHER HITCHENS: And I'm not going to forgive those people until we've settled the smoking question.

JIM GLASSMAN: Jim?

JAMES WARREN: Did I tell you the Perot people are against this because it's too much regulation? A couple of things. One thing that struck me about this, first of all, Mona, they're calling it a nicotine delivery device, which is a little odd differentiation from a drug, which they're specifically doing under the FDA rules. But there's really no enforcement teeth in this. The few cities out there and few communities like a couple in Illinois, where they've been rather effective in doing this-

JIM GLASSMAN: Doing this? You mean banning vending machines?

JAMES WARREN: You've got to license the retailers and then you've got to have teams going undercover. In Chicago, they checked out and merchants were selling illegally 87 percent of the time. But then when they started ticketing the merchants, it dropped to like about 15 percent and there's really no conceivably effective enforcement mechanism, it seems, in what he has now proposed.

JIM GLASSMAN: Mona is your- is the Republican Congress going to do something

Capital Gang Sunday, August 13, 1995

about this? In other words, will they stand up and say look, the FDA, we're taking away the FDA's right to regulate this so-called drug, which they shouldn't have had in the first place?

MONA CHAREN: Well I hope so. It's possible. Of course then it'll just get stalled in the Senate, like everything else that's happened on Capitol Hill.

CHRISTOPHER HITCHENS: But that doesn't take it away from him that he convened the no smoking- the thank you for the non-smoking president.

MICHAEL DUFFY: Yes, I know. I mean I know-

JIM GLASSMAN: Thank you for that.

MONA CHAREN: Yeah, but, you know, President Clinton has postured as the savior of our nation's children, you know, by he's going to personally intervene and make sure that they don't take up this annoying habit. But here's the fact- if he wants to save them from something, save them from something that he can have some control over, the national debt. Save them from ballistic missiles. Do something important.

JIM GLASSMAN: Well look, there are a lot of-

CHRISTOPHER HITCHENS: He can't inhale the national debt, either. By the way, I'm one of the people who knows what the no inhaling joke originally meant, which was- I was at Oxford with the president. He would take his marijuana in cookies, because he's allergic to smoke. This is his revenge on all the people who have been having a good time concentrating with this.

MONA CHAREN: Now a defense of the president.

JIM GLASSMAN: Okay. Hold it.

MONA CHAREN: He just smokes cigars.

JIM GLASSMAN: All joking aside-

CHRISTOPHER HITCHENS: That's no joke. It's a true story.

JIM GLASSMAN: I happen to be- well not the cookies, I'm sure that's true but-

CHRISTOPHER HITCHENS: A true story.

JIM GLASSMAN: But I happen to be somebody who thinks this is very dangerous, this is government really at it's absolute worst, getting into the private lives of it's citizens and with- in such a blithe way. I think it's terrible what the president is doing.

[Commercial break]

Bosnia- The Week The Serbs Went Into Retreat

JIM GLASSMAN: Welcome back.

Capital Gang Sunday, August 13, 1995

[voice-over] In intense fighting this week, Serbs suffered setbacks as the Croatian army, well-armed and equipped, issued a series of defeats that left over 150,000 refugees. Senator Dole used the Croat advances to advance his own stance that the arms embargo should be lifted.

Sen. ROBERT DOLE, (R), Kansas: We now understand even better than ever the handicap that's been placed on the independent nation of Bosnia, a member of the United Nations, and entitled to self-defense under Article 51 of the U.N. charter.

JIM GLASSMAN: But on Friday, the president delivered on his promise to veto

the Congressional legislation that would have lifted the embargo and U.S. surveillance photos released this week showed evidence of mass graves of Bosnians. The president has sent a delegation headed by National Security Adviser Tony Lake to Europe in hopes of creating a new peace initiative for the former Yugoslavia.

Now, Christopher Hitchens, does Bob Dole have a point about lifting the emergency? Now's the time?

CHRISTOPHER HITCHENS: No better a point than he's always had and I think he's always had a very good point. I mean you must have noticed, in fact you said yourself, Croatia was very well armed before this operation. It had been buying airplanes and tanks and artillery for a long time. It bought the whole East German air force, for example. The embargo doesn't seem to have applied to Croatia. It doesn't seem to have applied very much to Serbia, either. A couple of years ago, the Croatian government and the Serbian government agreed, though they are ostensibly sworn enemies, to partition Bosnia between them and to have ethnically pure Serbian and Croatian states and the Muslims would be crushed to the ground and scattered between these two. This is the second half of that program. Mr. Clinton, having done less than nothing about the first half, is now prepared to give an abolute, [sp?] as he calls it, to the second. By doing so, he's completely betrayed the people of Bosnia. But everything he's done has betrayed the people of Bosnia, who he once swore to protect from mass murder and genocide. His position, in other words, is now- or the position of his contemptible friend, Mr. Lake, is now absolutely, absolutely beneath any kind of hatred and despicability that can be applied to it.

JIM GLASSMAN: Okay, Michael?

MICHAEL DUFFY: Well, I agree Clinton hasn't done very much, but it's important to keep in mind what Bob Dole is up to here, too. In 1992, when Bill Clinton ran for president, he made fun and was very critical of the sitting president for having done nothing on Bosnia, saying that he would arm the good guys and disarm the bad guys and then got into office and discovered that the allies wouldn't let him do that. Bob Dole is now running for president against the sitting president who happens to be Bill Clinton and he's promising exactly the same thing. He wants to arm the good guys and disarm the bad guys and he's going to discover, and I think he's already begun to hint at it over the weekend, that maybe he won't and if the balance of power has now shifted in Bosnia and perhaps the Bosnian Serbs have actually begun to stop advancing, perhaps the contract group will move and actually put into place some kind of plan. That's what Lake is selling in Europe this weekend, some kind of plan which will actually freeze

Capital Gang Sunday, August 13, 1995

the fight. Now whether it will happen or not is-

JIM GLASSMAN: But a plan, Mona, that may, as Christopher says, crush the Bosnians in the middle- the Muslims in the middle.

MICHAEL DUFFY: He- Clinton-

JIM GLASSMAN: Dividing up, you know, between the Croats and the Serbs.

CHRISTOPHER HITCHENS: Let's call them the Bosnians. After all, we don't call the Serbs the orthodox-

JIM GLASSMAN: All right. We'll call them the Bosnians.

CHRISTOPHER HITCHENS: - or the Croats the Catholics.

JIM GLASSMAN: All right. Mona's turn.

MONA CHAREN: Well I think it's probably after four years of this, it's probably folly to assume that negotiations are going to lead to anything. It's going to be fought out and in light of that, it just seems fair that the party that has been disarmed in all of this ought to be able to defend itself, not with our help, but at least to be able to fight for their lives.

JIM GLASSMAN: Okay. Speaking of fought out, does this croatian offensive show that, in fact, the Serbs are paper tigers? You know, why don't we bomb them? Why don't we even consider sending troops in, if they're going to respond like this?

JAMES WARREN: No, I mean it shows something that the American media, I think, has forgotten, and a lot of the American public. It takes- it took two or more to tango here. I mean this- we've been sort of so centered on the allegedly evil Serbs, you know, even in a week of some pretty heinous croatian activities, the president of the United States didn't say much at all.

MONA CHAREN: No, that's right.

JAMES WARREN: Trying to hope that magically-

CHRISTOPHER HITCHENS: To the contrary.

JAMES WARREN: Trying to hope that-

CHRISTOPHER HITCHENS: He was encouraged by it.

JAMES WARREN: Trying to hope that magically this goes away without our having to fulfill a commitment to NATO to send in 25,000 Americans and get the U.N. peacekeepers out.

MONA CHAREN: Well on the same note-

CHRISTOPHER HITCHENS: But Clinton says the troops can only be sent once there's been a defeat. I think unique. We'll only commit troops once the war has been lost.

JIM GLASSMAN: Right. So we can get them out.

CHRISTOPHER HITCHENS: I don't think any American president has done that before.

JIM GLASSMAN: Okay. Let's talk about this meeting. I want to ask Michael [crosstalk] No, first, no veto. The veto- was it going to be overridden?

MICHAEL DUFFY: No, and Dole will lead the fight to say it should not be overridden.

JIM GLASSMAN: Okay, because of the peace process.

CHRISTOPHER HITCHENS: In the Economist this week, you'll notice there's a hand-drawn map by President Tushman [sp?] of Croatia. It's S-shaped. It goes from the top of Bosnia to the bottom.

JIM GLASSMAN: Right.

CHRISTOPHER HITCHENS: North-south. It says everything on the left side of this line will soon be Croat, everything on the right side will be Serb. This will be the creation, as we saw with the Serbian victims this week, of a purely racial, purely religious states with fascist ideologies and fascist ruling parties, both armed and supplied either from the United States and Europe or Russia. The only force that ever wanted to fight against this was the Bosnians, who we wrongly call the Muslims, when we never called the Croats the Catholics or the Serbians the orthodox fundamentalists. We gave them our word, we broke it, they've died for believing in this president and it'll never ever be forgotten.

JIM GLASSMAN: Okay, quick last word.

MONA CHAREN: Well I-

JIM GLASSMAN: You agree with every word he just said?

MONA CHAREN: I agree with most of what Christopher said. However, his focus on Bill Clinton is not quite fair. It's a comprehensive failure of the west.

JIM GLASSMAN: Okay.

[Commercial break]

JIM GLASSMAN: Time for the hall of fame or the hall of shame. Democrats on the banking committee last week staged a petty obstructionist performance during the Whitewater hearings that merits hall of shame status for too many of them to count. I'll merely single out Representatives Ken Jorsky, [sp?] Frank, Schumer, [sp?] Waters, Lafalls, [sp?] and, of course, Gonzalez sp?. They mindlessly attacked honest public officials like Jeanne Lewis [sp?] and mindlessly defended their president. My guess is they'll regret it. Christopher?

CHRISTOPHER HITCHENS: Good citizen of the week is attorney Leonard Weinglass, who, with a millionth of the resources available to the absurd Simpson team, nonetheless won a stay of execution for his client, Mumia Abu-Jamal, a black journalist kept in the hell of death row for a decade and forbidden even to publish his own writing. Mr. Weinglass will, I think, win a new trial to replace

Capital Gang Sunday, August 13, 1995

the legal parody that nearly railroaded Mr. Abu-Jamal and shame on all the supposed friends of individual liberty who have been silent in this affair. Jim?

JAMES WARREN: Shame on Bob Gucciano, [sp?] publisher of Penthouse, for repeating on CNN an offer to let the Unabomber write a monthly column if he stops killing. Forget about caving to terrorists. Is it fair that journalistic wannabes like the Unabomber and Hillary Clinton get columns and provide competition for Mike Royko, Ann Landers and Mona Charen? Do Penthouse readers hankering for female flesh want to read the bomber's anger with the industrial revolution? Do they want to read him ridiculing technoelites for smashing the masses rather than, say, Mona smashing liberals for supporting federal funding of the arts? Don't answer that. Michael?

MICHAEL DUFFY: That was almost as long as the Unabomber's manifesto. My hall of famer is John Carlavage, [sp?] a 47-year-old doctor from central Pennsylvania who comes to Washington, D.C. six times a year, not to lobby on Medicare, not to jump the White House fence, but to pick up trash. His medical practice grosses six figures, but Carlavage stays in homeless shelters when he comes and donates the amount he would have spent on a hotel room to charity. That's a hall of fame performance. Mona?

MONA CHAREN: A virtual who's who of liberal America has taken up the cause of Mumia Abu-Jamal, a convicted murderer facing the death penalty in Pennsylvania. Abu-Jamal has bewitched the likes of Norman Mailer, Paul Newman [sp?] and Christopher Hitchens because while on death row, he's become a writer and a self-proclaimed political protester. The celebrities who champion his case seem utterly uninterested in the widow and children of the 26-year-old cop Abu-Jamal shot between the eyes. This is the second time Norman Mailer campaigned to release a murderer. Last time, it was Jack Henry Abbot. [sp?] After Mailer succeeded in gaining Abbot's release, he stabbed a waiter to death.

JIM GLASSMAN: Okay, well, you two can fight it out after the show, but while we have a few seconds, Mickey Mantle [sp?] and the Grateful-

MONA CHAREN: Jerry Garcia.

JIM GLASSMAN: Jerry Garcia. How come nobody put them in the hall of- what do you think, hall of fame or hall of shame?

JAMES WARREN: Oh I'm- the childhood hero, Mickey Mantle. I mean forget about the stuff at the end and the pious stuff about, you know, are these guys- should they be heroes and all that, and, you know, Mantel was rather heartfelt in coming clean about a life of degradation. But he could hit a baseball. One of the fastest guys I've ever seen and I'll remember him going to Yankee Stadium. He was just a great ball player.

MONA CHAREN: And let's remember, some people just live a life of disillusion and drinking and never can do anything great like be a fantastic baseball player.

JIM GLASSMAN: Right.

MONA CHAREN: So his life was not a total loss.

JIM GLASSMAN: Right, a great-

Capital Gang Sunday, August 13, 1995

JAMES WARREN: Present company excepted of course.

JIM GLASSMAN: And a great aesthetic scene watching Mickey Mantle hit the ball. Okay, so that's it for Capital Gang Sunday. Thanks for joining us and we'll see you next week, same time, 7:00 P.M. Eastern.

The preceding text has been professionally transcribed. However, although the text has been checked against an audio track, in order to meet rigid distribution and transmission deadlines, it has not yet been proofread against videotape.

LANGUAGE: ENGLISH

LOAD-DATE: August 16, 1995

BOSNIA

Clinton Vetoes Bill Forcing Him To End Arms Embargo

President Clinton is calculating that a changed balance of military power in the Balkans will improve the chances of bringing peace to the region and head off a confrontation with Congress over his policy on Bosnia.

The prospects for such a clash grew Aug. 11, when Clinton vetoed legislation (S 21) that would require him to lift unilaterally the international arms embargo against Bosnia's Muslims.

In returning the bill to Congress, Clinton called its mandate "the wrong step at the wrong time."

"I recognize that there is no risk-free way ahead in Bosnia," he said in a written statement. "But unilaterally lifting the arms embargo will have the opposite effects of what its supporters intend. It would intensify the fighting, jeopardize diplomacy and make the outcome of the war in Bosnia an American responsibility."

The legislation would provide no arms to the Bosnians, and it includes conditions and waivers that would permit the president to delay lifting the embargo for months. But a successful effort by Congress to override Clinton's veto would deal a devastating blow to the president's Bosnia policy and his standing as a world leader.

Both chambers passed the bill by more than the two-thirds margin needed to override the president. However, because the situation in Bosnia changes so rapidly — and Congress traditionally is reluctant to impose its will on foreign policy — an outcome is impossible to predict. (*Weekly report*, p. 2386)

The administration believes that the recent lightning offensive by Croatia, which crushed rebel Serbs, has punctured the aura of Serb military invincibility and created a more favorable climate for diplomacy.

Seeking to capitalize on the changed circumstances, the president dispatched to Europe a team led by National Security Adviser Anthony Lake and Undersecretary of State for Political Affairs Peter Tarnoff to jump-start negotiations.

"This is an important moment in Bosnia," Clinton said at an Aug. 10

news conference. "And it could be a moment of real promise."

The president conceded that the Croatian offensive has created uncertainty. "It could go either way," he said. "But I think it's a time when we should try to make a move to make peace."

Clinton's veto of the arms embargo bill was the second of his presidency. The first came June 7, when he rejected a bill that combined spending cuts and emergency disaster relief (HR 1158). After tortuous negotiations between the administration and GOP lawmakers, Clinton later signed a modified version of that measure (HR 1944 — PL 104-19). (*Weekly Report*, p. 2157)

Congress would be far less likely to override Clinton's veto of the arms embargo bill if lawmakers believe the new diplomatic initiative will bear fruit. But the administration will be trying to reverse a three-year record of failure.

Lake and Tarnoff scheduled meetings in several European capitals to explore new proposals. Clinton outlined the administration's three main goals: "to minimize suffering, to stop the war from spreading, to preserve the integrity of the Bosnian state."

While the president offered no specifics on the ideas Lake and Tarnoff were shopping, critics of the administration's policy expressed concern over reports that it would permit Serbia and Croatia to divide most of Bosnia's territory.

"Maybe this leads to an endgame between Bosnia and Serbia, but it's not clear where the Bosnian Muslims fit in," Indiana Republican Sen. Richard G. Lugar said an interview.

Senate Majority Leader Bob Dole, R-Kan., and other sponsors of the bill to lift the embargo seemed skeptical of the administration's diplomatic gambit. Dole and Foreign Relations Committee Chairman Jesse Helms, R-N.C., led a bipartisan group that introduced legislation Aug. 10 to establish a multilateral fund to finance weapons sales to the Muslims once the embargo is ended.

The measure (S 1157) would provide up to \$100 million in U.S. aid to arm and train the Muslims. ■

SECTION NOTES

Waiver Allowing PLO Talks Cleared for President

The Senate on Aug. 11 cleared by voice vote legislation that would allow the Clinton administration to provide aid to and engage in diplomatic contacts with the Palestine Liberation Organization (PLO) until Oct. 1.

President Clinton is expected to sign the legislation (HR 2161), the Middle East Peace Facilitation Act, which the House passed Aug. 2. (*Weekly Report*, p. 2389)

Enacted by Congress last year as part of a bill authorizing State Department operations (PL 103-236), the act allows the president to waive numerous provisions in law prohibiting aid to the PLO. He must determine that Yasir Arafat's group has been complying with terms of its 1993 accord with Israel. (1994 *Almanac*, p. 454)

Congress enacted a short-term extension of the law in June (PL 104-17), but that expires Aug. 15.

Senate Approves Nominees To Foreign Policy Posts

The Senate on Aug. 11 approved the nominations of several foreign policy appointees after Foreign Relations Chairman Jesse Helms, R-N.C., called a temporary truce in his feud with the Clinton administration.

Among those confirmed by voice vote were Mark Gearan, former White House communications director, who is Clinton's nominee to head the Peace Corps, and seven nominees to the new Broadcasting Board of Governors, which will oversee Voice of America broadcasts and other international programming. They included Tom C. Korologos, a well-known lobbyist with close ties to Republicans.

Helms threatened to hold up scores of nominees after Democrats Aug. 1 blocked his bill (S 981) to abolish three foreign policy agencies. (*Weekly Report*, p. 2388)

But Helms softened his threat after the State Department agreed to hold discussions on the bill during the congressional recess.

By Carroll J. Doherty

115TH STORY of Level 1 printed in FULL format.

Copyright 1995 Cable News Network, Inc.
ALL RIGHTS RESERVED
CNN

SHOW: NEWS 12:57 pm ET

August 11, 1995

Transcript # 546-1

TYPE: Interview

SECTION: News; Domestic

LENGTH: 608 words

HEADLINE: Warner Rips Clinton Veto Upholding Bosnian Arms Embargo

GUESTS: Sen. JOHN WARNER (R-VA) (LIVE);

HIGHLIGHT:

Virginia Senator John Warner criticizes President Clinton for vetoing Congress's bill lifting the Bosnian government arms embargo. Warner says the lifting of the ban may have spurred a climate for peace talks.

BODY:

NATALIE ALLEN, Anchor: Hello, everyone. From CNN News Center in Atlanta, we're breaking into our coverage for just a moment to bring you an update on a story that happened today. President Clinton at the White House has vetoed the bill to lift the Bosnian arms embargo.

With reaction, we're joined by Sen. John Warner, a Republican of Virginia. He's on the Armed Services Committee. Thanks for joining us, Senator.

Sen. JOHN WARNER (R-VA): Indeed.

NATALIE ALLEN: What's your reaction to the veto?

Sen. JOHN WARNER: Well, I have it right here, and we're now examining this.

It was fully anticipated. The president announced that he would do this. But bear in mind that 69 United States senators, a very significant number, just indicated by their vote - as well as the vote in the House of Representatives - that the Congress of the United States is in disagreement with the president regarding this nation's policy in Bosnia. And I would hope the president would not speculate now, or try to conjure up thoughts, that we're going to overturn this veto.

The Senate has spoken. There will be many events between now and when the Senate comes back on the 5th of September that will be influencing of the future actions by the United States-

NEWS, August 11, 1995

NATALIE ALLEN: - But senator-

Sen. JOHN WARNER: - in the Bosnian situation.

NATALIE ALLEN: There have also been dramatic developments in Bosnia since the vote to lift the arms embargo, and will that have an influence on members of Congress?

Sen. JOHN WARNER: Very definitely, and I would hope the president and the Americans would consider the fact that the Congress spoke so forcibly on this issue that that has contributed to the environment today in Bosnia where, despite continuing warfare, there is some indication that parties are willing to sit down and negotiate. And I think the strong action by the Congress is a factor in bringing them back to the negotiating table.

NATALIE ALLEN: Well, President Clinton has said lifting the arms embargo makes it a U.S. war and that sends U.S. troops into Bosnia.

Sen. JOHN WARNER: Those are arguments that he's time and time again that were used before the strong vote in the both Senate and the House literally denouncing his policy.

NATALIE ALLEN: And what do you think of the president's announcement this morning that he wants to ban all nuclear testing, to change the subject?

Sen. JOHN WARNER: Well, I simply say that nuclear arms are a vital part of the American arsenal, and it's the judgment of the wisest of military minds, in and out of uniform, that we must know at all times that that arsenal can be used - at first as a deterrent- and always, I would hope, as a deterrent. But it's unfair to the men and women of the armed forces, unfair to Americans, to hold out the fact that we have an arsenal without making sure that we know it would work, and that the adversaries that would ever threaten us or consider the use of a nuclear weapon know and fully understand that our arsenal is in working condition.

NATALIE ALLEN: All right - Senator John Warner, we thank you for joining us. And we want to remind our viewers we are expecting to hear from President Clinton on his decision regarding a ban on nuclear testing in about two minutes. He's expected to hold a briefing; we'll carry it for you live.

The preceding text has been professionally transcribed. However, although the text has been checked against an audio track, in order to meet rigid distribution and transmission deadlines, it may not have been proofread against tape.

LANGUAGE: ENGLISH

LOAD-DATE: August 11, 1995

1ST STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company
The New York Times

August 12, 1995, Saturday, Late Edition - Final

SECTION: Section 1; Page 5; Column 4; Foreign Desk

LENGTH: 610 words

HEADLINE: Clinton Vetoes Lifting Bosnia Arms Embargo

BYLINE: By TODD S. PURDUM

DATELINE: WASHINGTON, Aug. 11

BODY:

President Clinton used the second veto of his term today to block legislation that would end American participation in the arms embargo against Bosnia, and the White House said it hoped new allied diplomatic and military efforts in the Balkans would draw enough Congressional support to sustain the veto.

"I know that members of Congress share my goals of reducing the violence in Bosnia and working to end the war," Mr. Clinton said in a written statement accompanying his veto message. "But their vote to unilaterally lift the arms embargo is the wrong step at the wrong time."

Both houses passed the measure to end the United States part in the embargo by two-thirds majorities. But Administration officials expressed confidence that recent events, including stepped up threats of NATO air strikes to deter Serbian aggression and renewed diplomatic efforts, had shifted Congressional sentiment against abandoning the embargo now.

"We do expect to sustain the veto at this time," the White House spokesman, Michael D. McCurry said. But he acknowledged that Mr. Clinton's action today was delayed until midday to lessen the chance that the Senate might take a quick vote to try to override the veto before leaving tonight for summer recess.

The Senate minority leader, Tom Daschle of South Dakota, said today he thought there was enough support to sustain the veto, but added that it was "a very close call," which could go against the Administration if conditions in the Balkans deteriorated further.

The Senate majority leader, Bob Dole of Kansas, agreed about the volatility of the situation. "Things can change very quickly in that part of the world," he said. But Mr. Dole, who supports the legislation, said Mr. Clinton "has not suggested anything but minor modifications to a failed policy."

The bill would require the President to end American support for the embargo after the withdrawal of United Nations peacekeeping forces now there, or within 12 weeks of a request to do so by the Muslim-led Bosnian Government, whichever came first.

The New York Times, August 12, 1995

The veto came as Mr. Clinton's national security adviser, Anthony Lake, and other senior officials were traveling in Europe, seeking support for a peace plan that would establish ethnic zones in the former Yugoslavia, and added stops for discussions with officials in Russia, Italy and Spain. In a news conference on Thursday, Mr. Clinton said, "This could be a moment of real promise."

In an interview taped with MTV Music Television News this morning, Mr. Clinton said that the recent drive by Croats meant "the Serbs have been rolled back in the western part of Bosnia." He added, "I hope we have a chance to make a decent peace there." He repeated his longstanding view that he would not oppose all the parties to the embargo lifting it in the event the United Nations mission failed and withdrew.

But he warned that unilaterally ending the United States role in the embargo would damage mutual security agreements with allies. If the United States ignored the United Nations embargo and sold arms to Bosnia, Mr. Clinton said, "then what's to prevent other countries from saying, 'Okay, we'll ignore the U.N. embargo in Iraq and we'll bolster Saddam Hussein,' " whom Washington is trying to isolate.

Mr. Clinton has used his veto power only once before in his 31 months in office, in June, on a bill to cut about \$16 billion from the current year's spending. He argued that the cuts, some of which were earmarked for education, would do too much damage to the programs involved. After lengthy negotiations with the Congressional leadership, he signed a compromise measure last month.

LANGUAGE: ENGLISH

LOAD-DATE: August 12, 1995

3



HR 1854 ~~827~~

THIS SEARCH	THIS DOCUMENT	THIS CR ISSUE	GO TO
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	Home Page
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	Senate Contents	CR Issues by Date

Congressional Record entry 44 of 200

PRESIDENT CLINTON'S STATEMENT ON LEGISLATIVE APPROPRIATIONS (Senate - August 01, 1995)

[Page: S11080]

Mr. MACK. Mr. President, earlier today, in a statement made by President Clinton, he said he was planning to veto the legislative appropriations bill, and I find that, frankly, very disappointing. There have been many press reports suggesting the Clinton White House is in a constant campaign mode. His decision to veto the bill is clearly the decision of candidate Clinton, not President Clinton. Candidate Clinton is playing games. He is misleading the American people.

This year the Congress, in a bipartisan fashion, cut its own spending by nearly 9 percent. A cut of this magnitude has not occurred in 40 years, I might say, the last time the Republicans controlled the Congress.

The legislative branch bill has not been vetoed since 1920. Let me outline a couple of the specifics about what we have done: An overall reduction of \$206 million; reduction of Senate committee budgets by 15 percent; elimination of the Office of Technology Assessment; a 2-year, 25-percent reduction in the budget of the General Accounting Office.

This is part of what the President had to say today:

[Page: S11081]

[The Congress] is way behind schedule on virtually every budget bill . . . but one bill, wouldn't you know, is right on schedule--the bill that funds the Congress, its staff, and its operations. I don't think Congress should take care of its own business before it takes care of the people's business.

If you listen to that statement, there is an implication there that they have increased spending in the legislative branch. This is one of the most misleading statements that I have heard.

The President likes to talk about common ground and solving the fiscal crisis responsibly, but when it comes to spending cuts he is totally absent. We are leading by example. Candidate Clinton is leading by rhetoric. It is disappointing and bodes poorly for finding the common ground he claims to embrace.

We hear a lot of talk about a train wreck coming in October. President Clinton likes to talk about avoiding it. But when it comes time for demonstrating good faith, President Clinton takes a walk and candidate Clinton comes into play. It may make good politics, but President Clinton is not being served well by candidate Clinton, and neither are the American people.

The American people elected us to cut spending. We are doing it, and Bill Clinton is standing in the way.

I yield the floor.

THIS SEARCH	THIS DOCUMENT	THIS CR ISSUE	GO TO
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	Home Page

APPROPRIATIONS

GOP Considering Its Response To Legislative Branch Veto

President Clinton's Oct. 3 veto of the legislative branch appropriations bill has congressional Republicans pondering their response.

The veto could be a forerunner of fights yet to come over appropriations; Clinton has issued veto threats for several other spending bills as well as the giant deficit-reduction package known as reconciliation. Republicans may be hesitant to challenge Clinton over this veto, fearing that if they lose, it will strengthen him politically for the budget battles still to be fought.

In the meantime, funding for congressional operations will come under the continuing resolution (HJ Res 108) passed Sept. 28 by the House and cleared Sept. 29 by the Senate. (*Weekly Report*, p. 2972)

The legislative branch spending bill (HR 1854) went back to the House Oct. 6, but the House delayed until Oct. 12 its decision on what to do next.

Before then, GOP leaders are to meet to consider their options. They could return the bill to the House Appropriations Committee, which could pass the identical bill again and then report the bill to the floor; the House could lay the original bill on the Speaker's desk and reconsider it under a suspension of the rules, which limits debate and requires a two-thirds vote for passage; or they could try to override Clinton's veto, which also requires a two-thirds vote.

The House adopted the conference report on the spending bill (H Rept 104-212), 305-101, on Sept. 6, and the Senate followed suit Sept. 22, 94-4. (*Weekly Report*, p. 2966)

The last option seems the most unlikely, even though the legislation passed both houses by overwhelming margins — well above the two-thirds majorities needed to override a veto.

Not wishing to embarrass a president of their own party, nor willing to weaken him politically, House Democrats can be expected to oppose an effort to override the veto.

During House consideration of the conference report, 162 Democrats — more than enough to uphold a veto — backed an unsuccessful motion by David R. Obey, D-Wis., the ranking minority

The president "can't lecture the Congress on political reform while vetoing the first real effort in 40 years to reform the Congress."

—Rep. Robert L. Livingston, R-La.



member on the Appropriations Committee, to recommit the bill with instructions that it was not to return to the House floor until the other 12 appropriations measures were enacted. Obey cited Clinton's veto threat in moving to recommit. (*Weekly Report*, p. 2711)

The Republicans hold only a 233-199 edge in the House, well below the two-thirds they need to override the veto on a party-line vote. Indeed, two congressional aides suggested that the

Republicans would not try to override the veto lest they hand Clinton a political victory if he prevails.

The GOP's only response so far has been to criticize Clinton's decision to veto the \$2.2 billion appropriations bill, which cuts spending by \$200 million over fiscal 1995 levels. "The president can't have it both ways," said House Appropriations Committee Chairman Robert L. Livingston, R-La. "He can't lecture the Congress on political reform while vetoing the first real effort in 40 years to reform the Congress."

"With this veto, candidate Clinton's rhetoric for spending cuts doesn't match the reality that President Clinton is still for more spending and more government," said Sen. Connie Mack, R-Fla., chairman of the Legislative Branch Appropriations Subcommittee.

Republican lawmakers had decided to pass the legislative branch appropriations bill first, figuring that cutting their own budget would give them the political cover to reduce spending throughout the federal government. But Clinton turned that argument on its head, accusing the GOP Congress of taking care of itself before turning its attention elsewhere.

The Senate had delayed consideration of the legislative branch measure so it also could clear the military construction spending bill, which Clinton signed into law (HR 1817 — PL 104-32) even as he was vetoing the legislative branch legislation. ■

Clinton's Veto Message

I am returning today without my approval H.R. 1854, the "Legislative Branch Appropriations Bill, FY 1996."

H.R. 1854 is, in fact, a disciplined bill, one that I would sign under different circumstances. But, at this point, Congress has completed action on only two of the 13 FY 1996 appropriations bills: This one and H.R. 1817, the Military Construction appropriations bill. Thus, the vast majority of Federal activities lack final FY 1996 funding and are operating under a short-term continuing resolution.

I appreciate the willingness of Congress to work with my Administration to produce an acceptable short-term continuing resolution before completing action on the regular, full-year appropriations bills for FY 1996. I believe, however, that it would be inappropriate to provide full-year regular funding for Congress and its offices while funding for most other activities of Government remains incomplete, unresolved, and uncertain.

As I said two months ago, I don't think Congress should take care of its own business before it takes care of the people's business. I stated that if the congressional leadership were to follow through on its plan to send me its own funding bill before finishing work on rest of the budget, I would veto it. I am now following through on that commitment.

I urge the Congress to move forward promptly on completing the FY 1996 appropriations bills in a form that I can accept.

WILLIAM J. CLINTON

THE WHITE HOUSE
October 3, 1995

By Jonathan D. Salant

4TH STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company
The New York Times

October 4, 1995, Wednesday, Late Edition - Final

SECTION: Section A; Page 22; Column 1; National Desk

LENGTH: 748 words

HEADLINE: With a Veto, President Tries To Nudge G.O.P. on Spending

BYLINE: By ALISON MITCHELL

DATELINE: WASHINGTON, Oct. 3

BODY:

In an act that carries more political symbolism than practical effect, President Clinton today vetoed a bill that pays for Congress's administrative expenses. He said he would not approve the lawmakers' budget while the other spending measures needed to pay for the Federal Government were "incomplete, unresolved and uncertain."

Mr. Clinton's rejection of the \$2.2 billion measure made good on a threat he issued over the summer, when he said, "I don't think Congress should take care of its own business before it takes care of the people's business." It was only his third veto since taking office, and the first of a long series he has threatened in the budget battle.

Michael D. McCurry, the White House spokesman, suggested the veto would put more pressure on the lawmakers to pick up their pace on the remaining spending bills. "Maybe when members of Congress face their staffs in the coming days there might be renewed enthusiasm for resolving the budget issues that must be resolved," he said.

But Republicans were quick to call the President's gesture hollow political theater. They noted that the veto would have no immediate effect since Mr. Clinton had already signed into law a compromise stopgap spending measure to pay for the Government -- Congressional staff salaries included -- for the next six weeks while he and Congressional Republicans thrash out their differences over the 1996 budget.

The Republicans accused Mr. Clinton of being a big spender, since the bill he vetoed had cut spending on Congressional operations by \$200 million, or 8.6 percent.

"Instead of sending an important signal to the American people that spending cuts will start right here on Capitol Hill, President Clinton has sent the wrong message," Speaker Newt Gingrich and Senator Bob Dole, the majority leader, said in a joint statement. "This certainly won't make it any easier for Congress to deal with this White House."

The day's posturing was only a minor skirmish compared to the real battles

The New York Times, October 4, 1995

still ahead as more and more of the 13 spending measures needed to keep the Government running reach Mr. Clinton's desk. The Republican Congress seems set on sharply reducing or abolishing spending on a host of programs dear to Democrats and the Clinton Administration appears just as intent on protecting the programs. The President has already threatened to veto half a dozen of the spending measures.

It is far from clear that a compromise can be reached by Nov. 13, when the six-week stopgap financing for the Government expires. And two days later, on Nov. 15, an even more ominous confrontation looms when the Federal Government is expected to reach its current legal borrowing limit. A number of Republicans, including at one point Mr. Gingrich, have threatened to block any increase in the public debt if the President hasn't agreed to their budget priorities by then, even at the risk of a Government default.

So far, although the new fiscal year began Oct. 1, the Congress has sent Mr. Clinton only 2 of the 13 spending bills -- the measure he vetoed and an \$11.2 billion measure to pay for military construction projects.

While expressing disappointment that Congress has approved more money than the Administration had requested, Mr. Clinton today signed the military construction measure into law.

Although some lawmakers had expected Mr. Clinton to veto this measure as well, he used it instead to lobby for the line-item veto, a part of the Republican Contract With America that passed both houses in different forms before stalling.

"Most of the unrequested appropriations are for legitimate defense requirements," the President said, in a statement. But he singled out \$70 million of the projects as unnecessary. "The taxpayers deserve protection from this kind of wasteful spending," he added, "and if I had the line-item veto I would use it to strike this \$70 million."

The White House spokesman's comments about the projects were less diplomatic. "You might describe them as pork," Mr. McCurry said. "And they will oink appropriately."

Despite the day's rhetoric, Mr. Clinton did indicate that he was likely to go along eventually with the Congressional spending bill as well. In his veto message he said it was "in fact a disciplined bill, one that I would sign under different circumstances."

That led Tony Blankley, Mr. Gingrich's spokesman, to tartly note that "Bill Clinton is the first President to veto a bill he agrees with."

LANGUAGE: ENGLISH

LOAD-DATE: October 4, 1995

4

—

5TH STORY of Level 1 printed in FULL format.

Copyright 1995 American Political Network, Inc.
The Hotline

November 14, 1995

SECTION: NATIONAL BRIEFING

LENGTH: 1400 words

HEADLINE: BUDGET: NOW IT'S IN THE HANDS OF THE POLLSTERS

BODY:

"Displaying a Churchillian stubbornness in place of his penchant for compromise," Pres. Clinton issued two vetoes of stopgap spending measures and offered a "ringing speech" to the Dem Leadership Council to "defy" the GOP Congress and set the stage for today's gov't shutdown (Kasindorf, N.Y. NEWSDAY, 11/14). The clash between Clinton and cong. GOPers, "as disruptive as it threatens to be, is but a prelude to the greater battle that must be fought in the weeks ahead over how to balance the debt-ridden federal budget" (Farrell/Zuckman, BOSTON GLOBE, 11/14). Following a late night WH meeting, Speaker Newt Gingrich said he had offered a proposal to pass a spending bill "stripped of Medicare provisions and more in line with Clinton's spending requirements" in return for a WH commitment to balancing the budget in seven years. Gingrich said Clinton did not "reject that out of hand" and it led to a "discussion on various ways to get to a balanced budget." Dem leaders at the meeting "offered a much more pessimistic assessment of the possibilities for compromise." While Clinton and GOPers "continue to bitterly blame each other" a new ABC/W. POST poll "shows that Americans blame Republicans more than the president for the crisis. ... At first blush, Clinton's message -- not the GOP one -- was the one coming through to the American public and accounts at least in part for Republicans second thoughts about their Medicare proposals" (Devroy/Pianin, W. POST, 11/14).

THIS A.M.: The two sides "now entrust their hopes for progress in a meeting set for this morning" between Sen. Budget Chair Pete Domenici, House Budget Chair John Kasich, WH CoS Leon Panetta and OMB Dir. Alice Rivlin. If this session "proves fruitful," Bob Dole and Gingrich "may meet again this afternoon" with Clinton at the WH (Richter/Chen, L.A. TIMES, 11/14). ABC's Compton: "Of the 430 people who work directly for the President, only 90 people are allowed to come in today" ("GMA," 11/14). Print Ad being run in "National Newspapers" this a.m. Text: "This morning, the president spent \$607 million and closed the Washington Monument. It would have been cheaper to balance the budget." Zelnick: "Some say, it would have been better if the Republicans had not tacked major policy issues onto a continuing resolution" ("GMA," 11/14).

THE BATTLE AND WHO WILL WIN IT: "One thing to keep in mind" about the shutdown is that it is "a manufactured political fight

(c) 1995 The Hotline, November 14, 1995

and therefore can yield quickly to a political fix" (Yemma, BOSTON GLOBE, 11/14). Bob Novak reports "unease in the Clinton camp hardly compares with Republican discomfort. Key Republicans worry that Clinton is going to get the better of the shootout. ... Internal tensions plague the GOP -- between the House and Senate, between freshmen and Old Bulls in the House" (N.Y. POST, 11/14). The WH is "betting that public outrage over a government shutdown will fall primarily on the Republicans." GOP leaders "hope that if they can blame Clinton they can force him to start negotiating their package sooner rather than later." Even signing a continuing resolution with Medicare provisions stripped -- but including language committing the pres. to a seven year balanced budget -- would risk establishing a "Clinton baseline" for the rest of the negotiations process according to WH press sec. Mike McCurry. Some WH officials "believe the best possible outcome for Clinton would be to postpone the budget fight as long as possible, making it the centerpiece" of the '96 pres. and congressional campaigns (Yang/Devroy, W. POST, 11/14). The current battle, played out "to one degree or another" under both Pres.'s Bush and Reagan represents the pres. and congress "using every tool the Constitution gives them to gain an advantage." The "bargaining chips" may be habeas corpus rules and Part B Medicare payments, but the "real stakes are much, much larger" including whether the "role of the government in American life" should be "fundamentally changed" (Rosenbaum, N.Y. TIMES, 11/14). With "both sides playing the blame game to deflect public scorn" there is "plenty of blame to go around" (Zaldivar, PHILA. INQUIRER, 11/14). ABC's Jennings: "The struggle between the White House and the Republican leadership in Congress has descended, once again, to a mean and nasty fight." ABC's Hume: "Each side is trying to gain the upper hand for the much larger battle ahead over balancing the budget, and on whose terms" (11/13). CBS' Braver: "In vetoing the government borrowing and spending bills, President Clinton is trying to cast the Republicans as mean-spirited extremists" (11/13). NPR's Naylor: "Clinton was as good as his word, something Republicans say is all too rare." NPR's Liasson: "This standoff is turning into a political opportunity, a chance to repair his reputation as a waffler. ... Some of the President's strategists are ... thrilled that the President has a chance to dispel his image ... and prove to Democratic lawmakers that this time his stiff spine will last" (11/13). CNN's Crowley: "Republican leaders spent most of their day blaming President Clinton for being on the wrong side of the road" ("Inside Politics," 11/13). **House Speaker Newt Gingrich: "I hope the President will recognize that he's the President of the American people. He's not just the President of the left wing."** Senate Maj. Whip Trent Lott: **"The President is the President. He has to lead. He is not leading."** CNN's Schneider: **"Republicans are confident that they can weather this storm"** ("Inside Politics," 11/13).

WHEN WILL IT END? ABC's Cochran: "If there is any encouraging news out of all this it is that, now that both sides have made their political points, maybe now they'll get down to some real negotiating" (11/13). NBC's Myers: "Key Republicans

(c) 1995 The Hotline, November 14, 1995

once thought any shutdown would be brief, but tonight a senior strategist said 'This will not be a one or two day affair' (11/13).

METAPHORICALLY SPEAKING: NPR's Schorr: "Pick your metaphor, 'Heading into a train wreck,' 'A teenager's games of chicken on the highway,' the one I like is 'Grown men in a boat fighting with their oars while they drift towards the waterfall'. ... In the shootout at 'High Noon,' Gary Cooper risked only his own life, not the fate of millions of Americans" (11/13).

LANGUAGE: ENGLISH

LOAD-DATE: November 14, 1995

6TH STORY of Level 1 printed in FULL format.

Copyright 1995 American Political Network, Inc.
The Hotline

November 14, 1995

SECTION: NATIONAL BRIEFING

LENGTH: 547 words

HEADLINE: BUDGET: SOME EDITORIAL REACTION

BODY:

N.Y. POST: "Clinton and his allies have managed to generate a lot of smoke of late, using class-warfare rhetoric -- in an enormously effective fashion -- to frighten the wits out of a lot of folks, especially the elderly. But in the end, it remains that the White House is willing more or less to shut down the government -- rather than negotiate with congressional Republicans to work out long-term measures for controlling federal spending" (11/14).

N.Y. TIMES: "Mr. Clinton and the Republican leadership will be held accountable next November if they let this charade last any longer than a day. ... Clinton was right to veto one offensive budget bill and threaten to veto another. ... (But) the President had less compelling reasons to veto the continuing budget resolution. His chief stated reason -- to protect Medicare patients -- is purely political" (11/14).

PHILA. INQUIRER: "There's plenty of blame to go around for this mess. For all the brouhaha about its first 100 days, the Republican Congress failed to pass most of its appropriations bills in its first 300 days. But Mr. Clinton is equally to blame. ... And in recent days, he has played politics with Medicare. ... It's time for leaders in both parties to stop posturing for the public, to stop unsettling international relations, and to hammer out a responsible budget" (11/14).

W.S. JOURNAL: "Whether the President and the Republicans get a budget this week or 'shut down the government' is interesting, we suppose, but political junkies should focus purely on November 1996: What you are hearing in the President's rhetoric this week is the construction of a re-election strategy heavily dependent on Scaring the Elderly" (11/14).

W. POST: "The president and the congressional Republicans are both indulging in theater at the expense of substance. If the public is put off by it, well, it ought to be" (11/14).

W. TIMES: "There's the awe-inspiring administration demagoguery on the issue of Medicare. On any scale of irresponsibility, it doesn't get any worse than this. ... With a straight face and all the solemnity he can muster, the president has, in effect, vowed to act as demagogically as he can for as long as his polling tells him he can get away with it. But what then?" (11/14).

(c) 1995 The Hotline, November 14, 1995

LANGUAGE: ENGLISH

LOAD-DATE: November 14, 1995



WHITE HOUSE '96 - DOLE: BEGINS AIRING HIS FIRST TV ADS IN NH

THE HOTLINE
Dec. 8, 1995

"Months after some rivals began" TV ads, Bob Dole last night aired his first NH ad "to take credit for the balanced budget deal and a tax cut passed by Congress." The campaign "plans to spend \$20,000 on the ad this week, roughly the same as some candidates, but far less than spent by ... Steve Forbes, who faces no spending limit on his self-funded campaign." Dole's ad "mirrors his strategy of taking on Pres. Clinton, not the several Republicans fighting for the nomination." The tactic "is supposed to make him look above the primary fray, as if he already has the nomination." Dole's ad comes one week after Phil Gramm began "heavy advertising" in NH. Lamar Alexander has been on the air for many months. Pat Buchanan has not yet advertised on TV, but has had radio ads up since spring. "Recent polls have shown Forbes gaining in Iowa, New Hampshire and across the nation. That, coupled with Gramm's new ads, may have prompted Dole to start his ads now." Dole press sec. Nelson Warfield: "The campaign season is upon us. We think now is the right time to start talking about Senator Dole's leadership on the balanced budget while that (battle) is being waged in the Senate" (Timberg, CONCORD MONITOR, 12/8).

TEXT (30 secs., produced by Stuart Stevens). ANNCR, over video of Clinton taking office: "Remember how Bill Clinton promised New Hampshire ..." VOICE AND GRAPHIC: "A balanced budget plan. A middle class tax cut. He never delivered." ANNCR, over shots of Dole: "But today, Bob Dole's leadership is bringing true conservative change ..." Shots of Dole: "1) The first Balanced Budget Plan in a generation. 2) A \$500 per child tax credit saving New Hampshire taxpayers \$100 million dollars a year. While others talk Bob Dole leads." GRAPHIC: "Bob Dole: The Character and Courage to Lead America (release, 12/8).

CELLUCCI'S ON THE TEAM: After having vowed to remain neutral, MA LG Paul Cellucci (R) has decided to back Dole. "But his late move is creating tensions in state GOP circles." Cellucci had delayed making an endorsement in deference to MA Gov. Bill Weld (R), who "strongly backed" Pete Wilson's "ill-starred" bid. "But now he may have to pay a price for his loyalty. Cellucci may have to take a backseat to his GOP political rival," Treas. Joe Malone (R), who signed on to the Dole campaign last spring and chairs its MA effort. Cellucci reportedly has been offered a role "subordinate to Malone," to join the three co-chairs Rep. Peter Blute (R), Peter Torkildsen (R) and ex-Gov. Edward King (R). Celucci and Malone are

BALANCED
BUDGET
ACT
VETO

• jockeying for position to run for gov. in '98 (Phillips, BOSTON GLOBE, 12/7).

*Click on your browser's **Back** button to return to search results.*

[News](#) | [Inter-Action](#) | [Web Guide](#) | [Rec Room](#) | [Advocates](#) | [Campaign '96](#) | [Issues](#) | [Poll Track](#) | [Resources](#) | [Marketplace](#)

[HOME](#) [FEEDBACK](#) [CONTENTS](#) [ABOUT POLITICSUSA](#)

Balanced Budget -
Middle Class Tax Cut

THIS SEARCH	THIS DOCUMENT	THIS CR ISSUE	GO TO
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	[Part] Contents	CR Issues by Date

PRESIDENTIAL VETO OF THE BALANCED BUDGET (Senate - December 07, 1995)

Mr. CRAIG. Mr. President, before I yield to the Senator from Michigan, I ask unanimous consent to have printed in the **Record** a study by the Heritage Foundation called 'Balanced Budget Talking Points: The \$500-Per-Child Tax Credit,' which discusses what it would mean to a typical middle-income family in this country to have the middle-class family tax credit that was in the **Balanced Budget Act vetoed** yesterday. In having this printed in the **Record**, let me suggest that a family of four spends on the average \$3,986 a year in groceries, or about \$332 a month. What the President did yesterday was take away from the average American family 3 month's--3 month's--worth of grocery bills.

There being no objection, the material was ordered to be printed in the **Record**, as follows:

The \$500-Per-Child Tax Credit Means One Month's Food and Mortgage for a Typical American Family

(BY SCOTT A. HODGE, GROVER M. HERMANN FELLOW IN FEDERAL BUDGETARY AFFAIRS)

'IF YOU TAKE THE \$500 A YEAR TAX CREDIT, AND I FIGURE, YOU KNOW, \$5 FOR A BOTTLE OF WINE, THAT IS 100 BOTTLES OF WINE FOR A FAMILY.' 1 -- CONGRESSMAN JIM MCDERMOTT (D-WA)

Contrary

to what elitists in Washington would have the public believe, for most hard-working American families raising children a \$500 tax cut for each child is not an insignificant amount of money. This is especially true as many families no doubt are wondering how they will be able to afford the \$432 some surveys report each household expects to spend this holiday season. 2

Yet the families of 51 million children, or over 28 million families in all, will be denied relief from their financial worries by President Bill Clinton's expected **veto** of Congress's seven year **balanced budget** and tax cut plan, which had as its centerpiece a \$500-per-child tax credit. This tax cut would pump over \$22 billion per year into family **budgets** across the country so that working parents can provide for their children in a way no government program can.

1 Tax Provisions in the Contract With America Designed to Strengthen the American Family, Hearings before the Committee on Ways and Means, U.S. House of Representatives, January 17, 1995 p. 30.

2 Bureau of National Affairs, 'Conference Board, Arthur Anderson Polls Put Moderately Upbeat Face on Holiday,' November 24, 1995.

As congressional Republicans negotiate with the White House on a compromise plan to **balance the budget** by 2002 and provide tax cuts, they should resist pressure to scale back the \$500-per-child tax credit as a price for cutting a deal. Those who argue that Washington cannot 'afford' such generous tax cuts while the government is trying to **balance the budget** are, in effect, arguing for higher spending. The **budget** will not be **balanced** any faster if the amount of the per-child credit is reduced below \$500 or if the income for which families are eligible is lowered from its current level of \$110,000 for joint filers. 3

Any money not put back in the checkbooks of working families with children through tax cuts, is more money in the checkbook for politicians and bureaucrats to spend while the **budget** is moving toward **balance**.

3 For taxpayers filing jointly with incomes above \$110,000 the credit phases out at a rate of \$25 for each \$1,000 above the threshold (a range of \$20,000), thus fully phasing out at \$130,000 in income. For families with two children, the two credits this family is eligible for are fully phased out at \$150,000 in income. For single filers,

the credit begins to phase out at \$75,000 in income.

Congressional and White House negotiators should keep in mind that for parents with two children, the \$1,000 tax cut they would receive under this plan could mean the difference between paying the mortgage and not. Indeed, as the table below shows, a \$1,000 tax cut for the typical family with two children is enough to pay one month's mortgage and grocery bills, or 11 months worth of electric bills, or nearly 20 months worth of clothing for the children. In other words, a \$1,000 tax cut is a significant amount of money for most families' household **budgets**.

WHAT THE \$500-PER-CHILD TAX CREDIT MEANS FOR A FAMILY WITH TWO CHILDREN

<i>THIS SEARCH</i>	<i>THIS DOCUMENT</i>	<i>THIS CR ISSUE</i>	<i>GO TO</i>
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	[Part] Contents	CR Issues by Date

<i>THIS SEARCH</i>	<i>THIS DOCUMENT</i>	<i>THIS CR ISSUE</i>	<i>GO TO</i>
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	[Part] Contents	CR Issues by Date

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS (Senate - December 06, 1995)

By Mr. GRAMS (for himself, Mr. **McCain**, and Mr. **Coats**):

S. 1452. A bill to establish procedures to provide for a taxpayer protection lock-box and related downward adjustment of discretionary spending limits and to provide for additional deficit reduction with funds resulting from the stimulative effect of revenue reductions; read the first time.

THE TAXPAYER PROTECTION LOCKBOX ACT

Mr. GRAMS. Mr. President, I rise today to introduce the Taxpayer Protection Lockbox Act . I am pleased to be joined by my good friend and colleague from Arizona, Senator **McCain**.

Mr. President, in light of what is happening today at the White House--with President Clinton carrying out his threat to **veto** our plan to **balance** the Federal **budget** --this legislation could not be introduced at a more appropriate time.

The American people ought to be disgusted that the President would turn his back on their wishes and **veto** the **Balanced Budget Act** of 1995.

After all, the people have called repeatedly on the Federal Government to get its spending under control. The President says he wants to eliminate the wasteful spending, too. Our plan delivers, and yet, our bill is being **vetoed** .

The people want relief from a Federal tax burden that's consuming 26 percent of their family's monthly income. The President says he wants to provide tax relief too, and even says he supports the child tax credit. Our plan delivers, and yet, our bill is being **vetoed** .

The people have asked us to reform a welfare system that sucks up tax dollars yet offers few incentives for welfare recipients to move from dependency to independence. The President says he wants welfare reform, too, in fact, he made it a major part of his Presidential campaign. Our plan delivers, and yet, our bill is being **vetoed** .

Most important, the people are calling on us to **balance** the Federal **budget** by the year 2002. The President says he wants a **balanced budget** , too, and agrees that we can get there in 7 years. Our plan delivers, and yet again, the President is stopping it in its tracks with today's **veto** .

'I want a **budget** that includes all of that,' says the President--'the spending cuts, tax relief, welfare reform, while it **balances** in 7 years using honest numbers. I just do not want your **budget** .'

And somehow the President manages to say it with a straight face, even though he has bogged down the **budget** negotiations by refusing to offer a comprehensive, 7-year plan of his own.

Mr. President, despite all the rhetoric and all the campaign promises, this administration has no real interest in eliminating the Federal deficit and changing the status quo in Washington--they would have to curtail their spending to do it.

Today's **veto** clearly demonstrates the President is not ready to cut spending. And that has been the pattern in Washington for a very long time--once the Government has gotten its hands on the taxpayers' dollars and squirreled them away into the Federal Treasury, Congress, and the President will spend them.

My legislation, the Taxpayer Protection Lockbox Act , will help ensure that when pork-barrel spending is trimmed from the **budget** , it is the taxpayers--not the big

spenders on Capitol Hill--who will benefit.

For years, Members of Congress have bragged to their constituents about trying to cut the fat out of the Federal **budget**. Yet as time has passed, Federal spending has gone up, our annual **budget** deficits have gone up, and the debt we're leaving our children and grandchildren has gone all the way up to \$5 trillion.

How can this be? If all of these claims of cutting the **budget** are right, should spending not go down, not up?

Well, if you are speaking in plain English, it should--a cut means you spend less money this year than you did last year. But in the language of Congress--'Hill-Speak' as some call it--a cut is not necessarily a cut.

For example, under our plan to **balance** the **budget**, Medicare spending will grow from \$181 billion this year to \$277 billion in the year 2002--a 53-percent increase over the next 7 years. But because Medicare will not grow at the uncontrolled rates of the past, those who use Hill-Speak call this increase a 'cut.'

It does not make much sense, does it? And yet there is more.

<i>THIS SEARCH</i>	<i>THIS DOCUMENT</i>	<i>THIS CR ISSUE</i>	<i>GO TO</i>
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	[Part] Contents	CR Issues by Date



26 YEARS IS A LONG TIME TO WAIT FOR A MIRACLE.

1969. The year of the Miracle Mets. The year every little every little kid wanted a baseball glove for the holiday and dreamed of becoming Tom Seaver.

1969 was also the last time the federal government balanced it's budget. At the time, nobody quite knew how much of a miracle it was.

We've all grown since then. We spend more time worrying about taxes and paying the mortgage than dreaming about striking out the side in the bottom of the ninth.

But this year, Republicans guarantee you a present that will let you spend a little less time worrying,

a little more time dreaming. A balanced budget. On the president's desk in time for the holidays.

We've spent all year doing what Congress spent the last 26 years avoiding. Putting together a budget that makes sure seniors get to keep their Medicare benefits. A budget that increases Social Security. A budget that reforms welfare and puts people to work. A budget that ensures every kid who wants to go to college can afford to go to college. A budget that allows families to keep more of their own money.

A budget that's balanced.

A balanced budget. In Washington, they're calling it a miracle. We call it keeping our word.

For a free poster of this ad or for more information about how we've balanced the budget, call 1 (800) RNC-5800.

Paid for by the Republican National Committee.

MONDAY RNC BRIEFING

December 18, 1995

This week's *Briefing* discusses Bill Clinton's continuing refusal to propose a balanced budget.

■ FYI

■ Calendar

■ Focus

■ Survey Summary

FYI

Dems "Mediscare" Rebuffed

"The truth is, both President Clinton and the Congress want to spend more money, not less, on Medicare. Democrats and Republicans alike also agree the federal budget can only be balanced if the growth of government spending on Medicare is slowed."
—ABC NEWS CORRESPONDENT CHRIS BURY, ABC'S "NIGHTLINE," 12/12/95

"The president feels that he can get re-elected by portraying himself as the savior of Medicare, that Medicare is under attack by the Republicans, and he's going to stand there and save it. ... Clinton knows full well himself, being a policy wonk, what these [Medicare] numbers really mean. He's just distorting them. ... But at least the Republicans are taking some steps, and look what's happening to them. Look at this barrage of misleading advertising. Look what the president is doing, and it's incredibly irresponsible."
—JAMES GLASSMAN OF *THE WASHINGTON POST*, ABC'S "NIGHTLINE," 12/12/95

Short of the Mark

"The Republicans say their plan to balance the budget in seven years would achieve the desired result, and the president's would not. They're right about his; it wouldn't do the job."
—*THE WASHINGTON POST*, 12/11/95

"President Clinton's latest budget plan is a slight improvement over his last two. But the White House still relies on political posturing and gimmickry to conceal its defense of the Washington status quo."
—*INVESTOR'S BUSINESS DAILY*, 12/11/95

"Fittingly, anybody who searches the White House database on the Internet will find an interesting reply to a request for information on the budget: 'You have specified document categories that do not exist.'"
—COLUMNIST TONY SNOW, *USA TODAY*, 12/11/95

Bureaucracy's Handmaiden

"True, the Democrats' biggest failure is that we became the party of government—of the government, *by* the government and *for* the government."

government."

—RETIRING REP. PATRICIA SCHROEDER (D-COLO.), *NEWSWEEK*, 12/18/95

Going Out With a Fizzle

"These are stormy days for many of us Democrats. The party that gave us political birth and which made us so proud in realistically confronting the new realities of our society lives now in the unsustainable afterglow of the New Deal. We elected an amicable windsock as president; our legislative leadership knows where America has been, but not where it is going. The forward-looking Democratic Party that led America for the past 60 years now relives past glories and blindly defends yesterday's agenda. Its loyalty is to voting blocs—not to solving current problems."

—RICHARD LAMM, FORMER DEMOCRATIC GOVERNOR OF COLORADO, *THE WASHINGTON TIMES*, 12/6/95

CALENDAR

- Dec. 19-20 1996 Republican National Convention Committee on Arrangements representatives host a media walk-through, San Diego, Calif.
Contact: Anne Gavin (202) 496-1900
- 21 GOP-TV's "Rising Tide" will re-broadcast an episode taped in October at the Western Leadership Conference, Las Vegas, Nevada. Guests incl Nighthorse Campbell of Colorado and Reps. John Ensign of Nevada and Barbara Cubin of Wyoming.
Contact: Ashley Barron (202) 863-8614
- Jan. 6 South Carolina Republican Party hosts the 1996 Silver Elephant Banquet, Columbia, S.C.
Contact: Trey Walker (803) 988-8440
- 10-14 National Association of Secretaries of State winter meeting, Washington, D.C.
Contact : Brad Barondeau (202) 863-8600
- 11-14 Southern Republican Leadership Conference, Mobile, Ala.
Contact: Mike Burton (205) 324-1990
- 17 1996 Republican National Convention Committee on Arrangements meeting, San Diego.
Contact: Lynn Abernathy (202) 863-8638
- 18-20 Republican National Committee Winter Meeting, San Diego.
Contact : Lynn Abernathy (202) 863-8638
- 24-26 U.S. Conference of Mayors bi-annual meeting, Washington, D.C.
Contact: Brad Barondeau (202) 863-8600

CAPITOL HILL WATCH

Last Week in Congress

- ☐ House and Senate approved, 244–181 and 58–40, respectively, the conference report to the FY 1996 *Interior Appropriations Act*, which provides \$1.4 billion less for the Interior Department than FY 1995 levels. President Clinton vetoed the measure.
- ☐ Senate approved, 82–16, the *State Department Reauthorization Act*, which requires the State Department to achieve \$1.7 billion in savings over the next five years.
- ☐ Senate approved, 54–44, the conference report to the FY 1996 *VA-HUD Appropriations Act*, which provides \$9 billion less for these departments than FY 1995 levels. Clinton vetoed this measure.
- ☐ Senate approved, 69–30, a *resolution supporting the U.S. troops in Bosnia*. The measure places a one-year time limit on the deployment of 20,000

- Senate approved, 69–30, a *resolution supporting the U.S. troops in Bosnia*. The measure places a one-year time limit on the deployment of 20,000 troops and demands the U.S. lead an effort to arm and train the Bosnian military. The House voted, 287–141, to oppose Clinton's policy in Bosnia.

This Week in Congress

- House debates the conference report to the *Telecommunications Competition and Deregulation Act of 1995*, the *Personal Responsibility Act of 1995*, the *Effective Death Penalty and Anti-Terrorism Act* and the conference report to the *Interstate Commerce Commission Termination Act of 1995*.
- Senate debates the conference report to the FY 1996 District of Columbia Appropriations Act, the Personal Responsibility Act of 1995 and the conference report to the Interstate Commerce Commission Termination Act of 1995.

FOCUS: Clinton is Stopping a Balanced Budget

Last Friday, Republicans eagerly began negotiations with the White House to avoid another government shutdown, hoping President Clinton would honor the commitment he made 28 days ago to balance the budget in seven years using the honest economic forecasts of the Congressional Budget Office (CBO). Unfortunately, those talks fell apart as Clinton quickly made his intention to continue his Medicare charade known.

For months, Clinton has demagogued on the issue of Medicare, claiming to be worried about "cuts" in the program. But Clinton's real concern is not about spending on Medicare. Medicare spending under Clinton's plan is only 1.7 percent more over seven years than that proposed by the GOP. Clinton's real concern is being able to spend billions of dollars to fund his liberal agenda and pet projects, such as Americorps. Of the \$436 billion difference in total spending between Clinton's proposal and the GOP's plan, only about \$32 billion is allocated toward Medicare. That leaves him more than \$400 billion to dole out to traditional Democrat programs. Of course, there is no way Clinton can admit his true intentions. That is why the reasons he gives for vetoing the Republican Balanced Budget Act of 1995 are phony. That is why Clinton does not want to balance the budget. That is why he has never proposed a budget that balances.

Enough is Enough

Republicans have already delivered a budget that balances by 2002, saving \$750 billion over a seven-year period. Clinton has had four chances this year to join Republicans in stopping the string of endless deficits by proposing a budget that balances; four times he has dodged his responsibility to help return the government to a sound economic foundation:

- Clinton's first FY 1996 budget, proposed in February, maintained deficits of more than \$200 billion for as far as the eye could see. Democrats joined Republicans to unanimously defeat Clinton Budget I, 99-0.
- In June, just as Republicans were about to pass their balanced budget resolution, Clinton announced his plan to supposedly balance the budget in 10 years. But the CBO soon determined Clinton Budget II would leave a deficit of \$209 billion in 2005—a higher deficit than exists today. Clinton's second budget plan was so bad that Democrats in both the House and the Senate refused to even bring it up for a vote. When a Republican senator did introduce Clinton's plan, it was defeated 96-0.
- Two weeks ago, after committing to a seven-year plan scored by honest CBO forecasts, Clinton broke his word and proposed a budget based on the rosier projections of the White House's Office of Management and Budget (OMB). Result: Clinton Budget III maintains a deficit of \$115 billion in 2002, falling about \$365 billion short of eliminating the deficit in seven years.
- Last Friday, Clinton came to the negotiating table with a "plan"—really nothing more than a few pages of talking points—that would leave a deficit of \$75 billion in 2002. But that's not all. The Democrat National Committee had purchased \$1.5 million worth of advertising to attack Republicans and their budget plan *before the scheduled negotiations even began*.

Not Up to the Challenge

Bill Clinton has consistently demonstrated he is not committed to balancing the budget. He would rather be true to his Democrat roots and continue spending money the government does not have, all the while hiding behind a Medicare charade. Clinton does not want Americans to know the truth. His lies and theatrics benefit him politically today, but steal opportunity and prosperity from future generations. In this important debate, Bill Clinton cannot be taken seriously.

TALKING POINTS

Attach to 3x5 note card

Clinton Hides Behind Medicare Charade For months, Clinton has demagogued on the issue of Medicare. But his real concern is being able to spend billions of dollars to fund his liberal agenda and pet projects, such as Americorps. Of the \$436 billion difference in total spending between Clinton's proposal and the GOP's plan, only about \$32 billion is allocated toward Medicare. That leaves him \$404 billion to dole out to traditional Democrat programs. Of course, there is no way Clinton would admit this. It is why he has never proposed a balanced budget.

Just last week, Clinton came to the negotiating table with only a few pages of talking points he passed off as his fourth budget "plan." That plan would leave a deficit of \$75 billion in 2002. But that's not all. The DNC had purchased \$1.5 million worth of advertising attacking Republicans and their budget *before scheduled talks even began*.

Clinton has consistently demonstrated he is not committed to balancing the budget. He would rather continue spending money the government does not have, all the while hiding behind a Medicare charade.

SURVEY SUMMARY

The Public Speaks Out WALL STREET JOURNAL/NBC NEWS POLL OF 2,007 ADULTS, RELEASED 12/6/95

Do you think President Clinton deserves re-election or not?

Deserves re-election	43%
Does not deserve re-election	45%

What do you think is the main cause of the social and economic problems that face America?

A decline in moral values	47%
Financial pressures and strains on the family	40%

Do you think the government is trying to do too many things that should be left to individuals and businesses, or do you think the government should do more to solve the country's problems?

Government is doing too many things	62%
Government should do more	32%

Improving Economy CBS NEWS/THE NEW YORK TIMES POLL

OF 1,111 ADULTS, RELEASED 12/13/95

How would you characterize the condition of the economy?

	Now	10/95
Very/fairly good	58%	55%
Very/fairly bad	40%	43%

Bosnia

Do you favor or oppose sending 20,000 U.S. troops to Bosnia to enforce a peace agreement?

Favor	40%
Oppose	55%

| Main Street | Newsstand | Monday Briefing Index |

Copyright © 1995, Republican National Committee

21 minutes. There were 295 airplanes airborne under Oakland's ARTCC's control at the time of the outage.

A few weeks later, August 22, a power failure at Bay TRACON disabled Oakland's radar system again. Backup radar provided only 85 percent coverage and took 3 to 5 minutes to come on line.

And 3 days later, August 25, 1995, a dual sensor problem disabled Bay TRACON's Oakland radar system.

September 6, the controllers lose power to voice and computer data lines at Oakland ARTCC used to control and track aircraft over the Pacific Ocean.

The next day, September 7, 1995, the main and backup power supply fails at Oakland ARTCC. Power is not restored in time to preserve the data base in the oceanic computer known as ODAPS. Controllers rebuild the data base manually when the computer power is returned. The shutdown lasted 4 hours.

A few days later, September 13, 1995, the Bay TRACON's Oakland radar failed three times when a 26-year-old microwave link malfunctioned. The first failure lasted 32 minutes. The second failure lasted 81 minutes. And the third failure lasted for hours.

Two weeks later, September 25, 1995, an internal power failure at Bay TRACON disabled so-called noncritical systems and caused air-conditioners to go out. Controllers were exposed to 90-degree heat in the control room, computers overheated and failed due to the extreme temperature increase.

October 1, 1995, a power surge at Moffett Field caused a radar site to switch to engine generators. While repairs were being made the next day, the bay area was without a backup system for 7 hours.

October 27, 1995, during the morning inbound rush and foggy conditions, the Bay TRACON computer froze and caused controllers to perform automated functions manually.

November 3, 1995, faulty computer connections forced air traffic controllers in Fremont to track aircraft with a backup system for nearly 48 hours.

November 28, just a few days ago, airport surveillance radar at the Oakland airport goes down for an hour.

Needless to say, it is a miracle that no collisions have occurred. This is the fourth busiest airspace in the Nation. The situation and the growing frequency of outages across the United States are simply disasters waiting to happen.

These examples from the San Francisco Bay area are symptomatic of a nationwide problem. At a time when the private sector is building the most advanced airplanes in the world, the FAA is still using equipment that is over a quarter of a century old.

I realize that resources are an issue. Yet the airport and airways trust fund which funds the FAA has an annual budget of \$12 billion a year. I cannot stress enough the importance of this money translating into new equipment for air traffic control centers across

the country. We cannot continue to function with a system that often fails and leaves the safety of airline passengers in question.

These equipment outages, along with a recent Los Angeles Times report of equipment falling off old aircraft and very nearly landing on human beings, has me very worried about public safety. What concerns me more than these dangers, however, is the FAA's assessment that no lives are at risk.

Given the above list of outages along with reports of equipment nearly killing people as it falls from the sky, I find this extremely difficult to believe. Some action must be taken.

It has been suggested that the FAA could operate more effectively if removed from the Department of Transportation. I am not certain if that is the answer, but it is obvious to me that some dramatic improvements must be made in order to ensure the safety of the flying public.

I would like to offer any necessary and appropriate assistance to facilitate a change in the priorities of the Federal Aviation Administration. I look forward to working with my colleagues toward a solution to this increasingly alarming situation.

Next week I hope to come before the Senate to discuss similar incidents at Los Angeles International Airport. I yield the floor.

PRESIDING OFFICER. The Senator's time has expired.

Mrs. FEINSTEIN. I thank the Chair.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

BALANCING THE BUDGET

Mr. CRAIG. Mr. President, we had asked last night for a period of a special order this morning to discuss the President's veto of the Balanced Budget Act of 1995. Certainly I, and I think a good number of Americans, Mr. President, watched yesterday as this President with grand theater and style worked overtime to cover up the fact that he has not produced a balanced budget and in fact cannot, given his agenda, produce a budget that will be in balance by the year 2002.

Instead, yesterday he accused Republicans of not recognizing the need for education, of not recognizing the need to strengthen and save Medicare. And, of course, that simply is not true and the American public knows it.

The Balanced Budget Act of 1995 that the President vetoed yesterday recognizes the importance of education and does not cut student loans. It recognizes the importance of a sound Medicare system to seniors and strengthens Medicare into the year 2000, by spending nearly an additional \$2,000 per Medicare recipient in the year 2002, compared with 1995. And certainly that is also true of Medicaid, which is returned to the States for greater efficiencies and greater humanity as States deal with applying Medicaid to the truly needy of our society.

Several of us have gathered this morning for the purpose of discussing the President's veto, the benefits of the budget that the President unfortunately vetoed, and the budget situation this Congress and our country finds itself in.

At this time I will yield 5 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 5 minutes.

A BALANCED BUDGET

Mr. THOMAS. Mr. President, I thank the Senator. I think all of us are very concerned about where we go from here, concerned about the President's veto of the first balanced budget proposal that could have succeeded in 30 years. The President cannot continue to veto the will of the American people who list as their top priority balancing the budget.

You say why, why is that a top priority? Not simply because it is good government, not because it is financial and fiscal responsibility, but because they understand, and Wyoming families understand, as do others, that every day the Government fails to balance the budget, more money is taken from their families' futures.

Families are thinking down the road, fortunately. They care about the world their children will inherit and the fact that we are ready to move into a new century, and they ask themselves what kind of a Government will we pass on to our children and our grandchildren? Will it be the one with the credit card maxed out? That is where we are now.

So these families think about what is coming in the future. Unfortunately, the Clinton administration thinks about the next election. Had the President come to the snubbing post and done the right thing, Wyoming families would have saved money. They would have saved \$2,404 per year—these figures were done up by the Heritage Foundation on a State-by-State basis—\$2,400 per year on lower mortgage payments, over \$300 a year due on State and local interest payments, \$500 per year on lower interest payments for student loans. These are for average families in Wyoming.

The State and local governments in Wyoming—we want to transfer some of that responsibility—would have saved \$57 million over 7 years on lower interest rates brought about by balancing the budget.

So the issue of balancing the budget is the most critical one. We have to balance the budget because of the impact it has on families and the benefits that come from it. The deficit is robbing our families' bank accounts. It must be budgeted. And anything else is the wrong thing to do.

The Clinton administration has done less than the responsible thing. I think we have to start talking about that and not let them get by with going to the media and saying, "We're protecting

this and we're protecting that. We can't do this." We have to balance the budget. And this administration has done what I think is the most selfish thing, and that is to play the political game at the expense of American families.

The President has not done anything to bring about real change. In 1993, we had the largest tax increase the world has ever known. But spending continued to go up, and we have not balanced the budget. He has proposed two budgets this year, neither of them balanced. Neither of them got any votes in this Senate. He now proposes to bring up another one today. We will see. But he is going to do it without CBO numbers, without real numbers.

Now, people say, what is CBO? What is OMB? What is the difference? I can tell you what the difference is. CBO is real numbers. You can balance the budget, if you fool with the projections, without really balancing the budget. Raise the projections out here 7 years from now when you are no longer President and it is painless to do it in the meantime. It is also phony. We cannot do that.

We see this leadership in this administration trying to patch the walls of a crumbling welfare state. Talking about the Great Society, we spent \$5 trillion in these welfare programs and they have not worked. You cannot expect different results if you continue to do the same thing. You need real welfare reform. We need to guard and protect Medicare. And we need to think about what kind of country we want as we go into the 21st century. The balanced budget is the way to proceed.

Mr. President, there are a number of principles that need to be followed. First of all, if we are going to have a balanced budget, we have to start with honest numbers. Certainly, you can argue about the projections, but you have to start with real numbers and be willing to make the changes that are necessary to make that balance. You have to reduce Washington spending, which is as important as balancing the budget. You could balance it, I suppose, by raising taxes. But we need to bring down spending. We have to ensure Medicare solvency. We have to make some changes to do that. We have to have real welfare reform. Welfare reform without results is not what we want. We have to change that. We have to put some more power in the people in the States and move government closer to the people, and we must do it now.

Mr. President, I yield the floor.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

UNANIMOUS-CONSENT AGREEMENT—H.R. 2076

Mr. CRAIG. Mr. President, before I yield to the Senator from Alaska, I ask unanimous consent that debate time on the Commerce, State, Justice appropriations conference report, H.R. 2076,

be limited to the following: Senator GREGG, 2 hours; Senator HOLLINGS, 2 hours; Senator BIDEN, 2 hours; Senator BUMPERS, 20 minutes. Further, that following the expiration or the yielding back of the previously mentioned debate time, the Senate vote on the adoption of the conference report with no intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRAIG. I thank the Chair.

Now let me yield 5 minutes to the Senator from Alaska, to speak on the President's veto of the budget.

The PRESIDING OFFICER. The Senator from Alaska [Mr. MURKOWSKI] is recognized for 5 minutes.

Mr. MURKOWSKI. I thank my colleague from Idaho. I wish the President a good morning.

PRESIDENTIAL VETO OF THE BALANCED BUDGET

Mr. MURKOWSKI. Mr. President, yesterday, President Clinton, with a great deal of fanfare and theatrics, vetoed the first balanced budget legislation sent to any President in the last three decades. Think about that a moment, Mr. President. The first balanced budget legislation sent to any President in nearly three decades was vetoed yesterday by President Clinton.

What is the accumulated debt of this country? It is \$4.9 trillion. That occurred as a consequence of prevailing Democratic control of both the House and Senate during those decades.

The veto was very well orchestrated, with the President deciding to use the same pen that the late President Lyndon Johnson used to sign the original Medicare legislation back in 1965. However, in what may be a metaphor for this President, when he put pen to the paper, nothing happened; the pen was out of ink, just as the President is out of ideas and just as Medicare is out of money.

Mr. President, the American public deserves better. Throughout the entire year, Republicans in Congress have worked night and day to develop and pass a real balanced budget along with family tax relief. There were some Democrats who worked with us. And what has the President done this year? Absolutely nothing. He has spoken empty rhetoric about wanting to balance the budget.

Mr. President, there is a difference between wanting and doing. President Clinton has submitted two budgets this year. The first one—think about this—the first one did not receive a single vote, Democrat or Republican, when we voted on it in the Senate, not one single vote, because the President's first budget would have led us to unending deficits and a sea of red ink for the indefinite future.

He came along and said his second budget would balance in 10 years. But like everything else with this President, rhetoric and reality are inconsistent. It is what the polls say that

motivates the actions down at the White House.

When the Congressional Budget Office scored the President's second budget, they again found endless annual deficits—in excess of \$200 billion. Now the President says he is going to send us a third budget, and this one will be balanced in 7 years. I am a little cynical simply because I have been there before. I am from Missouri—maybe—when in reality I am from Alaska, but the same point is applicable. After two false starts, I wish to see something real.

I hope the President does send us a balanced budget, but I have had an opportunity this morning for a preview of what we anticipate is his effort, and it does not balance. It simply does not balance. So as a consequence, I fear we are facing a third situation where the President has sent us something that is totally unacceptable.

I hope that the President will be willing to recognize and give the American family the relief they need from taxes. I hope he will give Americans incentives to invest in our future and save. I hope that he would give Americans an opportunity for hope—hope that Government can be downsized, more efficient, more responsive. And I hope he will give America the economic security that will come from allowing oil exploration to proceed in ANWR, which I note in his veto statement he rejected.

On that point, I would like to defer to his veto statement where he suggests, under title V, the opening of the Arctic National Wildlife Refuge to oil and gas threatens a unique, pristine ecosystem in hopes it will generate \$1.3 billion in Federal revenues, revenues based on wishful thinking, and outdated analysis.

Mr. President, the wishful thinking is in the eyes of some of America's environmental community that focuses on this as a cause for membership and a cause of raising dollars at the expense of our national energy security, and at the expense of our jobs and at the expense of American technology.

Geologists have indicated that this area is the most likely area in North America where a major oil discovery could take place. And to suggest the arguments that prevailed against Prudhoe Bay 20 years ago are now being applied to the opening up of ANWR are not realistic is really selling American technology and ingenuity short. This could be the largest single job producer in the United States for the remainder of the century. It could be the largest contributor, if you will, to an increase in tax revenue for the Federal and State governments. The consequence of the President's shortsightedness in dismissing this really underestimates the capability of America's can-do spirit and advanced technology.

Mr. President, I think it is fair to say the American public today is fed up with this lack of leadership. The American public wants a balanced budget

they can understand. They do not understand the dispute between the OMB and the CBO figures. They want a balanced budget that simply says the revenue will equal the outflow. We got into this situation as a consequence of spending more money than we generated in revenues, and there is only one way to correct that: Either through increased revenues or reduced spending.

We Republicans, I think, have delivered a responsible pledge. It is now up to the President to transform his words into deeds. It is time for the President to get serious, to send us his proposals for balancing the budget with no phony numbers, no rosy scenarios. And it is time for the posturing to end and the serious business of balancing the budget to begin.

I thank my colleagues and wish them a good day.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Idaho.

Mr. CRAIG. Mr. President, before I yield to the Senator from Michigan, I ask unanimous consent to have printed in the RECORD a study by the Heritage Foundation called "Balanced Budget Talking Points: The \$500-Per-Child Tax Credit," which discusses what it would mean to a typical middle-income family in this country to have the middle-class family tax credit that was in the Balanced Budget Act vetoed yesterday. In having this printed in the RECORD, let me suggest that a family of four spends on the average \$3,986 a year in groceries, or about \$332 a month. What the President did yesterday was take away from the average American family 3 month's—3 month's—worth of grocery bills.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE \$500-PER-CHILD TAX CREDIT MEANS ONE MONTH'S FOOD AND MORTGAGE FOR A TYPICAL AMERICAN FAMILY

(By Scott A. Hodge, Grover M. Hermann
Fellow in Federal Budgetary Affairs)

"If you take the \$500 a year tax credit, and I figure, you know, \$5 for a bottle of wine, that is 100 bottles of wine for a family."¹—Congressman Jim McDermott (D-WA)

Contrary to what elitists in Washington would have the public believe, for most hard-working American families raising children a \$500 tax cut for each child is not an insignificant amount of money. This is especially true as many families no doubt are wondering how they will be able to afford the \$432 some surveys report each household expects to spend this holiday season.² Yet the families of 51 million children, or over 28 million families in all, will be denied relief from their financial worries by President Bill Clinton's expected veto of Congress's seven year balanced budget and tax cut plan, which had as its centerpiece a \$500-per-child tax credit. This tax cut would pump over \$22 bil-

lion per year into family budgets across the country so that working parents can provide for their children in a way no government program can.

As congressional Republicans negotiate with the White House on a compromise plan to balance the budget by 2002 and provide tax cuts, they should resist pressure to scale back the \$500-per-child tax credit as a price for cutting a deal. Those who argue that Washington cannot "afford" such generous tax cuts while the government is trying to balance the budget are, in effect, arguing for higher spending. The budget will not be balanced any faster if the amount of the per-child credit is reduced below \$500 or if the income for which families are eligible is lowered from its current level of \$110,000 for joint filers.³ Any money not put back in the checkbooks of working families with children through tax cuts, is more money in the checkbook for politicians and bureaucrats to spend while the budget is moving toward balance.

Congressional and White House negotiators should keep in mind that for parents with two children, the \$1,000 tax cut they would receive under this plan could mean the difference between paying the mortgage and not. Indeed, as the table below shows, a \$1,000 tax cut for the typical family with two children is enough to pay one month's mortgage and grocery bills, or 11 months worth of electric bills, or nearly 20 months worth of clothing for the children. In other words, a \$1,000 tax cut is a significant amount of money for most families' household budgets.

WHAT THE \$500-PER-CHILD TAX CREDIT MEANS FOR A FAMILY WITH TWO CHILDREN

Family budget item	Annual household cost for a family of 4	Monthly cost	How many months of this item can be purchased with \$1,000
Groceries	\$3,986	\$332	3.0
Mortgage payment (principal, interest, and taxes)	7,972	664	1.5
Natural gas	333	28	36.0
Electricity	1,085	90	11.1
Telephone	803	67	14.9
Water	331	28	36.3
Children's clothing	612	51	19.6
Auto payments	3,325	277	3.6
Gasoline purchases	1,397	116	8.6
Health insurance	817	68	14.7
Medical services	749	62	16.0
Drugs and medical supplies	366	31	32.8
Personal care products and services	526	44	22.8
Educational expenses	739	62	16.2
Life and other personal insurance	557	46	21.5
Personal services (babysitting, child care, etc.)	536	45	22.4

Source.—Heritage calculations, based on Bureau of Labor Statistics, Consumer Expenditure Survey, 1992–93.

There are also sound policy reasons to cut taxes for families with children:

Families with children are overtaxed.—In 1948, the average American family with children paid only 3 percent of its income to Uncle Sam. Today the same family pays 24.5 percent.

Giving a family of four a \$500-per-child tax credit is equivalent to giving them one month's mortgage payment.—The average family now loses \$10,060 per year of its income due to the 45-year increase in federal taxes as a share of family income. This tax loss exceeds the annual mortgage payment

on the average family home. The \$1,000 in tax relief the congressional tax-cut plan would give to a family with two children would help this family pay one month's mortgage payment.

Millions of families stand to benefit.—The families of 51 million American children, or 28 million taxpaying families, are eligible for the \$500-per-child tax cut.

Family tax relief helps families in every state.—The typical congressional district has some 117,000 children in families eligible for a \$500 tax credit. Thus families in the typical district would receive \$54 million per year in tax relief.

Congress' \$500-per-child tax credit would eliminate the entire income tax burden for 3.5 million taxpayers caring for 8.7 million children.—These 3.5 million families will receive over \$2.2 billion per year in tax relief. Families with two children earning up to \$24,000 per year would see their entire income tax burden eliminated by a \$500-per-child tax credit, and families with three children earning up to \$26,000 also would have their income tax bill eliminated.

Most families are middle-class.—The \$500 child credit plan will direct 89 percent of all benefits to families with adjusted gross incomes below \$75,000 per year—middle-income by any standard—and over 96 percent to families with incomes below \$100,000.

Cutting taxes for all families—regardless of income—is fair.—Congress' plan will cut the income tax burden of a family of four earning \$30,000 per year by 51 percent and the income tax burden of a family earning \$40,000 per year by 30 percent. Meanwhile, a family of four earning \$75,000 would see their tax burden reduced by 12 percent, and a family earning \$100,000 per year would receive a tax cut of just 7.4 percent.

Mr. CRAIG. Mr. President, I now yield 5 minutes to the Senator from Michigan, Senator ABRAHAM.

The PRESIDING OFFICER. The Senator from Michigan.

PROMISES TO BALANCE THE BUDGET

Mr. ABRAHAM. Thank you, Mr. President. I rise today to echo the comments made by my friend from Idaho and my friend from Alaska with respect to the President's decision to veto our Balanced Budget Act.

Mr. President, I am new to the Senate. I was elected last year, but for years I have followed the actions of Congress. I have observed the various people who came to Washington, including Presidents, and talked about how important it was to balance the budget. In fact, the President himself promised to balance the budget when he was a candidate in 1992. He promised to balance the budget in 5 years.

We have now gone 25 years without a balanced budget, 25 years of red ink, 25 years in which the people who ran for office promising to get the job done failed their fellow countrymen and constituents.

Over that period of time, a lot of finger pointing has gone on. Each side of the political arena has said, "Well, it's the other side's fault." Yet during that time, no balanced budget was ever presented to a President by a Congress, and, as I recall, no President has come to Congress with a balanced budget. Instead, all we've had is partisan rhetoric.

¹Tax Provisions in the Contract With America Designed to Strengthen the American Family. Hearings before the Committee on Ways and Means, U.S. House of Representatives, January 17, 1995 p. 30.

²Bureau of National Affairs, "Conference Board, Arthur Anderson Polls Put Moderately Upbeat Face on Holiday," November 24, 1995.

³For taxpayers filing jointly with incomes above \$110,000 the credit phases out at a rate of \$25 for each \$1,000 above the threshold (a range of \$20,000), thus fully phasing out at \$130,000 in income. For families with two children, the two credits this family is eligible for are fully phased out at \$150,000 in income. For single filers, the credit begins to phase out at \$75,000 in income.

This Congress has been different, Mr. President. This Congress has, for the first time during this period of red ink, actually acted on its campaign commitments, actually had come to Washington mindful of the needs of this country, and actually produced a balanced budget, not just a balanced budget resolution, not just a balanced budget conference report back in the spring and the summer, but a real balanced budget act which was passed in the House, passed in the Senate, and then adopted as a conference report just a few days ago.

So this President became the first President, as my colleague from Alaska said, in years to actually have on his desk a balanced budget bill. It was an opportunity to do what he said he would do in his campaign and what Presidents and Congresses have said they would do for decades, to fulfill their commitment to put the Federal Government's fiscal house in order.

Unfortunately, the President chose to veto this legislation. He chose to veto the balanced budget. I hope that by his actions, the American public now understands exactly why it has been so long since we have had a balanced budget.

I would like to speak just for a minute about what the implications are of this veto for a balanced budget for my State of Michigan, because we have been studying the statistics, and it is a very unhappy picture.

Had the President signed the Balanced Budget Act, we would see in our State a dramatic change in the well-being of our families. Two things would have happened that would be very good for the hard-working middle-class families of my State.

First, interest rates would begin to go down and go down substantially. And second, those families would be able to keep more of what they earned instead of sending tax dollars to Washington.

In terms of interest rates, Mr. President, we would be talking about an estimated \$4,000 of savings annually on the mortgages paid by the families in my State. I do not know one family in my State that would not be able to put that \$4,000 to good use for themselves and their children. We would be talking about something like \$500 per year in savings for people who are paying student loans, and we would be talking about hundreds of dollars of savings for people who pay interest on their auto loans, not just in my State, I might add, but across the country.

For a State like Michigan which is so dependent on the sale of automobiles, that is especially good news. So in that sense, the impact on interest rates will have a rippling effect in my State which will undoubtedly mean fewer car sales and fewer jobs in the auto industry.

So for all of those reasons the people of Michigan are going to be disappointed by the President's action. But they are also going to be dis-

appointed when they realize the President's veto also denied the families in my State substantial tax reduction, tax reduction that would have affected something in the vicinity of 1 million Michigan taxpayers.

In particular, they are going to be disappointed because the provisions we included in this legislation to provide a family tax credit are not going to be forthcoming as so many families in our State had hoped.

That \$500 per child would mean that families in Michigan will spend more on the necessities of their life for their kids. We talk here in the Senate all the time about children and the need to help children. I cannot think of anything that would be more beneficial for the kids of our country than to provide \$500 per child in the form of a tax credit so that their moms and dads can provide them with extra things they might need in the year ahead. So for that reason, families in our State, I think, are going to be extraordinarily disappointed.

Mr. President, I close by saying the President says he will finally come forward with a new budget plan. I hope this plan is different than the previous ones. From what I gather this morning in the media, that is unlikely to be the case. He says he has a balanced budget, but if you look at the portions already reported in the press, it is apparent his new plan will not get us to a balanced budget.

Indeed, it is implausible it is a balanced budget plan, since it appears it will only reduce spending over the 7-year-period of time we are discussing by approximately 2 percent.

I do not think there is anybody in this country who thinks the \$5 trillion of debt we have run up and the hundreds of billions of dollars of annual deficits we have can be brought into balance simply by reducing total spending by 2 percent over 7 years. It simply does not add up, Mr. President.

These are funny numbers, and if the numbers presented by the President today correspond to the ones he offered in the previous budget, which received zero votes in the U.S. Senate, I think we all have to say, Mr. President, it is once again time to go back to the drawing board, time to go back and use real numbers, honest evaluations, and, hopefully, move in support of the Republican goal of a balanced budget that is going to help American families.

I yield the floor.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

THE PRESIDENT'S VETO OF THE BALANCED BUDGET ACT

Mr. CRAIG. Mr. President, I have been, for a few moments while the Senator from Michigan has been speaking, reading the wire story of the President's veto yesterday of the Balanced Budget Act of 1995. Let me quote from that some of the President's words. He said:

I have consistently said that if Congress sends me a budget that violates our values, I will veto it.

I say to the President of the United States, I find that a very curious statement, in view of the budget that we have sent to you and that you have vetoed. How, possibly, could it be wrong, or how possibly would it not be in your value system to want to leave as much money with the average American family as is possible? That is exactly what the Republican Congress has attempted to do in sending to you a Balanced Budget Act—to go directly at middle income America, to assure that they have enough money in their pockets to be able to feed their children, to be able to buy a home and pay their mortgages, and do so in a way that families of 10 or 15 or 20 years ago were able to do, and provide then for the future.

Mr. President, we all recognize the need to respond to the present, but we are terribly frustrated that you have not had the wisdom to look into the future, and to look into the future in a way that recognizes that reducing debt in this country, that reducing the annual Federal deficits and balancing the budget, that allowing the average American family to save, all mean a better future, mean that we truly are concerned about a generation that would be saddled with a debt that they had never had the opportunity to create, that the average child of today will look forward to an oppressive tax burden to pay off the \$18,000 to \$20,000 of their share of a Federal debt that a generation long before them had decided to spend on one program or another.

Mr. President, the budget that you vetoed yesterday was just as much about the future as it was about the present. The only problem is—and I can gain from your statement—that you are worried only about the present, about the instant gratification of the present, and your value system has, in some way, no capacity for dealing with the future.

The Senator from Michigan spoke a few moments ago and related to us the positive consequences of this budget on his State and the opportunities it created. Not for the very wealthy but for the average family of four, with a husband and wife, mother and father, working and bringing home \$50,000 or \$60,000 a year collectively, or less, and what that means to them if they start putting that \$500 tax credit away on an annual basis for their children's future.

We looked at my State of Idaho, where a dollar still goes a little ways. If a young couple, a family, having that first child, starts immediately to put that \$500 tax credit away in savings and puts it there for the child's future, what can that family buy for that child in the form of education in the coming years when that child is ready for college? Well, they can pay for more than 8 full years of college tuition and fees in our State university system—on an average, nearly 9 years, in today's dollars. By any calculation, that is a

bachelor's degree, a master's degree, and even a doctorate. That is what that kind of savings offers. That is how the Balanced Budget Act—which the President vetoed yesterday—would have empowered Idaho's families.

Even in the ivy league schools, this tax credit buys a year or a year and a half of schooling across this country. That is a tremendously significant value to the average American family who holds the dream that their children are going to do better than they have done, and they are going to help provide for that child.

In my largest metropolitan county of Idaho—and Idaho is not very metropolitan—it is a large State with only about 1.3 million people in it—but in that metropolitan county of now over 300,000, Ada County, which includes Boise, there are over 50,900 children that would qualify for the \$500 child tax credit. What does that mean over this period of time, from now through the year 2002, about putting spendable income back into that community? It puts back into that community \$144 million worth of spendable income over the next 7 years. I will tell you, under anybody's estimation—but especially in the State of Idaho—that is a lot of money. That is a tremendous opportunity for that community to grow, for those families to prosper, to buy a new home, to buy a car, and do all of the kinds of things that fulfill the American dream.

Mr. President, I am not quite sure what is in your value system, but I know that there is no future image, there is no vision for America's tomorrow, if you are willing to veto the balanced budget that we have sent to you. You have vetoed a balanced budget that not only deals with today's needs but, for the first time in the years that I have had the privilege of serving Idaho in the U.S. Senate, it looks into the future.

For a few moments, let us talk about that future in some real ways, in a national perspective, about the kind of money in the average family's pocket that is offered through a balanced budget with tax relief. We would see a decline in interest rates of well over two points—and that is not some exaggeration by the Senator from Idaho, that is according to national econometric modeling, which shows that if you get the budget into balance, the economy of this country begins to respond a great deal better. Why? Because the Federal Government is taking less money out of it. And the average American family has more money to spend and that generates jobs, and that multiplies the kind of economic activity that we always have seen in this country, which has, again, produced more revenue for Government under stable taxing situations.

For example, a decrease of 1.4 percent in the conventional mortgage rate—and we know it could decrease a good deal more than that—means the relief of nearly \$10,000 over the life of a 30-

year mortgage. The Balanced Budget Act says to the American family. You have greater buying power. It says that an additional 104,000 new family homes would be constructed and purchased in that 7-year period of reduced growth in Federal spending and a balanced budget. Under anybody's estimation, that is big bucks for the economy. It benefits not just the family purchasing the home, but hundreds of thousands of workers—carpenters, carpenters' helpers, masonry workers, and plumbers—that build the homes for Americans that are going to be employed.

Mr. President, what is your vision for the future? Obviously, it is not 104,000 new family homes. What about those men and women who work in the automobile industry of our country? It is estimated, by those same studies from the Heritage Foundation, that over 600,000 additional automobiles could be manufactured and purchased by the American family in this 7-year period. That is \$10 billion worth of expenditures. I do not know how you think, Mr. President, but I know how the folks of Idaho think. They want to keep ahold of their own money. They want the right to spend the money they earn. They do not believe that transferring it to the Federal Government and giving the Federal Government the opportunity to spend it on something that the Federal Government would wish is the better way to manage it.

Well, those are some extremely valuable and important figures that are all tied up in this balanced budget that the President has now vetoed. So, Mr. President, while your budgeteers are coming to the Hill on a regular basis now and are to bring with them your vision of a balanced budget and your proposal that the House and the Senate and the White House will now sit down to try to work out the differences on, there is one thing that is nonnegotiable and that is a 7-year balanced budget. That is the kind of tax relief that truly builds incentives in the economy to keep our economy going, to keep it prospering, to create new jobs, and to allow the American working family more and more opportunity by being able to keep more of their hard-earned income.

A lot of people have criticized the idea of leaving the American family with more money. If we had, by our own studies, left the American family the same kind of spending opportunities that they had in 1950 when the Government was taxing a great deal less of the gross income of the average working family, I would tell you that it would not be a \$500 tax credit today, it would be well over triple that amount. That is how much we have eroded the spending ability, the keeping ability, the savings ability of the American family by progressively taking away from them for what has been allegedly a better cause—more of their money to be spent by Government.

These are very important issues, Mr. President. There is more at stake here

than just the pulling out of an old antique pen that started the great welfare society of our country that has well run out of ink, and trying to find ink to veto an effort of reform that the American public spoke to last November.

Mr. President, it is significant what has occurred in this country. It is significant that the American people have spoken overwhelmingly in favor of balancing a Federal budget.

Back in 1982, when I served in the U.S. House of Representatives, I became one of those leaders pushing a balanced budget amendment to our Constitution. That was long before the debt was as big as it is today, or the deficit seemed to become a static deficit of around \$200 billion on an annualized basis.

Those were the years we really felt it was important to get the budget under control. As we fought to do so, one thing began to happen: The American people began to listen. They recognized, as they saw the debt of this country grow and as they saw a Congress unwilling to wrestle with the real meaning of a debt and to bring Federal spending under control, that somehow the American public was going to have to do it.

I think the citizens of this country truly believe that this is their Government. By the action of their vote, they will tell those of us who represent them in their Government how we should act.

That is exactly what I believe the American public did last November when they changed the 40-year-old Democratically-controlled House into a House with a Republican majority and they put Republicans in a majority here in the U.S. Senate. They said very, very clearly, "Mr. President, Congress, balance the budget, and do so in a way that is meaningful. Not the kind of games that have been played historically over the last three decades. We want you to show us for the first time that you can and will balance the budget."

And, Mr. President, that is exactly what the Republican Congress has done. They sent to the President a balanced budget, and this President, lacking a vision and lacking an image for the future, vetoed it.

Mr. President, I yield to the Senator from Oklahoma for such time as he might consume.

Mr. INHOFE. I appreciate the Senator yielding to me. I think it is very symbolic and appropriate, the pen that the President used to sign the veto message yesterday was, indeed, the pen that had been used during the Great Society days that started this shift in attitude in Government, so that Government has a greater responsibility for all of us, beginning back in the 1960's.

I think the fact that he is using that pen to veto the Balanced Budget Act of 1995 is a very interesting occasion, because that is the date that all of this started.

I remember it so well because I was serving at that time in the State legislature in Oklahoma. We were so concerned at that time because the year that I am thinking of our total debt was \$200 billion. I remember on a TV ad they were trying to impress upon the people of America how much money that was so they had \$100 bills they were stacking up until it got to the height of the Empire State building. That is what our debt was.

Of course, now that is what our annual deficit is, has been, and what our annual deficit would continue to be under any budget that the President has come forth with.

I am going to keep an open mind. I am hoping the President will come forth with something that will keep his commitment that he made during the vote on the continuing resolution a couple weeks ago when he said that he agreed to come up using real numbers, CBO numbers, with a balanced budget by the year 2002.

And I agree with the Senator from Idaho that it is so incredibly significant that we do this and do this now. I have said several times on the floor, I do not believe if we pass up this opportunity there will be another opportunity in my lifetime to have a balanced budget or to seek a balanced budget so we can then start working on reducing the debt that we have piled up in this country.

Again, I do not look at this as a fiscal issue. It should not be looked at as a fiscal issue. And every time the liberals, holding on with white knuckles to the past, to the 1960's, to the programs where Government has the responsibility—an entitlement—to take care of people from the cradle to the grave, that Government cannot afford to do it.

I look at it as a moral issue when I look at my three grandchildren and realize that statistically—and this can all be documented—if we do not do something to change the course that we have set upon, that any child, including my three grandchildren, who is born in this particular time, will have to spend 82 percent of his or her lifetime income just to service and support Government.

This is morally wrong. For all those people, including the President, trying to hold on to the past, we will win this. When the Senator from Idaho said, and I heard the Senator from Wyoming earlier say, this was a mandate and the elections of 1994—it is clearly a mandate. All the postelection surveys show very clearly of all the mandates that came with that election, that totally transformed the makeup of the House and the Senate, it was a mandate to balance the budget.

We are committed to doing that. We will do everything within our being to see that it happens.

Mr. President, I only have one comment on another subject because I think it is critical that the Senators are all aware that there is going to be

a vote prior to the 14th having to do with the President's program to deploy troops on the ground in Bosnia.

Yesterday at the Senate Armed Services Committee some very revealing things occurred. We had Secretary Perry and General Shalikashvili, the two top people representing the President and his programs to send troops into Bosnia on the ground. They testified. During their testimony, Secretary Perry was talking about all the peace that has existed in the Tuzla area, that northeast sector of Bosnia; General Shalikashvili was talking about how similar and what a fine job they have done in the training of our troops in the very famous 6- by 12-mile box in Germany and how that so nearly equated to the actual environment in Bosnia.

When it came time to cross-examine, I asked General Shalikashvili, "Are you aware that the conditions in which you are training these people do not even resemble the conditions in the northeast sector?"

He said, "No."

I said, "Tell me when the last time you were there was."

At that we discovered, Mr. President, that the man who is the Chairman of the Joint Chiefs of Staff, the architect of the program to send Americans in on the ground in Bosnia, had never been to that part of Bosnia where he is proposing to send our troops.

When Secretary Perry talked about the peace that had been in effect there I asked him a question. I said, "I was in the Tuzla area. I wore a shrapnel jacket. I wore a helmet. We could hear the automatic weapons going off. This is supposedly during a cease-fire. Where is this peace you are talking about, and when is the last time you, Secretary Perry, were in Bosnia?"

He said he had never been there, either.

For the first time I realized why there is such a disregard for the hostility of the area that we are talking about sending our troops in. It is because they have not even been there.

I just want to serve notice and make sure that all Senators can be thinking about how they will vote on a very simple straight-up resolution that merely says we disapprove of the President's program to send ground troops into Bosnia.

Of course that does not mean we are disapproving support of the troops. We support our troops wherever they might be. I think we can certainly perform air operations that would be of support to that exercise, without endangering the lives of our Americans.

Back on the budget, I am convinced that this is our last time in my lifetime that we will have to correct a problem that began in the 1960's, that those individuals—the liberals here in this body and the other body and the President of the United States—are trying to hold on to, as I said before, with white knuckles.

I commend the Senator from Idaho for all the efforts he has made and the leadership he has shown in this effort.

Mr. CRAIG. Mr. President, in closing, I ask unanimous consent to have printed a document from the Heritage Foundation study of the impact of a balanced budget in tax reductions on the average family.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHAT A BALANCED FEDERAL BUDGET WITH TAX CUTS WOULD MEAN FOR FAMILY COLLEGE COSTS

(John S. Barry, Research Assistant)

Congress's balanced budget with tax relief legislation will allow families with children to save more money for higher education. A balanced budget with tax cuts also will lead to lower interest rates which will benefit students by lowering the cost of student loans. Both of these consequences of balancing the budget over seven years with tax relief mean more highly skilled Americans for future workforces. These are the findings of an analysis by The Heritage Foundation using one of the principal econometric models of the U.S. economy.

According to this statistical analysis, the Balanced Budget Act developed by Congress would mean:

American families, over time, could save an additional \$14,066 per child in today's dollars to fund college education costs as a result of the \$500-per-child tax credit. This would cover the full tuition costs at a typical public university today.

An average student could save more than \$414 over the life of a 10-year student loan as a result of lower interest rates.

Economists at The Heritage Foundation conducted an interim econometric analysis of the congressional balanced budget plan using the economic model developed by Laurence H. Meyer & Associates, a nationally recognized economic consulting firm.¹ The Meyer model is used by many major public agencies and private firms, such as the President's Council of Economic Advisers, the Office of Management and Budget, the Board of Governors of the Federal Reserve, and the Congressional Budget Office.²

INCREASED FAMILY SAVINGS FROM \$500-PER-CHILD TAX CREDIT

The high cost of a college education prices many families out of the higher education market or forces students and parents to incur large amounts of debt to cover the costs of college.

The \$500-per-child tax credit included in the Balanced Budget Act of 1995 would benefit more than 28 million families raising some 51 million children and could allow many families to save enough money to send their children to college. A family that chooses to dedicate the entire \$500-per-child tax credit to savings for higher education would accumulate about \$14,066 in today's dollars over 18 years for each child's education. Thus, a family with two children would be able to save an additional \$28,132 for college expenses. In today's dollars, an additional \$14,066 per child in family savings for education amounts to: Five full years' tuition and fees at an average public university; one full year's tuition and fees at an average private university; or more than the

¹William W. Beach and John S. Barry, "What a Balanced Federal Budget with Tax Cuts Would Mean to the Economy," Heritage Foundation F.Y.I. No. 69, November 14, 1995.

²Laurence H. Meyer & Associates long has earned top honors for forecasting accuracy when compared against similar firms. In 1993, it won the "Blue Chip" forecasting award for the years 1989-1992. Laurence H. Meyer & Associates was ineligible for the award in 1994, but again was rated the most accurate forecasting firm in the United States.

difference between the four-year cost of an average public university and the two-year cost of an average public community college.

LOWER STUDENT LOAN INTEREST RATES

The economic simulation conducted by analysts at The Heritage Foundation indicates that households and businesses would face lower interest rates under the congressional balanced budget and tax out plan than under current budget and tax policy. Lower interest rates also would benefit students with student loans. A student beginning his or her education in 1996 would face interest rates that averaged half a percentage point below what is expected under current law: a savings of \$414 over the life of an average ten-year student loan.³ More young Americans will be able to afford a college education as

a result of these savings. In addition, some students who otherwise would have to defer their education plans could enter college earlier, thus increasing their lifetime earnings.

Alternatively, lower interest rates would allow students to borrow more money for education at the same effective cost. In essence, students would be able to purchase more education for the same price. The additional \$414 might be used for such things as: One full year of books and supplies; two additional courses at an average public university; or about one-third the cost of a personal computer.

TECHNICAL ASSUMPTIONS

For assumptions that underlie the econometric simulation of the congressional bal-

anced budget legislation, see William W. Beach and John S. Barry, "What a Balanced Federal Budget with Tax Cuts Would Mean to the Economy," Heritage Foundation F.Y.I. No. 69, November 14, 1995.

For purposes of calculating the amount of savings from a \$500-per-child tax credit, it was assumed that the money was placed in a super-IRA (as defined by the Congressional Budget Resolution of 1995) earning a real rate of return of 5 percent per year.

The initial rate of interest charged for a student loan was assumed to be 8.25 percent. The 0.5 percent figure is an average decrease below baseline for the life of a ten-year student loan. This 0.5 percent decrease was projected in the above-cited econometric simulation.

A FAMILY SAVING THE ENTIRE \$500 PER CHILD TAX CREDIT FOR 18 YEARS COULD ACCUMULATE \$14,066: PAYING FOR THEIR CHILD'S EDUCATION AT AN AVERAGE PUBLIC UNIVERSITY OR MORE THAN A YEAR'S WORTH AT A TYPICAL PRIVATE UNIVERSITY

Public university			Private university			
	4 year cost	Years of savings from the \$500 tax credit will buy		4 year cost	Years of savings from the \$500 tax credit will buy	
Alabama	U. of Alabama at Birmingham	\$10,044	5.6	Spring Hill College	\$48,492	1.2
Alaska	U. of Alaska Fairbanks	9,952	5.7	Sheldon Jackson College	37,520	1.5
Arizona	U. of Arizona	7,576	7.4	Prescott College	39,840	1.4
Arkansas	U. of Arkansas	9,208	6.1	John Brown University	28,344	2.0
California	U. of California—Los Angeles	15,572	3.6	Loyola Marymount University	55,072	1.0
Colorado	U. of Colorado at Boulder	10,796	5.2	Regis University	51,040	1.1
Connecticut	U. of Connecticut	18,848	3.0	Saint Joseph College	48,800	1.2
Delaware	U. of Delaware	16,400	3.4	Wesley College	41,180	1.4
Florida	Florida State University	7,192	7.8	Barry University	45,160	1.2
Georgia	U. of Georgia	9,408	6.0	Mercer University	47,952	1.2
Hawaii	U. of Hawaii	6,228	9.0	Chaminade University of Honolulu	42,400	1.3
Idaho	U. of Idaho	6,192	9.1	Albertson College of Idaho	55,808	1.0
Illinois	U. of Illinois at Chicago	14,792	3.8	Loyola University College	46,000	1.2
Indiana	Indiana University—Bloomington	13,492	4.2	Huntington College	40,800	1.4
Iowa	U. of Iowa	9,820	5.7	Drake University	53,680	1.0
Kansas	U. of Kansas	8,152	6.9	Benedictine College	38,640	1.5
Kentucky	U. of Kentucky	10,040	5.6	Centre College	48,800	1.2
Louisiana	U. of New Orleans	12,208	4.6	Loyola University in New Orleans	45,380	1.2
Maine	U. of Maine	14,644	3.8	Westbrook College	46,600	1.2
Maryland	U. of Maryland College Park	13,920	4.0	Loyola College	52,720	1.1
Massachusetts	U. of Massachusetts—Amherst	21,868	2.6	Regis College	50,800	1.1
Michigan	U. of Michigan—Ann Arbor	21,868	2.6	Northwood University	38,660	1.5
Minnesota	U. of Minnesota Twin Cities	13,568	4.1	Saint Mary's College of Minnesota	43,520	1.3
Mississippi	U. of Mississippi State University	10,244	5.5	Millsaps College	47,616	1.2
Missouri	U. of Missouri Columbia	13,776	4.1	Saint Louis University	43,880	1.3
Montana	U. of Montana—Missoula	8,032	7.0	Carroll College	35,760	1.6
Nebraska	U. of Nebraska at Lincoln	9,650	5.8	Creighton University	43,856	1.3
Nevada	University of Nevada Las Vegas	6,960	8.1	Sierra Nevada College	36,200	1.6
New Hampshire	U. of New Hampshire	18,236	3.1	Daniel Webster College	49,648	1.1
New Jersey	Rutgers University	17,828	3.2	Seton Hall University	47,200	1.2
New Mexico	U. of New Mexico	7,536	7.5	College of Santa Fe	45,512	1.2
New York	SUNY at Albany	11,744	4.8	Saint John's University—New York	39,200	1.4
North Carolina	U. of North Carolina at Chapel Hill	6,096	9.2	Wake Forest University	55,400	1.0
North Dakota	U. of North Dakota	9,712	5.8	Jamestown College	30,480	1.8
Ohio	Ohio State University	12,348	4.6	University of Dayton	47,320	1.2
Oklahoma	Oklahoma State University	7,568	7.4	University of Tulsa	47,000	1.2
Oregon	U. of Oregon	13,032	4.3	University of Portland	48,800	1.2
Pennsylvania	Pennsylvania State University	20,144	2.8	Drexel University	52,304	1.1
Rhode Island	U. of Rhode Island	16,968	3.3	Bryant College	50,400	1.1
South Carolina	U. of South Carolina at Columbia	12,784	4.4	Wofford College	50,720	1.1
South Dakota	U. of South Dakota	10,320	5.5	Augustana College	44,460	1.3
Tennessee	U. of Tennessee—Memphis	9,916	5.7	Maryville College	45,400	1.2
Texas	Texas A&M University	7,080	7.9	Rice University	41,600	1.4
Utah	U. of Utah	9,524	5.9	Westminster College of Salt Lake City	35,280	1.6
Vermont	U. of Vermont	26,608	2.1	Trinity College of Vermont	45,080	1.2
Virginia	U. of Virginia	17,920	3.1	Washington and Lee University	55,540	1.0
Washington	Washington State University	11,632	4.8	Gonzaga University	52,000	1.1
West Virginia	West Virginia University	8,512	6.6	University of Charleston	38,000	1.5
Wisconsin	University of Wisconsin—Madison	10,948	5.1	Marquette University	46,440	1.2

Note.—All figures are in 1994 dollars.

Source.—School costs from Department of Education, "Projections of Education Statistics to 2003."

Mr. CRAIG. Mr. President, let me close by saying to the President of the United States: Mr. President, stand forward and tell the truth to the membership of Congress and to the American people. Tell them that this budget does, in fact, protect Medicare; that the average recipient today is receiving \$4,800 in benefits; and that under the budget you just vetoed that average recipient by the year 2002 will receive \$6,700 in benefits. That is a 7-percent annual increase.

Mr. President, tell the truth about the budget that you vetoed. What we

heard from you yesterday was not a vision of the future, but was looking back into the spoiled American dream of big Government and big debt that somehow you hung yourself to, that does not represent the kind of opportunity that the American family wants and deserves.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

MEASURE PLACED ON THE CALENDAR—S. 1452

Mr. CRAIG. Mr. President, I understand there is a bill on the calendar that is due for its second reading.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S.1452) to establish procedures to provide for a taxpayer protection lock-box and related downward adjustment of discretionary spending limits and to provide for additional deficit reduction with funds resulting from the stimulative effect of revenue reductions.

estimate of the potential savings to a student from lower interest rates.

³This is based on a student loan of \$13,044, the average cost of a public university, at an initial interest rate of 8.25 percent. The Heritage Foundation econometric analysis assumes that the Federal Reserve System makes no change in the reserve re-

quirements of its member banks and refrains from stimulating the economy by increasing the growth of monetary reserves. This assumption means a relatively smaller decrease in interest rates. Thus, the 0.5 percent decrease can be viewed as a conservative

Mr. CRAIG. Mr. President, I object to the further consideration of the matter at this time.

The PRESIDING OFFICER. The bill will be placed on the calendar.

Mr. CRAIG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

BUFFALO COMMONS MEMOIRS: TALES FROM THE PRAIRIE

Mr. PRESSLER. Mr. President, I want to take a moment to commend an outstanding South Dakota writer, Lawrence Brown of Buffalo, SD. Lawrence is a South Dakotan who has put his appreciation for his State down on paper. His book, "Buffalo Commons Memoirs," brings to light life on the upper plains and the reasons why life in America's heartland is so rewarding.

As I read "Buffalo Commons Memoirs," I was reminded of my own experience growing up on a farm in Humboldt, SD. As some of my colleagues know, life on a farm is not always easy. Early mornings and late nights during planting and harvest seasons come with the territory. However, Lawrence Brown reminds us correctly that hard work builds character. Although Lawrence grew up on the farm at an earlier time, I am pleased to note the same solid Midwestern work ethic has been passed on to today's young South Dakotans.

Mr. President, Lawrence writes in his chronicles that he chose to spend his life in a small city in western South Dakota. Lawrence, like so many South Dakotans, particularly new residents who have moved from other States, has realized that South Dakotans recognize the important things in life—the values of family, friends and community. Mr. President, I am proud to represent people such as Lawrence Brown—people who appreciate the things in life that matter most, and live each day to its very fullest. I would like to share an excerpt from Lawrence Brown's book with my colleagues. I am confident that they, too, will enjoy Lawrence's entertaining work. I ask unanimous consent to have printed in the RECORD a section from "Buffalo Commons Memoirs."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Perhaps some grandkid some time may be interested in my autobiography, but for a relatively obscure aggie, sheepherder, rancher and plainsman the personal aspect of this project is probably pointless. To validate the effort it must portray some history and some custom and culture of this corner of America.

A record of bits and pieces of history beyond scientific or political data can give us

an insight into where we have been. And where we have been may give us some direction on where we should go. It may even guide us on how to get there. Beyond that, it could also tell us that our expectations are too high and maybe we should be satisfied with what we have, who we are, and where we are.

Hardly a personal visit or social call goes by but we have gained something from the other's recent or distant past.

Most of our history lies out in area cemeteries never to be retrieved or vouched for accuracy. If there is anything to a psychic connection, it would have to be part of our memories as they relate to people we once knew. Certainly, if we give some thought to friends who have gone over that great divide, a memory will come back of a shared conversation or experience. There is nothing supernatural about that.

One problem that I run into is the experts of English and Grammar. As I pass my stuff along for critique, I run into those who either went to more school than I or paid more attention while they were there. Good grammar is a wonderful art and I admire people who can combine it with the delivery of a message. But well-meaning people have corrected and rephrased some of my stuff until the meaning was gone. Anyone who has ever tried to read a government document has no doubt discovered that literary correctness and the delivery of information are not necessarily compatible.

TRIBUTE TO OLIN BROOKS

Mr. HEFLIN. Mr. President, I rise to pay tribute to Mr. Olin Brooks, who is retiring this month from the Bankruptcy Administrator's Office. He is the estate analyst in the Anniston Bankruptcy Administrator's Office for the Eastern Division of the Northern District of Alabama.

Born in 1933, Olin attended Woodlawn High School in Birmingham. After high school, he served in the U.S. Air Force for 2 years. He later attended Auburn University, receiving his bachelor's degree in 1959 and his law degree from the Birmingham School of Law in 1970.

From 1959 until 1962, he worked for the State of Alabama Department of Revenue as a revenue representative. He worked for the Internal Revenue Service from 1962 through 1987, eventually moving into a management and advisory position in the Bankruptcy Division of the IRS Special Procedures Office.

I am pleased to commend and congratulate Olin Brooks for his many years of service to his State and Nation. I wish him all the best for a long and happy retirement.

TRIBUTE TO FRANCES MARION GRANT BENNETT

Mr. HATCH. Mr. President, I wish to pay tribute to an extraordinary woman, Frances Marion Grant Bennett. On November 17, 1995, Frances passed away leaving behind an incredible legacy of service and love.

Frances comes from and leaves behind a remarkable heritage. She was born in Salt Lake City, UT, on Septem-

ber 23, 1899, and was the last surviving child of the late Latter-day Saints Church President Heber J. Grant, and his wife Emily Wells Grant. She was also the wife of a U.S. Senator, Wallace F. Bennett, who served for 24 years in the U.S. Senate; and was the mother of five children, including Robert F. Bennett, currently serving in the U.S. Senate. In addition, she was the grandmother of 29, and the great-grandmother of 74. Her family members adore, praise, and love her with all of their hearts.

Frances was an accomplished musician. She was a gifted pianist and student. She received a bachelor's degree in music from the University of Utah, and studied at Radcliffe College. She taught music at the University of Utah before her marriage to her husband.

Frances was a tireless worker. She served for many years on the general board of the Primary Organization for the Church of Jesus Christ of Latter-day Saints. In this capacity she was able to positively influence thousands of children's lives through her kindness, words of wisdom, and love and affection. As a board member, Frances chaired the fundraising committee to build the Primary Children's Hospital in Salt Lake City, now the finest children's hospital in the Intermountain West. The significance of her efforts in this area can never be measured. Thousands of children each year from the United States are helped at this Children's Hospital. We are sure that there are many mothers, fathers, as well as little children who would thank Frances for her efforts on their behalf.

In Washington, DC, Mrs. Bennett was a supportive and helpful partner to her husband during many years of service. She served as president of the Congressional Club, a group of congressional wives. She wrote about many of her experiences in Washington, and with her family, in her autobiography, "Glimpses of a Mormon Family."

Mrs. Bennett's friends describe her as gracious, gentle, regal, and warm. When you met her, her goodness was immediately apparent. She treated people with great kindness and respect. She raised a wonderful family, and will be missed by all.

Mr. President, Utah was fortunate to have Frances Marion Grant Bennett as a citizen. She was truly a fine woman, talented musician, wonderful wife and mother, and devoted American. I feel fortunate to have been able to associate with her and learn from her example.

REMEMBERING RICHARD HALVERSON

Mr. HATCH. Mr. President, I was deeply saddened last week when I learned of the death of our beloved former chaplain, the Rev. Richard C. Halverson.

Reverend Halverson served as Chaplain of the Senate for 14 years, assuming this post on February 22, 1981. He

HR 249

9TH STORY of Level 1 printed in FULL format.

Copyright 1995 American Political Network, Inc.
Greenwire

December 7, 1995

SECTION: SOCIETY AND POLITICS

LENGTH: 360 words

HEADLINE: BUDGET: CLINTON VETOES SEVEN-YEAR PLAN

BODY:

Exercising a "long-awaited veto," Pres. Clinton yesterday rejected the GOP's plan to balance the federal budget in seven years. The ceremony emphasized admin. claims that the scheme would hurt the economy, damage the environment, and cut Medicare and Medicaid too deeply (Bedard/Hill, WASH. TIMES). Clinton: "With this veto, the extreme Republican effort to balance the budget through wrongheaded cuts and misplaced priorities is over" (Devroy/Pianin, WASH. POST).

Clinton said he would present a seven-year balanced budget plan to Congress tomorrow that "protects health care, education and the environment" (White House release, 12/6). The will move the White House "somewhat closer" to the GOP budget by spending about \$70 billion less on annually appropriated domestic spending than Clinton had earlier proposed (Stout/Calmes, W.S. JOURNAL).

REPUBLICANS WEREN'T SURPRISED

Congressional GOPers were quick to denounce Clinton's veto. House Budget Cmte. Chairman John Kasich (R-OH) complained of Clinton's "divisive language" and warned the admin. "better lower the rhetoric if they want to get" a budget compromise (Stout/Calmes, W.S. JOURNAL). Senate Majority Leader Bob Dole (R-KS): "The veto didn't come as a surprise" (Todd Purdum, N.Y. TIMES).

ANOTHER TEMPORARY SPENDING BILL?

White House officials said Clinton will ask for another temporary spending measure to keep the gov't operating through 1/96 (Purdum, N.Y. TIMES).

LANGUAGE: ENGLISH

LOAD-DATE: December 7, 1995

25

—

HR

2491

—

House
REPUBLICAN
Conference

ISSUE BRIEF

JOHN BOEHNER
Chairman
8th District, Ohio

February 1, 1996

THE BIG LIE CONTINUES... *Medicare, Medicaid, Education, and the Environment*

By now it is pretty obvious what President Clinton's campaign themes are going to be - Medicare, Medicaid, Education, and the Environment. Ever since he vetoed the Balanced Budget Act (BBA) in December, these four words keep tumbling from his mouth every time he speaks. He claims to be the protector of these issues. But as we've seen so many times in the past, this is just one more futile effort by the President to try to paint Republicans as unfeeling, mean-spirited extremists. As usual, the facts tell quite a different story.

Medicare

Medicare Going Bankrupt - According to the Medicare Trustees Report of April 1995, Medicare is going bankrupt. Under the current system, the Medicare Trust Fund will be depleted by the year 2002. Republicans want to preserve, protect, and strengthen Medicare for the next generation, not just for the next election. Republicans have the courage to take the necessary "prompt, effective, and decisive action" that the Medicare trustees called for in their annual report in order to maintain our fundamental obligations to the people who depend on Medicare. President Clinton only wants to demagogue the issue for campaign purposes. In fact, the only thing the President has achieved when it comes to Medicare is to push it one year closer to bankruptcy when he vetoed the BBA.

The GOP Protects Medicare - The Republican Medicare plan in the BBA and the most recent offer to the White House allows Medicare per-beneficiary spending to increase from \$4,800 in 1995 to almost \$7,200 in 2002. This amounts to a 49 percent increase per Medicare beneficiary over the next seven years. The most recent Republican Medicare offer, presented in January, will increase Medicare spending each year for the next seven years from \$177.4 billion in 1995 to \$294.3 billion in 2002. The result is Medicare spending that is \$116.9 billion higher in 2002 than in 1995 - an average annual spending growth of 7.5 percent during the next seven years (7.2 percent in BBA).

Clinton Ignores Medicare's Bankruptcy - President Clinton's Medicare proposal completely ignores the warnings from the Trustees Report that "comprehensive Medicare reforms should be taken to make this program financially sound now and over the long term." The President's budget (Clinton budget #5) tries to extend the solvency of Medicare Part A, which finances the hospital portion of Medicare coverage, through 2011. But he does so by shifting \$60 billion of spending from Medicare Part A to Part B. This gimmick won't work. It will only require more general revenue taxes for the Part B Trust Fund, which will impose an additional \$1,200 burden on the average tax-paying family over seven years.

Medicaid

Republicans Strengthen Health Care for the Poor - Republicans are acting to reform the fastest-growing entitlement in the federal budget. Medicaid is a complex, bureaucratic, uncontrolled program riddled with waste and inefficiency. Medicaid is also the fastest growing part of most states' budgets. Governor Clinton couldn't have said it better in 1990: "Medicaid mandates effectively put the President and Congress in control of a large percentage of our growth revenue and dramatically restrict the state's ability to pursue other priorities."

Republicans went straight to the Governors when devising a plan to reform Medicaid. Under the latest Republican Medicaid proposal, which is endorsed by the Governors and state Medicaid directors, MediGrant block grants will be given to the States in order to give them flexibility in providing Medicaid benefits to their citizens. Medicaid outlays will rise from \$89.1 billion in 1995 to \$141.5 billion in 2002, a 59 percent increase. Per beneficiary spending jumps from \$2,516 in 1995 to \$3,242 in 2002. The Republican plan provides more money, fewer bureaucrats, and more flexibility for the states to run their own Medicaid programs.

Clinton Keeps Failed Medicaid Bureaucracy on Auto-Pilot - However, it seems President Clinton has forgotten his own words he spoke as Governor of Arkansas. Clinton budget #5 retains Medicaid as a "Washington-knows-best" program, allowing Washington to tell States exactly what benefits they must

provide and how they must be provided. Clinton's budget relies on per-capita caps on Federal payments for Medicaid recipients, all but guaranteeing that the program will continue to bust States' budgets. Clinton's proposal also retains the program's many obstacles to greater efficiency and innovation by keeping intact the entire federalized mandatory structure of Medicaid, with few exceptions.

Education

There is no doubt that education is the key to an individual's future and the success of a society. Republicans believe that every individual should have access to a quality education. Republicans have always promoted school choice, the value of higher education, and the important role of state and local input in educational decisions. Republicans firmly believe that federal bureaucrats should not dictate to state and local officials and parents what's best for their children's education. The federal government should provide money for educational access but should leave policy decisions to those closest to the students. President Clinton, however, promotes the federal bureaucracy's interference in every aspect of a child's education. He supports national education standards to be dictated upon every school district in the country. He adamantly opposes school choice, even though he is the product of a private university and a private law school, and he sends his daughter to a private school here in Washington. In this election year he has chosen to scare students of all ages in order to score political points.

Republican Proposals Reward Educational Excellence - Contrary to what the President says, the Republican BBA does not prevent any child, teen, or young adult from receiving access to education. Even though Head Start funding increased 128 percent from \$1.5 billion in FY '90 to \$3.5 billion in FY '95, actual enrollment only increased by 39 percent. Republicans fund the Head Start program at \$3.4 billion in FY '96, a 5.7 decrease from FY '95. However, this will not affect enrollment, but will instead curtail excessive administrative and bureaucratic costs.

Even with a \$1.1 billion reduction in Title 1, \$5.5 billion will be spent on the Chapter 1 program. Chapter 1 is being reduced because studies show that it has little long-term impact on improving educational achievement, and that the program is not being targeted to the most disadvantaged children – 90 percent of school districts receive this funding, including the most 100 affluent school districts in the country.

The Republican budget also makes necessary reforms to the student loan program, saving taxpayers close to \$5 billion over the next seven years, without affecting the cost or availability of those loans. In fact, under the BBA, student loan volume will increase by 50 percent over the next seven years. The Republican plan also increases the maximum annual Pell Grant from \$2,340 to \$2,440, the largest increase in a single year and the highest level in history. Finally, by balancing the

federal budget, students will realize a reduction of \$216 per year in the cost of an average student loan through the balanced budget bonus of lower interest rates.

Clinton's Education Takeover - President Clinton seems tied to the old liberal thinking that more government interference is what the American people want. He supports a costly and bureaucratic government-run Federal Direct Student Loan program, amounting to nothing more than a government takeover of private lending institutions. The President's Direct Student Loan program will increase the federal debt by \$200 billion without providing one additional student loan.

President Clinton's principal education initiative, Goals 2000, has no positive impact on helping children learn or making schools better. Not only are there already 50 federal education programs with the same objectives as Goals 2000, four states have rejected the "free" money under the program, and the Senate rejected by a vote of 99-1 the history standards set by the program.

The President also supports teenagers receiving money for a college education by "volunteering" through the AmeriCorps program. However, the GAO estimates that the average cost per recipient, including future education costs, is \$26,654, hardly what American taxpayers want to pay for volunteering.

It seems that President Clinton finds it hard to differ with anything that the big government special interest groups or education labor unions say. He knows where independent campaign expenditures will come from during this election year, and will do nothing to make the special interests mad. And, by scaring students of all ages in the country through untruthful statements and political propaganda, he thinks he can sway the voters' opinions too.

Environment

Republicans share the President's goal of a safe and healthy environment for our children and future generations. We want to be conscientious stewards of our precious and unique natural resources. The question, however, is how to achieve our environmental goals without thwarting individual prosperity. When it comes to the environment, the President has adopted a policy of fear and fiction. The President would like everyone to believe that Republicans are rolling back environmental protections that are crucial to the public's health. Nothing is further from the truth. Our common-sense approach is to regain control over the bureaucracy, fix the flaws in the regulatory structure, and ensure sustainable environmental protection for the 21st century with approaches that make sense for today and tomorrow.

GOP Improves Failed Environmental Programs - Contrary to the claims of liberal Democrats, the Republican budget does not result in dirtier air or

water. President Clinton likes to claim that "Congress has voted to cut environmental protection by 25 percent." The fact is that much of the money spent on enforcement today is actually spent on litigation. The Justice Department spent over 800,000 man-hours just on Superfund litigation between 1990 and 1992. As a result, an overwhelming portion of the cost of environmental protection goes not toward protecting the environment, but rather to line the pockets of environmental lawyers. In fact, more than 90 percent of environmental enforcement is conducted by the states, not the EPA. When it comes to protecting the environment, it's funding at the state level, not the federal level, that really matters.

Additionally, the EPA has doubled its size during the past 20 years. It now has more than 19,000 employees, and its budget has grown from \$1.6 billion to \$3.6 billion. Cutting the budget of the EPA does not mean environmental programs are being singled out for cuts -- these reductions are similar percentage-wise to those cuts affecting non-environmental programs.

Federal environmental rules are also becoming increasingly more costly to the American taxpayer. Americans have spent about \$2 trillion on direct compliance with environmental regulations since 1970. A 1992 GAO study projected that direct compliance would cost taxpayers at least \$170 billion a year by 1995. Republicans recognize that the American people need relief from over-burdensome, costly regulations.

Clinton Plays Politics with Environment - President Clinton, on the other hand, is too concerned with trying to make the environment a partisan issue to offer any legislative initiatives of his own. He opposed the bipartisan Clean Water Act the House passed last April. He opposes the Republican efforts at much-needed Superfund reform. He opposes reducing the EPA's budget at all. Basically, President Clinton has adopted a say anything, do nothing approach to the environment. Instead of doing what's right to improve environmental protection statutes, President Clinton has chosen to make the environment a campaign issue by objecting to any change in the status quo. President Clinton doesn't realize that correcting bureaucratic flaws that hurt the American taxpayers is not anti-environment; it's just plain common sense.

HR 2491

THIS SEARCH	THIS DOCUMENT	THIS CR ISSUE	GO TO
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	House Contents	CR Issues by Date

Congressional Record entry 3 of 96

PRESIDENT CLINTON'S VETO OF THE BALANCED BUDGET ACT PURELY A PUBLIC RELATIONS STUNT (House of Representatives - December 07, 1995)

[Page: H14209]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky [Mr. Lewis] is recognized for 5 minutes.

Mr. LEWIS of Kentucky. Mr. Speaker, as we all know, the President vetoed the Balanced Budget Act of 1995. I am not surprised, but I am disappointed. I want to talk about why I believe the President vetoed what I think was a very good budget for this country. It was a bad veto for all of us. First of all, it was purely a public relations stunt, as full of irony as hypocrisy. The President had the pen Lyndon Johnson used to sign Great Society into law flown into Washington, DC from Texas.

After his speech, the President quickly left the room before he had to answer questions about his balanced budget, but there were plenty of questions Mr. Clinton should have answered for the American people. The President criticized the House-Senate plan to save Medicare for the long term, but has failed to offer his own. Perhaps worse, 1994's Clinton health care plan contained major spending reductions in the growth of Medicare.

Mr. Speaker, I wonder why it was OK for the President to control spending on Medicare but not for the Republicans to do the same. He also should have spoken further about the Great Society programs Lyndon Johnson used that pen for. For instance, most Americans consider LBJ's war on poverty a terrible failure. Today, one child in three is illegitimate, drug use is up, education scores are down, and generations of families have depended on welfare instead of work. We have the highest crime rate in the world, and many of our inner cities are devastated.

Is the President endorsing LBJ's war on poverty that has cost \$5 trillion and left this country's poor in worse shape than before? One more question, Mr. Speaker. When Bill Clinton was running for President, he promised to balance the budget in 5 years. In his first State of the Union address he promised to use economic projections of the Congressional Budget Office. Now he not only refuses to offer a real 7-year balanced budget plan, but he uses economic figures cooked up by his own economists so he does not have to make tough choices. Then he stands on the sidelines and demagogues honest efforts to balance the budget. Why does the President consistently say one thing and do another?

I realize that this may sound more than a little partisan, but frankly, I am upset about a veto of the first balanced budget we have had in more than a generation, our first and perhaps last chance to stop robbing our children and grandchildren.

My daughter, 13 years old, my son, 24 years old, what kind of future are they going to have unless we get realistic about balancing the budget? I call on the President to do just that. The President's LBJ pen did not work at first. After trying a new inkwell he was finally able to sign his name. If there was any justice, the ink would have been red.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Idaho [Mrs. Chenoweth] is recognized for 5 minutes.

[Mrs. CHENOWETH addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

HR 2491

THIS SEARCH	THIS DOCUMENT	THIS CR ISSUE	GO TO
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	Senate Contents	CR Issues by Date

Congressional Record entry 25 of 104

ANY WAY THE WIND BLOWS (Senate - October 31, 1995)

[Page: S16350]

Mr. GRAMS. Mr. President, I, too, would like to talk a little bit about the budget passed last week and the threatened veto .

President Clinton reminds me lately of the weather vane we used to have atop the barn of my family's dairy farm. Ours happened to be shaped like a rooster, and we always knew which way the wind was blowing because that old rooster would spin around and around with the breeze. Like that old weather vane, the President is spending a lot of time on the roof these days, and he must get awful dizzy up there, testing the wind, shifting his position each time it changes.

Last week, this chamber delivered on last November's mandate by the voters and passed a far-reaching, historic piece of legislation that turns this Government around by balancing the budget and cutting taxes.

With the vote behind us, the budget reconciliation conference committee is now moving ahead with our plan, shaping a bill to send to the President. The newspaper columnists and the TV political panels have been busy reporting on just what President Clinton thinks about what we are doing.

Or rather, on what the polls and his many political advisers tell the President he should be thinking. This is a President, after all, for whom 'taking a tough moral stand' means finally admitting he raised taxes too much in 1993, and then recanting his story the very next day, blaming his confession on 'sleepiness.'

What the President is apparently hearing when it comes to the budget is that he ought to veto the reconciliation bill.

Let me quote from the Washington Times of October 20:

The White House is already preparing the post-veto campaign, mapping out travel schedules for Cabinet secretaries and culling poll results to determine the key issues the President will push.

A top White House aide has even been promoted--a battlefield promotion, I guess--as 'assistant to the President.' His new duties? To 'calculate the political impact of a veto.'

Mr. President, this Congress is tackling the serious issues that come with fundamental reform of the Government, issues like how to preserve the troubled Medicare program, how to save our kids and grandkids from having to carry the load of our debts and deficits, how to stop the welfare system's cycle of dependency, how to give working-class folks the tax relief they desperately need. While we are doing all of that, the White House huddles in its War Room calculating how many political points the President would score by trying to squash our efforts.

It seems President Clinton's advisers have told him that he needs to veto the reconciliation bill to, 'draw policy differences with the Republicans.'

'Without a veto,' says a White House spokesman, 'you cannot draw the bright lines. And we are in a period where drawing that bright line is everything to the election.'

That election is still more than an entire year away.

Yet at a time when this Nation is desperate for strong leadership from its Chief Executive, a distant election has become the guiding force of this Presidency.

Mr. Clinton's advisers say he is going to veto our budget reconciliation bill. Well, it surely cannot be because his agenda is so fundamentally different from ours.

We are calling for tax cuts, and the President says he wants tax cuts, as well. He supports the child tax credit and has hinted lately that he is agreeable to cutting the capital gains tax.

Our budget plan preserves Medicare by slowing its growth and offering seniors choices--proposals strikingly similar to the Medicare plan touted by the President in his health care reform bill just 2 years ago.

We are also easing back the growth of Government spending, and that is something for which President Clinton has been an advocate. After all, is not that what reinventing Government is all about?

Now, after months of adamantly denying it could ever be accomplished, the President has admitted that balancing the budget in 7 years--not 10, or 9, or even 8, as he originally proposed--was a reasonable goal.

Clearly, the President is moving closer toward us as this budget process continues. But still, he is going to wave his veto pen and just say 'no'--not because he believes in his heart that he must, but because the political winds suggest that he ought to.

That is not leadership.

I suggest to President Clinton that he resist playing politics and involve himself seriously in negotiations that will move this budget forward, on behalf of all Americans--and not stop it in its tracks to placate his political base.

Mr. President, leadership does not mean having a finger sensitive enough to tell you which way the wind is blowing. And as any farmer knows, a flimsy weather vane that sits too long out in the elements is eventually going to wear out and need to be replaced.

Mr. CRAIG. Mr. President, I ask unanimous consent I be allowed 1 minute to close the order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRAIG. I thank my colleagues for joining me on this Halloween day. I hope the message that we send to the American people is that the efforts we are involved in here in Congress are not a trick but a treat--a treat rewarding them for the profound statement they made last year in the dramatic realignment of the political structure of this country, toward a time when Government's budgets will be balanced, when its programs will be responsive, as concerned about the taxpayers as it is about those who should be the recipients of responsible and caring Government programs.

So the day of Halloween ought not to be scary, but a profound statement to the American people that their Government in this representative form of government heard them and heard them well.

THIS SEARCH	THIS DOCUMENT	THIS CR ISSUE	GO TO
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	Senate Contents	CR Issues by Date

#R. 2491

> 5

1 LEGISLATION TO BENEFIT REEMPLOYED VETERANS

House speeches & inserts

(CRTEXT 03/19/96 p.E378; 54 lines.)

Item Key: 45113

2 MEDICAID

House speeches & inserts

(CRTEXT 01/25/96 p.E93; 71 lines.)

Item Key: 40888

Rep. Schroeder supports

3 THE BALANCED BUDGET ACT

House speeches & inserts

(CRTEXT 12/12/95 p.E2339; 89 lines.)

Item Key: 37557

~~Rep. Jackson Lee supports~~

4 INTRODUCTION OF THE ESOP PROMOTION ACT OF 1995

House speeches & inserts

(CRTEXT 12/08/95 p.E2324; 164 lines.)

Item Key: 37304

5 ON THE BUDGET

House speeches & inserts

(CRTEXT 12/07/95 p.H14206; 88 lines.)

Item Key: 37093

Rep. Jackson Lee supports

6 STATUS OF BUDGET NEGOTIATIONS

House speeches & inserts

(CRTEXT 12/07/95 p.H14220; 983 lines.)

Item Key: 37110

Enter one or more numbers or ALL to display item(s),
Enter another display command and one or more numbers or ALL,
Enter MARK and one or more numbers to limit your set,
Enter SMARTMATCH and a number to find comparable items,
Or enter BACK, HELP, or STOP

>

He said that his standards did not condemn the entire industry. Nearly half the 385 H.M.O.'s he now rates are in the A or B categories, with another 32 percent in the C rating group.

THE BALANCED BUDGET ACT

HON. J.C. WATTS, JR.

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 12, 1995

Mr. WATTS of Oklahoma. Mr. Speaker, the Balanced Budget Act of 1995 could be the best holiday gift that we ever give our children and grandchildren. This legislation could be the first step in paying off the ever-mounting debts we have accumulated for future generations. And this legislation could be the catalyst for new and better paying jobs for America's workers and for students who will be entering the job market.

But this legislation can be none of these things until the President joins us in our commitment to a true balanced budget.

The Nation's job-creating businesses are alarmed that the President has not joined the Congress in bringing fiscal discipline to the Federal establishment. Last week, Dr. Richard Leshner, President of the U.S. Chamber of Commerce, wrote to President Clinton to express his views on the veto of the Balanced Budget Act.

I believe that Dr. Leshner has raised important points in his letter to the President, and I would like to share it with my colleagues. Dr. Leshner's letter follows:

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, DC, December 6, 1995.

The PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: On behalf of the world's largest business federation, representing 215,000 businesses, 3,000 state and local chambers of commerce, 1,200 trade and professional associations, and 75 American Chambers of Commerce abroad, I am writing to express our extreme disappointment over your vetoing H.R. 2491, the "Balanced Budget Act of 1995."

This historic legislation was the culmination of Herculean efforts by Members of Congress and the American people to bring about real fiscal discipline at the Federal level. It reflected a delicate balance between streamlining the Federal government, providing economic stimulus through tax relief to America's families and businesses, and ensuring that necessary government services remain strong and directed to America's truly needy.

Large and small businesses alike embraced H.R. 2491 as a means of improving the nation's economic climate and job creation. Eliminating our nation's annual deficits will lead to lower interest rates, increased savings and investment, greater productivity, additional and better paying jobs, and an overall higher standard of living for all citizens. Further, tax relief for America's families and businesses will increase capital investment, preserve family-owned businesses, and modernize outdated tax laws while making the goal of a balanced budget more attainable.

From national polls, to town hall meetings, to telephone calls and letters, the American people clearly believe the tax and spend approach of big government is unac-

ceptable. We agree. If H.R. 2491 is not the answer, it is incumbent on you and your Administration to put forth specific proposals which respond to the call for a seven year balanced budget plan.

The impending fiscal crisis threatens every level and aspect of our lives: from our competitive stance, to our standard of living, to those critical services for the needy, nothing escapes its clutches. This moral imperative is too critical to be responded to by political rhetoric and no solutions. All of us must rise above politics, exercising true leadership by coming to a timely agreement.

That is what we expect of you and our congressional leaders. The time is now for you to provide the leadership to finally achieve an agreement to balance the budget for America's future.

Sincerely,

RICHARD L. LESHER.

TRIBUTE TO COL. WILLIAM J. DALECKY, USAF

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 12, 1995

Mr. DORNAN. Mr. Speaker, a friend of the Congress and a long time leader in this Nation's Air Force fighter aircraft weapons systems, Col. William J. Dalecky, is retiring from the U.S. Air Force on 1 January 1996. His most recent position has been as the Chief, Weapons Systems Liaison Division, Office of the Secretary of the Air Force, Washington, DC. In this position he has been responsible to the Secretary of the Air Force for legislative liaison for authorization of all Air Force weapon systems budget requests.

Colonel Dalecky has had a distinguished career of nearly 26 years of military service. After being commissioned through the U.S. Air Force Academy in June 1969 and graduating 11th in his class, he attended graduate school at the Anderson School of Management, UCLA and was awarded an MBA degree. He then entered undergraduate pilot training at Webb AFB, TX, graduating with distinction in 1971. Colonel Dalecky's first operational assignment was as an F-4D aircraft commander with the Triple Nickel—555 Tactical Fighter Squadron—Udorn, Royal Thailand AFB. During his tour in Southeast Asia, Colonel Dalecky flew extensively over North Viet Nam, logging 200 combat missions.

His next two decades of service continued to contribute directly to the aerospace defense of our Nation. After his tour at Udorn, Colonel Dalecky served as an F-4 instructor pilot at Luke AFB, as an F-4D Squadron flight commander at Spangdahlem AB, then as a T-41 instructor pilot at the U.S. Air Force Academy, instructing cadets in basic flying skills in preparation for pilot training, and finally, as an A-10 aircraft commander at England AFB. His final operational assignment was as deputy commander for operations and later commander, 52 Operations Group, Spangdahlem AB. During this assignment, he deployed two of three assigned Wild Weasel squadrons to combat against Iraq, with no losses due to enemy activity.

Colonel Dalecky attended the U.S. Army Command & General Staff College in Ft. Leavenworth, KS and the Naval War College, Newport, RI.

Colonel Dalecky also holds an MS degree in International Relations from Troy State University, a masters degree in Military Art and Science from U.S. Army Command and General Staff College, and an MS degree in National Strategic Studies from the Naval War College. Colonel Dalecky has received numerous awards and decorations, including the Distinguished Flying Cross, the Purple Heart, and the Legion of Merit.

Colonel Dalecky is married to the former Elisabeth Houle. They have three daughters, Natalie, Selene, and Amanda.

Colonel Dalecky plans to continue his work in fighter aircraft programs in a civilian capacity in the Washington area. On behalf of my colleagues and the congressional staff who have known and worked with Colonel Dalecky, we wish him and his wife Betty the very best in their future endeavors.

TRIBUTE TO REV. SAMUEL G. SIMPSON

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 12, 1995

Mr. SERRANO. Mr. Speaker, I rise to pay tribute to Rev. Samuel G. Simpson who was honored by friends and members of the Bronx Baptist Church on Sunday, November 12, for his 31 years of service in this ministry in my South Bronx congressional district.

Reverend Simpson has faithfully led the congregation since the beginnings of the church, when it started as a mission of the First Baptist Church, in Brooklyn. That same year the congregation moved their meeting place at 2024 Honeywell Avenue, in the Bronx. The number of worshippers continue to grow and a larger location was secured, in 1970, at 331 East 187th Street.

Born in Jamaica, Mr. Simpson attended West Indies College. Soon afterward, he moved to New Jersey and obtained a bachelor's degree from Northeastern Bible College. He also holds an M.P.S. from the New York Theological Seminary, a D.D. from Asia Bible College, and a D.D. from Martha's Vineyard Theological Seminary.

Always anxious to learn, Reverend Simpson broadened his education by completing courses at New York University, New York Institute of Photography, and at Oxford University.

Besides his passion for learning, Reverend Simpson has been an active member in the community. He holds numerous memberships and has presided over many religious organizations. Among these Reverend Simpson was the president of the Baptist Convention of New York, the Metropolitan New York Baptist Association Pastor's Conference, and of the Bronx Division of the Council of Churches. He continues to preside over the Clergy Coalition of the 47th Precinct and is the chairman of the board of the Bronx Baptist Day Care and Learning Center.

Reverend Simpson's commitment to spread the gospel and to help the members of the community has been recognized by many organizations. The Bronx Council of churches honored him with the "Man of the Year" award. He was also recognized in "Who is Who, Among Black Americans," and received

otherwise defend themselves. That is what this budget is about. It is not about an abstract document. The fact that I happen to be able to grab a piece of paper and budget figures on a piece of paper does not mean that that is the budget. The budget is people. This is the people's House. We represent the people. We have a certain time on Earth given to us to justify our existence. That is the way I look at it.

I do not deserve anything. I am not entitled to anything. But I will tell my colleagues what I am entitled to under the Government of the United States, is consideration. Consideration, based on the Constitution of the United States and the Declaration of Independence that formed the basis of our association with one another as a republic.

So, it is important for us to transpose and translate this document, this budget, into human terms and to consider the human dimension. If we do, I think we are going to look at it a little differently. I am perfectly content, Mr. Speaker, I have been a legislator all of my life. I understand that not everybody thinks as I do, and I understand that positions I may have held at one time I have changed over the years.

Mr. Speaker, I have changed them because I have learned more. Hopefully, I am not so set in my ways as to believe that revealed wisdom is somehow mine at a given point in my life and there is nothing else for me to learn. In this particular context, I think there is a lot for us to learn, and there is a lot for us to give to one another in terms of the knowledge that we have acquired.

If we want to reduce the deficit, and I do think that is important, and if at some point we want to balance the budget, and I do think that that is important, by all means let us do it in a sensible way. Very few people, Mr. Speaker, are able to buy their house on the day that they move into it. The bank advances them a sum of money on the basis that they will be able to balance their budget. That is to say, they will have sufficient funds to be able to make the series of payments necessary in order for them to pay off that house.

We do that as governments all the time. What we say, if we are on the city council or in the State government or in a village situation where we have a bond issue for sewers or for roads or for schools, we say that over a period of time we will pay for that, because not just the people of today, but the people of tomorrow, the young people as they grow older, will be using these facilities.

We have a budget that takes that into account and over 5, 10, 15, 20, and 30 years, we pay the principal and interest associated with those projects and those expenditures that we feel are in the general public's interest; in the common interest of the people in our communities.

We see this as being fair and equitable. That is all I am asking for, Mr.

Speaker. So, I want to close perhaps by reiterating and summarizing as follows: If we truly want to have a budget that we can go before our families, our friends, our communities, go before those folks who depend upon us, and speak with them honestly about it; that will review the premises upon which this balanced budget is being proposed; that will deal with some honest number, recognizing that we cannot command the next Congress; that there are 2 Presidential elections over the next 7 years, then we have to try and set a basis, a foundation, for a budget that will enable us to be able to carry on the legacy, the heritage of freedom in this country, and to pass on to those who will have the responsibility after us, a responsible budget which has been arrived at in an honest fashion, and which preserves and protects not just Social Security and the other trust funds, but protects the basis upon which we are able to conduct the proper business of the people of this country.

That budget, fundamentally, in the end, Mr. Speaker, is people, and unless we translate this budget into people terms, we are doing a disservice to the very people who have given us the responsibility to be here today.

STATUS OF BUDGET NEGOTIATIONS

The SPEAKER pro tempore (Mr. METCALF). Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. RIGGS] is recognized for 60 minutes as the designee of the majority leader.

Mr. RIGGS. Mr. Speaker, let me point out that I am performing some special responsibilities tonight as what we call on this side of the aisle, the Theme Team leader. I hope to be joined by some of my colleagues in this special order lasting approximately 1 hour. This is time reserved by the Republican majority to talk about issues of the day.

However, having said that, I will also point out that we have ended legislative business for the week and I do not know if I will be joined by some of my colleagues, but it is my hope to talk a little bit about the budget situation.

Mr. Speaker, I think Americans are curious to know the status of these negotiations, since we are roughly 1 week away from the December 15 deadline for the short-term continuing resolution which has allowed us to keep, if you will, the doors of the Federal Government open and continue to pay our bills. A week from tomorrow, December 15, is when that continuing resolution expires; when the Federal Government runs out of funds.

□ 1715

So we have a little bit more than a week to reach a bipartisan agreement with the President and his administration and with our Democratic colleagues in the House over the terms of

a 7-year plan to balance the Federal budget using honest numbers are generated by the nonpartisan Congressional Budget Office, a balanced budget over 7 years which does not resort to Washington budgeting. There is a little bit more than a week to reach an agreement to preserve the American dream for our children and our grandchildren rather than to leave them with the legacy of the American debt.

I would point out the obvious, which is that we Republicans, while being the new governing majority in the Congress for the first time in 40 years, lack the votes to override the President's veto. Therefore, we have to reach some sort of agreement with either the President and his administration or with enough of our Democratic colleagues to be able to override the President's veto, if the President continues to insist on balancing our plan, our balanced budget plan.

But at the beginning of my special order I wanted to talk just a little bit about the Committee on Standards of Official Conduct ruling yesterday on Speaker GINGRICH, particularly since it was the primary topic raised today during the opening of legislative business, the time that we normally reserve for what we call 1-minute speeches or 1-minute addresses to the House.

One of my Democratic colleagues after another came to the well, where I am now speaking from, to make or to reinforce accusations against the Speaker. It was clearly a smoke screen in my view to divert attention from what the Committee on Standards of Official Conduct really said in their ruling yesterday and also to divert attention away from the pressing business, the business of the American people, which is of course confronting this House, as I mentioned, and which we actually have just a little bit over a week's time to conclude. Again, the most pressing business, the most pressing issue confronting the House of Representatives is the American people's desire to have a balanced Federal budget.

So, first of all, let me just take a moment to clarify this Committee on Standards of Official Conduct rule on Speaker GINGRICH. I think my colleagues, particularly my newer colleagues who perhaps do not have the history of this institution, certainly, or perhaps are not aware of how the Committee on Standards of Official Conduct has been really turned into a tool or a vehicle for political vendettas. I want to spend a moment to talk a little bit about the history of the Committee on Standards of Official Conduct. I also want to take a moment to clarify that the Committee on Standards of Official Conduct is the only standing committee of the House of Representatives that is truly bipartisan in nature. That is to say, an equal number of Republicans and Democrats are serving on that committee.

Yesterday the five Democrats and the five Republicans, again an equal

number, making this truly the only bipartisan committee of the House, because all other committees have a majority-minority representation. That is to say, there are more Republicans, since we are now the majority party in the Congress, on every other congressional committee than there are Democrats, except for the House Committee on Standards of Official Conduct. Yesterday those 5 Democrats and 5 Republicans serving on that committee voted unanimously, that is 10 to 0, to effectively dismiss 64 of the 65 charges leveled against the Speaker of the House.

To me that clearly points out that these charges are baseless, and not only that, that they are largely frivolous and political in nature. The Committee on Standards of Official Conduct gives us real reason to believe that these charges were part of a political vendetta orchestrated from the day that the Democrat Party lost control of the House, a vendetta orchestrated to discredit the Speaker by attacking him personally.

After 15 months and millions of taxpayer dollars and hours and hours of time spent investigating, the liberal Democratic minority, the liberal Democrats who constitute a majority of the minority party in the House of Representatives, those liberal Democrats who launched this unfounded smear campaign owe the House and the taxpayers an apology. These were frivolous charges that were made for political reasons and attempt to politicize and to misuse the ethics process.

This is not an isolated example. This continues a Democratic pattern of abuse of the Committee on Standards of Official Conduct. These phony charges against Speaker GINGRICH are really nothing new because in 1989, Democrats, in retaliation for then-Speaker Jim Wright's resignation, filed nearly 500 charges against Representative GINGRICH. Just like today, after a long and costly investigation, Representative GINGRICH was exonerated.

These attacks against Representative GINGRICH may be phony, as he himself has said, but they are a serious pattern of misuse and even abuse by a frustrated Democratic Party bent on politicizing the Committee on Standards of Official Conduct. So, while we are working to try and change America, they are working to try and change the subject.

These charges were a coordinated effort, again by the most liberal element of the House Democratic Party, not to seek the truth or justice, but to stop us from balancing the budget, reforming welfare, providing tax relief for families, and sending power back to States and to families, just as we promised to do and just in fact as we have been doing since we became the majority party in Congress last January 4.

I also want to take a moment, because it really riles me to see that the gentleman from Michigan. [Mr. BONIOR], DAVID BONIOR, has sort of become the point person for the Demo-

cratic minority in leveling these charges against the Speaker. It upsets me to see a Member of the House Democratic Party leadership really take the point in leveling these charges and leading the attack against the Speaker.

I worry sometimes that again some of our newer colleagues perhaps may not have an understanding of the recent history in this institution. I certainly worry that many of our constituents, the American people, do not realize that some of the people engaged in this orchestrated political vendetta against the Speaker are the very people who presided over the scandals that have rocked the House of Representatives in recent years.

It is very important to understand that the governing party, the majority party in the House of Representatives, has added responsibilities, a special duty to administer the House on a day-to-day basis. That means all the administrative and financial functions of the House of Representatives. Of course until last January, the party responsible for managing the House of Representatives was the Democratic Party. I very well remember, because of my personal experiences from my first go-around in Congress as a Member of the 102d Congress, I remember vividly the House Bank and Post Office scandals that occurred on the watch of the House Democratic Party leadership.

I remember when then-Speaker of the House, Tom Foley, speaking from this podium opposite me in the well of the House, took the report from the General Accounting Office. This was an audit of the House, the so-called House bank, which was really a membership cooperative and check-cashing office. I remember when Speaker Foley took the audit indicating over 8,000 bounced checks at the House bank, waved it in the air, standing down here at that podium right there, typically where the Democrats speak from. He waved that audit in the air, and he said: This is now a matter that is over and done with.

He submitted the GAO report for the CONGRESSIONAL RECORD. Translation: We have not done anything wrong, and we will not do it again.

A small group of us, proverbial back benchers because we were junior members of the Republican Party, the minority party, which was to become known as the Gang of Seven, happened to be on the House floor. And that moment we came together and said: We are not going to let this pass unnoticed. We are going to challenge what appears to be a deliberate effort on the part of the House Democratic Party leadership to sweep this matter under the rug.

Well, the rest, as they say, was history, and to make a long story short, we ultimately helped lead the fight compelling full disclosure of the names of those who had abused their membership privileges, their part of the per-

quisites of being a Member of the House of Representatives at the House bank over the opposition of the entrenched Democratic Party leadership, which was to include in that 102d Congress the gentleman from Michigan who now attacks the ethics of the Speaker of the House, the gentleman from Michigan [Mr. BONIOR].

Later in that same Congress, of course, we had the post office scandal. I can recall, again, as a member of the Gang of Seven, standing upstairs in the House press gallery and telling a news conference of the national news media that there was prima facie evidence to suggest criminal wrongdoing at the House bank and post office. And I based that on my former experience as a law enforcement officer and police investigator. I can remember them laughing aloud, scoffing openly at the suggestion, the temerity on my part to suggest that there had actually been illegalities or criminal wrongdoing.

But if you come forward to the present day, we now know that there have been a number of indictments, criminal indictments and criminal convictions on the part of House officers and employees as well as Members of the House of Representatives in conjunction with those two scandals. The bank and post office scandals really gave new meaning to the term, the old joke, the check is in the mail.

Later, out of the House post office scandal, we had revelations of ghost employees, ghost employees on the payroll, on the official staffs at taxpayer expense of Members of Congress. Those are serious allegations. They were leveled against a former member of Congress from Illinois by the name of Dan Rostenkowski who was then chairman of the House Committee on Ways and Means and very much a part of the House Democratic Party leadership.

I cannot recall any protest from the gentleman from Michigan [Mr. BONIOR]. I cannot remember Mr. BONIOR ever going on record. And this is the same gentleman now who constantly chases the TV cameras and anyone holding a microphone. I cannot remember that gentleman ever coming forward and condemning these ethical lapses and these deliberate abuses in the House of Representatives.

In fact, in the last Congress, in the last Congress, there were two votes, two votes to force the House Committee on Standards of Official Conduct to investigate the allegations against then-Representative Rostenkowski, both of which were defeated on pretty much a straight party-line vote, the Democratic majority outvoting the Republican minority. Where was Mr. BONIOR then?

Well, the answer of course is that he was part of the Democratic Party leadership. He was part of a concerted effort to control the damage, to cover up the true extent of the House bank and post office scandals and to thwart an

official Committee on Standards of Official Conduct investigation of Representative Rostenkowski.

I might add that the gentleman from Michigan [Mr. BONIOR] had 76 over-drafts at the House bank for which he was never held accountable by his colleagues in the House of Representatives. Remember, of course, that Representative BONIOR now insists that the House take action against the Speaker. He gloats that the decision to dismiss 64 out of the 65 charges against the Speaker of the House is some sort of great victory and that the appointment of an outside counsel to assist the Committee on Standards of Official Conduct in investigating the 65th charge, which entails complicated tax issues, is somehow, again, a vindication of his position all along.

But I would love to ask Mr. BONIOR, where was your moral outrage, where was your indignation when this institution was consumed by the House bank and post office scandals? How did you vote on July 22, 1993, when the House defeated by a party-line vote of 242 to 184 the Michel resolution offered by then-Republican-leader Bob Michel to force immediate disclosure of House administration transcripts of the post office inquiry?

In fact, the two gentlemen from Florida who have been prompted, coming down to this floor talking about how we are going to force the House to demand an immediate accounting from the Committee on Standards of Official Conduct, we want immediate disclosure of the Committee on Standards of Official Conduct proceedings against the Speaker of the House, I dare say that those two gentlemen from Florida, Representative PETERSON, Representative JOHNSTON, both voted with the majority here back on July 22, 1993, to block immediate disclosure of the House administration transcripts of the post office inquiry.

Then later, March 2, 1994, again by another party-line vote of 238 to 186, the House of Representatives, under the control of the Democratic majority at the time, defeated a resolution by the gentleman from Oklahoma [Mr. ISTOOK] to immediately initiate a Post Office investigation by the Committee on Standards of Official Conduct.

So you can see, my colleagues, that there is clearly a double standard in this House of Representatives, clearly a very convenient short-term memory lapse by my Democratic colleagues with respect to the scandals which again rocked this institution under their watch.

□ 1730

Clearly there is no limit on hypocrisy with a capital H in this town. In fact it reminds me, as I watched these shenanigans, I am always reminded, I think, of the wonderful Woody Allen line: "No matter how cynical I get, I just can't seem to keep up," particularly when I watch the hypocrisy and the double standard on the other side

of the aisle. So I wonder where is your moral outrage at what occurred then? How could you have been silent, and how could you have condoned and acquiesced to those scandals then but be so outraged today, and for that matter where is your outrage at the scandals that have rocked the current Presidential administration, the Clinton administration, which promised us the most ethical administration in the history of our country? Where is your outrage, Mr. BONIOR and others, over the Whitewater scandal and what appears to be with every passing day more and more evidence of a high-level coverup in the administration, a high-level damage control operation in the White House to prevent the American people from knowing the full truth and all the facts regarding the Whitewater scandal? And on, and on, and on.

There is almost a joke today that the Clinton administration cannot have a Cabinet meeting without all the Secretaries bringing along all their independent counsels and their lawyers.

So what is this all about? It is really an attempt, as I said earlier today during 1-minutes, to divert attention from the major issues confronting this Congress, the important work, the important business, of the American people, and that is balancing the Federal budget, keeping our promises, doing the right thing for our children's future.

Now what happened yesterday? Mr. Speaker, yesterday, with one stroke of his pen, the President replaced the American dream with the American debt. Now the President of course has, having vetoed our 7-year plan to balance the Federal budget as certified by the nonpartisan Congressional Budget Office, the President vetoed our plan, arguably the most important bill to cross his desk since he became President of the United States, the President now has a responsibility to offer his own balanced budget, to tell us specifically what he does not like about our proposal, without any gimmicks and without any rosy economic scenarios.

But before we get into the President's proposal, because bear in mind it has now been 2 years and 11 months roughly that he has been President of the United States, and he has yet to send to this Congress, or to the last Congress, his plan for balancing the Federal budget. But, first of all, I think we have to ask why, why did the President do this? Why did the President veto the most important piece of legislation to cross his desk since he became President?

Well, why did the President veto a sound, reasonable, balanced budget? It sort of begs the question does he really want a balanced budget or does he want to play politics with this whole issue of balancing the Federal budget as part of what I call the nonstop campaign? And at some point in time I really believe you got to put the politics aside and act on principle, and that time is now.

Why did the President veto welfare reform, because we had put our welfare reform proposal into the Balanced Budget Act of 1995 which he vetoed yesterday; why did he veto that? Does he really want, as he promised as a candidate for President of the United States, does he really want to end welfare as we know it? Why did he veto Medicare solvency? Does he really want to save Medicare? Is he completely ignorant of the report made by his own Cabinet Secretaries, the public trustees of the Medicare trust fund, that Medicare starts to go broke next year and will be completely bankrupt in 7 years? Why did the President veto Medicaid reform, the kind of Medicaid reforms that he lobbied for as the Governor of Arkansas? Why did he veto Medicaid reform that would give States, as he argued back when he was a Governor, more money, greater flexibility, and less bureaucratic red tape?

All questions then await an answer from the President now that he has vetoed our plan to balance the Federal budget.

The President has clearly, against the will of the American people, the President has clearly tried to ignore the will of the people and avoid balancing the budget.

So I have got a message to the President, to my colleagues, yesterday. I have three children. I, like many other proud dads, carry their photographs everywhere with me in my wallet. Actually I have a large photograph, but I left it over in my office in my office desk. I wanted to bring that over here and hold it up, but I want my colleagues to know that the President said—what the President said to my kids yesterday, 20 and 13. Those are our two boys, Ryan and Matt, and our little girl, Sarah Ann, who is 8½ going on 18. I want the President to know what he said to my kids yesterday. He said:

If you want a brighter future, here is a veto. If you want to be able to live the American dream and not inherit the American debt, here is a veto.

I want to remind my colleagues that the Balanced Budget Act was not just a good bill, it is, the only bill. There is only one credible plan in this town that would balance the budget using honest numbers while cutting taxes for working families, and that is the bill the President vetoed yesterday.

All we can gather from this action is that the President wants to take more of my children's money, because remember, our children are going to be spending for our excesses, they are going to be paying high taxes to pay for our wasteful spending practices, and we really believe it is immoral on this side of the aisle in Congress to borrow from our children's future to pay for today's spending binges, but that seems to be the message from the President and his administration.

Now let me just point out that we have some pundits weighing in on this particular subject, some pundits who have looked at all this give and take,

December 7, 1995

CONGRESSIONAL RECORD—HOUSE

H 14223

back and forth, between the Republican majority in the Congress and the President and his administration on the balanced budget, and I want to bring a couple of quotes to your attention.

I want to quote from the Washington Post a couple of days ago, December 5, in a column written by James Glassman, and he is a regular columnist now for the Washington Post, but he is a pretty knowledgeable guy about Capitol Hill because he used to be the editor of Roll Call newspaper, the weekly newspaper that is published on Capitol Hill, and here is what he wrote about the budget:

My own judgment is that the lack of a deal is Clinton's fault. To be fair, Clinton and Congress differ on how a small part of this spending will be financed. If the two sides are so close, why is there no deal? That is the big secret that we seem to be keeping from the American people, is that we are actually relatively close. In fact, the President has proposed to limit the growth of Medicare, the President has proposed to cut middle-class taxes. In fact, by the same reasoning that so many of our Democratic colleagues use here in the House of Representatives the President is proposing to limit the growth of Medicare to help finance a middle-class tax cut, but you will never hear that acknowledged by the Democratic minority in the House.

Anyway, back to Glassman's quote. He says: "If the two sides are so close, why is there no deal? I am not sure Clinton wants one right now. With shutdown two looming on December 15, next Friday, a week from tomorrow, he would rather portray the Republicans as extremist and obstructionist and himself as the savior of health care for seniors and the poor. The actual numbers, listen to this, the actual numbers from an objective, neutral, unbiased observer, the actual numbers prove this claim is malicious nonsense, malicious nonsense. The only question is how long it takes Americans to realize it."

That is James Glassman 2 days ago in the Washington Post.

Now listen to this, same day, December 5, a quote from Democratic Senator and Senate Budget Committee ranking minority member JAMES EXON in the Omaha World-Herald newspaper: "When you come down to the numbers, it has been impossible to get the Democrats to agree to any kind of plan. I am critical of my own party," says Senator EXON regarding Congressional Democrats. "I think we have to come up with a budget to be credible."

That is coming from one of the people inside the room, one of the leading budget negotiators, the ranking Democrat on the U.S. Senate Budget Committee, Senator JAMES EXON.

Now listen to the Boston Globe on Monday of this week speaking of Leon Panetta, former Congressman and Committee on the Budget chairman in the House of Representatives, and now chief of staff at the White House leading the White House negotiating team on the budget deliberations. Here is what the Boston Globe says:

"Panetta acknowledged last week that Democrats are bargaining from a position of some weakness." They quote Panetta as saying, "We should have been the ones who asked the toughest questions about costly government programs," he said. "I think we lost something when we didn't," and I raise that now because I want to speak about my former California colleague, Leon Panetta, in just a moment, because, as you will see, Leon Panetta has been all over the political landscape when it comes to the idea of a balanced-budget plan, a credible balanced-budget plan.

So again, colleagues, with one stroke of his pen yesterday President Clinton vetoed the first balanced budget in 25 years, 25 years. The only real balanced budget plan the President has ever touched, he vetoed, and he vetoed it with a flourish, with a lot of fanfare, as if that is going to give him additional political mileage. His explanation for not giving the American people a balanced budget was that our plan, again certified by the Congressional Budget Office as balancing the Federal budget in 7 years, our plan which increases spending from \$9 trillion over the past 7 years to \$12 trillion over the next 7 years, almost a \$3 trillion increase, that our plan was, to use the President's word, "extreme."

Well, let me tell you something. The American people know this. My constituents know this. There is nothing extreme and unacceptable, another term the President used, about lowering interest rates, giving American workers more take-home pay, saving Medicare from bankruptcy, ending welfare as we know it, and, yes, we are going to continue to remind the President of that campaign promise, increasing spending as I mentioned by almost \$3 trillion and giving more power to the States and communities. This is what the President vetoed, despite his rhetoric. He vetoed a sound, reasonable, balanced budget. He vetoed welfare reform that really does end welfare as we know it.

Now there is a certain rich irony in a new Republican majority in the Congress attempting to help a Democratic President make good on his fundamental campaign promises, because that is exactly what is occurring here. The President campaigned on a promise of ending welfare as we know it—

The SPEAKER pro tempore (Mr. METCALF). Would the gentleman suspend?

As stated on page 175 of the House Rules and Manual, the Chair will remind the gentleman from California that it is not in order in debate to mention the name of a Senator—except as a sponsor of a measure or in quotations from Senate proceedings for the purpose of making legislative history—or to refer to a Senator or his vote on a proposition.

Mr. RIGGS. I appreciate the Speaker's reminder. I was quoting the Senator, I believe, from a newspaper, so I

do stand admonished, and, Mr. Speaker, let me ask how much time I have remaining, please.

The SPEAKER pro tempore. The gentleman has one-half hour remaining.

Mr. RIGGS. All right.

Mr. Speaker, with that reminder let me pick up where I left off. I was talking about the irony of a Republican majority helping a Democrat President make good on his fundamental promises, and if you go back to the 1992 Presidential campaign, you will recall that the President campaigned on a promise of ending welfare as we know it and a promise of reducing middle-class taxes. We want to do both. We do both in the Balanced Budget Act of 1995, which he vetoed yesterday.

So I want to say again the President with one stroke of the pen yesterday vetoed tax cuts for families, and do not—I know the American people see through this smokescreen, this constant class warfare demagoguery that they hear daily on the floor of this Congress, and I think that is evidence of just how intellectually bankrupt the congressional Democratic Party has become at times. But I know the American people see through that, but I simply want to stand here today and tell you that three-quarters of the tax relief we provide in the Balanced Budget Act goes to families with dependent children. We think that is very important.

□ 1745

We think it is fundamentally important to give American families an economic dividend from the first balanced budget in 25 years. Yes, we do philosophically believe that the American people are entitled to keep more of their own hard-earned money, that they are in a better position to determine how to spend that money than the Federal Government and the Federal bureaucracy back here in Washington, so we give tax relief to families. We have especially helped middle-class families which have felt the burden, the twin whammy, the pinch, if you will, of rising taxes and stagnant or even declining wages in recent years, so our tax relief is targeted to middle-class and low-income families. And, in fact, our tax relief would completely eliminate the Federal tax liability of 4.7 of the lowest-income families in America. That is what the President vetoed yesterday. He vetoed a \$2.5 trillion increase in Federal spending in the next 7 years over the last 7 years, as I mentioned earlier.

How much more money does the President want to spend? We will not know until we get a detailed proposal, a counter proposal, if you will, from the President. I will point out that when the President vetoed the Balanced Budget Act yesterday, he vetoed the American people, because in the largest public opinion survey ever taken, 7,200 registered voters with a margin of error of 1 percent on the

issue of a balanced budget, the American people said yes to our plan to balance the budget. Fifty-seven percent of the American people surveyed embraced our plan after being given a few facts; a few facts, not the rhetoric, not the distortions, not the demagogery; facts about how our plan treats programs like Medicare; student loans which increase from \$24 billion to \$36 billion, a \$12 billion increase over the next 7 years; Social Security, which has always been off the table, and I think that is one of our biggest accomplishments, balancing our budget while providing tax relief for American families and without touching Social Security.

In fact, I think as other Members have pointed out, we have to generate a budget surplus here in Washington by 2002 or sooner, so we can begin paying down and ultimately paying off the national debt, and repaying the money to the Social Security trust fund that we have borrowed over the years. In fact, I think our constituents and our colleagues need a reminder that \$1.5 trillion of the \$5 trillion national debt that we have today is money borrowed from the trust funds of the Federal Government, chiefly, Social Security, so we have to repay that money. The only way we can do that, obviously, is to balance the Federal budget and then generate a budget surplus year in and year out. I still get wide-eyed looks when I raise the idea of budget surplus from my constituents in my town meetings, but we are going to do that.

As I told one of my constituents at the beginning of this year, who asked me in a town meeting, "Congressman, will I ever see a balanced budget in my lifetime?" I said, "Yes, you will. You will see it this session of Congress, and you will see in your lifetime budget surpluses in Washington that go to pay down and pay off the national debt so our children do not inherit that debt."

So 57 percent of the American people embraced the plan after they learned the facts, 86 percent believed that the President and Congress should deal with the budget issue now. That is the language of the short-term congressional, the continuing resolution that expires next Friday. We said "shall," not "maybe," not "if." We said, "We shall deal with the budget now."

Seventy-one percent of the people surveyed agreed that President Clinton should submit a 7-year balanced budget plan scored by the nonpartisan Congressional Budget Office, as he himself once promised to do in a State of the Union address, standing at that podium right there behind me. My, what a difference an election makes, and the hypocrisy quotient begins to go up again.

Seventy-three percent of the people surveyed agreed that the President and Congress will not balance the budget unless they stick to the 7-year deadline. Again, that is from the largest public opinion survey ever taken in the history of our country. So I wanted to try and stress a couple of those points.

I wanted to take a moment again just to look at what the President said yesterday when he vetoed the Balanced Budget Act, H.R. 2491, and I quote from a transcript of his veto message which was on the U.S. News wire yesterday: "The bill seeks to make extreme cuts and other unacceptable changes in Medicare and Medicaid."

I am here on the floor tonight to say to the President, to my colleagues, to my constituents, and to the American people that there are absolutely no extreme cuts in the Balanced Budget Act of 1995. Total Federal spending, as I have already mentioned, over the next 7 years when compared to the last 7 years actually increases \$2.5 trillion. Specifically, there are no extreme cuts, and I quote now from the President, there are no "extreme cuts and other unacceptable changes in Medicare and Medicaid."

A spending increase is not a cut, as the President himself said in 1993, when he also proposed slowing the rate of growth of Medicare: "Today Medicaid and Medicare are going up at three times the rate of inflation." The President recognized that was an unsustainable rate of growth in both of those programs. Then he went on to say, "We propose to let it go up at two times the rate of inflation. That is not a Medicare or Medicaid cut," from a speech he gave to AARP, the American Association of Retired Persons, on October 5, 1993.

What has changed? If anything, Medicare and Medicaid are in worse condition, worse shape today than they were back on October 5, 1993. But what do we do in our bill? We increase Medicare spending 6 percent a year between this year, fiscal year 1995, and fiscal year 2002. Medicare spending in actual dollar numbers increases from \$178 to \$289 billion, a 62-percent increase.

Here is the real news to the American people. The difference between our proposal on Medicare part B premiums and the President's proposal is \$4 a month, \$4 a month in the year 2002. That is what the President calls an extreme, unacceptable cut. Of course, the flip side of that is to make American workers, including minimum-wage workers, pay even more taxes so that Medicare part B recipients do not have to pay a slight increase in premiums.

Mr. Speaker, it just astounds me, again, the cynicism and hypocrisy that we see, and the evolution here of the President's position over the last couple of years. Medicare spending never differs more than 2 percent under the two plans, and in two of the next 7 years our Republican balanced budget actually spends more on medical care than the President's budget. Overall, the difference in total Medicare spending between the two plans is \$32 billion or 1.9 percent.

The other program the President singled out was Medicaid. Yes, we will no longer allow Medicaid to be an individual entitlement, a universal individual entitlement. We make it, instead, a

block grant program to the States, at the request of the Governors. I pointed out earlier that the President, when he was the Governor of Arkansas, requested these same innovations. I would also like the American people and my Democratic colleagues to understand that we are working very closely with the Governors in developing our plans, and in developing the particulars of the Balanced Budget Act of 1995.

Why are we doing that? We now have 31 Republican Governors in America representing 71 percent of the American people. Are we not going to consult them? Are we going to leave them out of the equation? Are we not going to treat them as equal partners in developing the Balanced Budget Act? Of course not. We have been acting on their bequest here as we craft a plan for reforming Medicaid.

Instead, we have a Medigap proposal which gives States more money, greater flexibility, less bureaucratic redtape, just as the President wanted when he was a Governor, and which increase Medicaid spending by 55 percent. There is nothing extreme and unacceptable about lowering interest rates, giving American workers more take-home pay, saving Medicare from bankruptcy, ending welfare as we know it, increasing spending, and giving more power to the American people. That is just what I said earlier. I want to repeat it for emphasis, because that is what the President vetoed yesterday.

I see I am joined by my very good friend and colleague, the gentlewoman from California. I wanted to point out to her, she probably already knows this, but with our Medicare reforms, California, which is a high-cost, high-growth State, will get even more funding for Medicare recipients. Medicare recipients in California are going to realize and receive an increase of \$5,000 per beneficiary today to over \$8,000 per Medicare beneficiary in California in the year 2002. Our plans to balance the Federal budget in 7 years anticipate that we will spend over \$50,000 per Medicare beneficiary in California over the next 7 years. That is what the President apparently feels is extreme and unacceptable.

Mr. Speaker, I yield to the gentlewoman from California [Mrs. SEASTRAND].

Mrs. SEASTRAND. Mr. Speaker, I thank the gentleman from California for yielding to me.

Mr. Speaker, it is interesting to note, and the gentleman probably saw this article of November 29 of U.S.A. Today, it stated what life would be like in the year 2002 with a balanced budget. I was pleased to see that they agree with us. It means a larger economy, \$150 billion more in goods and services, lower interest rates, 30-year fixed-rate mortgages below 5 percent, lower inflation, higher incomes, no trade deficit, a stronger dollar; but they have a "but" here, and it says "cuts Federal spending."

I do not know if the gentleman from California hears from our constituents like I do, but that is why they sent us here. They know the Federal Government has to go on a diet. They want us to cut spending. They said also that there would be cuts, and they use that word cuts. They are talking about Medicare. We know that we are not cutting Medicare, as you just pointed out, we are going to increase the dollars there. We are slowing the rate of growth.

I find it interesting. Last night I had a phone call. I was working in my office quite late and did the answering of my phones. People are always amazed back home that I am answering the phone and working late hours. It was interesting, because the gentleman was concerned about balancing the budget and concerned about cutting Government. I pointed out to him, did he realize that we were increasing, under our budget, the Republican budget for the next 7 years, we were increasing spending from well over \$9.5 trillion to 12, and we are increasing it by \$2.5 trillion. When they are told this fact, people just stop dead in their tracks and say, "Why are you not doing a better job of cutting Government spending?"

Mr. RIGGS. They also say, I might point out, "Why are you not doing a better job of getting your message out?" on that point, and that is why we are doing the special order here tonight.

Mrs. SEASTRAND. That is why we are here, to try to get the message out to the hinterlands and California about what our plan is all about. I am doing my very best, as my colleagues are, to get our message out about how good our plan is for America.

I think it is important to share the information about the good old State of California. We have been hit very hard these last several years. We know about the moving vans leaving California for other points, other States. We do not like that idea. We like people to stay in California.

I have two children, 23 and 25, and they are now at the beginning of their careers. They are looking for a place, and they want to stay in the good old Golden State of California. They are concerned about what this means in their life: Are they going to be able to get a job in California? Are they going to be able to buy that dream home that they are dreaming about with that special someone that they hope to marry? Will they be able to have their children here and have a good life for their family?

I just would like to stress that under our plan, all of this over the next 7 years, it would give each and every one of them, not only my children but other people's children, the hope that it is good to stay in California and things will turn in America.

I would just like to say that under the Republican balanced budget plan, the Federal spending for our home State will increase from \$177 billion in the fiscal year 1995 to \$215 billion in the

year 2002, which is an increase, an increase. I am an old fourth grade school teacher, so when I see increase, that means a plus sign. I know it is very difficult for some people to understand the simple plus and minus, but we are going to increase it, increase spending in California with Federal dollars by 22 percent.

Over the past 7 years the Federal Government's spending in California was \$1.1 trillion. Under our Republican plan that unfortunately was vetoed by the President, total Federal spending in California would have been \$1.46 trillion, an increase of 31 percent. Again, we are talking about a plus, not a minus sign. Social Security payments to Californians would increase by \$15.9 billion over the next 7 years. Federal welfare spending would increase by \$40 billion in the State of California over the next 7 years; the Medicare payments also, \$9.2 billion over the next 7 years, and Medicaid payments, giving more control to the State, and yet we are going to increase those Federal dollars by \$3.4 billion over the next 7 years.

What I am saying is we are increasing dollars. We cannot be talking about cuts. We are slowing that rate of growth. We are trying to put the Federal Government on a diet and yet do the job by taking regulations, bureaucracies, out of the system.

As a former State legislator in the State of California, I know what it was like to be told that you had to have a mandate, you had to do it the Washington bureaucrat way, and they treated us so often as if we did not have any sense, common sense; we did not have integrity at the State level, we had no compassion at the State level. I think what I saw, my colleagues on both sides of the aisle, be they Republican or Democrat, they were concerned about their constituents.

□ 1800

Mrs. SEASTRAND. So I just would like to give greater control to our States and the State of California and see that we have a better future for the State of California.

I would just like to add that a drop of 2 percent in interest rates with the balanced budget over the next 7 years would mean 97,000 new private sector jobs in California. I know the gentleman from California [Mr. RIGGS] is facing tough times in his district to the north of San Francisco on the coastline, and I am too on the central coast of California.

We have been hit very hard with defense closure. We are trying our very best to commercialize the spaceport at Vandenberg Air Force Base; we are trying to think of new ways for high-tech jobs.

But this means so much about what a balanced budget would mean to the State of California. It is going to reduce taxes of working families in California by \$23.8 billion over the next 7 years.

Let us look at a house in Santa Barbara. This might be unbelievable to some people across America, but in the county of Santa Barbara, the average home sells for \$225,000. Now, if they were to get a 30-year loan, we are talking about a savings, with a 2 percent drop in interest rates, a savings of \$111,000 over the life of that loan.

Now, I do not know about you, but again, it means something to my 23- and 25-year-old children when they are thinking of buying that home and starting their families.

In San Luis Obispo County, the other county in my district, the average home in 1995 was \$163,000. Well, again with that drop of 2-percent reduction in mortgage rates, if we have that balanced budget in 7 years, using those honest numbers, we are going to see that we are going to save those working families again, 23-, 25-year-olds that want to buy a home, they are going to save \$100,000. Now, that is not just a dollar here or there; this is real money.

It is interesting to note also, my son unfortunately had his car stolen, and he is now in the situation where he has to figure out how he is going to get a loan to buy another car and so on. A 4-year car loan, \$15,000. Well, if you have a 2-percent drop in interest rates, he can save \$900. Let me tell you, that is important to him.

My daughter is graduating, and she is looking to go on to a master's, and saying, Mom, I think I might do it on my own and look for some student loans. Well, again, a 10-year student loan, so important to my University of Santa Barbara and my Cal Poly students in San Luis Obispo. If they apply and receive a 10-year loan of say \$11,000, they are going to save \$2,160 over the life of that loan.

So all in all, this means so much that we push on; and unfortunately, our Balanced Budget Act of 1995 was vetoed by the President, and I am just hoping that as we move forward, we can continue to work for a balanced budget in the 7 years, with honest numbers working with the Congressional Budget Office.

Folks at home understand how we play funny games here in Washington, DC, and they know about the numbers and how we can take a zero here and move things around. They want honest numbers. My calls over the last several weeks, well over 1,000 phone calls, saying, hang in there, hang in there for a balanced budget in 7 years; I know I am going to have to feel a little pain; do it across the board, and let us balance this budget for our children and grandchildren.

So I just appreciate the gentleman from California letting me join him this evening to try and explain and get our message out about what this balanced budget means to people not only in the State of California, not only to my children, not only to my 83-year-old mom who depends on Medicare, but what it means to the folks across

America, those hard-working folks that want a better tomorrow.

Mr. RIGGS. Well, I very much appreciate the gentlewoman's comments. I want to stress a couple of points that the gentlewoman made.

First of all, I want to make sure everyone understands again that the principal form of tax relief that we want to give to families is a \$500 credit, child credit, and this is a tax credit, it is not a deduction, so it comes right off that bottom line on your tax return, your ultimate Federal tax liability, calculated after any other deductions.

The gentlewoman made a very good point, that the \$500-per-child tax credit means a \$1,000 tax break for a family of four, each and every year until those children become adults, and that is to say until they turn 18. Furthermore, the gentlewoman made an excellent point that with the reduction in interest rates to be brought about by our plan, and let us be clear about one thing and that is that interest rates have been steadily coming down since last, really since last November, and the election of the Republican majority of the Congress, but they have been coming down precipitously in recent weeks with the expectation of the markets that we are going to ultimately reach some sort of agreement regarding a 7-year plan to balance the Federal budget.

Those interest rate reductions mean, as the gentlewoman so well pointed out, that all Americans will benefit from our balanced budget plan. All Americans will pay less in interest on their home loans, their home mortgages; student loans is another example, car loans, and right down the list. It just basically means that any borrowing will be less expensive; that we will be able to give the American people some immediate tax relief as well as give the economy a real shot in the arm.

There is nothing that will stimulate the economy and job creation in the private sector faster, of course, than bringing down interest rates and bringing down taxes, as we also propose to do, for businesses through a reduction in long-term capital gains.

Mrs. SEASTRAND. Will the gentleman yield?

Mr. RIGGS. Of course.

Mrs. SEASTRAND. Mr. Speaker, it is interesting because so often we are told we have the tax cuts and we are giving them for the rich. I just want to point out my background. My daddy was a bus driver in the city of Chicago, a union man. My mom was a part-time office worker at the time, 1950's. I was a latchkey child and did not know it at the time. We have an unfortunate habit today of labeling everybody.

But I have worked hard, studied hard, and I am privileged to serve in this House. So I can really relate to those folks back there saying, oh, well, is this just one of those people who is looking out for the rich. I know what it is to sit around the kitchen table with my family looking to how we are going to pay for my college tuition and so on.

I came from that background. So I am very concerned that we do give tax relief to the working families.

I would just like to point out that 75 percent of our family tax credits are going to go to families earning less than \$75,000. Now, in today's world, \$75,000, you are not rich at \$75,000; and being a teacher by profession, Mr. Speaker, today you can have two teachers in the family working and you are lucky if you can make \$75,000. But we are talking about \$50,000 to \$75,000 for perhaps two teachers in the household working full time.

The other point I wanted to make, 90 percent of the tax credit going to families, what we are proposing, would go to families earning less than \$100,000. So we want to take care of the working families, because they know best what they are going to do when they sit around that kitchen table and figure out their priorities every month, or every 2 weeks, as it was in our family instance.

It was one of those situations that they know how to deal with best. Are we going to buy that coat, or are we going to buy the kitchen or the dining room, or are we going to forget about that and buy those expensive gym shoes that we have to get? Those are the kinds of things that the common folks in working America are concerned about.

So I wanted to point out that what I was supporting and what you are supporting is not for giving tax credits to the rich. We are talking about good old folks across America that are probably doing two jobs, three jobs, and trying to figure out how they are going to survive the next day.

Mr. RIGGS. Well, the gentlewoman makes again a very good point when she talks about most of the tax relief going to families in an income range of \$50,000 to \$75,000. She is describing middle-class families. Certainly, by the congressional districts that the gentlewoman from California [Mr. SEASTRAND] and I represent in California, \$50,000 to \$75,000 is very much middle class by the standards of our congressional district, and that again is where we target most of our tax relief. Those are the families who most need help again, most need relief from this pinch of rising taxes at the Federal, State, and local levels and stagnant or even declining wages in recent years.

I just want to point out that the President, after vetoing the balanced budget plan, has said he is now going to send us at long last, after 2 years and 11 months, he is going to send us his own specific balanced budget plan, but now he insists on using, despite his commitment in signing the short-term continuing resolution, despite his remarks 2 years ago in the State of the Union addressed about using the Congressional Budget Office as the honest referee in budget battles between the legislative branch of Government and the executive branch of Government, despite all of that, he wants to use his own Office of Management and Budget estimates, rosier economic projections,

generated by the Office of Management and Budget in the White House.

Well, Mr. President and my colleagues, we know that is a nonstarter, we know that kind of proposal is dead on arrival here on Capitol Hill. We know that the President earlier gave us a vague outline of a balanced budget plan, 22 pages, and it was based on those same OMB estimates, and when we handed that to the nonpartisan Congressional Budget Office for scoring. This is his plan that had deficits in the range of \$200 billion well into the next century. When we gave that to the nonpartisan Congressional Budget Office, they said, the plan in fact never balanced and would add almost an additional \$1 trillion on top of our national debt of \$5 trillion.

So again, I want to thank my colleague for joining me, and I want to close our special order and my remarks with a letter that I recently received from a friend and constituent back home, because I think it is so representative of the mail and the calls that so many of us have gotten in our office during the last few weeks as this budget battle has heated up back here in Washington. It is from a gentleman by the name of David Rudig, Ukiah, CA in Mendocino County, which is one of the counties that I represent in northwest California. He writes:

Dear Frank, Just a short note to say "hey" and that all of us are keeping an eye on things in Washington. I called your office at the beginning of the government shutdown to express support for the Republican effort to pass a balanced budget and reductions in government spending. The man who answered the phone in your office was almost surprised to get the call.

My wife went the same day and changed her voter registration to Republican. When I asked why, she just said, "Because of the President." Ditto for my oldest daughter.

I took the liberty of sending you a picture of my grandson in this "package."

Right here is David's grandson, and there is a little note on it; it says:

"Hi, my name is Patrick," here is a note.

"Hi, my name is Patrick. Unless you change things in Washington, I will owe 82 percent of all of the money that I will ever earn to the Federal Government. Please help me." This is based on the Federal budget, the year he was born. So he says—

I took the liberty of sending you a picture of my grandson in this package. There is a quote on it. Please, if possible, put it on your desk and look at it each day. I got into this whole thing after he was born and I realized that unless I did something, I was not going to leave him a very good place to live in after I was gone. Our fight for this budget and the reinventing of government is about him and all of the other kids who do not realize that they owe 82 percent of everything that they are ever earn to the Federal Government. That is, unless we change things.

He goes on to just include another little article from one of the local newspapers back home, headlined, "GOP Child Tax Credit Will Cost \$700 Million to Implement," and he notes

6TH STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company
The New York Times

December 7, 1995, Thursday, Late Edition - Final

SECTION: Section A; Page 1; Column 6; National Desk

LENGTH: 1150 words

HEADLINE: AS LONG PROMISED, PRESIDENT VETOES THE G.O.P. BUDGET

BYLINE: By TODD S. PURDUM

DATELINE: WASHINGTON, Dec. 6

BODY:

President Clinton today vetoed the Republicans' sweeping plan to balance the Federal budget in seven years, denouncing it as extreme and wrongheaded. At the same time he promised to present a counterproposal on Thursday for eliminating the deficit by 2002, with less severe spending reductions and smaller tax cuts.

"We must balance the budget, but we must do it in a way that honors the commitments that we all have and that keep our people together," Mr. Clinton said in a brief Oval Office ceremony. "With this veto, the extreme Republican effort to balance the budget through wrongheaded cuts and misplaced priorities is over. Now it's up to all of us to go back to work together to show we can balance the budget and be true to our values and our economic interests."

Mr. Clinton had vowed repeatedly to veto the measure, the centerpiece of the Republicans' Contract With America, and in fact negotiations have already begun on an alternative. He acted with the same pen that President Lyndon B. Johnson used in 1965 to sign the amendments to the Social Security Act that created the Medicare and Medicaid programs, both of which Mr. Clinton contends would be crippled by the Republican plan.

Congressional Republicans, who want both sharper spending cuts and bigger tax breaks, were quick to denounce Mr. Clinton's veto and say they wanted to see the details of his latest plan.

"The veto didn't come as a surprise, but some of the rhetoric came as a surprise," said Senator Bob Dole of Kansas, the majority leader. "If he wants to continue down this route, we can't stop him."

But for all Mr. Clinton's heated oratory, the President made what his aides described as an important concession to the Republicans by agreeing to present an alternative proposal for balancing the budget in seven years -- the time frame the Republicans have long wanted and one the Administration denounced just months ago as arbitrary and apt to disrupt the economy.

White House aides said the President's latest budget plan -- the third Mr. Clinton has offered this year in response to repeated Republican attacks -- would contain deeper cuts in welfare, transportation and housing than his last

The New York Times, December 7, 1995

budget proposal, in June, and would have new curbs on tax breaks for corporations. But the aides said it also would call for the same savings of \$124 billion from Medicare and \$54 billion from Medicaid that Mr. Clinton had proposed earlier, and would maintain his call for about \$100 million in tax relief aimed at the middle class.

Mr. Clinton would also raise additional money by adopting the proposal by the Bureau of Labor Statistics to reduce the Consumer Price Index by about two-tenths of 1 percent, because economists believe it now overstates inflation. That would yield some \$20 billion, but would have the effect of reducing cost-of-living increases for Social Security and other Federal programs and pushing taxpayers into higher brackets.

Finally, the White House would speed up the planned sale of radio frequencies used by broadcasters.

Speaker Newt Gingrich called the President's use of the L.B.J. pen, which briefly failed to work until Mr. Clinton dipped it in an inkwell partway through the signing, "campaign gimmickry."

"The President has to realize that Lyndon Johnson's Great Society has failed," Mr. Gingrich said.

And Senator Pete V. Domenici of New Mexico, the chairman of the Senate Budget Committee, said Mr. Clinton's pen almost did not work because "it was so old," which, he added, was "sort of like a number of the programs the President wants to protect."

Representative John R. Kasich of Ohio, the chairman of the House Budget Committee, said the tone of Mr. Clinton's veto remarks would make continuing negotiations on the budget more difficult. White House negotiators are to present the President's latest proposal to their Congressional counterparts on Thursday.

"They had better lower the rhetoric if they want this done," Mr. Kasich said. "Don't expect smooth sailing from here. He wants to spend the country into prosperity, and it cannot be done."

Both sides are working against the clock. The temporary spending measure on which the Government has been running since last month expires on Dec. 15, and neither Capitol Hill nor the White House holds out much hope of reaching an agreement on an overall budget bill by then.

White House officials said tonight that Mr. Clinton would ask for another temporary spending measure to keep the Government running through the end of January, since the Congressional Budget Office has yet to even finish revising the economic estimates that will be needed to begin negotiations in earnest.

The White House was quick to portray Mr. Clinton's veto as a mark of his consistency, since he has vowed for weeks to block Republican plans that he says would harm education, the environment, health care, children and the elderly. Aides also said the President had now made clear that if the Republicans did not accept some of his favored programs and priorities, his veto power could assure that none of theirs become law, either.

The New York Times, December 7, 1995

"This is the most significant act of the year," said the President's senior adviser, George Stephanopoulos. "With this, the Republican budget is dead, the Contract With America is dead. Now let's get to work."

Later, the White House issued a 50-page fact sheet listing 82 reasons for Mr. Clinton's veto, among them the size of the Republicans' tax cuts, their plan for opening the Arctic refuge to oil drilling and a provision that would let corporations tap pension funds to free up other company money for unrelated purposes.

As he has repeatedly in recent weeks, Mr. Clinton framed his disagreements with the Republicans as a battle over fundamental American "values," using that word an even dozen times in his brief speech and accusing the Republicans of seeking to "undermine" or "violate our values," while vowing to "elevate," "protect" and "honor" them himself.

At the same time, the White House took pains to describe Mr. Clinton's proposal as a gesture of good faith to the Republicans, one that will take the sketchy 10-year plan for balancing the budget that the President had offered earlier and condense it, with more detail, into the time frame the Republicans demanded.

"With a lot of scraping and trimming here and there, we basically have followed the structure of the President's 10-year plan and squeezed it into seven," said the White House spokesman, Michael D. McCurry. "We've had to find a little more revenue and a little less discretionary spending."

But Representative Bill Archer of Texas, the chairman of the House Ways and Means Committee, said: "President Clinton continues to show a big-government, big-spending approach to solving our nation's problems. I regret very much that the President vetoed the only balanced budget he ever touched."

GRAPHIC: Photo: Republicans were quick to object to the President's veto message. Speaker Newt Gingrich, left, conferred with Representative John R. Kasich before a press conference; a mirror announced Senator Bob Dole's arrival. (Stephen Crowley/The New York Times)

LANGUAGE: ENGLISH

LOAD-DATE: December 7, 1995

11TH STORY of Level 1 printed in FULL format.

Copyright 1995 American Political Network, Inc.
Health Line

December 7, 1995

SECTION: POLITICS & POLICY

LENGTH: 947 words

HEADLINE: BUDGET: CLINTON OFFICIALLY VETOES GOP'S SEVEN-YEAR PLAN

BODY:

"As he prepared to unveil his own seven-year blueprint," President Clinton vetoed 12/6 the Republican balanced budget plan that Congress sent to him early last week. The president "claimed" that the bill "shaved too much from health care programs for the elderly and the poor" (Roth, HOUSTON CHRONICLE, 12/7). ABC's Hume reported, "The president had no shortage of reasons why he said he had to do this" ("World News Tonight," 12/6). Clinton said, "Today I am vetoing the biggest Medicare and Medicaid cuts in history, deep cuts in education, a rollback in environmental protection and a tax increase on working families" (mult., 12/7). Congressional Republicans "were quick to denounce" the veto (Purdum, N.Y. TIMES, 12/7). House Budget Committee Chair John Kasich (OH) "complained" about the "divisive language" Clinton used in his veto message, and he "warned" that the administration "better lower the rhetoric if they want" a budget deal (Stout/Calmes, W.S. JOURNAL, 12/7).

JOHNSON'S PEN: With "his jaw set, his shoulders squared," the president "reached across" his desk and picked up the pen. Pres. Lyndon Johnson used 30 years ago to sign Medicare and Medicaid into law, but Clinton's "first attempt at writing his signature produced only scratches." Clinton mused, "Can you bring me some more ink, boys?" A new inkwell was produced and "in seconds" the veto was done "in fresh black ink" (AP/Balto. SUN, 12/7). Clinton then said, "I am using this pen to preserve our commitment to our parents, to protect opportunity for our children, to defend the public health" (Dodge, DALLAS MORNING NEWS, 12/7).

TORA, TORA, TORA!: CBS' Braver reported, "Republicans seized the chance to charge that much of Lyndon Johnson's 'Great Society' has failed" ("Evening News," 12/6). House Speaker Newt Gingrich (GA) said, "Instead of leading, instead of governing, he played games with American people. The fact is the president needs to recognize that Lyndon Johnson's 'Great Society' has failed" (mult., 12/7). Senate Majority Leader Bob Dole (KS) said, "It was ironic that the president would use the pen that created Medicare to veto a bill that would have saved it" (Dodge, 12/7).

FORWARD, MARCH!: PHILA. INQUIRER reports that the "long-promised veto clears the way" for the restart of budget negotiations (Rankin, 12/7). The president "promised to deliver

Health Line, December 7, 1995

his own version" of a seven-year balanced budget to Congress today. S.F. CHRONICLE reports that the "latest Clinton budget, his third proposal this year," meets the GOP's seven year timetable but "keeps up" Medicare and Medicaid spending levels and calls for a "much smaller" tax cut (Lochhead, 12/7).

WHOSE SIDE ARE YOU ON?: ABC's Hume reported, "Aides say Mr. Clinton's tough talk is, in part, to give him political cover with Democrats as he moves ever closer to a deal with the Republicans" ("World News Tonight," 12/6). Clinton "dispatched" White House Chief of Staff Leon Panetta to the Capitol to brief House and Senate Democrats about the new proposal, which the administration "plans to present" to congressional Republicans "when budget talks resume today" (AP/Balto. SUN, 12/7). CONGRESS DAILY reports that "the exact role of congressional Democrats in the budget talks" and the level of "support" Clinton's new plan will have, "remain open questions." House Minority Leader Richard Gephardt (MO) said, "We are unified in general; we are not unified in every specific" (12/6). Senate Minority Leader Tom Daschle (SD) said, "The administration can't be out there as lone rangers and we don't want to be out there as lone rangers. This is something we'll work on in concert" ("All Things Considered," NPR, 12/6).

DONE ON TIME?: Sen. Charles Grassley (R-IA) said 12/6 "that he has renewed confidence that congressional Republicans, Democrats and the White House can agree on a balanced budget package by (the 12/15) deadline," DES MOINES REGISTER reports. Grassley, a Senate Budget Committee member and negotiator in the budget talks, said, "We actually think (administration officials) want to negotiate now. We look forward to slow progress" (12/7).

LANGUAGE: ENGLISH

LOAD-DATE: December 7, 1995

~~5~~, 7, 8, 9

Not Very
Helpful

SECTION NOTES

The House amended the measure that the Senate had passed on Dec. 21. In the Senate version, the scope of the bill would have been expanded to give the Federal Agricultural Mortgage Co., or Farmer Mac, the authority for the first time to act as a pooler of loans. In addition, the Senate version would have boosted farmland conservation efforts such as education. (1995 Weekly Report, p. 3888)



Emerson

When the House considered the measure the Senate had passed, Bill Emerson, R-Mo., offered an amendment concerning the Farm Credit System Insurance Corporation (FCSIC). The amendment would change what Emerson characterized as an "unnecessary provision" of the law that would establish an independent board of directors for the FCSIC by restoring the former FCSIC board that consisted of members of the Farm Credit Administration Board of Directors.

The amendment would also alter how payments would be made under a system of new reserve accounts established within the insurance fund by permitting the insurance fund to adjust, under its own discretion, the premiums charged to its member institutions. The House adopted the amendment by voice vote and sent the bill back to the Senate.

House GOP Fails To Override Interior Funding Veto

House Republicans failed Jan. 4, 239-177, to override a presidential veto on the fiscal 1996 Interior appropriation bill (HR 1977), and its fate remained in legislative limbo. (Vote 5, p. 72)

The House first approved the conference report, 244-181, Dec. 13, and the Senate cleared the bill, 58-40, for the president a day later. But the president vetoed it Jan. 18. (1995 Weekly Report, p. 3794)

President Clinton's intentions were never in doubt. The administra-

tion flagged a number of issues in opposing the bill, including provisions that it said would harm the environment and scale back energy efficiency programs as well as funding for the Bureau of Indian Affairs and Indian Health Service.

In arguing in favor of the veto override, Ralph Regula, R-Ohio, chairman of the Interior Appropriations Subcommittee, defended the bill and said support for it would send 133,000 federal employees back to work, open 369 national parks and 155 national forests.

But Sydney R. Yates of Illinois, the ranking Democrat on the Interior subcommittee, said the bill would suspend environmental protections and underfund programs.

"The evils in this bill are such that the president could not sign this bill," said Yates.

Trademark Protection Bill Sent To Clinton's Desk

The Senate on Dec. 29 cleared for the president's signature a measure (HR 1295) that would create a federal statute against trademark dilution, the practice of using a famous trademark for unrelated products in a way that erodes the distinctive association with the original product. For example, under the measure, companies would be prohibited from marketing Pepsi jeans or Nike batteries. (1995 Weekly Report, p. 3804)

Currently, only half the states have laws banning trademark dilution. Supporters have said that the federal law would create a uniform national standard and also bring the United States in sync with international trademark protection.

Clinton Picks Daschle Aide As Chief Lobbyist

President Clinton on Jan. 5, picked John L. Hilley, currently an



Regula

aide to Senate Minority Leader Tom Daschle, D-S.D., to run his congressional relations office.

The move came immediately on the heels of a resignation announcement by the current White House lobbyist, Pat Griffin. Griffin's departure takes effect Feb. 1.

Hilley would be the third person to occupy the position. Griffin replaced Howard Paster in December 1993. (1993 Almanac, p. 32)

Hilley had been the chief of staff to then-Majority Leader George J. Mitchell, D-Maine, and staff director of the Senate Budget Committee.

Griffin said he had decided to move on because "two years in this job is like a career in most others."

"At this time, I have made no decisions about future employment," he said. "I do look forward to assisting the president in other ways in the future."

House Fails To Override Commerce-Justice Veto

A partisan standoff over the spending bill for the departments of Commerce, Justice and State continues, with House Republicans failing to override a presidential veto of the \$27.3 billion measure (HR 2076 — H Rept 104-378).

President Clinton had vetoed the bill Dec. 19, citing cuts in his favored cops-on-the-beat program, technology development grants, international programs and legal aid to the poor. (1995 Weekly Report, p. 3893)

House leaders held an override vote Jan. 3, but it failed, 240-159. The leaders had not expected to gain the two-thirds majority needed for an override, but they hoped to embarrass Democrats who have complained about the partial government shutdown. (Vote 4, p. 72)

Harold Rogers, R-Ky., chairman of the House appropriations subcommittee overseeing the bill, said the policy disputes in the measure did not justify keeping about 200,000 affected federal workers off the job.

But Democrats insisted lawmakers could readily reopen all agencies with a temporary funding bill and need not accept a flawed appropriations bill.

SECTION NOTES

Agencies' Funding Caught In Battle Over Budget

New funding for the departments of Commerce, Justice, and State and the federal judiciary remained in limbo the week of Dec. 18, captive to the broader budget impasse.

President Clinton on Dec. 19 made good on his pledge to veto the \$27.3 billion spending bill (HR 2076 — H Rept 104-378) for these agencies. The president cited the bill's elimination of his favored cops-on-the-beat program, among other administration priorities. (*Veto*, p. 3904; *Weekly Report*, p. 3747)

GOP leaders blasted the veto — even before it was done — and said Clinton was turning his back on billions in new crime-fighting dollars. The legislation would have replaced the president's police hiring program with a broader anti-crime block grant.

Rep. Harold Rogers, R-Ky., chairman of the House subcommittee overseeing the bill, has said there is little chance of a final agreement unless appropriators find more money to spread among the agencies funded in the measure. That means a resolution will depend upon an overall budget agreement, he said. (*Budget*, p. 3874)

Clinton Vetoes Spending Bill For Veterans, Housing

President Clinton Dec. 18 vetoed the fiscal 1996 spending measure for veterans, housing and environment programs, tying the measure's fate to larger discussions on the fiscal 1996 budget. (*Story*, p. 3874; *Veto*, p. 3903)

Clinton said in his veto statement that the bill (HR 2099 — H Rept 104-384) would "threaten public health and the environment, [and] end programs that are helping communities help themselves."

The \$80.6 billion bill for the departments of Veterans Affairs (VA), Housing and Urban Development (HUD), and independent agencies would cut Environmental Protection Agency funding by 21.1 percent and HUD by 21.5 percent. (*Weekly Report*, p. 3746)

Republicans have criticized Clinton for suggesting additional funding while not saying where the money

would come from.

House Clears Protection For Senior Housing

The House passed a bill to protect senior citizen housing complexes from discrimination lawsuits, clearing it for the president's signature. The bill (HR 660 — H Rept 104-91; S Rept 104-172) passed by voice vote Dec. 18.

Federal law generally prohibits discrimination against families with children. Housing complexes for senior citizens are excepted, but it has been unclear which housing qualifies.

The bill, sponsored by Rep. E. Clay Shaw Jr., R-Fla., would define senior citizen housing complexes as those in which at least 80 percent of the units are occupied by at least one person who is 55 or older.

The House had already passed the bill but took a second vote after the Senate made adjustments Dec. 6. (*Weekly Report*, p. 3748)

The administration has objected to the bill, saying it is dealing with the problem through new regulations. But lawmakers do not expect a veto.

VA Medical Projects OK'd By House Panel

The House Veterans Affairs Committee approved legislation Dec. 21 that would authorize close to \$280 million in major medical construction projects at the Department of Veterans Affairs (VA) for fiscal 1996. The bill (HR 2814) was approved by voice vote.

The action came three days after President Clinton vetoed the spending bill (HR 2099) for the VA and the Department of Housing and Urban Development (HUD). Veterans Affairs Committee Chairman Bob Stump, R-Ariz., the bill's sponsor, said HR 2814 is intended to give his panel more clout in drafting a new VA-HUD spending measure. (*VA-HUD bill*, this page)

Stump and other bill supporters plan to press GOP leaders to bring the measure to the floor within a month.

The bill would authorize \$278.9 million in new construction spending, including three projects that were vetoed along with the VA-HUD bill.

These are:

- \$25 million for an outpatient clinic in Brevard County, Fla.
- \$25 million for an outpatient clinic in Fairfield, Calif.
- \$28 million for an ambulatory care project in Boston.

The bill would also authorize projects for general construction aimed at improving patient care at five medical facilities. These projects were requested by the administration, but were not funded in the VA-HUD bill. They include: \$9 million for Lebanon, Pa.; \$11.5 million for Marion, Ill.; \$15.1 million for Perry Point, Md.; \$17.3 million for Marion, Ind.; and \$17.2 million for Salisbury, N.C.

The bill also would authorize five new projects not requested by the administration, nor included in the spending bill. These are:

- \$28.5 million for an ambulatory care unit in Asheville, N.C.
- \$36.8 million to repair earthquake damage at a hospital in Palo Alto, Calif.
- \$9.8 million for an ambulatory care unit in Temple, Texas.
- \$35.5 million for an ambulatory care unit in Tucson, Ariz.
- \$20.2 million to repair earthquake damage at a facility in Long Beach, Calif.

Mandatory Restitution Passes Senate

The Senate passed a bill by voice vote Dec. 22 that would require most people convicted of serious federal crimes to provide monetary restitution to their victims.

Under current law, federal judges have the option to order restitution in most cases. The measure (HR 665 - S Rept 104-179), as amended by the Senate Judiciary Committee in November, aims to make restitution mandatory in all but extraordinary circumstances. (*Weekly Report*, p. 3548)

Under the House bill, federal judges would be required to order convicts to make payments to victims. The Senate bill would give judges more latitude to forgo restitution in certain cases.

The bill now returns to the House, which can either accept the Senate changes or request a conference.

2ND STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company
The New York Times

December 19, 1995, Tuesday, Late Edition - Final

SECTION: Section A; Page 1; Column 1; National Desk

LENGTH: 1226 words

HEADLINE: 2 More Spending Bills Vetoed, But Clinton Offers to Negotiate

BYLINE: By TODD S. PURDUM

DATELINE: WASHINGTON, Dec. 18

BODY:

With a sizable chunk of the Government shut down over stalemated negotiations on a balanced budget, President Clinton used both carrot and stick on Congressional Republicans today by vetoing two more spending bills but then holding out the possibility of renewed face-to-face talks and compromise.

The second partial Government closing in a month idled about 260,000 Federal employees, who were sent home around the nation because the temporary spending measure that had financed their offices expired at midnight Friday. The resulting uncertainty helped send the stock market skidding more than 100 points.

After once again denouncing the Republicans, in his veto message, as too eager to cut programs for health, education and the environment, Mr. Clinton offered a private olive branch at midafternoon. In separate telephone calls to Speaker Newt Gingrich and the Senate majority leader, Bob Dole, the President proposed two alternatives to end the standoff, White House aides said.

By evening, the two leaders had formally accepted neither but said they wanted to go to the White House on Tuesday for talks with the President alone. White House aides said no meeting was yet scheduled but suggested that one was likely.

In his phone call, aides said, Mr. Clinton proposed that if the Republicans agreed to drop their insistence on using Congressional Budget Office estimates to balance the budget in seven years, he would agree to join the talks personally, with no preconditions and everything negotiable. Or, if the Republicans insisted on using the Congressional estimates, aides said, Mr. Clinton would demand that they drop their proposed cuts in the growth of Medicare and Medicaid spending in favor of his own, smaller reductions before negotiations could resume with senior White House aides.

The Republicans' initial response was circumspect enough to suggest that serious talks might be in the offing.

"There will be a 30-minute private conversation, just the three of us," Mr. Gingrich said tonight after a meeting of the Republican leadership. "We're not

The New York Times, December 19, 1995

discussing either option. We're going down there."

Later, Mr. Gingrich and Mr. Dole issued a joint statement saying: "We have asked to meet with President Clinton tomorrow to discuss fulfillment of the commitment he made 29 days ago to enact a 7-year balanced budget using nonpartisan Congressional Budget Office estimates. We do not view this as a negotiating session but as an opportunity to discuss face-to-face the importance of getting a balanced budget agreement this year, and how we might achieve that goal."

After the President's phone call Mr. Dole said, "The President's call does demonstrate that he has at least heard our pleas over the weekend, and indicates a willingness to talk about a balanced budget over seven years using C.B.O. figures."

For weeks, negotiations over balancing the budget have been tangled up in disputes over the assumptions about national economic performance that would underlie any spending projections. Republicans have insisted on using the figures of the Congressional Budget Office, which are only slightly more conservative than the Administration's, but which translate into multibillion-dollar differences over seven years.

Last month, to re-open the Government after a six-day shutdown, Mr. Clinton agreed to balance the budget in seven years with Congressional assumptions, but only if doing so protected his own spending priorities. White House aides said that his second proposal to Mr. Dole and Mr. Gingrich today was merely meant to enforce the second half of the earlier agreement, by insisting that they accept his original proposed cuts of \$124 billion in Medicare spending and \$54 billion in Medicaid spending -- less than half the size of their own.

Speaking on condition of anonymity, senior White House aides said the Republicans had seemed more sympathetic to the President's offer to join the talks personally with no preconditions, since any budget must eventually be based on the Congressional Budget Office's assumptions. The aides said a meeting could come as soon as Tuesday.

With the Christmas holiday fast approaching, both sides faced growing pressure to find a solution. Republicans and conservative Democrats sponsored a nonbinding resolution in the House calling for a balanced budget in seven years using Congressional estimates, and it passed overwhelmingly on a bipartisan vote of 351 to 40.

"This shows a growing bipartisan movement for everyone to get in the box of seven years and then fight it out," said Representative John R. Kasich, the Ohio Republican who is the chairman of the House Budget Committee. "The earth is shifting under the White House now."

But Mr. Clinton began the day by standing his ground, and the oratory on both sides was hot.

"It is wrong for the Congress to shut the Government down just to make a political point a week before Christmas," Mr. Clinton said in a brief Oval Office ceremony where he vetoed bills that would have financed the Departments of Housing and Urban Development, Interior and Veterans Affairs, and the

The New York Times, December 19, 1995

Environmental Protection Agency. He is to veto a bill to provide funds for the Departments of State, Justice and Commerce, and for the Federal judiciary on Tuesday, the White House said.

Republicans were quick to blame the President for the shutdown.

"The bills are on his desk; the burden is on him," Mr. Gingrich told reporters at a fund-raising breakfast in Richmond.

Speaking on the Senate floor moments after the President's veto, Mr. Dole said: "He had it in the stroke of a pen -- all of these Federal employees employees could have been back to work today," and added: "It's the same old deception -- scare the American people, scare the children, scare the senior citizens, scare the veterans. Tell everybody the sky is falling in."

But Mr. Clinton insisted that the price of the spending bills was too high, and he had threatened for weeks to veto them. His main objections included cuts in spending for environmental enforcement, elimination of his Americorps national service program and provisions on the use of public lands that the White House says favor developers.

In the meantime, the shutdown moved into its first regular workday, with 260,000 employees, about 13 percent of the nonmilitary Federal work force, either sent home today or off the job since Saturday.

"For agencies affected by the shutdown, the only work being done is of an emergency nature related to imminent threats to life and property," said Lawrence Haas, spokesman for the Office of Management and Budget.

Among the departments and agencies still without regular appropriations are Labor, Health and Human Services, Education, Commerce, Justice, State, Interior, Veterans Affairs, Housing and Urban Development, the Environmental Protection Agency, the National Aeronautics and Space Administration and the Small Business Administration.

Federal museums, parks and monuments were closed as were passport offices, for all but emergency applications.

The idled workers were many fewer than the 800,000 affected by the six-day closing in November, since civilian employees of the armed forces and Internal Revenue Service workers are on the job because the President signed appropriation bills for their agencies last month.

GRAPHIC: Photo: President Clinton spoke to Republican leaders yesterday about ways to break the deadlock in budget talks, and he vetoed two spending bills, as Vice President Al Gore and local schoolchildren watched. (Stephen Crowley/The New York Times) (pg. B11)

LANGUAGE: ENGLISH

LOAD-DATE: December 19, 1995

10

SECURITIES

House, Senate Quickly Override Veto of Bill Limiting Lawsuits

An unexpected veto by President Clinton came too late to stop a legislative steamroller from changing the legal playing field for securities fraud lawsuits.

Both the House and Senate quickly voted to override Clinton's Dec. 19 veto of a bill (HR 1058) intended to make it more difficult for investors to win securities fraud lawsuits. It was the 10th and latest veto issued by Clinton this year, and the 10th of his presidency. It was the first time the GOP-dominated 104th Congress was able to enact a bill over Clinton's objections.

The House voted 319-100 on Dec. 20 to override the veto, acting barely 13 hours after the president issued his message. The Senate voted 68-30 on Dec. 22 to override, enacting the bill. (*House vote* 870, p. 3910; *veto text*, p. 3905)

Clinton's veto had stunned supporters of the bill, especially top Democratic sponsor Christopher J. Dodd, D-Conn. Dodd serves as general chairman of the Democratic National Committee and he went on to out-lobby the president and ensure that not a single Democrat who had previously supported the bill switched his vote after the veto. The Senate had earlier adopted the conference report to HR 1058 by 65-30; the only difference on the override tally came from the votes of three senators who did not vote previously. (*Story*, p. 3880)

But Democrats who voted to override hastened to say that they did not view the issue as a personal rebuke to the president. "I don't think there's any drama about it," said Sen. John Kerry, D-Mass. I don't think there's any confrontation. I see it as a blip of momentary disagreement."

Privately, however, many Democrats were steamed at the way Clinton handled the matter, directing his veto at issues that the administration had not previously emphasized and embarrassing Dodd, a Clinton loyalist.

During earlier consideration of the final bill by the House and Senate, the White House had not staked out a firm position. Supporters and opponents alike agreed that the White House had

BOXSCORE

Bill: HR 1058 (Conference report: H Rept 104-369) — Shareholder lawsuits.

Latest action: President Clinton vetoed the bill Dec. 19. The following day, Dec. 20, the House voted 319-100 to override the veto. The Senate then voted 68-30 to override on Dec. 22.

Next likely action: None; the bill has been enacted.

Background: The bill is aimed at curbing frivolous class-action lawsuits on behalf of shareholders whose stock performs below expectations.

Reference: Weekly Report, pp. 3729, 3641, 3292, 1911, 1823, 1495, 744.

handled the entire matter ineptly.

"The veto message was pretty skimpy," said Sen. Harry Reid, D-Nev.

Bill opponents publicly welcomed Clinton's veto, but privately they said the White House erred by not deciding to veto the bill until it was too late. Clinton should have shown his hand earlier, opponents said, before the Senate voted Dec. 5 to adopt the conference report. Once Senate Democrats had voted for the conference report, it would have taken extraordinary pressure to get them to change their vote.

The Bill's Intent

The controversial bill is an arcane but intensely lobbied item in the House GOP's "Contract With America." It would make it more difficult for investors to win securities lawsuits against corporations that issue erroneous prediction of company performance, against securities firms that underwrite and sell stock issues, and against accountants that audit corporate books.

Supporters say the measure is aimed at fixing a broken securities law system, one that permits class-action lawyers to abuse the rules to extort settlements from innocent companies

whose predictions of corporate performance are not fulfilled. Also pushing the bill hard were accounting firms that have lost big settlements for their role in certifying corporate books.

"What it does is stop the abuse and misuse of the class-action litigation and even things out," said Sen. Orrin G. Hatch, R-Utah. "This will stop the abuse of companies that have a downturn in their stocks... perhaps through no fault of their own."

Opponents agreed that there are problems and that some lawyers abuse the system. But they contend that the bill goes well beyond addressing the approximately 250 or so class-action securities suits filed each year.

Instead, opponents say the bill represents an amalgam of provisions cobbled together to please various well-heeled interest groups, particularly high-technology companies, big accounting firms and Wall Street. Taken in the aggregate, opponents say, the bill goes too far and instead of fixing the system, will make it much too difficult to win legitimate securities fraud lawsuits.

"What makes me sad is that now we have got a bill that goes so far that legitimate small investors will be denied access to the courts," Sen. Richard H. Bryan, D-Nev., said after the vote.

The bill includes a variety of provisions that draw little objection and are intended to make it more difficult for attorneys to abuse the process.

But others are more controversial.

The most bitterly fought provision creates a "safe harbor" to protect corporations from liability for erroneous predictions of future performance. This provision was sought by high-tech companies that have been hit with lawsuits after their stock prices fluctuated.

It would allow corporations to make projections of their future performance without fear that they will be sued if those projections turn out to be erroneous, provided meaningful cautionary statements accompany the projections.

The bill also creates a new system of "proportionate liability" under which defendants would be responsible only for their percentage of a securities fraud. This provision was especially sought by accounting firms that have been as-

By Andrew Taylor

Loyal Dodd Leads Veto Override

Christopher J. Dodd is a loyal party man who happens to wear many hats.

The Connecticut Democrat is general chairman of the Democratic National Committee, responsible for rebuilding a party thrown out of power barely a year ago. He also is one of President Clinton's most loyal supporters.

But Dodd has not quit his day job in the Senate, where he has earned a richly deserved reputation as a pro-business Democrat.

So when Clinton told a stunned Dodd late Dec. 19 that he intended to veto Dodd's top legislative priority, a bill (HR 1058) to curb certain securities lawsuits, the senator got mad. Then he got to work.

The next morning, Dodd marched across the Capitol to rally House Democrats behind a successful move to override the veto. By that afternoon, he was already sealing commitments from fellow Senate Democrats who had supported the bill previously to stick behind it. By the time Clinton started lobbying in earnest to sustain the veto, Dodd was well on his way to locking up enough Democrats to secure a winning margin.

"I told the president that when I give my word, I keep it," said Jim Exon, D-Neb., who supported the override. Too bad for Clinton that Exon gave his word to Dodd during the afternoon of Dec. 20; when Clinton called later that night, it was too late.

The securities bill is aimed at making it more difficult to bring and win securities fraud lawsuits against



Dodd was determined to save his bill.

corporations, securities firms and accountants; Dodd has spent four years massaging it to win enactment.

With the Senate's 68-30 vote Dec. 22 to override Clinton's veto of HR 1058, he succeeded. (*Story*, p. 3879)

Cutting Deals With the GOP

Ironically for a Democratic leader, it was the Republican takeover of Congress that has allowed Dodd's bill to become law. Top-ranking Democrats, such as Rep. John D. Dingell of Michigan, quashed similar bills during

previous Democratic Congresses.

Dodd was also the only Democrat whom Republicans allowed to play a significant role in crafting the final compromise on the bill.

As the titular head of his party and a close confidante of the president, Dodd had repeatedly displayed confidence that Clinton would sign the bill, having discussed the issue with Clinton the night before the veto.

"He thought Clinton was nine-tenths of the way there," said a source in Dodd's camp.

For his part, Dodd sought to downplay his differences with Clinton: "As I've said all along, there are times when I'll differ with my president, and now is clearly one of those times," Dodd said. "I worked on this bill before the president came to town. There was a respect for that," he added after the vote.

—Andrew Taylor

sessed big judgments when other participants in fraud cases are bankrupt.

In his veto message, Clinton said he supported the intent of the bill, but he objected most particularly to a provision that would make it easier for defendant corporations to have lawsuits dismissed before plaintiffs get a chance to prove their case by forcing defendants to provide evidence.

Clinton also said he would have liked to see included in the bill language to extend the statute of limitations for securities fraud and to restore liability for those who "aid and abet" fraud. An intense lobbying drive by the securities industry, however, kept these provisions out of the bill.

Supporters Stunned

Clinton's veto message genuinely stunned most bill supporters and others watching the measure. His decision came after spending many hours analyzing

the bill and the veto came, literally, in the 11th hour of Dec. 19 after a meeting with White House aides that lasted several hours. The announcement came shortly before midnight, when the measure would have become law without Clinton's signature.

Particularly persuasive to Clinton were discussions with and letters from law professors.

In his veto message, President Clinton gave three relatively narrow reasons for rejecting the bill.

First, he said conferees on the bill had made it too difficult for plaintiffs to bring legitimate lawsuits. Clinton particularly objected that the conferees deleted Senate language written by Arlen Specter, R-Pa., that would have required any complaint to include facts that demonstrate "a strong inference" that the defendant had committed securities fraud.

Instead, the conferees included lan-

guage requiring plaintiffs to state facts alleging fraud "with particularity," which is a tougher standard. This would have to be done before plaintiffs would be able to use the discovery process to turn up evidence to support their case.

Clinton said that the conference agreement raised the bar too high for bringing a lawsuit and that "even the most aggrieved investors with the most painful losses may get tossed out of court before they have a chance to prove their case."

Clinton also objected to language in the bill that would treat plaintiffs more harshly than defendants for violating federal rules prohibiting the filing of frivolous lawsuits.

And Clinton took the unusual step of citing non-binding report language accompanying the bill as a reason for his veto. He specifically objected to an attempt to affect the way courts would interpret the safe harbor provision. ■

2ND STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company
The New York Times

December 20, 1995, Wednesday, Late Edition - Final

SECTION: Section D; Page 1; Column 5; Business/Financial Desk

LENGTH: 731 words

HEADLINE: Clinton Vetoes Bill Restricting Securities Suits

BYLINE: By NEIL A. LEWIS

DATELINE: WASHINGTON, Dec. 19

BODY:

Ending weeks of suspense for several of the nation's powerful interest groups, President Clinton vetoed a bill late today that would have made it more difficult for shareholders to bring fraud suits against underwriters, corporate officers and accountants.

The legislation would have fundamentally altered the system, in place since 1933, that was designed to discourage fraud in the securities market by relying on a blend of private and government sanctions. While the measure preserved all the authority of the Securities and Exchange Commission to pursue fraud claims, it would have placed formidable obstacles before individual investors seeking to have their claims heard in court.

Both chambers of Congress had approved a compromise measure early this month. The President's prolonged and very public indecision about whether he would sign the measure produced a flurry of lobbying at the White House from groups lined up on either side of the issue.

Congress is expected to attempt to override the President's veto. Because the House has shown greater enthusiasm for the measure, it is likely a vote would succeed there. A vote to override would be a much closer contest in the Senate.

Mr. Clinton's veto also leaves him in the awkward position of asking some Democratic Senators to publicly reverse their positions. Some had voted in favor of the measure earlier this month in part because Mr. Clinton gave no sign that he disapproved of it.

The legislation was fraught with conflicting political elements for the President, and his closest aides had been engaged in an intense debate about what position Mr. Clinton should take. Mr. Clinton's senior economic advisers -- including Laura D'Andrea Tyson, who heads the National Economic Council, and Treasury Secretary Robert E. Rubin -- had argued that the legislation was a measured and appropriate response to complaints about frivolous lawsuits brought against corporate officers and others when a company's stock price dropped suddenly.

The push for the change was initiated by the nation's major accounting firms

The New York Times, December 20, 1995

and by stockbrokers who act as underwriters and could be liable when a company does not perform as well as expected. But that coalition had been greatly strengthened by the support of high-technology companies that say they are especially vulnerable to such costly lawsuits because their stocks are inherently volatile.

But the technology industry, particularly in California, has been an especially vigorous financial supporter of the President and the Democratic Party. Senator Christopher J. Dodd, a Connecticut Democrat who was a principal sponsor of the bill and is also the chairman of the Democratic National Committee, pressed his arguments in favor of the legislation on the President in a meeting on Monday night.

On the other side, Mr. Clinton was warned by aides to be wary of an anticonsumer message in the bill. "He's unwilling to sign legislation that would have the effect of closing the courthouse door on investors who have legitimate claims," a White House statement said.

Consumer groups, as well as many securities regulators in state governments, warned that the legislation would hurt small investors who had been defrauded.

A major focus of the legislative compromise had been an effort to allow companies to make predictions about their performance without fear that such statements might be used against them.

Because shareholders now may sue by arguing that they were misled by glowing company predictions, corporate officials complain that they are counseled not to offer any meaningful information about future performance. The bill included a provision for a so-called safe harbor that protected a company from liability for forward-looking statements. Under the bill, those statements could not be used in litigation if they included cautionary language identifying all important factors that could change the outcome. In addition, a plaintiff would have to show that someone knowingly made a false statement.

Under the bill, a judge would have been obliged to determine whether a lawsuit was brought frivolously and then fine the plaintiff.

Senator Arlen Specter, a Pennsylvania Republican who opposed the bill, had asked Mr. Clinton to veto it on the grounds that it would "choke off many important suits to protect innocent investors."

LANGUAGE: ENGLISH

LOAD-DATE: December 20, 1995

Securities Litigation

VETO

THIS SEARCH	THIS DOCUMENT	THIS CR ISSUE	GO TO
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	[Part] Contents	CR Issues by Date

PRIVATE SECURITIES LITIGATION REFORM ACT--CONFERENCE REPORT (Senate - December 05, 1995)

Mr. DOLE. Mr. President, I am pleased that we are able to consider the conference report to the Private Securities Litigation Reform Act today. I want to commend my colleagues, the chairman of the Banking Committee, Senator D'Amato, and the chairman of the Budget Committee, Senator Domenici, for their leadership in working out the necessary compromise allowing us to bring this bill to the floor. I also want to commend my colleague from Connecticut, Senator Dodd, whose involvement in this issue is proof that there is nothing partisan about securities litigation reform.

Our securities markets provide the fuel that drives our economy. When these markets run efficiently, allocating capital to established companies and to newer, emerging businesses, we all win with more economic growth, more jobs, and a stronger economy.

Unfortunately, a handful of lawyers today devote their professional lives to gaming the system by filing strike suits alleging violations of the Federal securities laws--all in the hope that the defendant will quickly settle in order to avoid the expense of prolonged litigation. The lawyers who file these suits often rely on professional plaintiffs, shareholders with only a small stake in the company, but who are nonetheless willing to stand on the sidelines ready to lend their names to the litigation.

Needless to say, these strike suits are often baseless. If a stock price falls, these lawyers will file a class action suit claiming that the company was too optimistic in their projections. If the stock price soars, these same lawyers will file suit saying that the company withheld information that caused shareholders to sell too early. In effect, the lawsuits act as a litigation tax that raises the cost of capital and chills disclosure of important corporate information to shareholders. High-tech, high-growth companies are particularly vulnerable to these baseless strike suits because of the volatility of their stock prices.

This bill will reduce the number of meritless securities fraud cases, while protecting investors, by proposing several commonsense reforms:

First, it diminishes the likelihood that these cases will be driven by lawyers, instead of real plaintiffs by allowing the most adequate plaintiff to be the party with the greatest financial interest.

Second, it clamps down on skyrocketing attorney's fees by requiring that fees be awarded as a percentage of the actual recovery based on the efforts of the attorney.

Third, it retains joint and several liability for those who knowingly commit fraud, but establishes a system of proportionate liability for other, less culpable defendants.

Fourth, it adopts the second circuit's pleading standard. This requires plaintiffs to point out specific statements that are supposed to be misleading, and removes the 'sue them all and let the judge sort it out' mentality.

Fifth, it encourages companies to disclose information to their shareholders by granting limited protection to predictive statements made in good faith. Statements that are knowingly false, however, are not protected by this safe harbor.

Mr. President, with this bill the Republican-led Congress sends a clear message. We have fulfilled our responsibility to provide companies and investors protection from frivolous lawsuits, ensuring that America will be able to compete in the global marketplace.

President Clinton has not indicated whether or not he will support this bill. But the choice is clear. In my view, if he supports this bill, he supports creating jobs for Americans. If he opposes it, he only supports enriching the pockets of wealthy trial lawyers at the expense of consumers and investors.

In closing, I again commend Chairmen D'Amato and Domenici, and Senator Dodd for their work on this critical legislation and I urge my colleagues to support it.

[Page: S17983]

<i>THIS SEARCH</i>	<i>THIS DOCUMENT</i>	<i>THIS CR ISSUE</i>	<i>GO TO</i>
Next Hit	Forward	Next Document	New Search
Prev Hit	Back	Prev Document	HomePage
Hit List	Best Sections	Daily Digest	Help
	Doc Contents	[Part] Contents	CR Issues by Date



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141

WASHINGTON, TUESDAY, DECEMBER 5, 1995

No. 192

Senate

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. The Senate will be led in prayer by the Senate Chaplain, Dr. Lloyd John Ogilvie.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, thank You for Your love that never gives up on us. Help us discover the power of resting in You and receiving assurance and encouragement of Your amazing grace. Here we are at the beginning of another day. You know our needs and are prepared to meet those needs with exactly the right gift of Your spirit. You are present, impinging with inspiration to lift our spirits; hovering with hope to press us on. All through this day there will be magnificent moments when we overcome the temptation of trying to make it on our own strength, and instead, yield to the inflow of your wisdom, insight, vision, and guidance. Our souls are meant to be containers and transmitters of Your power. We thank You in advance for a stunning day in which we are blessed by being carried by Your presence rather than being bogged down by trying to carry our problems. In the Lord's name. Amen.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

The able Senator from New York is recognized.

SCHEDULE

Mr. D'AMATO. Mr. President, we will consider the conference report, as was indicated, to H.R. 1058, the securities litigation bill. There is an 8-hour time limitation on the conference report.

We will recess from 12:30 to 2:15 for the weekly policy conference meetings.

Following the securities litigation, we will resume consideration of H.R. 1833, the partial-birth abortions bill. Rollcall votes, therefore, will be expected during today's session.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995—CONFERENCE REPORT

Mr. D'AMATO. Mr. President, I submit a report of the committee of conference on H.R. 1058 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. FRIST). The report will be stated.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1058) to reform Federal securities litigation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 28, 1995.)

Mr. D'AMATO. Mr. President, today, the Senate will vote on the conference report to H.R. 1058, the Private Securities Litigation Reform Act of 1995.

This legislation has been 4 years in the making. It is a thoughtful and carefully crafted bill. The provisions in the conference report are balanced to make the legal system fairer and better for investors. The current system does not protect investors, it exploits them. Now, the system is not fair to investors and is not fair to American business. Plaintiffs' lawyers know that and take advantage. It is time to reform the securities class action litigation

from a moneymaking enterprise for lawyers into a better means of recovery for investors.

The present system is a feeding frenzy for plaintiffs' lawyers who prey on companies with volatile stock prices, eat up the companies' profits with a strike suit and move on to the next victim. Lawyers are now able to file a baseless securities class action lawsuit against a company, claiming millions of dollars in damages, and coerce huge settlements. About 300 securities class action lawsuits are filed each year. The same lawyers, and in some cases the same plaintiffs, the world's unluckiest investors, show up in these lawsuits time after time.

Frequently, the same complaint comes out of a word processor barely changed. In one infamous case, a lawsuit against Philip Morris claimed fraud in the "toy industry." In other words, the forms are set, the stock price drops, and bang, the suit is filed with the same plaintiffs hired—in many cases, the plaintiff owns only 10 shares of stock. We have seen some cases where the same plaintiffs appears in as many as 13 lawsuits. They are professional plaintiffs.

A drop in a public company's stock price, a failed product development project, or even adverse market conditions that affect earnings, can trigger one or more securities fraud lawsuits. Many times the complaint simply alleges that management's predictions about the company's future did not come true.

Once discovery begins, plaintiffs' counsel begins a fishing expedition for evidence. One witness told a securities subcommittee that his company produced 1,500 boxes of documents during discovery in this type of case. The discovery ended up costing the company \$1.4 million.

The threat of a protracted securities class action lawsuit is powerful. Companies pony up huge settlements rather

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



Printed on recycled paper containing 100% post consumer waste

S17933

than face the time and expense of a class action lawsuit. The lawyers do not just go after the money in the company's pockets, they also name other deep pockets—the company's lawyers, accountants, underwriters and directors—as defendants to assure a hefty settlement will be paid out. The plaintiffs' lawyers are rarely disappointed. Almost 93 percent of the cases settle at an average settlement cost of \$8.6 million.

In 1994 alone, companies or their insurers paid out \$1.4 billion to settle these cases. The so-called victims of the fraud recover pennies on the dollar and the lawyers pocket the rest. While the lawyer's share is taken out, the class members get about 6 cents on the dollar. Frequently, the only egregious offense is committed when the company's shareholders are forced to pick up the tab.

The conference report reforms the system for securities litigation.

First, the conference report makes it harder to file frivolous complaints and sanctions attorneys who do.

The conference report stops abusive securities litigation before it starts. It will help to weed out frivolous complaints before companies have to start paying enormous legal bills.

The legislation creates a uniform standard for complaints that allege securities fraud. This standard is already the law in New York. It requires a plaintiff plead facts giving rise to a strong inference of the defendant's fraudulent intent.

The conference report also provides a strong disincentive for lawyers to file abusive lawsuits. The legislation does not contain a loser pays provision, which would go too far. Instead, the bill requires courts to make findings about whether an attorney filed a frivolous complaint, motion or responsive pleading and to sanction attorneys who do.

Second, the conference report makes sure that the victims of securities fraud bring the lawsuit—not professional plaintiffs.

The conference report puts control of the lawsuit into the hands of the victims. Right now, there often is no victim, just a professional plaintiff whose name appears in lawsuit after lawsuit.

Professional plaintiffs are paid well for their services, usually in the form of a bounty payment. News accounts report that one individual, a retired lawyer, appeared as lead plaintiff in 300-400 lawsuits. Last year, an Ohio judge refused to permit class certification, noting that the lead defendant had filed 182 class actions in the last 12 years.

The conference report discourages the use of professional plaintiffs by eliminating bonus payments to name plaintiffs and prohibiting referral fees.

The conference report encourages real investors, especially pension funds and other institutional investors, to take control of the lawsuit. It provides that the plaintiff with the largest fi-

nancial interest in the outcome of the case should be the lead plaintiff.

Third, the conference report allows companies to talk about the future of the company without the threat of a lawsuit.

The conference report will get more information to shareholders about the future prospects of a company. The conference report codifies existing law to provide a safe harbor to companies that make forward-looking statements accompanied by meaningful cautionary statements.

Now, corporate management is afraid to make statements about the future of the company, knowing that incorrect projections will inevitably lead to a lawsuit. One study found that over two-thirds of venture capital firms were reluctant to discuss their performance with analysts or the public because of the threat of litigation.

The conference report includes a safe harbor that fairly balances the need for a free flow of information to the marketplace and the need for investor protection.

The conference report creates a two-pronged safe harbor. The first prong gives safe harbor protection if there is a good enough warning about why the forward-looking statement may not come true.

The safe harbor does not give a license to lie. The second prong does not give safe harbor protection when forward-looking statements are made with actual knowledge that the statement is false or misleading.

The conference report safe harbor does not cover areas where there is potential for abuse. For example, the safe harbor does not cover IPO's, financial statement information, penny stocks or limited partnerships. There is no safe harbor for brokers.

The conference report safe harbor is balanced. The conference committee worked with the SEC to make sure the safe harbor is safe for investors as well as companies. I would like to include in the RECORD as if read in its entirety, a letter from the SEC to me, dated November 16, 1995, supporting the safe harbor provision.

Fourth, the conference report modifies the system of liability so that deep pocket peripheral defendants cannot be coerced into paying more than their share of the damages.

The conference report reduces the coercive effect of unlimited liability by making peripheral defendants liable only for the share of damages they caused. Now, all defendants are on the hook for 100 percent of the damages—even if they are only responsible for 1 percent.

In class action lawsuits with hundreds of plaintiffs, the potential liability can be staggering. Deep pocket defendants who may only be 1 percent liable routinely settle for much more rather than face paying 100 percent of the damages.

The conference report changes that by requiring peripheral defendants to

pay for only the share of damages they caused under a system of proportionate liability.

This bill does not leave small investors out in the cold. Small investors are always compensated for 100 percent of their damages if they have a net worth of \$200,000 or less.

The conference report does not change the system of liability for defendants who knowingly commit securities violations. Anyone who has knowingly committed a securities violation will still be liable for 100 percent of the damages. That's fair.

Fifth, the conference report improves the settlement process by getting more information to investors about a proposed settlement and restricting the amount attorneys may recover in fees.

The conference report enables the plaintiffs to receive a favorable settlement rather than the attorneys. All too often, plaintiffs' lawyers take the money and run. The legislation requires counsel to the class to inform investors about the terms of a proposed settlement and to be available to answer questions about the settlement.

The conference report also restricts the percentage of the recovery that goes to the lawyers. Lawyers fees now sometimes add up to more than 50 percent of the entire settlement. This legislation puts more of the settlement money into the pockets of investors by limiting the lawyers portion to a reasonable percentage of the settlement amount.

Sixth, the conference report also contains other provisions that make the system for securities litigation reform fairer and better for investors.

The legislation requires auditors to be on the lookout for wrongdoing and report any evidence of fraud to the SEC. The conference report also reinstates the SEC's authority—which the Supreme Court put into question in the Central Bank of Denver case—to bring actions against defendants who knowingly aid and abet securities fraud.

The bill prohibits document destruction by making it unlawful for a party to destroy documents once a complaint is filed. Finally, the bill makes sure that small investors are always compensated for 100 percent of their damages if they have a net worth of \$200,000 or less.

In summary, the bill will put a stop to abusive securities litigation. It will curtail the use of professional plaintiffs. It will empower real investors, especially pension funds and other institutional investors, to take control of the lawsuit.

This legislation is aimed at weeding out frivolous cases by making it harder to file factually baseless complaints. It also provides that each defendant is liable for only his or her fair share of the damages, making it more difficult for lawyers to coerce settlements from the deep pocket defendants—that is, the defendant that has some assets or money. At the same time, it will make accountants report fraud to the authorities.

Finally, this bill creates a safe harbor from private lawsuits about forward-looking statements. The legislation will solve the problem of abusive securities litigation without preventing investors from bringing meritorious lawsuits.

I congratulate my Senate colleagues for all the time and effort they have put into this important legislation. I particularly would like to thank Senators DODD and DOMENICI, who introduced this legislation more than 4 years ago.

I thank Senator GRAMM, the chairman of the Securities Subcommittee, for his leadership. And I thank the staff who has worked so hard on this bill. Our staff director, Howard Menell; the Banking Committee staff: Laura Unger, Bob Giuffra, Wayne Abernathy, Mitchell Feuer, and Andrew Lowenthal; Senator DOMENICI's staff: Denise Ramonas and Brian Benczkowski, and the other key staff members, including Robert Cresanti, Dave Berson, Peter Hong, and Carol Grunberg, who have been indispensable to this process.

I also want to thank the SEC, the Security and Exchange Commission, its staff, and the judicial conference, and all the others who have made this piece of legislation successful.

The conference report is balanced. It hits the bullseye of the target, curtailing abusive securities litigation, while allowing investors to bring meritorious lawsuits. Once this bill becomes law, investors will have a system of redress that serves them and not entrepreneurial lawyers.

Mr. President, let me take the time now to indicate that on November 15 I received a letter from the Securities and Exchange Commission, signed by Chairman Levitt, and Steve Wallman, a Commissioner. And let me ask that I be permitted to read the letter into the RECORD.

DEAR MR. CHAIRMAN: As we approach the end of the long road traveled on securities litigation reform, you have asked we provide our views of the current draft of the legislation. At the outset, let us express our appreciation for your willingness to heed the concerns of the Commission regarding the draft conference report October 23, 1995. Together we have sought to achieve the most responsible reform possible.

While the Commission has raised a number of concerns about earlier versions of this legislation, we believe the draft conference report dated November 9th responds to our principal concerns. We understand the need for a greater flow of useful information to investors in the markets and we share your desire to protect companies and their shareholders from the costs of frivolous litigation.

The safe harbor provisions of the draft bill have been of particular interest to us. While we could not support earlier attempts at a safe harbor compromise, the current version represents a workable balance that we can support since it should encourage companies to provide valuable forward-looking information to investors while, at the same time, it limits the opportunity for abuse. The need of legitimate businesses to have a mechanism for early dismissal of frivolous lawsuits argues in favor of codification of the "bespeaks

caution" doctrine that has developed under the case law. While the trade-off requires that class action attorneys must have well written and carefully researched pleadings at the outset of the lawsuit, we feel this is necessary to create a viable safe harbor, given that it does not prevent Commission enforcement actions, and excludes the greatest opportunities for harm to investors.

Outside of the safe harbor provisions, we have consistently advocated reversal of Supreme Court decisions of *Lampf* and *Central Bank*. It is unfortunate that Congress has not restored these investor protections that were removed by the Supreme Court; however, we recognize that amendments on both subjects were defeated in the course of this legislative effort, thereby making it difficult to include such provisions in the bill. The conference bill raises other minor issues, but the language in the conference report hopefully will prevent any unintended consequences. We remain grateful to you and your staff, as well as the other members and their staffs, for the willingness to engage in a dialogue with us aimed at getting a better deal for investors.

Thank you for your consideration.

Signed Arthur Levitt, chairman.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SECURITIES AND
EXCHANGE COMMISSION,

Washington, DC, November 15, 1995.

HON. ALFONSE M. D'AMATO,
Chairman, Committee on Banking, Housing,
and Urban Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: As we approach the end of the long road traveled on securities litigation reform, you have asked that we provide our views of the current draft of the legislation. At the outset, let us express our appreciation for your willingness to heed the concerns of the Commission regarding the draft conference report dated October 23, 1995. Together we have sought to achieve the most responsible reform possible.

While the Commission has raised a number of concerns about earlier versions of this legislation, we believe the draft conference report dated November 9th responds to our principal concerns. We understand the need for a greater flow of useful information to investors and the markets and we share your desire to protect companies and their shareholders from the costs of frivolous litigation.

The safe harbor provisions of the draft bills have been of particular interest to us. While we could not support earlier attempts at a safe harbor compromise, the current version represents a workable balance that we can support since it should encourage companies to provide valuable forward-looking information to investors while, at the same time, it limits the opportunity for abuse. The need of legitimate businesses to have a mechanism for early dismissal of frivolous lawsuits argues in favor of codification of the "bespeaks caution" doctrine that has developed under the case law. While the trade-off requires that class action attorneys must have well written and carefully researched pleadings at the outset of the lawsuit, we feel this is necessary to create a viable safe harbor, given that it does not prevent Commission enforcement actions, and excludes the greatest opportunities for harm to investors.

Outside of the safe harbor provisions, we have consistently advocated reversal of Supreme Court decisions of *Lampf* and *Central Bank*. It is unfortunate that Congress has

not restored these investor protections that were removed by the Supreme Court; however, we recognize that amendments on both subjects were defeated in the course of this legislative effort, thereby making it difficult to include such provisions in this bill. The conference bill raises other minor issues, but the language in the conference report hopefully will prevent any unintended consequences. We remain grateful to you and your staff, as well as the other members and their staffs, for the willingness to engage in a dialogue with us aimed at getting a better deal for all investors.

Thank you for your consideration.

Sincerely,

ARTHUR LEVITT,

Chairman.

STEVEN M.H. WALLMAN,

Commissioner.

Mr. D'AMATO. Mr. President, let me conclude by simply saying that this bill may not be the perfect solution and, indeed, there may be some unintended consequences that create problems. This Senator and, I know, Senator DODD and Senator DOMENICI and all of my colleagues are ready to deal with any problems that may come about.

But let me say this, too. First, in this bill we go after the greatest abuse that is taking place, which is lawyers who do not represent the general public but represent themselves. They have for hire plaintiffs who are not really aggrieved, who own minimal, in some cases as little as 10 shares, of stock. As soon as there is a price variation, these lawyers race to the courthouse so that they can file a claim so they will control the case. There is little regard for the company, little regard for the real aggrieved investors. We have changed that significantly. No longer will there be permitted professional plaintiffs.

Second, for the first time we say that the court shall look at the facts as they relate to the questions: Is there a pension fund? Is there a large investor involved whose interests should be protected? The court will look at these questions as they relate to the lawyer's representation so that we have lawyers, who really represent the aggrieved investors, controlling the case, not a string of professional, sharks, sharks for hire.

Third, we have made it more difficult to bring suits that are aimed at forcing settlements.

Fourth, we answer questions which are long overdue. Should we hold somebody responsible for the total loss, if there is a loss, if they have been minor participants and if they have been responsible for 1 or 2 or 3 or 4 percent of the loss, because they are wealthy or have a member of the board of directors who has deep pockets? Do we want to encourage people to participate in corporate governance, or do we want to discourage it; do we want to make it impossible for large firms to come in and use their expertise because they are afraid of being sued so they say, "No, I do not want to audit your books; the exposure is too great?"

Do we really want to have a system where people are forced—forced—to

give up and settle a case because if there is even the slightest doubt as it relates to liability, they may be facing huge, huge losses. These companies, therefore, are forced to settle even when they know they have not committed any tortious acts, but the risk of the jury finding any evidence in the way of negligence, even a small, minute amount, might jeopardize the company with huge claims?

So what you literally have is a group of bandits who force companies into settlements of millions and millions of dollars. Is that fair to those companies? Is that fair to the shareholders? I do not think so. What we have said in this conference report is, if you are negligent, if you have committed a tortious act, you should be held responsible for the percentage of losses due to your tortious act, not that the full consequences of somebody else's actions should fall on you simply because you are a person who has some money and some resources. That is wrong. That is not fair.

If you are intentionally defrauding investors? That is a different matter. You will be held. I think this is fair. I think this is reasonable.

I understand that there are some provisions that some of my colleagues have some differences with, but I think overall we have moved forward in a very conscientious manner in the attempt to have a fair and balanced system, so that those who truly have committed tortious actions will be held accountable for their actions, and they will not be held accountable for other people's actions, nor will they be forced to make settlements that are indeed unfair. We have eliminated a terribly unscrupulous practice that I believe is a stain on the legal profession.

I have stood up and I have battled on behalf of litigants and on behalf of the attorneys who represent them, so that they may have a level playing field. But the law as it exists today is not a level playing field. And there have been and there are a handful who have abused the system. We are attempting to deal with those abuses.

I want to thank my colleagues for their participation. I certainly want to thank Senator BENNETT for his job in terms of working with us. I urge my colleagues to vote in favor of the final passage. And I thank the Chair.

Mr. SARBANES addressed the Chair. The PRESIDING OFFICER (Mr. KYL). The Senator from Maryland.

Mr. SA President, later today th version which h ference. End that it widesp securit clear! this b spons Thi than frivolous ments are made for the legis

examples that are always cited are examples of frivolous suits. And I do not know of any difference in here, that we ought to find ways to get at those and that those are an abuse of the system. But this bill goes way beyond that. This bill will make it more difficult for investors to bring and recover damages in legitimate fraud actions—legitimate fraud actions.

As the editors of Money magazine concluded, this legislation hurts investors. In fact, the December editorial of Money magazine warns, "Now only Clinton can stop Congress from hurting small investors like you."

At every stage of the legislative process, this bill has been amended to make it more difficult for investors to bring legitimate suits. As it has moved through the process, provisions favorable to investors have been taken out. Balanced provisions in the legislation have been made harmful to investors. Individual investors, local governments and pension plans all will be hurt by this legislation. All will find it more difficult to bring fraud actions and to recover full damages as a result of the measure now before the Senate. That is why this bill is opposed by a broad coalition of regulators, State and local government officials, labor unions, consumer groups and investor organizations, and by literally dozens and dozens of editorials in major newspapers and magazines across the country.

I want to review just some of the areas in which this negative trend took place in the course of the legislative consideration of this legislation.

First, the statute of limitations. The process of hurting investors began in the Banking Committee when it deleted the extension of the statute of limitations. The bill originally introduced by Senators DOMENICI and DODD, who have had a keen interest in this matter, Senate bill 240, that original bill as introduced by them extended the statute of limitations for security fraud suits—that is, the period of time available to investors to discover that they have been defrauded and to file a claim. This was in fact the one clearly proinvestor provision in that bill introduced by Senators DOMENICI and DODD. It responded to the experts in this area—the Federal and State securities regulators—all of whom agree that the current statute of limitations is too short to protect investors.

For over 40 years, courts held that the statute of limitations for private rights of action under section 10(b) of the Securities Exchange Act of 1934, the principal antifraud provision of the federal securities laws, was the statute of limitations determined by applicable State law. While these statutes varied from State to State, they generally afforded securities fraud victims sufficient time to discover that they had been defrauded and sufficient time to bring suit.

In 1991, in the Lampf case, the Supreme Court significantly shortened

the period of time in which investors may bring securities fraud actions. By a 5-to-4 vote—in other words, a very closely divided Supreme Court—the Court held that the applicable statute of limitations is 1 year after the plaintiff knew of the violation and in no event more than 3 years after the violation occurred. These time periods are shorter than the statute of limitations for private securities actions which existed under the law of 31 of the 50 States.

Regulators have testified unanimously that this shorter period does not allow individual investors adequate time to discover and pursue violations of securities law. Testifying before the Banking Committee in 1991, SEC Chairman Richard Breeden stated, and I quote,

The timeframes set forth in the [Supreme] Court's decision is unrealistically short and will do undue damage to the ability of private litigants to sue.

Chairman Breeden pointed out that in many cases, and I quote, "events only come to light years after the original distribution of securities and the cases could well mean that by the time investors discover they have a case, they are already barred from the courthouse." In other words, if the perpetrator of the wrong can conceal it long enough under this very shortened statute of limitations, the victim will have no remedy.

The FDIC and the States securities regulators joined the SEC in favor of overturning the Lampf decision. What happened to this provision that was in the legislation as originally introduced by Senators DOMENICI and DODD? It disappeared when the Banking Committee met to consider this bill. Despite the fact that all the securities regulators recommended it, despite the fact that Senators DOMENICI and DODD had included it in their original bill, despite the fact that the Banking Committee had approved this provision before in 1991, despite the fact that it was the one clearly proinvestor provision in the bill, the provision was dropped.

Let me make clear that the statute of limitations issue has nothing to do with frivolous cases. The current statute of limitations keeps worthy cases from the courthouse. Both Republican SEC chairmen and Democratic SEC chairmen have told us that the statute of limitations imposed by the Supreme Court in 1991 is too short. It allows con artists to perpetrate frauds, and it prevents defrauded investors from seeking restitution.

When the statute of limitations provision disappeared from the bill, the bill moved down the path of being an unbalanced effort. At that point, the bill began to tilt away from individual investors, away from pension funds and county treasurers, in favor of corporate insiders and the attorneys and accountants who advise them.

When the Banking Committee dropped the lengthening of the statute

11

—

4TH STORY of Level 1 printed in FULL format.

Copyright 1995 The New York Times Company
The New York Times

December 29, 1995, Friday, Late Edition - Final

SECTION: Section A; Page 26; Column 1; National Desk

LENGTH: 494 words

HEADLINE: Clinton Vetoes Military Authorization Bill

BYLINE: By TODD S. PURDUM

DATELINE: WASHINGTON, Dec. 28

BODY:

President Clinton vetoed the 1996 military authorization bill today, arguing that it would force the creation of a costly and unnecessary missile defense system that could violate the 1972 antiballistic missile treaty and derail arms control efforts.

At the same time, in an effort to preserve an element of the bill that he supports, the President issued an executive order raising military pay by 2 percent -- the most he is allowed to do on his own. He asked Congress to pass a bill promptly to bring the total increase to 2.4 percent, the amount in the bill he vetoed.

In his veto message, the 11th of his Presidency, Mr. Clinton said the bill "would unacceptably restrict my ability to carry out this country's national security objectives and substantially interfere with the implementation of key national defense programs."

He said the bill's requirement to build and deploy a "Star Wars" type of missile defense system by 2003 would "waste tens of billions of dollars and force us to commit prematurely to a specific technological option."

Such an approach, he added, would put American policy "on a collision course with the ABM treaty."

Besides jeopardizing at least part of the 2.4 percent pay rise for all members of the military that was to take effect on Jan. 1, the veto puts at risk a 5.2 percent increase in housing allowances for married members of the armed forces.

The housing issue is especially sensitive with thousands of American troops headed to enforce the Balkan peace accord. But the President's executive action appeared likely to smooth over much of that problem.

"I welcome separate action on the pay raise," Mr. Clinton said. "I want it to be effective Jan. 1, and I will sign it as soon as I get it. We are committed to giving the troops a full pay raise, and we ought to do so immediately."

The New York Times, December 29, 1995

The prospects for sustaining the veto are good. The Senate passed the military authorization bill, which sets military policy for the current fiscal year, by a vote of 51 to 43, and the House did so by a vote of 267 to 149. Neither vote is close to the two-thirds majority needed to override a veto.

In a reversal of the usual sequence, Congress has already approved and the President has signed the 1996 military appropriations bill, though it included \$7 billion more in spending than Mr. Clinton favored. He did so in part to avoid antagonizing Congress when he was seeking support for sending troops to Bosnia.

So the effect of his veto today was mainly to express objections to the general direction that Republicans would move military policy in the coming years.

The White House said the vetoed bill would also have posed constitutional concerns by restricting the President's ability to conduct contingency military operations, requiring him to ask Congress for financing within 45 days of his ordering a troop deployment. The Administration said that would infringe on his authority as Commander in Chief.

GRAPHIC: Photo: President Clinton, with a staff secretary, Todd Stern, and the budget director, Alice M. Rivlin, before he vetoed the 1996 military spending bill. Mr. Clinton said the bill would set up an unnecessary missile defense. (Marty Katz for The New York Times)

LANGUAGE: ENGLISH

LOAD-DATE: December 29, 1995

12

—



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

Vol. 142

WASHINGTON, WEDNESDAY, JANUARY 10, 1996

No. 6

House of Representatives

The House was not in session today. Its next meeting will be held on Monday, January 22, 1996, at 2 p.m..

Senate

WEDNESDAY, JANUARY 10, 1996

(Legislative day of Monday, January 8, 1996)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Father, the one great need we all have in common is for a profound spiritual awakening. Stir our somnolent souls wide awake to experience Your presence. We praise You that You have created us to know, love, and serve You and have placed a longing within all of us for a deep relationship with You. We are astonished that even before we ask, You offer Your forgiveness. In spite of everything, You draw us closer to Your heart and offer us fresh grace.

Thank You, dear God, for Your intervention to help us in these days of budget negotiations. May this time of respite lead us to resolution of the issues that still divide us. We want to be as quick to thank You for progress as we have been to ask for Your help in our problems. We face the future with renewed confidence in Your involvement in our human struggles as we seek to lead this Nation. We ask for the infilling of Your spirit into our minds so we may think Your thoughts, discover Your solutions, and act on Your guidance. Flood our hearts with Your affirmation of Your love so that we may cherish the privilege of knowing and enjoying those who work with, for, and around us. Thank You for reve-

nating us with this time of prayer. In the name of our Lord. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator DOLE, is recognized.

SCHEDULE

Mr. DOLE. Mr. President, leader time has been reserved, and there will be a period for morning business until the hour of 12:30 p.m.

Following morning business, it is hoped that the Senate could turn to the adjournment resolution from the House, House Concurrent Resolution 133, calling for adjournment of both Houses until Monday, January 22. I have been asked if votes are anticipated during that week. I would not think so.

We will have the State of the Union Message on Tuesday, the 23d. I do not know of any votes that would occur that week, and it would be very unlikely, in my view. I have not talked with the Democratic leader about that.

We are reminded that we have the continuing resolution which expires on the 26th. I hope that would be resolved without votes. I am not certain of that.

TRIBUTE TO MIKE SYNAR

Mr. DOLE. Mr. President, not far from the floor of the House of Rep-

resentatives is a statue of that great son of Oklahoma, Will Rogers. Rogers, of course, delighted in making fun of politics and politicians—but he believed in democracy, and he loved America.

Another Oklahoman who believed in democracy and loved America was former Congressman Mike Synar, who passed away this weekend after a brave fight against brain cancer.

Mike served in the House of Representatives with great energy from 1979 to 1995. Since we represented neighboring States, we worked together on a number of issues—especially those relating to agriculture.

Since Mike was a staunch Democrat, there were many other issues on which we found ourselves on opposite sides.

But Mike knew that you could disagree with someone without being disagreeable.

And I never doubted for a minute that Mike was standing up for what he believed.

He was, in the words of our former colleague David Boren, truly a "person of principle."

I know I speak for all Members of this Chamber in extending our condolences to Mike's family, and to his many friends.

STEALTH VETO OF WELFARE REFORM

Mr. DOLE. Mr. President, in the State of the Union Address President Clinton delivered nearly 1 year ago, he said—and I quote—"Nothing has done

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



Printed on recycled paper containing 100% post consumer waste

S113

more to undermine our sense of common responsibility than our failed welfare system."

In just a few weeks, President Clinton will deliver another State of the Union Address.

And he will do so with the knowledge that he bears total responsibility for the continuation of that failed welfare system.

America heard a great deal of rhetoric in 1992 from candidate Clinton, and a great deal of rhetoric since then from President Clinton about "ending welfare as we know it."

But all the words in the world cannot obscure President Clinton's action of last night.

Given his promises, it is no wonder President Clinton used the cover of darkness to veto the truly revolutionary welfare reform bill which would have kept his commitments.

This bill was, of course, the result of almost a year of hard work by a bipartisan group of Members of Congress, Senators, and, very importantly, our Nation's Governors.

The President may have tried to hide his stealth veto by doing it late at night, but he can not hide the message he is sending to the American people: a loud and clear message that he will stand in the way of fundamental change, and, instead, will fight for the status quo.

The President's veto means that American taxpayers will enter 1996 continuing to pour countless millions into a system that has failed, according to everyone. The system failed, and failed, and failed. And those who are served by the system will enter a new year with little or no hope for escaping from a future of welfare.

What a different 1996—and a different future—it would have been had the President backed his words up with action by signing the legislation.

Instead of the status quo where all authority resides in Washington, we would have shifted power to our State capitals, and given our Governors the ability to create a system that meets the unique needs of their States.

Instead of the status quo, where welfare often becomes a way of life, and where some receive Federal cash benefits just because they choose not to work, we would have a system where people are required to work after 2 years, and one with a 5-year limit on the receipt of Federal benefits.

Instead of the status quo, where children are rewarded for having children and for moving away from home, we would have one which recognizes the importance of family—one that discourages illegitimacy, and encourages personal responsibility.

Instead of the status quo, which often allows deadbeat dads to escape their financial responsibilities, we would have a system that streamlined paternity establishment, that established State registries, that made child support laws uniform across State lines, and that required States to use

the threats of denying drivers licenses to parents who refuse to pay child support.

Instead of the status quo which wastes billions of taxpayer dollars, we would have a system that gives our States the authority and responsibility to crack down on fraud and abuse.

I am not claiming that our welfare reform legislation was perfect. Nor would it have magically solved our Nation's many social problems.

But it did put an end to a failed system.

It was a sharp departure. It was a fundamental change.

It was a big, big, step in the right direction.

It did return power to our States and cities, and to our people.

It did offer hope and opportunity to millions of Americans.

And we did want to stress work, and not welfare.

But instead of beginning in 1996 by signing this legislation, the President has chosen to begin it by keeping the status quo intact.

I suspect that in this year's State of the Union Address, the President will again talk about how he wants to end welfare as we know it.

But they are words that will sound very hollow to many in this Chamber, and to all Americans who pay for, or who are served by, the status quo: And that is a failed system that remains intact thanks to the President's actions of last evening.

It seems to me that here is a bill that passed the U.S. Senate by a vote of 87 to 12. If one absentee, Senator HATFIELD, had voted "aye," it would have been 88 Senators—good, bipartisan, strong bipartisan support.

The bill went to conference, and we came back with a fundamental Senate bill. And by then it had become politicized again, and it was more of a party-line vote, with one exception on the other side.

We have discussed welfare reform in all of the meetings we have had at the White House. But I do not see how the President could veto a bill that we were so close to coming together on, one that he praised when it passed the Senate, one that he said he can support. I must say, if there are any sharp differences in those two bills—our bill and the bill that came from conference—they were not major.

So we will try again. We will try again in 1996. It seems to me, and it seems to most of my colleagues—at least the 87 who voted for welfare reform—that system has failed. We need fundamental change.

We are willing to trust the Governors. We are willing to send power back to States. Therein lies the problem. Therein lies the problem, because I do not think the President of the United States wants that to happen, unless the Federal Government determines eligibility and determines who is going to be covered and everything else. If you put all those regulations on

Governors, they will say, "No, thank you. If you don't give us flexibility, we can't save the money."

We are talking about saving somewhere in the neighborhood of \$60 billion over 7 years. And \$60 billion is a lot of money to the American taxpayers. We believe it can be done. We believe it can be done, and we can still preserve the benefits for those who need the benefits.

There will always be some who need help, and we understand that. But we will also tighten up the system so those who should be working will be working, and the alternative will not be receiving benefits.

So we regret that the bill has been vetoed. I guess you can say it came as no surprise. But in our view we had a good product that should have been signed. It seems to me that we will have to take our case to the American people and let them make the final decision.

PROVIDING FOR A CONDITIONAL ADJOURNMENT OF THE CONGRESS

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now turn to consideration of House Concurrent Resolution 133, calling for an adjournment of both Houses of Congress until January 22, that the concurrent resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER (Mr. MURKOWSKI). Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 133) was agreed to, as follows:

H. CON. RES. 133

Resolved by the House of Representatives (the Senate concurring). That when the House adjourns on the calendar day of Tuesday, January 9, 1996, it stand adjourned until 2 p.m. on Monday, January 22, 1996, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns on the calendar day of Wednesday, January 10, 1996, pursuant to a motion offered by the Majority Leader or his designee, it stand recessed or adjourned until noon on Monday, January 22, 1996, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The PRESIDING OFFICER. The minority leader is recognized.

EXPECTATION OF VOTES

Mr. DASCHLE. Mr. President, let me say that I am pleased with the majority leader's remarks about the expectations for votes for the next couple of weeks. In case Senators are not clear, as I understand it, unless some significant unforeseen development arises, we

H.R. 4

[Image]

NATIONAL BRIEFING - WELFARE: DOLE ATTACKS CLINTON VETO ON SENATE FLOOR

THE HOTLINE

Jan. 11, 1996

Senate Maj. Leader Bob Dole, "who has gone out of his way" not to attack Pres. Clinton recently, "lambasted" him on the floor of the Senate for vetoing welfare reform. Dole: "America heard a great deal of rhetoric in 1992 from candidate Clinton, and a great deal of rhetoric since then from President Clinton, about 'ending welfare as we know it.'" But all the words in the world cannot obscure President Clinton's action last night." Clinton vetoed the welfare bill 1/9 (Roman, W. TIMES, 1/11). Dole called the late night veto a possible "stealth vote" to try and hide the action. Rep. Clay Shaw (R-FL): "It is noteworthy that he waited until the evening news was already off, the East Coast was snowed in and the headlines were already written about the budget talks breaking off." But Clinton aide Rahm Emanuel said the 8:00p veto had been announced weeks in advance. Sen. Rick Santorum (R-PA) said there were no plans to try and override the veto, as the votes weren't there (Havemann/Dewar, W. POST, 1/11). NRSC exec. dir. John Heusbusch said welfare and the balanced budget will be "central" in the '96 Senate races (W. TIMES, 1/11). Senate Min. Leader Tom Daschle said he was "very pleased" with the veto (W. POST, 1/11). RNC chair Haley Barbour: "Bill Clinton is wrong if he thinks he can get away with breaking his word to the American people by vetoing this bill in the dark of night" (release, 1/10).

EDITORIALS: PHILA. INQUIRER: "There's a difference between thoughtfully reforming federal aid to the poor ... and cynically

squeezing it to scare up some bucks for a budget fix. ... [But, now], Mr. President, it is your turn, and we haven't forgotten that campaign promise. It's time to get real" (1/11). L.A.

TIMES: "The months of bipartisan debate produced plenty of common ground on which to build a compromise that puts poor parents to work without stranding their children. ... Clinton was right to veto the overhaul ... because it was too tough on children. ... His political advisors also realize that his veto could cost him with voters who are weary of the status-quo welfare system." (1/11).

Click on your browser's Back button to return to search results.

News | Inter-Action | Web Guide | Rec Room | Advocates | Campaign '96 |
Issues | Poll Track | Resources | Marketplace

[Image]

13TH STORY of Level 1 printed in FULL format.

Copyright 1996 U.P.I.

January 10, 1996, Wednesday, BC cycle

SECTION: Washington News

LENGTH: 767 words

HEADLINE: GOP challenges Clinton on welfare

BYLINE: BY IAN CHRISTOPHER MCCALED

DATELINE: WASHINGTON, Jan. 10

BODY:

Congressional Republicans met president Clinton's veto of their sweeping welfare reform package Wednesday with the same strategy they have used through ongoing balanced budget negotiations -- they challenged the White House to draft its own bill. Clinton's late Tuesday rejection of the bill, and the subsequent veto message that accompanied the bill back up to Capitol Hill, was interpreted by the few Republicans left in the halls of Congress Wednesday as a slap in the face in the wake of the "recessing" of the balanced budget negotiations. "He goes in the middle of the night, vetoes the bill, and makes no (public) statement about it," House Republican leader Dick Armey told CNN. "It is not a sign of a good willingness on his part to get where we need to go." The president said in his veto message that the GOP bill contained a number of objectionable provisions, including lax "back to work" requirements for current welfare recipients, a removal of the so-called "safety net" for the children of welfare recipients; and cutting funding for many programs that could potentially lead to the collapse of the welfare system's infrastructure. "This bill contains structural changes and deep budget cuts that would fall hardest on children and undermine the states' ability to move people from welfare to work," Clinton said. "We should work together to balance the budget and reform welfare but the Congress should not use the words 'welfare reform' to violate the nation's values," he continued. While most Republicans had already left Washington just prior to last weekend's devastating blizzard, the handful left in the Capitol sought Wednesday to respond to the veto message before beating a path out of town in advance of a second storm expected later in the week. "We regret that the bill has been vetoed," said Senate Republican leader Bob Dole during a short "pro forma" Senate meeting. "I guess you could say it came as no surprise, but in our view we had a good product that should have been signed." Other Republicans responded over long distance from their home districts. House Ways and Means Committee Chairman Bill Archer, R-Texas, fired off a letter to Clinton Wednesday afternoon chastising him for the bill's rejection, and pushing him to come up with his own legislation. "Now that you have vetoed the welfare reform bill approved by both Houses of Congress, I call on you to submit a detailed welfare reform bill that represents your administration's position," Archer wrote. "After three years in office, the American people are still waiting for you to take meaningful action on welfare reform," he said, alluding to promises made by Clinton to overhaul the welfare system during the 1992 presidential campaign. "Opposing the welfare reforms sent to you by Congress is not enough. Your veto has merely perpetuated the

United Press International January 10, 1996, Wednesday, BC cycle

status quo," Archer said. Rep. Clay Shaw, R-Fla., chairman of the Ways and Means Subcommittee on Human Resources, took Archer's status quo metaphor and ran with it, telling a Wednesday news conference that the president's action "has given a tremendous victory to people who have made welfare a way of life because

they are guaranteed a \$12,000 annual package of government benefits." Shaw also said the veto was a victory for "drug addicts and alcoholics, whose habits are fed through a permanent guarantee of over \$450 in cash per month." Archer urged Clinton to complete a welfare bill and submit it to Congress for consideration no later than Jan. 23, the date of the president's 1996 State of the Union address. Senate Democratic Leader Tom Daschle jumped to Clinton's defense on the Senate floor Wednesday by resurrecting Democratic objections to the GOP's intention that the federal government be relieved of the administrative portion of its welfare duties by providing block grants to the states. "The (Republican bill) does not require the states to use the money given them for welfare on welfare," Daschle said. "If they needed to use it for infrastructure they could do that. If they wanted to use it for any desire they had in their state budgets, there would be no prohibitions. "And, not only are (the states) not required to live up to 100 percent of the benefits they are now providing to help the children and the people who are attempting to break out of poverty and out of welfare, (the GOP bill) actually gives them license to drop from 100 percent down to 25 percent (of the current requirement)," Daschle added.

LANGUAGE: ENGLISH

LOAD-DATE: January 11, 1996

H.R. 4

Article

> 5

1 WELFARE REFORM
Senate speeches & inserts
(CRTEXT 05/02/96 p.S4637; 405 lines.)
Item Key: 49437

2 WELFARE REFORM
Senate speeches & inserts
(CRTEXT 03/29/96 p.S3187; 134 lines.)
Item Key: 46461

3 HONORING HELEN RUDEE AND ELIZABETH TERWILLIGER
DURING WOMEN'S HISTORY MONTH
House speeches & inserts
(CRTEXT 03/21/96 p.H2657; 401 lines.)
Item Key: 45376

4 NATIONAL GOVERNORS' ASSOCIATION
WELFARE AND MEDICAID PROPOSALS
Senate speeches & inserts
(CRTEXT 03/15/96 p.S2145; 236 lines.)
Item Key: 44768

5 STATEMENTS OF THOMAS JEFFERSON ARE RELEVANT TODAY
Senate speeches & inserts
(CRTEXT 03/07/96 p.S1643; 495 lines.)
Item Key: 43850

6 WELFARE REFORM
Senate speeches & inserts
(CRTEXT 02/01/96 p.S671; 130 lines.)
Item Key: 41641

7 STATEMENTS ON INTRODUCED BILLS AND JOINT
RESOLUTIONS -- By Mr. ABRAHAM:
Senate speeches & inserts
(CRTEXT 01/26/96 p.S505; 91 lines.)
Item Key: 41133

8 THE PRESIDENT'S VETO OF HR4
Senate speeches & inserts
(CRTEXT 01/10/96 p.S115; 75 lines.)
Item Key: 40313

Enter one or more numbers or ALL to display item(s),
Enter another display command and one or more numbers or ALL,
Enter MARK and one or more numbers to limit your set,
Enter SMARTMATCH and a number to find comparable items,
Or enter BACK, HELP, or STOP
>



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

Vol. 142

WASHINGTON, THURSDAY, FEBRUARY 1, 1996

No. 14

Senate

The Senate met at 10:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Dear God, our Father, we thank You for the blessings You release when Your people pray. The President and Vice President and their families, the Justices of the Supreme Court, the Members of the House of Representatives, and the men and women of this Senate, along with those of us who are privileged to work with them, are recipients of the impact of the prayers of intercession prayed by millions of Americans around the clock. Help us to remember that You are seeking to answer these prayers as we receive Your wisdom and guidance. May we never feel alone or only dependent on our own strength. Your mighty power is impinging on us here as a result of people's prayers. An unlimited supply of supernatural strength, wisdom, and vision from You is ready to be released.

Also, remind us that our ability to receive is dependent on our willingness to pray for each other here as we work together in the Senate. We recommit ourselves to be channels of prayer power not only to our friends and those with whom we agree, but also for those with whom we disagree, those we consider our political adversaries, and especially those who test our patience, or those we need to forgive. So, lift our life together from a battle zone of combative words to a caring community of leaders who pray for and communicate esteem for one another. Thank You for giving us unity in spirit as we deal with diversity of ideas. In our Lord's name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, Senator LOTT, is recognized.

Mr. LOTT. I thank the Chair.

THANKING THE SENATE CHAPLAIN

Mr. LOTT. Mr. President, we thank our Chaplain for his assistance and his daily prayers and for his efforts this very morning with the Congressional Prayer Breakfast. We assure him of our prayers for him and his loved ones. We know it is a difficult circumstance he is dealing with at this time.

SCHEDULE

Mr. LOTT. Mr. President, today, the Senate will resume consideration of S. 1541, the farm bill. Under the previous order, all Senators should be aware that there will be two cloture votes today beginning at 1:30 p.m. Additional rollcall votes can be expected in order to complete action on the farm bill today.

Also as a reminder, Senators have until 12 noon today to file first-degree amendments to the pending substitute and until 1 p.m. to file second-degree amendments.

Today, there will be a joint meeting of Congress at 11:45 a.m. to hear an address by the President of France, President Chirac. Members should be in the Chamber at 11:25 in order to proceed to the House of Representatives for the address.

Mr. President, I would like to also this morning make some brief remarks with regard to the need for truth in packaging on welfare reform. I observe the Senator from Indiana, the chairman of the Agriculture Committee is here. There may be a need for the others that are involved in the agriculture bill to come to the floor. So, if the Sen-

ator will indulge me just a couple minutes, I would like to talk with regard to what is happening with welfare reform.

WELFARE REFORM

Mr. LOTT. Mr. President, someday, perhaps a year from now, we will finally achieve genuine welfare reform to change welfare from the way we have known it, but it will not happen today. Indeed, it may not happen this year, not while President Clinton continues to brandish his veto pen against all efforts to clean up the welfare mess, to encourage work, and to help people who need assistance to get off welfare and get a job.

His first veto of welfare reform received little notice because it was part of our larger Balanced Budget Act. That legislation was long and complicated, touching upon many different programs. So the President was able to block welfare reform in the process of opposing other provisions in the bill.

His second veto of welfare reform likewise received scant attention because much of the country was distracted by the blizzard of 1996. It was vetoed late at night, and there was not much press coverage because most of official Washington was not paying attention. They were still concentrating on the overall budget agreement.

Now the President has promised a third veto of welfare reform, and he has done so in a way that blatantly violates his previous pledges on this issue. In an interview that appeared in yesterday's, that is Wednesday's, Washington Post, the President made clear that his earlier endorsement of the welfare reform bill that passed the Senate last fall is no longer operative.

The bill that passed the Senate was H.R. 4, which this body approved on September 19, 1995, by a strongly bipartisan vote of 87 to 12. It sailed through

* This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



Printed on recycled paper containing 100% post consumer waste

S 671

the Senate with the strong personal support of the President. But that was then, and now I guess his position has changed, based on this interview in the Washington Post. This is what Ann Devroy and John Harris reported in the Post interview:

On welfare reform, Clinton said he has not given up hope that a compromise bill acceptable to him will be approved this year. But he set a new price for his signature on a welfare system overhaul, asserting that the Senate proposal he indicated he would support last fall will have to be changed for him to support it now. He called on Republicans to send him a revised bill that would contain fewer cuts in funding for food stamps, provide child care for welfare recipients who work and preserve current protections for disabled children.

This is another example of the President's acknowledged skill at packaging and repackaging his positions, but it is a far cry from what was actually involved in the legislation that we considered.

The truth, as every Member of the Senate knows, is that the bill we passed last September was a compromise. A lot of work was put into that legislation by members of the committees involved, including the Senator from Connecticut, Senator DODD. That is why it gathered 87 votes on the Senate floor. It is why few Senators on both sides of the aisle opposed it.

The truth is that the Senate-passed bill did provide additional funding for child care for welfare recipients. It earmarked \$1 billion per year for child care assistance, and it provided another \$3 billion over the next 4 fiscal years for child care in certain States. In sum, that was a few billion more than what President Clinton had called for in his budget.

The truth is that the Senate-passed bill provided a base amount of \$16.8 billion in welfare funding in each of the next 5 years; an additional \$879 million for States with higher growth; a \$1.7 billion revolving fund for special borrowing; additional funds as incentive grants to States which make the most progress in getting persons off the welfare rolls; a \$800 million emergency assistance fund; a contingency fund of up to \$1 billion; \$150 million for second chance homes for unwed mothers and more.

The truth is that by returning control of public assistance to the States, the Senate-passed bill did not weaken protections for disabled children. On the contrary, 87 Members of the Senate, from both sides of the political aisle, voted to give flexibility to States in meeting the needs of those children.

The truth is that the Senate-passed bill required an 80-percent maintenance of effort—80-percent maintenance of effort—by the States to allay any fears that benefits to the needy might be recklessly reduced.

In fact, we made so many changes, we put in so much more money, that it was just marginally possible for this Senator to even vote for the bill. But it

was a compromise; it was a step in the right direction, and, like a lot of others on both sides, I went along with it.

But, based on what we are hearing from the administration, all that goes down the memory hole. The President is now upping the ante, demanding that the Congress give him a version of welfare reform not worthy of the name. His goal in doing so is obvious. Having campaigned on a promise to end welfare as we know it, he has done his utmost to end welfare reform as we know it, substituting in its place a gutted, toothless, costly sham.

As far as this Senator is concerned—and I am certain I speak for a number of other Members of Congress—that just cannot happen. We are not going to betray our promise to the American people in order to get the President's signature on a welfare bill.

There is nothing worse than for Congress to say, as we have too many times in the past, that we have accomplished something with a bill, giving it a glorious sounding title, when there is no substance to it—and when there will be no glorious results when it is actually implemented.

There are some things worse than no welfare reform. Phony reform is the main one. A welfare bill that leaves AFDC as an entitlement is phony reform. A welfare bill that keeps control of welfare in Washington in the Federal bureaucracy, in my opinion, is phony reform. A welfare bill that makes dependency more attractive by providing more benefits to more people is not genuine reform.

The President's latest comments on this subject present us with a stark choice between false reforms, misleading action, and nothing at all. He is probably hoping that, rather than return to the voters empty-handed, we will collude with him to give the public the appearance of reform, that we all declare victory, and it will be years before the taxpayers figure out they have been duped by what is called welfare reform.

I do not believe the majority in Congress is going to play that game. We are not going to break faith with the American people on this issue. If welfare reform has to wait until next year, I guess it will be worth the wait. If welfare reform must wait until the veto pen has been removed from the President, then so be it. But that delay is not necessary.

We can get genuine welfare reform. It can be one that will be supported in a bipartisan way, and it can be one that will be good for the people who now depend on the system and are looking for a way out. But that will take real cooperation. We must make sure that whatever we do is genuine reform that will produce the results we promised. Mr. President, I yield the floor.

AGRICULTURAL MARKET TRANSITION ACT OF 1996

The PRESIDING OFFICER (Mr. DEWINE). Under the previous order, the

Senate will now resume consideration of S. 1541, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1541) to extend, reform, and improve agricultural commodity, trade, conservation, and other programs, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Craig (for Leahy-Lugar) amendment No. 3184, in the nature of a substitute.

The PRESIDING OFFICER. The time for debate is equally divided between now and 11:25.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I yield myself as much time as I may require.

The PRESIDING OFFICER. The Senator is recognized.

Mr. LUGAR. Mr. President, in beginning debate on S. 1541, the farm bill, let me just say that it is very important to farmers all over the country who have been notifying Senators and Members of the House that they want, certainly, a degree of certainty before they get into the fields to plant.

They would like, as a matter of fact, to see the Congress at work on this vital legislation. In response to that, the distinguished majority leader has, in fact, called us to that cause today, as Senators are aware.

This is a very important day. It is extraordinarily important legislation for all of America. Farmers want to know what is going to happen now. Hopefully, the Senate will provide that guidance through constructive action to completion and passage of this legislation today.

Over a year ago, at the beginning of the 1995—and now 1996—farm bill debate, I posed 53 questions about future agricultural policy in this country. The answers to those questions made it clear that a status quo farm policy was not a good idea. S. 1541, the legislation before us today, represents a bold new direction. It answers the 53 questions that I asked and that other Senators posed in a broad review of farm policy in this country.

There were five basic reasons to support Senate bill 1541.

First of all, a good reason to support it is its simplicity of approach. Traditional farm policy is so arcane that even many U.S. Department of Agriculture officials can barely comprehend all of its complexity. The bill we consider today offers a straightforward, commonsense policy.

Second, the bill offers certainty. Farmers who sign contracts will know their future payments for the next 7 years. Taxpayers, importantly, will know precisely what money is going to be spent during the next 7 years and that the budget savings we have already debated in this Chamber are certain.

That is especially important, Mr. President, because as you will recall,

and tested and assisted with their job of adapting to this world.

When it is appropriate for mothers and newborns to go home before the end of a 48-hour period or a 96-hour safe haven, they will go home—if it is appropriate, they will go home. Followup care will be required and studied in greater depth because of the fine amendment that Senator DEWINE of Ohio was able to add.

Please understand that this bill does not require that all mothers stay in the hospital for a specified length of time any more than it requires all mothers to give birth in hospitals. A woman, in consultation with her doctor, may decide to leave the hospital before 48 hours, but in no event can an insurance company require that she leave in less than 48 hours.

Mr. President, April 17, 1996, is an important day for the Senate. The Labor and Human Resources Committee held a markup on the newborns bill and, after careful consideration, the committee members voted overwhelmingly to send the bill to the full Senate.

What I would like to do is return to the letters that are en route to the distinguished Senators from Kansas and South Dakota. One letter makes a bit of history. Six different professional medical groups have all signed the same letter asking for full Senate action in behalf of mothers and newborns. They are the American Medical Association, the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, the American Nurses Association, the Association of Women's Health, Obstetric and Neonatal Nurses, all joined by the March of Dimes Birth Defects Foundation. All have joined together to say:

As organizations representing health care professionals and advocates committed to quality maternity care, we urge you to schedule for consideration by the full Senate S. 969. We ask you to lend your leadership to guarantee that women and their newborns receive adequate insurance coverage at one of the most important times in their lives.

Mr. President, this is remarkable unity and should inspire us in the Senate to do the same and take action.

A second letter comes from more than 30 cosponsors and supporters of the Newborns' and Mothers' Health Protection Act. This letter says many of the same things:

Let us move on this bill. Newborns and their mothers need it. It is very important. We hope—

The letter goes on to say—

we will be able to inform hundreds of thousands of interested mothers by Mother's Day when this vote will occur.

Several of our women colleagues in the Senate—in fact, all of them—have agreed to sign a third letter. Let me quote a few words from it. It simply says: "What better Mother's Day gift can we give to new mothers than passing this bill?"

A fourth letter comes from the Center for Patient Advocacy, a non-partisan organization devoted to qual-

ity of care for patients. They write and say much the same thing. They say pass the newborn bill. Pass it so that by Mother's Day we can assure mothers that they will be taken care of.

Finally, I want to mention what I believe are the most important letters and pieces of correspondence of all. Those are from the more than 83,000—83,000 men and women, doctors and nurses, grandparents and families who have written my office alone to support this bill—83,000.

The Baumans in my State of New Jersey, the Drumms of Philadelphia, the Joneses of New York, the Avandoglios of Tennessee, are just a few of the families who have generously shared their personal experience and support for this bill.

The Newborns' and Mothers' Health Protection Act has earned unprecedented, unified, professional support from doctors and prompted many thousands of Americans to write us in support of this bill. The bill has been carefully developed with input from all interested parties on both sides of the aisle and throughout the community. It has passed the wise review of the Labor Committee and passed with flying colors.

Many in the Senate have indicated their support. I hope we will honor the occasion of Mother's Day and the voice of so many Americans by announcing as soon as possible that the Senate will vote on this bill and, in passing this bill, will say to mothers that now we understand that giving birth deserves the respect that the insurance industry has failed to give it in requiring women to leave hospitals in less than 24 hours.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Delaware.

WELFARE REFORM

Mr. ROTH. Mr. President, it has been 39 months since President Clinton outlined his welfare reform goals to the American people. But he has failed to deliver on his promise. Welfare reform was not enacted in 1993 nor in 1994.

Sixteen months ago, President Clinton declared at a joint session of Congress that, "Nothing has done more to undermine our sense of common responsibility than our failed welfare system. It rewards welfare over work. It undermines family values."

As a matter of record, the new Republican Congress passed welfare reform twice in 1995.

H.R. 4, the "Personal Responsibility and Work Opportunity Act of 1995," received bipartisan support in both the House and Senate as it was being drafted. But the President rejected this bipartisan approach. It has now been 16 weeks since he vetoed authentic welfare reform legislation for the second time.

Mr. President, few people have dared to look inside H.R. 4 as it was, after

all, a complex bill reflecting a complex welfare system. Today, I would like to recommend a recent article on the Republican welfare proposal. The article describes how the bill incorporates three different conservative approaches to solving the problems which plague our failed welfare system. Let me quote from the conclusion of the article entitled, "Welfare Fixers."

What is especially interesting about the three conservative strands of thought about welfare is that despite the theoretical differences among them, together they provide a coherent guide as to how to fix a broken system. As men are not angels, Charles MURRAY's negative incentives have their place. But neither are men brutes, and hence something more is needed than a "technology" of behavioral change. As Marvin Olasky reminds us, a rebirth of the spirit of religious charity would change many lives for the better. And as Lawrence Mead reminds us, in a commercial republic such as ours, work is the proper condition for all who are able.

The article goes on to say that:

Indeed, the politicians have seen the big picture in a way that is perhaps not so easy for the lone social thinker to do: The Republican welfare-reform bills in Congress, along with the many state plans being put into effect by Republican governors, make use of Murray's incentives, Olasky's religious charities, and Mead's workfare. If there are theoretical and practical difficulties with each of these approaches, it is precisely the combination that may make conservative welfare reform politically palatable and even, in the end, effective.

Mr. President, you might expect such praise to come out of the Heritage Foundation or the National Review or another prestigious conservative organization. However, this particular article was written by Adam Wolfson, the Executive Editor of the Public Interest and was just published in this month's edition of Commentary.

Republicans understand, and H.R. 4 reflects the reality, that there is not a singular approach to welfare reform. We believe that if families are going to escape from the vicious cycle of dependency, they must be enabled to find their own way out. Welfare reform is not simple because human beings are complex.

The goal of welfare reform for all families to leave welfare.

But the path on how they get there is not necessarily a straight line. Nor, under the Republican approach, must all families follow the same path.

In contrast, this is precisely why Washington will never be able to end welfare as we know it. The bureaucrats in Washington see people only in terms of numbers, not as individuals. In the tradition of scientific management, everything must be reduced to bureaucratic procedures and mathematical equations.

But by vetoing welfare reform, the President ignored the most important number of all. That is, if we do nothing, the number of children on welfare will increase in the coming years.

When he talks about work and family values, President Clinton may talk like a Republican, or at least like a

New Democrat. But he acts like an old bureaucrat by opposing reforms which are not controlled by Washington. By his vetoes, he is protecting the bureaucracy and accepting the status quo in which more children will fall into the trap of dependency.

The causes and cures of poverty involve some of the most intimate acts in human behavior. What many families on welfare need cannot be sent through the mail nor reproduced in the Federal Register.

There is no flaw in admitting that we do not understand how or why individuals will respond to the various incentives and sanctions present in every day life in modern society. The mistake is believing, especially after 30 years of evidence to the contrary, that Washington does know how to apply these incentives and sanctions to the lives of millions of people.

Under the present system, welfare dependency is allowed to become a permanent condition. This is one of the cruelest features of the welfare system because it saps the human spirit.

The true measure of success will be whether the timeless values of work and family life are restored.

Only then while we help free families from the present welfare trap and save future generations from its effects. To do this, we must give the State and local governments all of the tools they need to change the existing welfare system. Different families have different needs.

These tools must include Medicaid, the largest welfare program. For some families, the potential loss of the value of health care coverage locks them into dependency.

Mr. President, I ask unanimous consent to have Adam Wolfson's article, "Welfare Fixers," printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Commentary, Apr. 1996]

WELFARE FIXERS

(By Adam Wolfson)

In 1982, the journalist Ken Auletta defined the question of the underclass: how do we explain why "violence, arson, hostility, and welfare dependency rose during a time when unemployment dropped, official racial barriers were lowered, and government assistance to the poor escalated?"

Indeed, government spending on welfare increased from about \$33 billion in 1964 to over \$300 billion in 1992 (both figures in 1992 dollars). During the Reagan and Bush years alone, total welfare spending rose more than 50 percent. But all the while, rates of poverty, illegitimacy, non-work, crime, and family break-up got worse, not better. From 1965 to 1990, the illegitimacy rate for blacks rose from 28 to 65 percent, and for whites from 4 to 21 percent. Meanwhile, work among the poor plummeted, to the point where today only about 11 percent of poor households are headed by a full-time worker. For many, Aid to Families with Dependent Children (AFDC)—what most of us think of when we speak of welfare—has become a permanent condition, with over 50 percent of its recipients remaining on the rolls for over ten years.

One thing, however, has changed. Since 1935, when AFDC was first created, through President Lyndon Johnson's War on Poverty in the 1960's, to Bill Clinton's 1992 promise to "end welfare as we know it," welfare innovation and welfare reform were pretty much a Democratic affair. That is no longer the case. When conservative Republicans gained control of Congress in 1994, they also assumed a major share of responsibility for the nation's welfare system and those trapped in it.

How do they intend to proceed? As it happens, although most conservatives agree on the permanent need to end welfare as a federal entitlement, there have been three different and, to some extent, rival schools of thought about how to reform the system. All three have been incorporated in the Personal Responsibility and Work Opportunity Act, which formed the basis of the Republican welfare bill that President Clinton eventually vetoed this past January, and also in the many state plans now being put into effect by such Republican governors as Tommy Thompson of Wisconsin and John Engler of Michigan. The three approaches therefore bear scrutiny, for it is no exaggeration to say that the well-being of America's welfare population, and indeed of American society, depends upon the conceptual clarity with which we approach this long-festering problem.

The most influential of the three schools is associated preeminently with the name of Charles Murray, and its guiding premise is that humans respond rationally to economic incentives. It is a tribute to the sheer rhetorical force and intellectual brilliance of Murray's extensive writings that, although conservatives often tend to resist mechanistic views of human nature, they have embraced this analysis almost without reservation. The most important parts of the Republican welfare bill, those dealing with "personal responsibility," are in fact based on Murray's logic. I am referring in particular to those sections which attempt to curb the high rates of family disintegration and out-of-wedlock births by the application of negative economic incentives. Under these provisions, states would be permitted (though not required) to deny cash assistance to children born out of wedlock to teenage mothers, and would also be permitted (though again not required) to deny additional cash assistance to mothers on welfare who continue to have more children.

Why, Senator Daniel P. Moynihan asked in connection with this aspect of the conservative reform effort, should children have to pay for the sins of their fathers (and mothers)? The answer is to be found in certain assumptions that were first spelled out by Murray over a decade ago in his now-classic book, *Losing Ground: American Social Policy 1950-1980*. The crucial passage appears midway through the book:

"It is not necessary to invoke the *Zeitgeist* of the 1960's, or changes in the work ethic, or racial differences, or the complexities of post-industrial economies, in order to explain . . . illegitimacy and welfare dependency. All were results that could have been predicted . . . from the changes that social policy made in the rewards and penalties, carrots and sticks, that govern human behavior. All were rational responses to changes in the rules of the game of surviving and getting ahead." [Emphasis added]

In other words, according to Murray, the welfare state has provided exactly the wrong incentives to the poor and the underclass by rewarding non-work, family dissolution, and out-of-wedlock births. It follows that if we change the rules of the game, behavior will change with it. Get rid of the economic supports (e.g., AFDC) that enable poor single

mothers to support additional children, and they will eventually either abstain from sex, or use birth control, or (one supposes) have abortions.

There is much to Murray's argument. But implementing it might also entail more than the American people and their representatives are willing to swallow. The key to his rationalist approach is "the overriding threat, short-term and tangible." Here is how he describes the threat in a recent article on reducing illegitimacy:

"A major change in the behavior of young women and the adults in their lives will occur only when the prospect of having a child out of wedlock is once again so immediately, tangibly punishing that it overrides everything else. . . . Such a change will take place only when young people have it drummed into their heads from their earliest memories that having a baby without a husband entails awful consequences."

Murray relies heavily on a calculus of pleasure and pain in part because, as a libertarian, he sees no other way. Since government "does not have the right to prescribe how people shall live or to prevent women from having babies," it is left with no options for affecting people's lives other than the tax code. But there is also a deeper reason for Murray's reliance on what he labels "the technology of changing behavior." He thinks it the only effective means of training the human animal. Though he acknowledges the roles of religion and morality in forming people's sensibilities and attitudes, much of the force of these other agencies, he writes, has always been "underwritten by economics."

It is perhaps this oddly materialist version of human volition that has led some conservatives to look beyond Murray for solutions to the welfare problem. What if, they ask, gutting the welfare system does not have the desired effect forthwith? It will take a very resolute legislator indeed to go on applying negative incentives for as long as it takes. And even if we concede that negative incentives have their place in any plan of welfare reform, how can we expect young people to aspire to the roles of motherhood and fatherhood unless we offer a more elevated conception of these roles in their own terms?

Interestingly enough, Murray himself wrote the preface to a recent book, Marvin Olasky's *The Tragedy of American Compassion*, which embodies an alternative to the "technology" of behavior control. The book's legislative impact has thus far been slight, but its influence can be felt in measures that would authorize states to contract out their welfare services to private religious charities and to churches. Its stamp is also to be found on Republican efforts to restore civil society, like Senator Dan Coats's Project for American Renewal. The book has garnered the endorsements of such heavyweights as William J. Bennett and Newt Gingrich, and later this spring a more policy-oriented sequel will be published by the Free Press under the title *Renewing American Compassion*.

Though Olasky (who teaches at the University of Texas at Austin) agrees with Murray that we should scrap the current welfare system, his analysis of how we got where we are is quite different from Murray's and, correctly understood, leads down different paths. In fact, Olasky turns Murray's thesis on its head. Although he acknowledges the impact of economic incentives on people's behavior, in his view the underlying forces are spiritual and, broadly speaking, religious. Thus, according to Olasky, "the key change of the 1960's" was "not so much new benefit programs [Murray's claim] as a

children, and
ain from sex,
pposes) have

gument. But
il more than
representa-
e key to his
overriding
e." Here is
recent arti-

or of young
lives will
of having a
n so imme-
it overrides
e will take
e have it
eir earliest
out a hus-

alculus of
as a libe-
govern-
prescribe
nt women
th no op-
ther than
eper reas-
he labels
vior." He
f training
acknowl-
rality in
titudes,
ncies, he
en by ec-

version
conserv-
olutions
ey ask,
ave the
a very
plying
takes,
incen-
welfare
ople to
father-
concep-

himself
Marvin
asson,
"tech-
s leg-
it, but
that
their
rities
found
soci-
t for
nered
as as
and
d se-
Press
npas-

iver-
rray
sys-
are
cor-
ent
esis
the
le's
ces
eli-
sey
ew
a

change in consciousness concerning estab-
lished ones, with government officials ap-
proving and even advocating not only larger
payouts but a war on shame."

To Olasky, American social-welfare policy
has always reflected the dominant theology
of the day. In the 18th and early 19th cen-
turies, theology emphasized a merciful but
just God and a sinful human nature that
only God's grace could cure. This produced a
hardheaded approach to social policy: aid to
the poor was given in kind, but not in cash;
charity, understood as "suffering with" the
needy, was personal and paternalistic; mate-
rial aid was considered secondary to, and de-
pendent upon, saving souls; aid was for the
"deserving," not the "undeserving," poor.

But this Calvinist theology lost out in the
late 19th century to a universalistic, liberal-
ized view that "emphasized God's love but
not God's holiness," that jettisoned belief in
original sin for a Rousseau-like belief in the
natural goodness of man, and that essen-
tially secularized a whole range of Christian
beliefs. The effects on social policy were dra-
matic and devastating—and, in Olasky's
opinion, completely predictable. The state
took over the care of the poor, crowding out
private charity. Shame and the work ethic
were supplanted by the attitude that the
poor have a constitutional right—that is, an
entitlement—to welfare. Emphasis shifted
from improving the spiritual conditions of
the poor to improving their material condi-
tions. As Owen Lovejoy, president of the Na-
tional Conference of Social Work, put it in
1920, the goal would no longer be private sal-
vation but rather the creation of "a divine
order on earth as it is in heaven."

Olasky's history describes, in short, a de-
scent, a fall from grace. As a nation, he
claims sweepingly, we have been making war
not on poverty but on God, and "the corrup-
tion is general." Therefore, although he too,
like Murray, would tear down the welfare
state, he does not expect any sudden altera-
tion in behavior. Rather, he sees in the end
of the welfare state an opportunity for pri-
vate charities, and in particular private reli-
gious charities, to take over some of the re-
sponsibilities of caring for the poor, espe-
cially in the (for him) primary arena of their
spiritual needs.

After all, writes Olasky, it was the federal
government's entry into the welfare arena
that "crowded out" private religious char-
ities in the first place. Remove the govern-
ment, and the charities will come surging
back. Yet he is honest enough to admit that
the historical record is not entirely clear on
this point: which came first, the increasing
involvement of professionals and the govern-
ment in the lives of the poor, or a decline in
voluntarism and religiosity? This is a crucial
question, for if something in the culture led
to a decline in voluntarism prior to the fed-
eral government's takeover of welfare, then a
simple withdrawal of the latter will not
necessarily lead to an increase in the former.

"In the end," predicts Olasky, "not much
will be accomplished without a spiritual re-
vival that transforms the everyday advice
people give and receive, and the way we lead
our lives." If that were really so, it would be
reasonable to conclude that public-welfare
programs should not be scrapped at all, but
rather kept in place until the hoped-for spir-
itual revival occurs, lest the poor be left
without God and without material support
at once. Be that as it may, however, there is
much else in Olasky's thinking, particularly
about the role of private "compassion," that
reformers can make use of in the months and
years to come.

This brings us to the third current. Unlike
the first two, both of which see big govern-
ment as the principal culprit in the welfare
mess, this one envisions a role for govern-
ment in its solution.

Perhaps the principal figure here is Law-
rence Mead of New York University. In his
book, *The New Politics of Poverty*, Mead ar-
gues, against Murray, that the marginal eco-
nomic disincentives created by welfare do
not explain the really staggering extent of
non-work and family dissolution in the wel-
fare population. Moreover, having a baby out
of wedlock in order to receive a welfare
check is not really "rational," in Mead's
judgment. Rather, this and other aspects of
the behavior of the underclass are the results
of a certain personality profile. The non-
working poor, says Mead, are defeatist, pas-
sive, and psychologically resistant to taking
low-skilled jobs. A "culture of poverty" ex-
ists that cannot be fully explained by the ra-
tionalist model.

What to do? The answer, according to
Mead, is workfare, an approach that would
require able-bodied recipients of welfare to
enter the labor market. By forcing the poor
to be like the rest of us, workfare seeks to
manage and even (in the words of Congress-
man Bill Archer) to "transform" them.

The thinking of Mead and others who favor
workfare—Mickey Kaus of the *New Republic*
is another well-known proponent of such
schemes—is evident in the various versions
of the Republican welfare-reform bill. All in-
clude the basic requirement that for any aid
poor people receive from the government,
they must work, in the private sphere if pos-
sible but in the public sector if not. Accord-
ing to the bill, 50 percent of welfare recipi-
ents must be working by 2002; even single
mothers with children (over the age of one)
should be required to work; and families re-
ceiving benefits will be cut off after five
years.

Mead argues that workfare represents, in
effect, a "new paternalism," a "tutelary re-
gime." And indeed his ideas have alarmed
more than a few conservatives, especially
those of a libertarian bent. Many believe
that any attempt by the government to mold
behavior, even that of the poor, marks a
break from the American tradition of lim-
ited government. Such fears are in Mead's
view well-founded. But the appearance of the
contemporary underclass itself marks, he be-
lieves, a watershed development in our na-
tional life, if not "the end . . . of an entire
political tradition." That tradition—the tra-
dition of the Founders, and of such classical
liberals as Hobbes, Locke, and
Montesquieu—"took self-reliance for grant-
ed." It assumes that people are, by nature,
rational maximizers of their economic inter-
ests. But now it appears that many are not;
and so a "new tradition," a "new political
theory," even a "new political language" is
needed.

All this seems somewhat overheated. For
some reason, many of those who propose
work as a solution to the welfare problem
cannot resist militaristic metaphors. (Thus
Mickey Kaus, in *The End of Equality*, urges
Americans to build a "Work Ethic State.")
But we need not really move beyond our own
liberal tradition in order to enforce the norm
of work. The Founders themselves recog-
nized that humans are frequently irrational,
indeed even lazy. And Adam Smith, the clas-
sical liberal *par excellence*, was not mincing
words when he observed that among the "in-
ferior ranks" of society there was a surfeit of
"gross ignorance and stupidity." Rather
than positing rational self-interest as a uni-
versal human trait, Smith and other classi-
cal liberals thought that through persuasion
and law, it would be possible to turn men
away from their former pursuits of military
glory and religious enthusiasm toward
"small savings and small gains." A little bit
of workfare for those still unmindful of their
economic self-interest thus need hardly spell
the end of the American political tradition.

What is especially interesting about the
three conservative strands of thought about
welfare is that despite the theoretical dif-
ferences among them, together they provide
a coherent guide as to how to fix a broken
system. As men are not angels, Charles
Murray's negative incentives have their
place. But neither are men brutes, and hence
something more is needed than a "tech-
nology" of behavioral change. As Marvin
Olasky reminds us, a rebirth of the spirit of
religious charity would change many lives
for the better. And as Lawrence Mead re-
minds us, in a commercial republic such as
ours, work is the proper condition for all
who are able.

Indeed, the politicians have seen the big
picture in a way that this perhaps not so
easy for the lone social thinker to do. The
Republican welfare-reform bills in Congress,
along with the many state plans being put
into effect by Republican governors, makes
use of Murray's incentives, Olasky's reli-
gious charities, and Mead's workfare. If
there are theoretical and practical difficul-
ties with each of these approaches, it is pre-
cisely the combination that may make con-
servative welfare reform politically palat-
able and even, in the end, effective.

CONSERVATION AND GRAZING

Mr. ROTH. Mr. President, I rise
today to express my strong opposition
to President Clinton's actions to open
our conservation reserve lands to cat-
tle grazing. As someone who is con-
cerned about the environment, I am
disappointed by his decision.

The conservation program pays
ranchers to take ecologically fragile
land out of grazing.

It has been a very successful program
and has put away some 36 million acres
away as a nature preserve. By remov-
ing these acres of land from cattle
grazing and creating areas of undis-
turbed vegetative cover, the program
has created habitat for many types of
wildlife across the Great Plains and the
Midwest, including waterfowl, pheas-
ants, prairie grouse, raptors, and mi-
gratory songbirds. These species need
undisturbed cover to nest and raise
young successfully.

But good green grass is hard to come
by. The price of feed is up and the price
of cattle is down. For some, the solu-
tion to higher beef prices may be to
open up restricted land to grazing.

But as Richard Cohen quickly point-
ed out in today's Washington Post,
"First the oil reserves, then the con-
servation reserves and next—maybe—
the Federal Reserve."

In the name of environmental protec-
tion, this Congress fought off any at-
tempts to allow grazing on ecologically
sensitive land.

In fact, in last month's farm bill we
provided significant funding for the
Conservation Reserve Program and
made sure that wildlife habitat was a
primary objective of the reserve pro-
gram.

By opening all 36 million CRP acres
nationwide to grazing and haying with
few constraints and little apparent
consideration for the scope of the
emergency, the Clinton administration
has eliminated much of the wildlife
value of the Conservation Program.

WELFARE REFORM

Mr. ROTH. Mr. President, it has been 37 months since President Clinton outlined his welfare reform goals. On February 2, 1993, he told the Nation's Governors he would announce the formation of a welfare reform group within 10 days to work with the Governors to develop a welfare reform plan. But welfare reform was not enacted that year nor the following year.

Fourteen months ago, President Clinton declared at a joint session of Congress that, "Nothing has done more to undermine our sense of common responsibility than our failed welfare system. It rewards welfare over work. It undermines family values."

In response, the new Congress passed welfare reform twice in 1995. H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995, received bipartisan support in both the House and Senate as it was being drafted. Yet, 10 weeks ago, President Clinton vetoed welfare reform for a second time. With a stroke of his pen, President Clinton wiped out the welfare reform American families need and expect. By vetoing welfare reform, President Clinton has accepted the status quo in which millions of children are trapped in a vicious cycle of dependency.

Two weeks after he vetoed H.R. 4 President Clinton once again pledged his support for welfare reform in his 1996 State of the Union Address.

The President also declared that, "the era of big government is over." But his actions contradict his words.

On February 6, the Nation's Governors issued their own bold challenge to reform the welfare state. The Governors' unanimously adopted a bipartisan—I emphasize "a bipartisan"—blueprint for returning the power and authority over the welfare system, including Medicaid, to the States. Since then, the Finance Committee has held three hearings on the welfare and Medicaid proposals forwarded by the National Governors' Association. The Governors specifically built upon the welfare reform conference report rejected by the President.

On February 28, Secretary Shalala testified for the administration on the Governors' proposals. Once again, we found that the administration has an incredible capacity to blow hot and cold air at the same time. While lauding the Governors for their effort, Secretary Shalala opposed every major provision of the bipartisan proposals.

The Nation's Governors assembled again this week, this time in Palisades, NY, for a National Education Summit. The purpose of this meeting was for the States to share their ideas and strategies for introducing new technologies, standards, and assessments to improve the education of our children.

The Governors invited the business leaders who will help develop the new learning systems which will combine education and technology. The Governors also invited President Clinton to address the summit and, who no

doubt, pledged his support and commitment to our children's future.

But among all of the dignitaries, there was an uninvited and unwelcome guest at the banquet. Medicaid, the uninvited guest, will consume much of the necessary resources intended for education and will leave only scraps for the education of our children.

The insatiable appetite of Medicaid spending is limiting the ability of the Governors to fully fund education as they wish as Medicaid's share of State spending has nearly doubled in just 7 years. Its share has grown from 10 percent of State spending in 1987 to 19.4 in 1994.

During this same time, the share of State spending for elementary and secondary education dropped from 22.8 to 20.3 percent. Higher education's share dropped from 12.3 to 10.5 percent.

In 1990, Medicaid spending replaced higher education as the second largest State spending category, exceeded only by elementary and secondary education.

If present trends continue, Medicaid will soon pass elementary and secondary education as well. As shares of total State spending, both elementary and secondary education and higher education are at their lowest point in memory.

Between fiscal years 1993 and 1994, elementary and secondary education grew by just 2 percent. In comparison, Medicaid grew by more than 12 percent.

These alarming trends have consequences in other vital services as well. Transportation's share has dropped from 10.6 percent of State spending to 8.9 percent. The broad category of all other which includes public safety, investment in infrastructure, and many other services has declined 3 percentage points.

Another hidden threat of Medicaid is how State government is funded. Medicaid forces States to borrow more to finance the cost of education.

States cannot sell bonds to finance Medicaid, so the cost and burden of borrowing is passed on to other budget categories.

In 1987, 6.4 percent of bonds issued were to finance higher education. In 1984, 19.2 percent of bonds were used to fund higher education. This debt, of course, is ultimately passed on to our children. Even worse, as Medicaid spending consumes even greater shares of spending, leaving less for education, the cost of education may well rise beyond the ability of many families to spend their children to college to all.

The consequences of the failed welfare system are realized in many ways. It spreads its ill effects throughout society.

Now we find that unlimited entitlement spending threatens our democratic institutions as well. Mandatory Medicaid spending is draining State and Federal budgets. Governors and State legislatures are no longer in control of their State governments—they are being held hostage by the demands of Federal bureaucrats.

Mr. President, if we truly care about the education and future of our children, we must enact authentic welfare reform. Medicaid is the largest welfare program and the threat of its uncontrolled growth is spreading. Without welfare and Medicaid reform, whatever President Clinton promised for education last Wednesday in New York, is certain to be consumed by Medicaid tomorrow.

Mr. President, I yield back the floor. The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I ask unanimous consent for roughly 10 minutes in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PACIFIC NORTHWEST SALMON RESTORATION

Mr. GORTON. Mr. President, the Columbia River is the crown jewel of our Pacific Northwest. Its waters passing through our dams light our cities and towns. Its waters held back at times by those dams have saved thousands of lives from destructive floods. Its waters spread on our dry land have made the desert bloom and provide food for millions of people around the world. At the same time, that magnificent Columbia River has been the home to the most munificent runs of salmon anywhere in the lower 48 States of the United States of America.

Now that very civilization that has built those dams and used these waters so constructively threatens the future of these wonderful salmon runs. What should we do? How should we see to it that we both have the benefits of power and of irrigation and flood control and at the same time preserve and strengthen and restore these wonderful runs of salmon?

I think it is becoming more and more evident what we should not do. In the last 5 years, Federal bureaucrats here in Washington, DC, have billed us in the Pacific Northwest \$1.5 billion for salmon restoration, half a billion dollars last year alone, and we have not seen any positive results at all. In spite of this investment, an investment the people of the Pacific Northwest have not begrudged, the results are nothing. The results are a continued decline in our salmon runs. These costs are welcomed by the people of the Pacific Northwest, but the results are not.

I am convinced that this failure of Washington, DC, bureaucrats means that we cannot succeed if we continue to do business in the same way that we are doing it at the present time. I believe, and I believe firmly, that we can do a far better job in the Pacific Northwest if we are allowed to make the decisions that affect our lives and affect our resources.

Personally, I am totally committed to restoring an abundant salmon fishery in the Columbia and the Snake Rivers. Healthy and strong salmon

2ND STORY of Level 1 printed in FULL format.

Copyright 1996 The New York Times Company
The New York Times

January 10, 1996, Wednesday, Late Edition - Final

SECTION: Section B; Page 7; Column 5; National Desk

LENGTH: 613 words

HEADLINE: BATTLE OVER THE BUDGET: THE LEGISLATION;
Clinton Vetoes G.O.P. Plan To Change Welfare System

BYLINE: By ROBERT PEAR

DATELINE: WASHINGTON, Jan. 9

BODY:

President Clinton tonight vetoed a wide-ranging Republican plan to overhaul the nation's welfare system, saying the bill did "too little to move people from welfare to work" and made excessive cuts in spending on welfare.

Mr. Clinton said that he would "keep working with the Congress to enact real bipartisan welfare reform," but that he rejected the Republican measure because it was "designed to meet an arbitrary budget target."

The President's action concludes a four-year drama that began when Mr. Clinton, as a Presidential candidate in 1992, promised to "end welfare as we know it." Republicans in Congress tried to do just that, saying the current system must be abolished because it trapped people in poverty, but their bill went much further than Mr. Clinton intended.

To override the President's veto, Republicans need a two-thirds majority in each house of Congress, and they appear to lack the votes in both chambers. The final version of the bill was approved last month in the House 245 to 178 and in the Senate 52 to 47.

Representative Bill Archer, the Texas Republican who heads the Ways and Means Committee, denounced the veto. "With this highly regrettable action, President Clinton is demonstrating that his promise to end welfare as we know it was just another campaign slogan, not a meaningful policy objective," Mr. Archer said tonight. "Because of the President's veto, welfare will continue to be a way of life. With no five-year time limit on cash welfare benefits, recipients will have little incentive to get off welfare."

But Senator John B. Breaux, Democrat of Louisiana endorsed the President's action. "The President was correct to veto the bill," Mr. Breaux said, "but this is not the end of the process."

Both parties agree on the need for major changes in the welfare system, and they have been discussing such changes as part of a mammoth deal to balance the Federal budget. But Mr. Clinton and Congressional leaders suspended their budget talks today, with no agreement on Medicare, Medicaid, tax cuts, welfare or other

issues.

In vetoing the bill, Mr. Clinton said, "Welfare reform must be considered in the context of other critical and related issues such as Medicaid and the earned-income tax credit," which supplements the wages of the working poor.

"Congress should abandon efforts included in the budget reconciliation bill that would gut the earned-income tax credit, a powerful work incentive that is enabling hundreds of thousands of families to choose work over welfare," he said.

The bill would have undone six decades of social welfare policy by ending the Federal guarantee of cash assistance for millions of poor children. Instead, each state would have received a lump sum of Federal money to be used for the general purpose of helping the poor.

The Senate approved an earlier version of the bill 87 to 12 in September, and Mr. Clinton indicated then that he would support that bill. Thirty-five of the 46 Democratic senators voted for that measure.

Mr. Clinton and other Democrats said they turned against the legislation as it became more conservative in negotiations between House and Senate Republicans. Democrats were largely excluded from the work of the House-Senate conference committee, and no Democrat signed the conference report.

Mr. Clinton said the bill would have cut \$60 billion from projected spending on programs for low-income people over the next seven years. That is more than 8 percent of the amount spent under current law.

The President said the bill's budget cuts "would fall hardest on children and undermine states' ability to move people from welfare to work."

LANGUAGE: ENGLISH

LOAD-DATE: January 10, 1996

13

—

8TH STORY of Level 1 printed in FULL format.

Copyright 1996 The New York Times Company
The New York Times

April 11, 1996, Thursday, Late Edition - Final

SECTION: Section A; Page 1; Column 6; National Desk

LENGTH: 1055 words

HEADLINE: PRESIDENT VETOES MEASURE BANNING TYPE OF ABORTION

BYLINE: By TODD S. PURDUM

DATELINE: WASHINGTON, April 10

BODY:

Aligning himself firmly with abortion-rights advocates in an election year, President Clinton today vetoed a bill that would have outlawed a certain type of late-term abortion, saying the women who need the procedure to safeguard their own health "should not become pawns in a larger debate."

Mr. Clinton vetoed the measure, then held an emotional White House ceremony at which he was flanked by five women who had undergone such abortions and who spoke tearfully about the disorders that threatened their lives and those of their fetuses and led to agonizing decisions.

The issue is likely to be a flash-point in the Presidential campaign, since abortion opponents denounce the procedure -- performed only after 20 weeks of gestation -- as a gruesome "partial birth" abortion in which the fetus is partly extracted feet first and its brain then suctioned out to allow the head to pass through the birth canal. But abortion rights groups vehemently opposed the bill as the first Congressional ban on a particular abortion method since the Supreme Court legalized abortion in *Roe v. Wade* in 1973.

At the White House ceremony, Mr. Clinton called the procedure a "potentially life-saving, certainly health-saving" measure for "a small but extremely vulnerable group of women and families in this country, just a few hundred a year."

"This is not about the pro-choice, pro-life debate," he said. "This is not a bill that should have ever been injected into that."

For months, the President has had reservations about the procedure. He unsuccessfully pressed Congress to include an exception to allow it if necessary to save a woman's life or "avert serious health consequences to her," and he repeated those concerns in a letter sent today to Cardinal Joseph Bernardin of Chicago in which he said, "I do not support the use of this procedure on an elective basis where it is not necessary to save the life of the woman or prevent serious risks to her health."

Senator Bob Dole, the presumptive Republican Presidential nominee, said in a statement today that Mr. Clinton had "rejected a very modest and bipartisan

The New York Times, April 11, 1996

measure reflecting the values of the great majority of Americans."

Mr. Dole added: "A partial-birth abortion blurs the line between abortion and infanticide and crosses an ethical and legal line we must never cross. President Clinton now stands on the wrong side of this line."

The President's critics contend that an exception concerning the "health of the mother" has been interpreted by courts to include so many emotional, psychological and physiological considerations as to allow the procedure to be performed for depression or youth of the mother, or other reasons.

The precise number of such abortions, known technically as intact dilation and evacuation, is unknown. According to the Federal Centers for Disease Control and Prevention, 1.3 million abortions were performed nationwide in 1993, the last year for which figures are available, and fewer than 1.5 percent of them were performed after 20 weeks of gestation. Not all such late-term abortions are performed through intact dilation and evacuation.

Congress would not appear to have the votes to override Mr. Clinton's veto. The measure passed 286 to 129 in the House, with many Democratic leaders voting for it, but the Senate voted much more narrowly, 51 to 47, below the two-thirds majority necessary to override the veto.

In a sign of the campaign arguments to come, several anti-abortion groups issued statements harshly condemning the veto, some of them citing medical testimony that fetuses aborted in such procedures feel pain.

"Clinton's veto of the overwhelmingly supported partial-birth abortion ban act shows once again his absolute loyalty to the most extreme abortion advocates," said Gary L. Bauer, president of the Family Research Council, a conservative group.

Ralph Reed, the executive director of the Christian Coalition, called the veto "an insult to millions of people of faith who consider abortion to be the taking of innocent human life." Underscoring his agreement with Roman Catholic bishops who had urged the President to sign the bill, Mr. Reed added, "It will be very hard, if not impossible, for Bill Clinton to look Roman Catholic and Evangelical voters in the eye and ask for their support in November."

Abortion-rights advocates offered just as much praise, summed up by Kate Michelman, president of the National Abortion Rights Action League, who said: "The President has chosen compassion and concern for families facing medical tragedies over the cynical, election-year ploy of the politicians advancing this legislation."

A few weeks ago, the prospect that the President might muse aloud about his qualms over the procedure was enough to send abortion-rights groups into a lather, and Mr. Clinton is intent on retaining their support as he seeks to hold onto his support among women voters.

But the White House also took great pains to assure that Mr. Clinton's veto would not be seen as endorsing a gruesome practice. He had until next Wednesday to veto the bill, but slipped today's ceremony onto his schedule at 5 P.M., on a busy day dominated by the funeral of Commerce Secretary Ronald H. Brown.

The New York Times, April 11, 1996

In the Roosevelt Room, Mr. Clinton was accompanied by families, including self-described abortion opponents and Republicans, who told wrenching stories of dangerous pregnancies. Among those describing their ordeals were Claudia and Richard Ades of Los Angeles, who were picking out names for a boy when, late in the second trimester, tests revealed that the fetus suffered from a chromosomal disorder that would probably cause it to die in the womb.

Ms. Ades, who is Jewish, described having the procedure on Yom Kippur, the holy day of atonement, and struggled to control her emotions as Mr. Clinton put his hand on her shoulder.

"We need more families in America like these folks," the President said. "We need more parents in America like these folks. They are what America needs more of. And just because they happen to be in a tiny minority to bear a unique burden that God imposes on just a few people every year, we can't forget our obligation to protect their lives, their children, and their families' future."

The Ades said they were now planning to adopt a child.

LANGUAGE: ENGLISH

LOAD-DATE: April 11, 1996

14

—

FOREIGN POLICY

GOP Seeks White House Report On Iran's Arms Shipments

At a time when President Clinton is seeking to remind voters of his foreign policy successes, Republicans are eagerly turning a spotlight on his controversial policy of allowing Iran to arm the Bosnian Muslims.

With Clinton in Japan on a high-visibility state visit, Republicans rained on the president's parade by launching new attacks on the administration and demanding that the White House release a confidential internal report on the matter.



Dole

Senate Majority Leader Bob Dole of Kansas, the likely GOP presidential nominee, charged that the administration opened the door to Iranian involvement in the Balkans, which heightened the risk for the estimated 20,000 U.S. troops in Bosnia.

By Carroll J. Doherty

"This duplicitous policy has seriously damaged our credibility with our allies," Dole said in a floor speech April 17. It led to the deployment of Iranian fighters in Bosnia, he added, "producing one of the most serious threats to our military forces in Bosnia."

The White House has acknowledged it did not object to Iran's 1994 deliveries of weapons to Bosnia — which were shipped through neighboring Croatia — in spite of an international arms embargo. At the time, the administration vehemently opposed congressional attempts to end the arms embargo against the Muslims. (*Weekly Report*, p. 991)

The administration further infuriated Republicans by denying a request by Senate Intelligence Committee Chairman Arlen Specter, R-Pa., for the secret report on the policy by the president's Intelligence Oversight Board, a panel Clinton appoints to investigate possible wrongdoing in intelligence operations.

The board concluded that the administration broke no laws by failing

to inform Congress it was turning a blind eye to the Iranian arms deliveries. But the board found that the policy sowed confusion among U.S. intelligence officials and European allies.

The White House denied Specter's request on the grounds that it needed to protect confidential policy discussions. That amounted to a claim of "executive privilege," evoking the defiant stance taken by the late President Richard M. Nixon in refusing to release documents to Congress during the Watergate scandal.

The administration's overall handling of Bosnia policy will likely come under fire April 23, when the House International Relations Committee holds the first public hearing on the military links between Bosnia and Iran. Peter Tarnoff, under secretary of State for political affairs, will testify for the administration.

The administration made progress during the week of April 15 with its campaign to attract international military backing for the Bosnian Muslims. Arab states pledged \$100 million in aid for the so-called arm-and-train program, which will supplement the \$100 million committed by the United States.

But the State Department has signaled it will delay implementation of the program until the Bosnian government ousts Iranian fighters from the country. ■

FOREIGN POLICY

GOP Not Giving Up On Agency Cuts

Seeking to extract political benefit from what is likely to be a losing legislative effort, House Republicans have indicated they will try to override President Clinton's veto of legislation aimed at downsizing the foreign affairs bureaucracy.

GOP leaders have scheduled the override vote for April 23, but Republicans acknowledge they have virtually no chance of garnering the two-thirds margin necessary. The House on March 12 adopted the conference report (HR 1561 — Conference Report: H Rept 104-478) by a relatively narrow 226-172 vote.

But Republicans want an opportu-

By Carroll J. Doherty

nity to show that in spite of Clinton's assertion in his State of the Union speech that the "era of big government is over," the president is blocking legislation that would eliminate at least one of three foreign policy agencies: the Arms Control and Disarmament Agency, the Agency for International Development, or the United States Information Agency.

Some Republicans claimed that Clinton vetoed the bill on April 12, a Friday evening, to ensure that the action would attract minimal news coverage.

In vetoing the bill, Clinton primarily criticized its foreign policy provisions, particularly a proposal intended to boost military ties with Taiwan and another imposing restrictions on funds for normalizing diplomatic relations with Vietnam.

Clinton also charged that by mandating the elimination of one of the three agencies, the bill "would seriously impede the president's authority to organize and administer foreign af-

BOXSCORE

Bill: HR 1561 (Conference report: H Rept 104-478) — State Department authorization.

Latest action: President Clinton vetoed the bill April 12.

Next likely action: The House plans to vote Tuesday on a veto override.

Reference: Senate conference adoption, *Weekly Report*, p. 895. House conference adoption, p. 712.

fairs agencies to best serve the nation's interests and the administration's foreign policy priorities." (*Text*, p. 1074)

While the House prepared to try to override the veto, the Senate had no plans to follow suit. ■

STATE DEPARTMENT

Bill To Eliminate Agency Fails As House Sustains Veto

A yearlong campaign by Republicans to downsize the foreign affairs bureaucracy ended in failure April 30 when the House failed to override President Clinton's veto of a State Department authorization bill.

The House voted 234-188 in favor of overriding the president's veto, 48 votes short of the two-thirds needed to accomplish that objective. As in previous votes on the measure, the House was deeply split along partisan lines. Only three Republicans supported the veto, while five Democrats opposed it. (Vote 136, p. 1254)

The outcome was not a surprise, as GOP leaders conceded long ago that they lacked the votes to overturn Clinton's veto.

But Republicans wanted a chance to blast Clinton for rejecting the bill (HR 1561), which would have forced the elimination of one of three foreign affairs agencies: the Arms Control and Disarmament Agency, the Agency for International Development or the United States Information Agency.

International Relations Committee

By Carroll J. Doherty

Chairman Benjamin A. Gilman, R-N.Y., said the veto made a mockery of the administration's claim that it is reinventing government. "The only thing this administration has reinvented are new excuses to maintain the status quo," he said.

Republicans also tried to score political points with Irish-American voters by highlighting a provision in the bill aimed at ending employment discrimination against Catholics in Northern Ireland. By opposing the measure, Gilman and other Republicans charged, Clinton broke his campaign pledge to work to end such discrimination.

In a statement accompanying his April 12 veto, Clinton ticked off a long list of objections. He was especially critical of provisions that would boost military ties with Taiwan and impose restrictions on funds for normalizing relations with Vietnam.

The president also took the Republicans to task for infringing on presidential prerogatives by requiring a reorganization of the foreign affairs bureaucracy by March 1997. "The inflexible, detailed mandates and arti-

BOXSCORE

Bill: HR 1561 (Conference Report: H Rept 104-478) — State Department Authorization.

Latest action: House sustained President Clinton's veto on April 30.

Next likely action: None expected.

Reference: Clinton veto, Weekly Report, p. 1059; Senate conference, p. 895; House conference, p. 712.

cial deadlines in this section of the bill should not be imposed on any president," Clinton said.

The bill's demise marked a bitter defeat for Senate Foreign Relations Committee Chairman Jesse Helms, R-N.C., who has been on a quest to scale back the foreign affairs bureaucracy almost since taking the chairmanship. Originally, Helms sought to eliminate all three agencies.

Facing Democratic stalling tactics, Helms brought his committee to a standstill for four months last year — holding up votes on treaties, ambassadorial nominees and other appointees — to force a vote on the State Department proposal. (1995 Weekly Report, p. 3753)

FOREIGN POLICY

Rules Committee Approves Plan To Probe Iran Arms Shipments

Republicans in Congress continue to gear up for a major investigation of the Clinton administration's tacit approval of Iranian arms shipments to Bosnian Muslims during an international arms embargo.

The House Rules Committee on May 2 approved a resolution (H Res 416) authorizing the creation of a select panel to probe the matter, a day after the House Oversight Committee approved a second resolution (H Res 417) authorizing \$995,000 to pay for the investigation.

Both measures are expected to go

By Lori Nitschke

to the House floor the week of May 6. Two Senate committees — Foreign Relations and Select Intelligence — also have begun investigations.

The special House panel of five Republicans and three Democrats would be a subcommittee of the International Relations Committee. House Judiciary Committee Chairman Henry J. Hyde, R-Ill., a key member of the House Se-



Hyde

lect Iran-Contra Committee in 1987, would chair the panel.

The Clinton administration in 1994 secretly acquiesced in shipments of Iranian arms to Bosnia through neighboring Croatia, at the same time that the White House was rejecting calls to lift the embargo on arms to combatants in the former Yugoslavia.

Undersecretary of State Peter Tarnoff testified April 23 before the International Relations Committee that the administration broke no laws in the matter. (Weekly Report, p. 1179)

Democrats have argued that creation of the special investigatory panel is an election-year ploy by Republicans to embarrass President Clinton.

The panel's authorization is to expire six months after the House formally approves it, which could place its termination just a few days after the Nov. 5 elections.