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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files

OA/ID Number: 29136
Folder ID Number: 29136-006

Folder Title:
Budget [1990] (1 of 2) [1]

Stack:	Row:	Section:	Shelf:	Position:
G	**15**	**24**	**6**	**2**

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Note	From OMB to John Sununu Re: Attached report (1 pp.)	8/7/90	~~P-5~~	
01b. Report	Re: Wasteful spending by Congress (8 pp.)	8/7/90	~~P-5~~	
02. Report	Parameters for a Possible Agreement: A Guesstimate (1 pp.)	7/24/90	~~P-5~~	
03a. Outline	Agenda for Discussion (2 pp.)	7/12/90	~~P-5~~	
03b. Report	Presidential Policy (4 pp.)	n.d.	~~P-5~~	
04. Report	RNC 1990 budget results through May [Open Upon Deed of Gift - March 16, 2015] (5 pp.)	90	~~PRM~~	
05. Report	Budget Negotiation "Realities" as of 6/22/90 (1 pp.)	6/22/90	~~P-5~~	
06. Outline	Conditions (for discussion 6/19/90) (7 pp.)	6/19/90	~~P-5~~	
√07a. Memo RIP	From Robert M. Gates to POTUS Re: Boris Yeltsin (1 pp.)	6/6/90	(b)(1)	S
√07b. Paper RIP	Re: Boris Yeltsin (2 pp.)	n.d.	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Budget [1990] (1 of 2) [1]

Pinksheet Number: KO0746
OA/ID Number: 29136-006
Date Closed: 12/16/2004
FOIA/Sys Case #: 1998-0004-F[1]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Clayton,

Thanks for all your help garnering support for the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there, but I'm counting on you to help us during the second half as well.

Please let me know your thoughts as this process continues.

With warm regards and real appreciation,

Sincerely,

John H. Sununu
Chief of Staff

The Honorable Clayton Yeutter
Secretary
U.S. Department of Agriculture
Washington, D.C. 20250

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Barry,

Thank you for the American Business Conference's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John.

John H. Sununu
Chief of Staff

Mr. Barry K. Rogstad
President
American Business Conference
1730 K Street, N.W.
Suite 1200
Washington, D.C. 20006

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Bob,

Thank you for Prudential's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John.

John H. Sununu
Chief of Staff

Thanks!!

Mr. Robert C. Winters
Chairman and Chief Executive Officer
The Prudential Insurance Company of America
751 Broad Street
Newark, New Jersey 07102-3777

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Dan,

Thank you for the NVCA's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Mr. Daniel T. Kingsley
National Venture Capital Association
1655 North Fort Myer Drive
Suite 700
Arlington, Virginia 22209

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Dirk,

Thank you for NAW's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. Your hard work was critical to the progress we have made and I hope we can count on you for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Thanks!!

Mr. Dirk Van Dongen
President
National Association of
Wholesalers-Distributors
1725 K Street, N.W.
Suite 710
Washington, D.C. 20006

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Drew,

Thank you for The Business Roundtable's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. Your hard work was critical to the progress we have made and I hope we can count on you for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Thanks!!

The Honorable Drew Lewis
Chairman
The Business Roundtable
200 Park Avenue
New York, New York 10166

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Lod,

Thank you for ARCO's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John H. Sununu
Chief of Staff

Mr. Lodwrick M. Cook
Chairman and Chief Executive Officer
ARCO
515 South Flower Street
Los Angeles, California 90071

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear John,

Thank you for NCCH's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John H. Sununu
Chief of Staff

Mr. John Horty
President
National Council of Community Hospitals
1700 K Street, N.W.
Washington, D.C. 20006

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Frank,

Thank you for your support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We are counting on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John H. Sununu
Chief of Staff

The Honorable Frank Fahrenkopf, Jr.
Suite 1300
West Tower
555 13th Street, N.W.
Washington, D.C. 20004-1109

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Jim,

Thank you for AETNA's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Mr. James T. Lynn
Chairman
AETNA Life and Casualty Company
1667 K Street, N.W.
Suite 400
Washington, D.C. 20006

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Bill,

Thank you for Merrill Lynch's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John.

John H. Sununu
Chief of Staff

Mr. William A. Schreyer
Chairman of the Board and
Chief Executive Officer
Merrill Lynch and Company, Inc.
North Tower
World Financial Center
New York, New York 10281-1220

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Mr. Snow,

Thank you for CSX's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Mr. John Snow
President and Chief Executive Officer
CSX Corporation
One James Center
Richmond, Virginia 32319

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Rudy,

Thank you for Goodyear's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Mr. Rudolph A. Vignone
Vice President
Governmental Relations
The Goodyear Tire and Rubber Company
Suite 350
901 15th Street, N.W.
Washington, D.C. 20005

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Mike,

Thank you for the American Gas Association's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Mr. Michael Baly III
Executive Vice President and
Chief Operating Officer
American Gas Association
1515 Wilson Boulevard
Arlington, Virginia 22209

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Bob,

Thank you for Chrysler's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John H. Sununu
Chief of Staff

Mr. R. A. Perkins
Vice President, Washington Affairs
Chrysler Corporation
1100 Connecticut Avenue, N.W.
Washington, D.C. 20036

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Jerry,

Thank you for NAM's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Thanks!!

Mr. Jerry J. Jasinowski
President
National Association of Manufacturers
1331 Pennsylvania Avenue, N.W.
Suite 1500 - North Lobby
Washington, D.C. 20004-1703

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Jim,

Thank you for General Motors' support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John H. Sununu
Chief of Staff

Mr. James D. Johnston
Vice President
Industry-Government Relations
General Motors
1660 L Street, N.W.
Washington, D.C. 20036

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Stephen,

Thank you for the Realtors' support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

~~John~~ H. Sununu
Chief of Staff

Thanks!

Mr. Stephen D. Driesler
Senior Vice President, Government Affairs
National Association of Realtors
777 14th Street, N.W.
Washington, D.C. 20005

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Curtis,

Thank you for Bethlehem Steel's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Mr. Curtis H. Barnette
Senior Vice President and Director
Bethlehem Steel Corporation
2018 Martin Tower
Bethlehem, Pennsylvania 18016

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Red,

Thank you for Ford's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John H. Sununu
Chief of Staff

Mr. Harold A. Poling
Chairman of the Board
Ford Motor Company
Post Office Box 1899
Dearborn, Michigan 48121-1899

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear John,

Thank you for Apple Computer's support of the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there. We hope we can count on having your support for the second half as well.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

Mr. John Sculley
Chairman, President and
Chief Executive Officer
Apple Computer, Inc.
20525 Mariani Avenue
Cupertino, California 95014

THE WHITE HOUSE

WASHINGTON

October 9, 1990

Dear Bob,

Thanks for all your help garnering support for the Bipartisan Budget Agreement.

With the passage of the Budget Resolution we're halfway there, but I'm counting on you to help us during the second half as well.

Please let me know your thoughts as this process continues.

With warm regards and real appreciation,

Sincerely,

John

John H. Sununu
Chief of Staff

The Honorable Robert Mosbacher
Secretary
U.S. Department of Commerce
Washington, D.C. 20230

175617

VIN WEBER
2D DISTRICT, MINNESOTA

106 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-2331

P.O. BOX 279
NEW ULM, MN 56073
(507) 354-6400

919 SOUTH 1ST STREET
WILLMAR, MN 56201
(612) 235-6820

P.O. BOX 1214
MARSHALL, MN 56258
(507) 532-9611

Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEES:
RURAL DEVELOPMENT, AGRICULTURE AND RELATED AGENCIES
LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION

F McClure

September 13, 1990

President George Bush
The White House
Washington, D.C. 20500

Dear Mr. President:

We are concerned by continued signs that the economy is softening, and we believe that the current dangers make it imperative that a pro-growth economic package be the focus of budget summit negotiations.

Because of the economic policies adopted under Ronald Reagan, we have enjoyed 93 straight months of economic growth, the longest peacetime expansion in post-war history. That expansion has been based on an economic plan that encourages investment and job creation through low tax rates, and we need to continue that successful approach if we are going to avoid a recession at this critical time.

The centerpiece of a pro-growth tax package should be a substantial cut in the capital gains tax rate, as you have proposed. Reducing the capital gains tax would spur job creation, expand new investment, and increase federal revenues.

We also need to pursue other changes that would foster the creation of enterprise zones in depressed areas, allow for accelerated depreciation of some business equipment, expand the use of IRAs, and increase the personal exemption.

We applaud your inclusion of these measures in your address to Congress on Tuesday. We stand behind you in your insistence that Congress include these provisions in any budget package.

By adopting the Armey resolution, the House Republican Conference has taken a clear stand against tax increases, which would undercut economic growth, and we strongly believe that further steps are needed to continue our record economic expansion. A growth-oriented tax package must be the centerpiece of any budget summit agreement.

Sincerely,

Vin Weber

Dick Armey

Bob Walker

Jim Bunning

Norman F. Lent

Tom Bliley

Don Ritter

Bill Dannemeyer

Toby Roth

Carlos Moorhead

Tom Tauke

Chuck Douglas

Jim Kolbe

Howard Coble

Ron Packard

Lamar Smith

Bob McEwen

Bob Whittaker

Henry J. Hyde

Jerry [illegible]

B. Livingston

Dan Schaefer

Joe Barton

Herbert H. Bateman

Tom DeLay

Cass Ballenger

Duncan Hunter

Elton Gallegly

Bob Smith (N.H.)

[illegible]

Wally Herger

Tom Campbell

Jack Buechner

John J. Duncan Jr.

Bill Emerson

Jim Saxton

[illegible]

Jon Kyl

Robert K. Dornan

Joel Hefley

D. E. "Buz" Lukens

[illegible]

Jack Fields

HOUSE ALPHA LIST
(05/16/90)

1.	Gary L. Ackerman	D/NY
2.	Bill Alexander	D/AR
3.	Glenn M. Anderson	D/CA
4.	Mike Andrews	D/TX
5.	Frank Annunzio	D/IL
6.	Beryl Anthony, Jr.	D/AR
7.	Douglas Applegate	D/OH
8.	Bill Archer	R/TX
9.	Richard Armey	R/TX
10.	Les Aspin	D/WI
11.	Chester G. Atkins	D/MA
12.	Les AuCoin	D/OR
13.	Richard H. Baker	R/LA
14.	Cass Ballenger	R/NC
15.	Doug Barnard, Jr.	D/GA
16.	Steve Bartlett	R/TX
17.	Joe Barton	R/TX
18.	Herbert H. Bateman	R/VA
19.	Jim Bates	D/CA
20.	Anthony C. Beilenson	D/CA
21.	Charles E. Bennett	D/FL
22.	Helen Delich Bentley	R/MD
23.	Douglas K. Bereuter	R/NE
24.	Howard L. Berman	D/CA
25.	Tom Bevill	D/AL
26.	James H. Bilbray	D/NV
27.	Michael Bilirakis	R/FL
28.	Ben Blaz	R/GU
29.	Thomas J. Bliley, Jr.	R/VA
30.	Sherwood L. Boehlert	R/NY
31.	Lindy Boggs	D/LA
32.	David E. Bonior	D/MI
33.	Robert A. Borski	D/PA
34.	Douglas H. Bosco	D/CA
35.	Frederick C. Boucher	D/VA
36.	Barbara Boxer	D/CA
37.	Joseph E. Brennan	D/ME
38.	Jack Brooks	D/TX
39.	William S. Broomfield	R/MI
40.	Glen Browder	D/AL
41.	George E. Brown, Jr.	D/CA
42.	Hank Brown	R/CO
43.	Terry L. Bruce	D/IL
44.	John Bryant	D/TX
45.	Jack Buechner	R/MO
46.	Jim Bunning	R/KY
47.	Dan Burton	R/IN
48.	Albert G. Bustamante	D/TX
49.	Beverly B. Byron	D/MD
50.	H. L. Callahan	R/AL
51.	Ben Nighthorse Campbell	D/CO
52.	Tom Campbell	R/CA
53.	Benjamin L. Cardin	D/MD
54.	Thomas R. Carper	D/DE
55.	Bob Carr	D/MI
56.	Rodney Chandler	R/WA
57.	Jim Chapman	D/TX
58.	James McClure Clarke	D/NC
59.	William Clay	D/MO
60.	Bob Clement	D/TN
61.	William F. Clinger, Jr.	R/PA
62.	Howard Coble	R/NC
63.	E. Thomas Coleman	R/MO
64.	Ronald Coleman	D/TX
65.	Cardiss Collins	D/IL
66.	Larry Combest	R/TX
67.	Gary Condit	D/CA
68.	Silvio O. Conte	R/MA
69.	John Conyers, Jr.	D/MI
70.	Jim Cooper	D/TN
71.	Jerry Costello	D/IL
72.	Lawrence Coughlin	R/PA
73.	James A. Courter	R/NJ
74.	Christopher Cox	R/CA
75.	William J. Coyne	D/PA
76.	Larry E. Craig	R/ID
77.	Philip M. Crane	R/IL
78.	George W. Crockett, Jr.	D/MI
79.	William E. Dannemeyer	R/CA
80.	George W. Darden	D/GA
81.	Robert W. Davis	R/MI
82.	Peter A. DeFazio	D/OR
83.	E "Kika" de la Garza	D/TX
84.	Tom DeLay	R/TX
85.	Ronald V. Dellums	D/CA
86.	Ron de Lugo	D/VI
87.	Butler Derrick	D/SC
88.	Michael DeWine	R/OH
89.	William L. Dickinson	R/AL
90.	Norman D. Dicks	D/WA
91.	John D. Dingell	D/MI
92.	Julian C. Dixon	D/CA
93.	Brian J. Donnelly	D/MA
94.	Byron L. Dorgan	D/ND

HOUSE ALPHA LIST
(05/16/90)

95.	Robert K. Dornan	R/CA
96.	Chuck Douglas	R/NH
97.	Thomas J. Downey	D/NY
98.	David Dreier	R/CA
99.	John J. Duncan, Jr.	R/TN
100.	Richard J. Durbin	D/IL
101.	Bernard Dwyer	D/NJ
102.	Mervyn M. Dymally	D/CA
103.	Roy Dyson	D/MD
104.	Joseph D. Early	D/MA
105.	Dennis E. Eckart	D/OH
106.	Don Edwards	D/CA
107.	Mickey Edwards	R/OK
108.	Bill Emerson	R/MO
109.	Eliot L. Engel	D/NY
110.	Glenn English	D/OK
111.	Ben Erdreich	D/AL
112.	Michael Espy	D/MS
113.	Lane Evans	D/IL
114.	Eni Hunkin Faleomavaega	D/AS
115.	Dante B. Fascell	D/FL
116.	Walter E. Fauntroy	D/DC
117.	Harris W. Fawell	R/IL
118.	Vic Fazio	D/CA
119.	Edward F. Feighan	D/OH
120.	Jack Fields	R/TX
121.	Hamilton Fish, Jr.	R/NY
122.	Floyd H. Flake	D/NY
123.	Ronnie G. Flippo	D/AL
124.	Thomas M. Foglietta	D/PA
125.	Thomas S. Foley	D/WA
126.	Harold E. Ford	D/TN
127.	William D. Ford	D/MI
128.	Barney Frank	D/MA
129.	Bill Frenzel	R/MN
130.	Martin Frost	D/TX
131.	Jaime B. Fuster	D/PR
132.	Elton Gallegly	R/CA
133.	Dean A. Gallo	R/NJ
134.	Joseph M. Gaydos	D/PA
135.	Sam Gejdenson	D/CT
136.	George W. Gekas	R/PA
137.	Richard A. Gephardt	D/MO
138.	Pete Geren	D/TX
139.	Sam Gibbons	D/FL
140.	Paul E. Gillmor	R/OH
141.	Benjamin A. Gilman	R/NY
142.	Newt Gingrich	R/GA
143.	Dan Glickman	D/KS
144.	Henry B. Gonzalez	D/TX
145.	William F. Goodling	R/PA
146.	Bart Gordon	D/TN
147.	Porter J. Goss	R/FL
148.	Willis D. Gradison, Jr.	R/OH
149.	Fred Grandy	R/IA
150.	Bill Grant	R/FL
151.	William H. Gray III	D/PA
152.	Bill Green	R/NY
153.	Frank J. Guarini	D/NJ
154.	Steve Gunderson	R/WI
155.	Ralph M. Hall	D/TX
156.	Tony P. Hall	D/OH
157.	Lee H. Hamilton	D/IN
158.	John Paul Hammerschmidt	R/AR
159.	Melton D. "Mel" Hancock	R/MO
160.	James V. Hansen	R/UT
161.	Claude Harris	D/AL
162.	J. Dennis Hastert	R/IL
163.	Charles Hatcher	D/GA
164.	Augustus F. Hawkins	D/CA
165.	Charles A. Hayes	D/IL
166.	James A. Hayes	D/LA
167.	Joel Hefley	R/CO
168.	W. G. "Bill" Hefner	D/NC
169.	Paul B. Henry	R/MI
170.	Wally Herger	R/CA
171.	Dennis M. Hertel	D/MI
172.	John Hiler	R/IN
173.	Peter Hoagland	D/NE
174.	George J. Hochbrueckner	D/NY
175.	Clyde C. Holloway	R/LA
176.	Larry J. Hopkins	R/KY
177.	Frank Horton	R/NY
178.	Amory Houghton, Jr.	R/NY
179.	Steny H. Hoyer	D/MD
180.	Carroll Hubbard, Jr.	D/KY
181.	Jerry Huckaby	D/LA
182.	William J. Hughes	D/NJ
183.	Duncan Hunter	R/CA
184.	Earl Hutto	D/FL
185.	Henry J. Hyde	R/IL
186.	James M. Inhofe	R/OK
187.	Andy Ireland	R/FL
188.	Andrew Jacobs, Jr.	D/IN
189.	Craig T. James	R/FL
190.	Ed Jenkins	D/GA
191.	Nancy L. Johnson	R/CT
192.	Tim Johnson	D/SD

HOUSE ALPHA LIST
(05/16/90)

193.	Harry A. Johnston	D/FL
194.	Ben Jones	D/GA
195.	Walter B. Jones	D/NC
196.	James Jontz	D/IN
197.	Paul E. Kanjorski	D/PA
198.	Marcy Kaptur	D/OH
199.	John R. Kasich	R/OH
200.	Robert W. Kastenmeier	D/WI
201.	Joseph P. Kennedy II	D/MA
202.	Barbara B. Kennelly	D/CT
203.	Dale E. Kildee	D/MI
204.	Gerald Kleczka	D/WI
205.	Jim Kolbe	R/AZ
206.	Joseph P. Kolter	D/PA
207.	Peter H. Kostmayer	D/PA
208.	Jon Kyl	R/AZ
209.	John J. LaFalce	D/NY
210.	Robert J. Lagomarsino	R/CA
211.	Martin Lancaster	D/NC
212.	Tom Lantos	D/CA
213.	Greg Laughlin	D/TX
214.	Jim Leach	R/IA
215.	Marvin Leath	D/TX
216.	Richard Lehman	D/CA
217.	William Lehman	D/FL
218.	Norman F. Lent	R/NY
219.	Sander Levin	D/MI
220.	Mel Levine	D/CA
221.	Jerry Lewis	R/CA
222.	John Lewis	D/GA
223.	Tom Lewis	R/FL
224.	Jim Ross Lightfoot	R/IA
225.	William O. Lipinski	D/IL
226.	Bob Livingston	R/LA
227.	Marilyn Lloyd	D/TN
228.	Jill Long	D/IN
229.	Bill Lowery	R/CA
230.	Nita M. Lowey	D/NY
231.	Thomas A. Luken	D/OH
232.	Donald E. Lukens	R/OH
233.	Ronald K. Machtley	R/RI
234.	Edward R. Madigan	R/IL
235.	Thomas J. Manton	D/NY
236.	Edward J. Markey	D/MA
237.	Ron Marlenee	R/MT
238.	David O'B. Martin	R/NY
239.	Lynn Martin	R/IL
240.	Matthew G. Martinez	D/CA
241.	Robert T. Matsui	D/CA
242.	Nicholas Mavroules	D/MA
243.	Romano L. Mazzoli	D/KY
244.	Al McCandless	R/CA
245.	Frank McCloskey	D/IN
246.	Bill McCollum	R/FL
247.	Jim McCrery	R/LA
248.	Dave McCurdy	D/OK
249.	Joseph M. McDade	R/PA
250.	James A. McDermott	D/WA
251.	Bob McEwen	R/OH
252.	Raymond J. McGrath	R/NY
253.	Matthew F. McHugh	D/NY
254.	J. Alex McMillan	R/NC
255.	Thomas McMillen	D/MD
256.	Michael R. McNulty	D/NY
257.	Jan Meyers	R/KS
258.	Kweisi Mfume	D/MD
259.	Robert H. Michel	R/IL
260.	Clarence E. Miller	R/OH
261.	George Miller	D/CA
262.	John Miller	R/WA
263.	Norman Y. Mineta	D/CA
264.	Joe Moakley	D/MA
265.	Susan Molinari	R/NY
266.	Alan B. Mollohan	D/WV
267.	G. V. Montgomery	D/MS
268.	Jim Moody	D/WI
269.	Carlos J. Moorhead	R/CA
270.	Constance A. Morella	R/MD
271.	Bruce A. Morrison	D/CT
272.	Sid Morrison	R/WA
273.	Robert J. Mrazek	D/NY
274.	Austin J. Murphy	D/PA
275.	John P. Murtha	D/PA
276.	John T. Myers	R/IN
277.	David R. Nagle	D/IA
278.	William H. Natcher	D/KY
279.	Richard E. Neal	D/MA
280.	Stephen L. Neal	D/NC
281.	Bill Nelson	D/FL
282.	Howard C. Nielson	R/UT
283.	Henry J. Nowak	D/NY
284.	Mary Rose Oakar	D/OH
285.	James L. Oberstar	D/MN
286.	David R. Obey	D/WI
287.	James R. Olin	D/VA
288.	Solomon P. Ortiz	D/TX
289.	Major R. Owens	D/NY
290.	Wayne Owens	D/UT

HOUSE ALPHA LIST
(05/16/90)

291.	Michael G. Oxley	R/OH
292.	Ron Packard	R/CA
293.	Frank Pallone, Jr.	D/NJ
294.	Leon E. Panetta	D/CA
295.	Mike Parker	D/MS
296.	Stan Parris	R/VA
297.	Charles Pashayan, Jr.	R/CA
298.	Liz J. Patterson	D/SC
299.	L. William Paxon	R/NY
300.	Donald M. Payne	D/NJ
301.	Lewis F. Payne, Jr.	D/VA
302.	Don J. Pease	D/OH
303.	Nancy Pelosi	D/CA
304.	Timothy J. Penny	D/MN
305.	Carl C. Perkins	D/KY
306.	Thomas E. Petri	R/WI
307.	Owen B. Pickett	D/VA
308.	J. J. Pickle	D/TX
309.	John Edward Porter	R/IL
310.	Glenn Poshard	D/IL
311.	David E. Price	D/NC
312.	Carl D. Pursell	R/MI
313.	James H. Quillen	R/TN
314.	Nick Joe Rahall II	D/WV
315.	Charles B. Rangel	D/NY
316.	Arthur Ravenel, Jr.	R/SC
317.	Richard Ray	D/GA
318.	Ralph Regula	R/OH
319.	John J. Rhodes III	R/AZ
320.	Bill Richardson	D/NM
321.	Tom J. Ridge	R/PA
322.	Matthew J. Rinaldo	R/NJ
323.	Don Ritter	R/PA
324.	Pat Roberts	R/KS
325.	Tommy Robinson	R/AR
326.	Robert A. Roe	D/NJ
327.	Harold Rogers	R/KY
328.	Dana Rohrabacher	R/CA
329.	Ileana Ros-Lehtinen	R/FL
330.	Charles Rose	D/NC
331.	Dan Rostenkowski	D/IL
332.	Toby Roth	R/WI
333.	Marge Roukema	R/NJ
334.	J. Roy Rowland	D/GA
335.	John G. Rowland	R/CT
336.	Edward R. Roybal	D/CA
337.	Marty Russo	D/IL
338.	Martin Olav Sabo	D/MN
339.	Patricia Saiki	R/HI
340.	George E. Sangmeister	D/I
341.	Bill Sarpalius	D/T
342.	Gus Savage	D/I
343.	Thomas C. Sawyer	D/O
344.	H. James Saxton	R/N
345.	Dan Schaefer	R/C
346.	James H. Scheuer	D/N
347.	Steven Schiff	R/N
348.	Claudine Schneider	R/RI
349.	Patricia Schroeder	D/CO
350.	Bill Schuette	R/MI
351.	Richard T. Schulze	R/PA
352.	Charles E. Schumer	D/NY
353.	F. James Sensenbrenner, Jr.	R/WI
354.	Jose E. Serrano	D/NY
355.	Philip R. Sharp	D/IN
356.	E. Clay Shaw, Jr.	R/FL
357.	Christopher Shays	R/CT
358.	Norman D. Shumway	R/CA
359.	Bud Shuster	R/PA
360.	Gerry Sikorski	D/MN
361.	Norman Sisisky	D/VA
362.	David Skaggs	D/CO
363.	Joe Skeen	R/NM
364.	Ike Skelton	D/MO
365.	Jim Slattery	D/KS
366.	D. French Slaughter, Jr.	R/VA
367.	Louise M. Slaughter	D/NY
368.	Christopher H. Smith	R/NJ
369.	Denny Smith	R/OR
370.	Lamar Smith	R/TX
371.	Larry Smith	D/FL
372.	Neal Smith	D/IA
373.	Peter Smith	R/VT
374.	Robert C. Smith	R/NH
375.	Robert F. Smith	R/CR
376.	Virginia Smith	R/NE
377.	Olympia J. Snowe	R/ME
378.	Stephen J. Solarz	D/NY
379.	Gerald B. Solomon	R/NY
380.	Floyd Spence	R/SC
381.	John Spratt	D/SC
382.	Harley O. Staggers, Jr.	D/WV
383.	Richard Stallings	D/ID
384.	Arlan Stangeland	R/MN
385.	Fortney H. Stark	D/CA
386.	Clifford B. Stearns	R/FL
387.	Charles W. Stenholm	D/TX
388.	Louis Stokes	D/OH

389.	Gerry E. Studds	D/MA
390.	Bob Stump	R/AZ
391.	Don Sundquist	R/TN
392.	Al Swift	D/WA
393.	Mike Synar	D/OK
394.	Robin Tallon	D/SC
395.	John Tanner	D/TN
396.	Thomas J. Tauke	R/IA
397.	Billy Tauzin	D/LA
398.	Gene Taylor	D/MS
399.	Craig Thomas	R/WY
400.	Lindsay Thomas	D/GA
401.	William M. Thomas	R/CA
402.	Esteban Torres	D/CA
403.	Robert G. Torricelli	D/NJ
404.	Edolphus Towns	D/NY
405.	James A. Traficant, Jr.	D/OH
406.	Bob Traxler	D/MI
407.	Morris K. Udall	D/AZ
408.	Jolene Unsoeld	D/WA
409.	Fred Upton	R/MI
410.	Tim Valentine	D/NC
411.	Guy Vander Jagt	R/MI
412.	Bruce F. Vento	D/MN
413.	Peter J. Visclosky	D/IN
414.	Harold L. Volkmer	D/MO
415.	Barbara Vucanovich	R/NV
416.	Doug Walgren	D/PA
417.	Robert S. Walker	R/PA
418.	James T. Walsh	R/NY
419.	Craig Washington	D/TX
420.	Wes Watkins	D/OK
421.	Henry A. Waxman	D/CA
422.	Vin Weber	R/MN
423.	Ted Weiss	D/NY
424.	Curt Weldon	R/PA
425.	Alan Wheat	D/MO
426.	Bob Whittaker	R/KS
427.	Jamie L. Whitten	D/MS
428.	Pat Williams	D/MT
429.	Charles Wilson	D/TX
430.	Bob Wise	D/WV
431.	Frank R. Wolf	R/VA
432.	Howard Wolpe	D/MI
433.	Ron Wyden	D/OR
434.	Chalmers P. Wylie	R/OH
435.	Sidney R. Yates	D/IL
436.	Gus Yatron	D/PA
437.	C.W. Bill Young	R/FL
438.	Don Young	R/A

SN Pres Reply

ID# 175617

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: SEPTEMBER 19, 1990

NAME OF CORRESPONDENT: THE HONORABLE VIN WEBER

SUBJECT: URGES THE PRESIDENT TO CONTINUE THE RECORD ECONOMIC EXPANSION IN THE U.S. AND PUSH FOR A GROWTH-ORIENTED TAX PACKAGE AS A CENTERPIECE OF THE BUDGET SUMMIT AGREEMENT

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION: ACT CODE	ACTION: DATE YY/MM/DD	DISPOSITION: TYPE RESP	DISPOSITION: C D	DISPOSITION: COMPLETED YY/MM/DD
FREDERICK MCCLURE	ORG	90/09/19	FM	A	90/09/24 DJ
REFERRAL NOTE: CS Sunu	DJ I	900925			__/__/__
REFERRAL NOTE: 99 Trea	DJ I	~~900925~~ 26			__/__/__
REFERRAL NOTE: 99 OMB	I	~~900925~~ 26			__/__/__
REFERRAL NOTE: PD Port	DJ I	900925			__/__/__
REFERRAL NOTE: 99 CEA	DJ I	~~900925~~ 26			

COMMENTS: Letters sent to all signers

ADDITIONAL CORRESPONDENTS: 48 MEDIA:L INDIVIDUAL CODES: 1240 ____ ____

__ MAIL USER CODES: (A)________ (B)________ (C)________

****
*ACTION CODES: *DISPOSITION *OUTGOING *
* * *CORRESPONDENCE: *
*A-APPROPRIATE ACTION *A-ANSWERED *TYPE RESP=INITIALS *
*C-COMMENT/RECOM *B-NON-SPEC-REFERRAL * OF SIGNER *
*D-DRAFT RESPONSE *C-COMPLETED * CODE = A *
*F-FURNISH FACT SHEET *S-SUSPENDED *COMPLETED = DATE OF *
I-INFO COPY/NO ACT NEC * OUTGOING *
*R-DIRECT REPLY W/COPY * * *
*S-FOR-SIGNATURE * * *
*X-INTERIM REPLY * * *
****

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75,OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

September 24, 1990

Dear Vin:

Thank you for your recent letter to the President, cosigned by 48 of your colleagues, regarding the current budget negotiations between the Administration and the bipartisan leadership of Congress on deficit reduction.

I have shared your view that the focus of budget summit negotiations should be on the creation of a pro-growth economic package that substantially cuts the capital gains tax rate with President Bush, and I know he appreciates being apprised of your thoughts on this important matter. Additionally, I have taken the liberty of sharing your comments with the President's budget advisors so that they, too, will be aware of your perspective as the budget negotiations continue.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Vin Weber
House of Representatives
Washington, D.C. 20515

FDM:SLM:ckb (9FDMG)
(Deficit.hpf)
bcc: w/copy of inc to Governor Sununu - FYI
bcc: w/copy of inc to Secretary Brady - FYI
bcc: w/copy of inc to Dick Darman, OMB - FYI
bcc: w/copy of inc to Roger Porter, OEDP - FYI
bcc: w/copy of inc to Michael Boskin, CEA - FYI

WINDFALL PROFIT TAX

- The Windfall Profit Tax (WPT) became effective March 1, 1980. The tax was created to capture the "windfall" profits that U.S. oil companies were expected to reap from the decontrol of U.S. oil prices. The WPT was to have been phased out over a 33-month period, beginning no later than January 1991.

- The WPT was imposed on the difference between the selling price of oil and some base price adjusted for inflation. For newly-discovered oil, the base price was $16.55 per barrel; for "old" oil, the base price was the May 1979 price. The tax rate on old oil was 70%; the rate on new oil was phased down from 30% in 1981 to 15% in 1986.

- The WPT was repealed on August 23, 1988. The tax had always been an administrative burden for oil companies, and the fall in the price of oil meant that it was not expected to generate any additional revenues before it expired. The Reagan Admninistration supported repeal.

- Before repeal, Treasury published an annual WPT receipts report. The last report (May 1988) covered receipts through FY 1986. Since FY 1986, some additional receipts have been collected from 1980-1986 liabilities. The following receipts totals are from the 1988 report:

	FY Gross Receipts ($ millions)	FY Net Receipts ($ millions)	CY Oil Price ($ per barrel)
1980	6,446	4,068	24.23
1981	21,424	12,928	34.33
1982	17,119	9,233	31.22
1983	10,740	5,666	28.87
1984	7.958	4,401	28.53
1985	5,548	3,030	26.66
1986	166	-351	14.82
1980-86	69,401	38,975	

Gross receipts are total excise tax receipts. Net receipts are total excise tax receipts plus the effects of reduced individual and corporate tax receipts resulting from the WPT.

- If the WPT had not been repealed, the tax would have generated the following receipts under various price assumptions.

1990:3 Price ($ per barrel)	Quarterly Price Increase ($ per barrel)	Receipts - Fiscal years 1991 ($ millions)	1992	1993	1991-93
21.00	.25	50	33	12	95
25.00	.50	1.328	978	375	2,681
30.00	.50	3,488	2,194	790	6,472

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Note	From OMB to John Sununu Re: Attached report (1 pp.)	8/7/90	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Budget [1990] (1 of 2) [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed:	12/16/2004	**OA/ID Number:**	29136-006
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

ASSOCIATE DIRECTOR
FOR HUMAN RESOURCES,
VETERANS AND LABOR

8/7

~~Amy~~, JHS

This is an updated version of the Friday effort. The first version had a few minor errors:

- some misstatements about the Housing bill that have been deleted; and
- an inadvertent "pork" project in a Republican district (Grant - FL), which has been removed.

If you could toss the original, the Governor will finally have good information.

Thanks

Tom

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01b. Report	Re: Wasteful spending by Congress (8 pp.)	8/7/90	~~P~~-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Budget [1990] (1 of 2) [1]

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P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

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Since President Bush called for bi-partisan budget negotiations, the Democratic-controlled House of Representatives has passed ten appropriations bills adding up to $211 billion: $25.119 billion over 1990 appropriations levels -- 13.5 percent increase, and $14.348 billion above the amount the President asked for. A chart is attached summarizing the bills and examples of some of the wasteful spending follows:

SUMMARY

1990 Appropriations Spending	= $186.5 billion
1991 Bush Appropriation Request	= $197.3 billion
1991 Congressional (House) Appropriation Action	= $211.6 billion

- House Action is $25 billion (13.5 percent) above last year's level of spending.
- House Action is $14 billion (7.2 percent) above the amount the President asked for.

Rev. 8/7/90

03-Aug-90
04:52 PM

FY 1991 APPROPRIATIONS BILLS: HOUSE-PASSED BILLS COMPARED TO FY 1990 ENACTED AND FY 1991 BUSH BUDGET

(BUDGET AUTHORITY AND OUTLAYS IN BILLIONS OF DOLLARS)

BILL	FY 1990 ENACTED		FY 1991 BUSH BUDGET REQUEST		HOUSE FLOOR		HOUSE FLOOR vs. 1990 ENACTED		LATEST HOUSE vs. 1991 BUSH BUDGET	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
Commerce, Justice, & State 1/..	19.527	17.932	19.145	18.869	18.417	18.651	-1.110	0.719	-0.728	-0.218
District of Columbia..................	0.538	0.578	0.540	0.539	0.550	0.550	0.012	-0.028	0.010	0.011
Energy & Water........................	18.472	17.669	20.251	19.422	20.901	19.730	2.429	2.061	0.650	0.308
Foreign Operations.....................	14.739	13.382	14.843	13.741	14.971	13.605	0.232	0.223	0.128	-0.136
Labor/HHS/Education 1/...........	44.243	48.909	45.705	52.232	50.579	53.924	6.336	5.015	4.874	1.692
Military Construction.................	8.244	8.760	9.058	8.743	8.598	8.787	0.354	0.027	-0.460	0.044
Rural Development, Agriculture.............................	9.184	9.009	5.796	7.397	9.997	9.670	0.813	0.661	4.201	2.273
Transportation..........................	12.612	27.876	11.377	28.324	12.599	29.665	-0.013	1.789	1.222	1.341
Treasury-Postal Service 2/.......	9.836	9.733	11.468	11.002	11.476	10.926	1.640	1.193	0.008	-0.076
Veterans Affairs, HUD, Independent Agencies..............	49.133	54.647	59.116	59.927	63.559	59.052	14.426	4.405	4.443	-0.875
	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
TOTAL..................................	186.527	208.496	197.301	220.198	211.648	224.560	25.119	16.065	14.348	4.364

Note: Detail may not add to totals due to rounding.

1/ Commerce/Justice/State and Labor/HHS/Education data for House floor include OMB estimates for unauthorized programs.

2/ FY 1990 enacted BA for Treasury/Postal adjusted to exclude $1,254 million for lease-purchase projects authorized prior to FY 1990. FY 1991 Bush Budget Request outlays increased by $344 million to reflect outlay estimates consistent with G-R-H outlay estimates.

APPROPRIATIONS

Energy/Water

- The House and Senate voted to continue subsidies to power marketing administrations out west in areas which already enjoy the cheapest power in America. (Hatfield, Foley)

- In the House, $36 million was added to keep the Fast Flux Test Facility nuclear reactor operating in Hanford, Washington, for a purpose for which the reactor was not even designed. (Foley)

- University of Alabama: House added $10 million for the Biomedical Research Facility. (Bevill)

- Mississippi State University: House added $4.0 million for Diagnostic Instrument and Analysis Laboratory. (Whitten)

- Riverfront Park, Charleston, West Virginia: The Corps has been directed to spend $350,000 to build a park facility that other cities use their own funds to construct. (Byrd, Rockefeller)

- Boudinot Harbor, Oklahoma: The Corps has been directed to spend an additional $400,000 for dock facilities usually provided by private companies.

- Wallisville, Texas: The corps has been directed to build, over its own objections, a $70 million single-purpose water supply project that would sacrifice over 5,000 acres of pristine wetlands, (including over 3,000 acres of virgin cypress swamps). The purpose of this new expense is to provide heavily subsidized water to a local Texas community. Meanwhile, other American cities and towns bear this expense on their own, without Federal subsidies. (Brooks)

- Garrison Diversion, North Dakota: The President's budget proposed terminating this uneconomic and environmentally damaging project, which would require over $1 billion to complete. The irrigation component would benefit only about 400 farmers at an investment of $6,000 to $8,000 per acre to grow crops that are already heavily subsidized by the government. Hence its completion will only lead to higher government payments under the farm program. The Department of the Interior's Inspector General recently found that farmers would be unable to repay even the annual operation and maintenance expenses, which they are required by law to do. (Burdick, Conrad, Dorgan)

Transportation

Federal Highway "Demonstrations": The House and Senate combined added $523 million worth of special earmarkings. Among the pet projects are the following two that supposedly "demonstrate" road safety, but are simply road construction projects:

- $4 million for a highway project between Paintsville and Prestonburg, Kentucky. The justification for the project is that it will demonstrate the benefits of improving highways in "mountainous areas."

- $20 million for four projects in Mississippi. The eventual costs for these projects will exceed $320 million. (Whitten)

Treasury/P.O.

The GSA Federal Buildings Fund was established to build and renovate federal buildings. Yet Congress appropriates funds for such projects as:

- Northern Arizona University, Flagstaff: Southwest Forestry Science Complex. Senate - $5,000,000. (DeConcini)

- University of Georgia: Dean Rusk Center for International and Comparative Law. Senate - $1,000,000. (Fowler)

- Christopher Columbus Center on Marine Research and Exploration, Baltimore, Maryland: Grant for planning and design. House - $5,000,000. (Hoyer)

Agriculture and Rural Development

- The bill passed by the House is <u>$4.2 billion</u> over the President's request -- that's more than 72%!!

- The House added $250,000 for research on methods to improve the <u>texture of sweet potatoes</u> -- an idea proposed by an industry group. The industry group sponsor also obtained approval for research on sweet potato pox viruses by Agricultural Research Service scientists.

- The House added $175,000 of <u>agriculture</u> funds for a firm in New York to do a film on youth at risk.

- $500,000 for the University of Mississippi: Food Service Management Institute. (Whitten)

District of Columbia

- Board of Education: $15.1 million of Federal funding for a local school board. This is an unique, direct federal contribution for maintenance and improvement of the District's public schools. Since 1985, public school enrollment in the District has dropped by 6,376 students (pre-kindergarten through 12th grade). The District already receives $56.0 million of its public school funding from Federal grants that are also available to other local school districts.

Supplemental Appropriations (For FY 1990; Passed 5/25/90)

- In early March of 1990, President Bush sought $800 million in emergency supplemental funds to help the world's newest democracies, Nicaragua and Panama. Nearly three months later the Democratic House and Senate perpetrated budgetary hijacking. The House and Senate waylaid the proposal and stuffed it with new spending. When they were done, the Congress added over $1.3 billion for unrequested domestic spending.

- By a vote of 246-160 (R 32-130; D 214-30), the House agreed to a Senate amendment to force a federal agency that is supposed to do ocean research to procure a fish farm in Arkansas. (Bumpers)

- Congress added $1.8 million for renovating a Great Lakes research vessel in Michigan (not in either the House- or Senate-passed bills). (Traxler)

- The Senate added $185 million for an FBI building likely to be housed in West Virginia that is not expected to be built for five years. (Byrd)

- Congress added $6 million for a wildlife park in Iowa (a provision that was not in either the House- or Senate-passed supplemental bills and was snuck in, in conference). (Neal Smith)

- Congress added $750,000 to buy a ferry vessel for American Samoa. (Inouye)

ENTITLEMENTS/AUTHORIZATIONS

Excellence in Education

- In February 1989, President proposed the Educational Excellence Act, a bill to authorize seven educational improvement initiatives increasing flexibility in the system, at a cost of $423 million for the first year.

- Congressman Hawkins (D. Calif) sponsored H.R. 5115, adding dozens of new costly and bureaucratic categorical programs. Total cost: $1.4 billion in budget authority for FY 1991.

Child Care

- The President proposed an 8-page, $9.4 billion bill.

- The Senate doubled the cost. $18 billion.

- The House tripled the cost: $28.9 billion and included 120 pages of child care regulation.

- Key members: Sen. Kennedy, Sen. Dodd, Rep. Downey.

Foster Care Administrative Cost Reforms

- Between FY 1981 and FY 1991, state claims for administrative costs have grown over 2,800 percent.

- The Administration proposed limiting the growth to 10 percent a year, saving $121 million in outlays.

- Congress (Sen. Bentsen [D-Texas], Rep. Downey [D-New York]) have proposed program expansion without fixing the abuses. Total cost: $426 million in outlays for FY 1991, and $6.4 billion over FY 1991-95.

- In the District of Columbia, 86 percent of foster care funds goes to administrative expenses and 14 percent goes to children. In D.C., per child:

  - $22,050 is spent on city costs.
  - $5,000 is spent on foster care.

Railroad Retirement Tax Diversion

- o In the last 10 years, Congress subsidized the Railroad Retirement Board to the tune of $1.2 billion.

- o These subsidies will cost the Federal government over $100 million in FY 91.

- o Congress extended this subsidy through FY 90. Sen. Baucus (D-Mont) who has a disproportionate number of railroad retirees in Montana, proposed legislation to extend this again this year.

1990 Farm Bill

The Administration sent to Congress in February a bill which would have continued the market-oriented farm support programs instituted by the successful 1985 farm bill. Moreover, in his FY '91 budget, the President proposed to reduce farm subsidies by $1.5b this year. The Congress, in bills now out of both houses but not yet in conference, essentially rejected that proposal and raised subsidies above current levels.

- o Both the House and the Senate passed bills that set five year farm subsidy spending at around $54 billion, close to <u>$20 billion</u> over the amounts recommended by the President.

- o The House <u>rejected</u> a proposal by the Administration to eliminate government subsidies to people who earn <u>more than $100,000 per year</u>. Thus, people who earn 3 times the average income for an American family of four will keep getting income supports from the government under the farm program. Similarly, the Senate rejected a cut-off of subsidies to those very large farmers who gross more than a half million dollars a year. Either of these proposals would have saved the taxpayer on the order of $1 billion over five years.

- o The House also rejected a proposal to tighten <u>loopholes</u> in the farm laws. Payments are supposed to be limited to $50,000 per person -- but big corporate farmers re-organize to evade the limit. Some farmers made almost $1 million <u>each</u> in subsidies last year. The House voted <u>no</u> on a Republican amendment (by Rep. Conte) to close this loophole, and an amendment that would have saved close to three-quarters of a billion dollars over five years.

- o The House and the Senate voted against any reform in sugar subsidies, which cost American consumers more than

$1.5 billion each year. The Administration had proposed a two cent per pound reduction in the sugar support price, but not even this modest adjustment was adopted. So American consumers will keep paying <u>twice</u> the world price to keep a handful of sugar producers wealthy.

- The House voted "no" on an amendment to phase out honey support, even though it would have saved $200 million between now and 1995. That's $200 million for only a handful of beekeepers; eliminating their payments would not endanger the work of the vast majority of beekeepers.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Report	Parameters for a Possible Agreement: A Guesstimate (1 pp.)	7/24/90	~~P5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Budget [1990] (1 of 2) [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed:	12/16/2004	**OA/ID Number:**	29136-006
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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PARAMETERS FOR A POSSIBLE AGREEMENT: A GUESSTIMATE -- 7/24/90

		First year ('91) Savings (billions)			5-year savings (billions)	
	OVERALL	Dems	Reps	Settling Point(?)[1]	Guesstimate Range (?)[1]	
Entitlements[2]	11	7-11	11-14	11-plus	100-125	6.2 + OPTIONS
Defense[3]	9-10	14 9-16	6-~~10~~ 9.4	8-11.5	150-215	
Non-defense discretionary[4]	2-4	(5)-4	2-4	1-3	5-25	
Fees[5]	5-6	5-6	5-6	2.5-7.5 5 } 25 6! 19!	25 } ...	5 = ok !! SPECTRUM
Tax Measures[6] (net)	14	14-25	14 13.9	20	100-125	
Interest	2	N.A.	N.A.	2	65-75	
Total	45	N.A.	N.A.	50	455-555	

PROVISO: Any such agreement would be conditional upon a related procedural agreement governing implementation, process reform, and fully credible provisions for enforcement on a multi-year basis.

NOTES:

(1) The actual range on the table is often much wider than this.

(2) Entitlements: Hardest issue is additional tough Medicare cuts vs. COLA delay vs. combo. Division is not partisan.

(3) Defense: Nunn is at 9.5/183.

(4) Non-defense discretionary: At least the sign ("-") should be right!

(5) Fees: Actual range on the table is from 5.6 to 6.2. 5/25 probably requires a fee for broadcasters' use of the spectrum in addition to odds and ends.

(6) Tax Measures: Hardest issues remain: How to offset the tax-table distributional effects of capital gains -- given that both sides have staked out firm positions on the "bubble." NOTE: There is a need to put a limit on new tax expenditures (beyond those routinely discussed as part of the Summit).

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03a. Outline	Agenda for Discussion (2 pp.)	7/12/90	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Budget [1990] (1 of 2) [1]

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FOR DISCUSSION 7/12/90

(1) "Presidential Policy" for Midsession Review (see handout):

-- legal issue;
-- tactical issue;
-- treatment of sequester and targets.

(2) Status of Negotiations

(a) Entitlements

-- reasonable progress;
-- hard choice: hit Medicare beneficiaries v. delay COLAs.
NOTE: Gingrich and Domenici are adamantly against touching COLAs.

(b) Budget Process Reform

-- reasonable progress, but very strong resistance from appropriators (as expected);
-- a chance for enforceable multi-year budgeting, limited enhanced rescission, and credit reform (all highly significant);
-- end play will require squeeze on appropriators via threat of sequester.

(c) Defense

-- will depend almost entirely on Nunn (Republicans will not ask for more for defense than Nunn does);
-- Nunn is finishing mark-up today at 2 levels -- his and SBC's, with a strong bias toward his.

NOTE: Nunn's saves 9.6 B in '91 outlays and 184 B over 5 years. Democrats will try to increase savings over Nunn -- arguing (a) changed international situation, (b) defense savings should be at least as high as entitlements in the first year.

(d) Revenues

-- Comprehensive, non-retail energy tax is probably do-able on satisfactory terms -- with some offsetting credit for low income.

-- The bubble bursting problem looms large on both sides. This is interrelated with:

  - <u>capital gains</u> [the bubble could stay as is if the capital gains quest were dropped; if capital gains is in, there will have to be some offset to "tax the rich"].

  - <u>"tax the rich" options</u> [luxury taxes, limiting business meal deductions, changing the AMT, limiting deductibility of state income taxes, stock transfer fees, and/or mini-bubble-bursts].

-- <u>NOTE</u>: There is a tactical question for today -- whether to let it be known that the President might propose to cut capital gains to <u>15%</u> and burst the bubble <u>down</u> to 28% (with the stock transfer fee and state income tax deductibility limits as offsets). [This requires oral discussion.]

(3) <u>Next Steps</u>

-- Move 4 basic components -- defense, entitlements, process reform, revenues -- toward "base-plus-hard-choices" by early next week.

-- Presidential Group meet next week (if we want to force this toward agreement before the August recess).

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Report	Presidential Policy (4 pp.)	n.d.	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Budget [1990] (1 of 2) [1]

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Presidential Policy

By early May, the deficit outlook for 1991 appeared to be increasingly troublesome. This was the case for several reasons: economic performance was less favorable than forecast; receipt estimates were less than forecast; S&L expenditures were rising significantly; pending Congressional budget resolutions were inadequate; sequester estimates were reaching extremely high levels; and the prospect of unproductive legislative stalemate loomed large -- if matters were left to business as usual.

Accordingly, the President sought to advance Congressional movement toward more ambitious and more timely deficit reduction -- by calling for special deficit reduction negotiations. In calling for such negotiations, the President stated: "We are fortunate that the economy continues to grow. But it is important to act while the economy is still growing, for growth is not as strong or secure as it should be." After a series of meetings with Congressional leaders, the President and the Bipartisan Congressional Leadership agreed, on May 9, to commence deficit reduction negotiations through a "summit" negotiating group. The leaders agreed to meet without preconditions in order to:

o reduce the deficit substantially on a multi-year basis;

o allow the economy to continue to grow; and

o avoid the adverse economic and programmatic effects of a stalemate that might otherwise ensue.

On June 20, in the context of the Summit negotiations, the Administration proposed new deficit reduction measures -- in addition to those proposed in the January Budget. The combination of the Administration's January and June deficit reduction proposals, if enacted, would reduce the deficit by the following amounts:

1991	1992	1993	1994	1995	1991-95
52.9	69.9	84.8	109.7	130.6	447.9

For purposes of this Mid-Session Review, these January and June deficit reduction measures (displayed at Table 10) represent the latest official formulation of "Presidential Policy" -- subject to further negotiation in the context of the Bipartisan Summit.

[Table 10.--Budget Savings from Baseline]

The Administration's proposals of June 20th, although accepted in part, were not accepted in full by the Summit negotiators. On June

26, the President and the bipartisan leadership agreed that both the size of the deficit problem and the need for a package that can be enacted require all of the following: entitlement and mandatory program reform; tax revenue increases; growth incentives; discretionary spending reduction; orderly reductions in defense expenditures; and budget process reform -- to assure that any Bipartisan agreement is enforceable and that the deficit problem is brought under responsible control.

An informal consensus (or near-consensus) has developed within the Summit that FY '91 deficit reduction measures should be approximately the same size as those proposed by the Administration ($50-55 billion). A lesser amount of savings would not likely be viewed as a credible attack on the deficit problem; but a larger amount of savings could be counter-productive with respect to economic growth. There is, in addition, general agreement that deficit reduction measures should grow in the out-years, and that a specific and enforceable multi-year deficit reduction program should be negotiated and enacted as soon as possible -- preferably before the August recess. The Administration is fully committed to the achievement of this objective.

It is implicit in the numbers presented here, that if a satisfactory multi-year Budget Summit agreement is achieved and enacted, there will have to be a corresponding adjustment of the G-R-H deficit targets. However, the Administration does <u>not</u> favor any such target adjustment independently of the enactment of a responsible, substantial, multi-year deficit reduction program. Indeed, if a responsible deficit reduction program is not negotiated and passed by the Congress,

a major sequester will be necessary. Such a sequester should not and is not to be construed as a first choice from a policy perspective. But it remains necessary as a fail-safe mechanism to force the successful negotiation and achievement of a responsible deficit reduction program.

THE WALL STREET JOURNAL FRIDAY, JULY 6, 1990

C /

Wall Street Asks: How Badly Would Trading Tax Hurt?

Would a new tax on securities trading send the stock market for a loop?

Many traders, securities-industry executives and academics believe that a federal tax on securities sales, like that now being considered by the Bush administration, would probably trigger an initial slump in stock prices and volume.

But the longer-term effects on trading and capital raising might not be as dire as Wall Street is predicting. Indeed, the idea of a trading tax drew support from some corporate leaders and academic experts.

This article was prepared by William Power and Craig Torres in New York and Kevin G. Salwen in Washington.

"There has been too much money made in speculation and churning and ... program trading, which does nothing for America," said Eli Broad, chairman of Broad Inc. and home builder Kaufman & Broad Home Corp. in Los Angeles. "It's high time these activities be taxed," said Mr. Broad, who added, however, that he opposes taxation on long-term investments.

This newspaper disclosed yesterday that the so-called securities transfer excise tax is getting serious consideration in the White House as a way to raise taxes on the rich.

Word of the proposed tax drew immediate protest on Wall Street. Merrill Lynch & Co. denounced such a move as "extremely harmful to the nation's economic health." Other critics are predicting sharp declines in the markets should the tax be enacted.

One prominent finance professor, Sanford J. Grossman of the University of Pennsylvania's Wharton School, warned: "The Bush administration is toying with another crash."

Indeed, traders blamed part of yesterday's 32.42-point drop in the Dow Jones Industrial Average, the biggest decline in two weeks, on jitters over the possible new tax.

"We're taking it damned seriously," said Stephen Bell, a lobbyist for Salomon Brothers Inc., a big Wall Street securities firm. A similar tax was proposed in 1987, and died. But, "unlike a couple of years ago when it was opposed fervently in the White House, we're not sure it's opposed now," Mr. Bell said.

If the tax is enacted, all investors, including individuals, corporations and pension funds, would have to pay a levy on sales of stocks, bonds, futures contracts and other instruments. That levy could be as high as 0.5%, although congressional aides said yesterday that a 0.15% levy is more likely. That would be enough to raise $27 billion over five years.

Any actual tax could be levied at a fixed rate, but also could be variable, based on who was doing the trading and how long they held a security.

But would the tax really matter to corporations looking to raise capital, aside from the initial expected decline in the stock market?

Perhaps not. Many major countries already have securities transfer taxes in place, including Belgium, Denmark, France, Portugal, Spain, Italy, Japan, West Germany, Britain and Canada. "Their economies appear not to have suffered from the tax, which contributes significantly to their tax receipts," says a study by the nonpartisan Congressional Budget Office.

Even Wall Streeters who are against the tax see how it could eventually be digested by the markets—albeit at small investors' expense.

Peter Da Puzzo, co-head of world-wide equity operations at Shearson Lehman

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Hutton Inc., said that after the initial price declines, the stock market would simply have to live with the higher costs. The problem, he said, is that the cost of the tax would likely be passed on to small investors, partly through the pension funds that would be paying more to trade. (Pension funds last year accounted for 25% of all stock transactions, by some estimates.)

Brokerage firms would also suffer, Mr. Da Puzzo said."It does hurt the securities industry, which right now is coming out of a bit of difficult times. Now you're going to increase our costs."

But some experts think a trading tax would help the securities markets by imposing a financial penalty on those who trade too much, like computer-aided program traders. The transaction tax "would take the froth off" the securities markets, said Lawrence H. Summers, a Harvard University economics professor. "At the margin it would have no effect on long-term investments, but it is very expensive on the in-again-out-again guy."

Mr. Summers said the tax "would tend to fall on destabilizing strategies" such as portfolio insurance, stock-index arbitrage and extensive use of stop-loss strategies and momentum-based commodity market strategies.

After the 1987 stock-market crash, some experts argued that it would be helpful if the markets were slowed down through a transaction tax. "I believe there is a strong case for throwing a little sand in the wheels," Yale University professor James Tobin has said.

President Bush already is on record as favoring some type of securities tax. In the administration's fiscal 1991 budget, released in January, Mr. Bush proposed an 11-cents-a-trade transaction tax on commodity trades and a small levy on over-the-counter stocks that would expand a fee charged on exchange-listed stocks.

The administration's new proposal, which two weeks ago was merely one of about 20 revenue-generating ideas being kicked around in the heat of the budget summit, now has picked up speed.

Administration and congressional negotiators are looking to raise $25 billion or more of revenue a year. "I think that two weeks ago, it was one of 20 proposals," said Bruce Thompson Jr., the Washington lobbyist for Merrill Lynch. "Last week all of a sudden it got on a very short list."

The proposal appears to be supported by several top administration officials. Budget Director Richard Darman would back such a plan because it would appear to tax the wealthy, several lobbyists said. Then he could offer that as a sweetener to a cut of the capital-gains tax.

The plan also may have the approval of Treasury Secretary Nicholas Brady, who has been an outspoken supporter of creating incentives for investors to hold securities longer. Since a transfer tax would penalize short-term holdings it could help achieve that goal.

Wall Street firms dispute the view that the new tax would hit only the wealthy, noting that the tax would hit pension funds. "It is instead a regressive tax on the savings and retirement income of millions of Americans," Merrill Lynch says in a full-page advertisement prepared for next Monday's edition of Roll Call, a Washington newspaper. "This tax is a terrible idea," the ad states.

Edward O'Brien, president of the Securities Industry Association, Wall Street's main trade group, said that even if the tax proposal is merely a "trial balloon" being floated by the White House, his group wants to puncture it.

The securities group said that many of the countries that currently have transaction taxes—including Italy, Japan, West Germany, Britain and Canada—are taking steps to reduce or eliminate their levies.

A Securities and Exchange Commission official, who declined to be named, said U.S. markets would surely lose some business if the tax is enacted. "A lot of the discretionary business done on the U.S. exchanges could be done elsewhere," the official said.

Although any new tax would likely apply to trades made by Americans on foreign exchanges, U.S. traders might well find ways around it. Mr. O'Brien, the securities association president, conceded that traders will "try to avoid it in the most efficient way they can."

Hyman P. Minsky, a scholar at the Jerome Levy Economics Institute, said it would be almost impossible for regulators to stop trades from migrating overseas. "Are you going to put an SEC man or a tax collector behind every terminal?" he asked.

The New York Stock Exchange, which has been already hurt by a migration of trading business overseas, said only: "There's no proposal on the table and it is premature to comment until a proposal is made."

Futures brokers in Chicago, meanwhile, are worried that a transaction tax might stand a good chance in Washington because of the futures industry's soiled reputation over recent trading scandals. Robert Anderson, president of Des Moines, Iowa-based Farmers Grain & Livestock Corp., said the futures industry already pays extra fees that securities traders don't. "Everybody is against having their ox gored," Mr. Anderson said. "But futures are a pretty easy whipping boy."

One of the loudest opponents of the proposed tax yesterday was the Chicago Board of Trade, the nation's largest commodities exchange. "George Bush has gone from 'no new taxes' to 'total new taxes.'" said Thomas R. Donovan, Board of Trade president. "This administration is looking for the American financial markets to bail out the savings and loans fiasco, and with this proposal, they will compound their error in judgment."

Repeated in a number of articles.

United States Senate

WASHINGTON, DC 20510

I S

FYI

June 27, 1990

The President
The White House
Washington, D.C. 20510

We were astonished yesterday to see "tax revenue increases" listed prominently among the options you proposed for solving the budget crisis.

It is our belief that the budget deficit must be brought under control through spending reductions and economic growth, not through tax increases.

Tax increases will slow our already sluggish economic growth, harm the already vulnerable middle class, and dim the hopes of the working people and poor Americans for economic opportunity and better jobs. Furthermore, prior budget summit agreements have clearly demonstrated that tax increases will <u>not</u> reduce the deficit but will result in increased spending.

If any budget summit deal is reached which includes new taxes, we fully intend to keep our pledge to our constituents to oppose it.

Sincerely,

Mitch McConnell — Trent Lott

Jesse Helms

Chuck Grassley

Connie Mack — James A. McClure

The President
June 27, 1990
Page Two

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 26, 1990

STATEMENT BY THE PRESIDENT

I met this morning with the Bipartisan leadership -- the Speaker, the Senate Majority Leader, the Senate Republican Leader, the House Majority Leader, and the House Republican Leader -- to review the status of the deficit-reduction negotiations.

It is clear to me that both the size of the deficit problem and the need for a package that can be enacted require all of the following: entitlement and mandatory program reform; tax revenue increases; growth incentives; discretionary spending reductions; orderly reductions in defense expenditures; and budget process reform -- to assure that any Bipartisan agreement is enforceable and that the deficit problem is brought under responsible control. The Bipartisan leadership agree with me on these points.

The budget negotiations will resume promptly with a view toward reaching substantive agreement as quickly as possible.

# # #

1990 Budget Results thru May

Revenues are down $1,105,00

Mail	(1,401,700)
Promotionals	338,100
Telemarketing	47,500
Eagles	(273,300)
Major Donor Clubs	(270,600)
Team 100	455,000
	$1,105,000

Projected Revenue -- January thru May	$20,359,400
Actual Revenue -- January thru May	$18,916,300
	$ 1,443,100
Adjustment for Net Promo	$ 338,100
Net Difference Between Projected Revenue and Actual Revenue	$ 1,105,000

Net to the Committee is down $ 774,000

Revenues are down	$1,105,000
Expenses are down	$ 331,000
Net to the Committee	$ 774,000

CONTRIBUTOR ANALYSIS 1982-1990

	#Pieces	Gross	Costs	#Resp	%Resp	Avg.Contrb
1982	13,546,478	$23,358,720	$5,721,479	1,032,401	7.62%	$22.63
1983	14,053,811	$24,451,812	$6,060,059	1,006,384	7.16%	$24.30
1984	16,188,243	$33,286,475	$7,386,530	1,263,314	7.80%	$26.35
1985	12,299,062	$24,159,346	$5,655,070	919,640	7.48%	$26.27
1986	12,351,459	$25,905,326	$5,516,606	998,331	7.47%	$25.95
1987	10,553,111	$20,256,548	$5,109,539	799,080	7.57%	$25.35
1988	11,001,145	$28,590,212	$5,546,184	999,376	9.08%	$28.61
1989	10,009,116	$16,508,407	$4,718,291	595,020	5.94%	$27.74
* 1990	5,508,182	$11,835,575	$2,053,141	394,114	7.16%	$30.03

*1990 Returns include all 1990 packages mailed thru April

The following chart shows the decrease in the size of the masterfile over the last five years.

Date	Size of File	% From Previous Year
Dec. 1, 1984	847,980	
Dec. 1, 1985	660,947	77%
Dec. 1, 1986	661,727	100%
Dec. 1, 1987	530,308	80%
Dec. 1, 1988	537,918	101%
Dec. 1, 1989	433,640	81%

As you can see, there historically has been considerable drop off in the file size from election year to non election year.

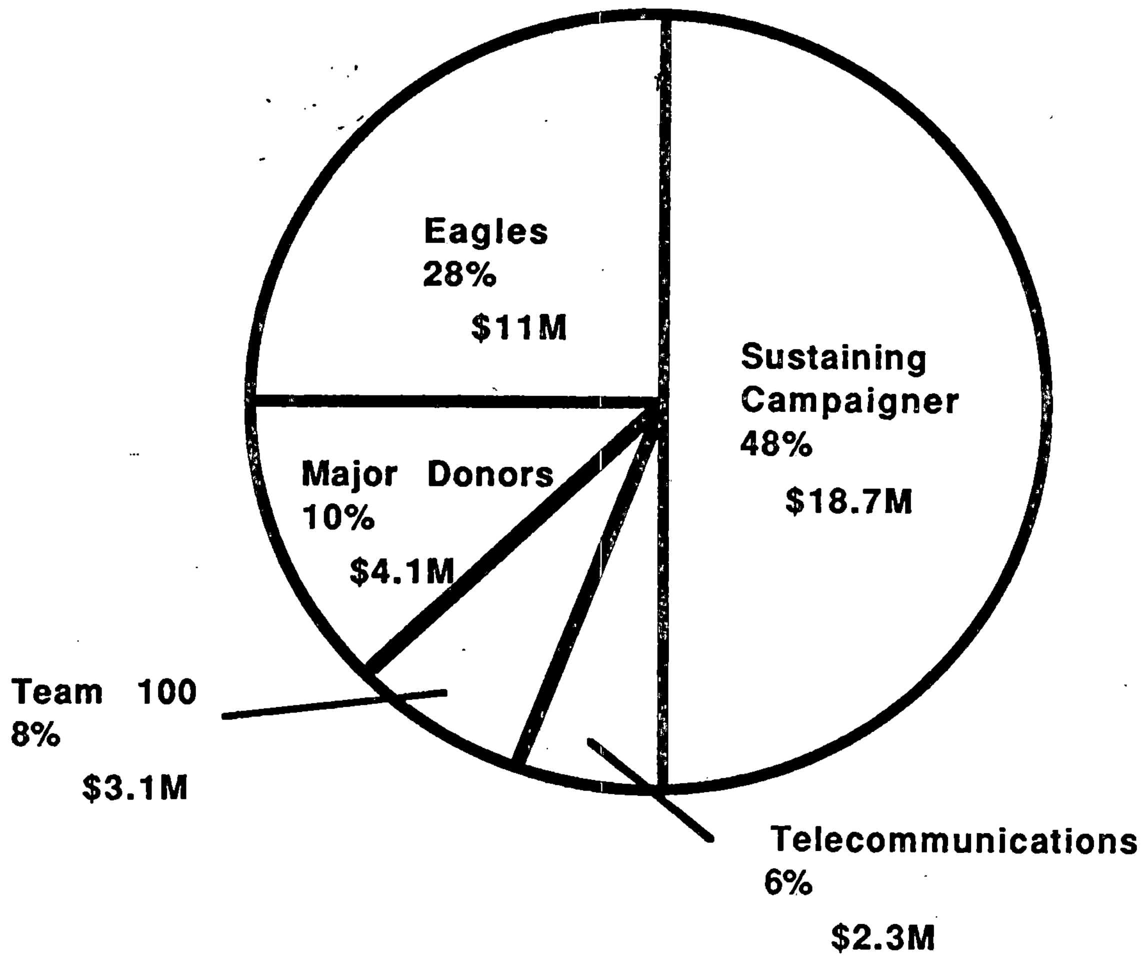
Sustaining/Campaigner
$1 - $499

Major Donor Clubs
$500 - $1,000

Telecommunications
$1 - $499

Eagles
$15,000

Team 100
$25,000



REPUBLICAN NATIONAL COMMITTEE

1990 REVENUE PROJECTIONS
$39.1 MILLION

M = $1,000,000

PROSPECTING

The following chart indicates the amount of prospecting mailed during the last eight years and the results from that mail-- the number of names added to the file and the cost of adding those names.

Year	#Mailed	Names added	%Response	Total Net	Total Cost	AvgContr.
1989	6,578,117	70,319	1.07%	-$286,382	$2,199,643	$27.21
1988	3,155,243	36,968	1.10%	$152,236	$1,001,692	$31.21
1987	9,313,495	75,235	.81%	-$994,580	$2,825,771	$24.34
1986	8,710,071	87,755	1.01%	-$544,842	$2,878,970	$26.60
1985	10,288,757	93,649	.91%	-$315,087	$2,634,605	$24.77
1984	22,752,657	202,118	.89%	$1,038,128	$5,256,752	$31.14
1983	10,426,659	110,942	1.06%	$1,117,732	$2,701,461	$34.43
1982	17,636,053	165,737	.94%	-$56,302	$3,585,221	$21.29

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Report	Budget Negotiation "Realities" as of 6/22/90 (1 pp.)	6/22/90	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Budget [1990] (1 of 2) [1]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed:	12/16/2004	**OA/ID Number:**	29136-006
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

BUDGET NEGOTIATIONS:
"REALITIES" AS OF 6/22/90 (A.M.)

(1) A satisfactory deal cannot be put together for announcement before the July recess. A deal still could be put together and enacted before the August recess and debt limit crisis -- provided we get things ready to move fast when the Congress returns.

(2) The big negotiating group is insufficient to do the job. A top leadership group will also have to get in the act.

> NOTE: In addition to the normal jurisdictional and ideological splits in the big group, there is this complication: Sasser and Fowler are highly partisan, unwilling to negotiate without the President first putting taxes on the table -- as a precondition. Further, Sasser insists on negotiating through the press -- saying our proposal "stinks," and releasing a report titled "SNL II -- Still No Leadership II."

(3) Defense is probably do-able at the Nunn levels.

(4) Protect this info: Bentsen and Rosty are prepared to negotiate a private deal with us; to help sell it to the leadership; and to try to get it delivered and enacted prior to the August recess. They appear to be willing to accept the BTU tax as the only new tax. But they say capital gains (which they assume must be in) will require bursting the bubble. Bentsen says the President will actually have to make the tax offer in order to get the negotiations moving -- but that the way should be prepared with Mitchell, Foley, Bentsen, Rosty so that they are positive/supportive when the President moves. He thinks this can be done.

(5) Gephardt seems adamant against a COLA freeze, as is Domenici. But both feel other negotiable entitlement reforms can produce significant savings.

(6) Budget process reform is do-able in substantial measure. But line-item veto/enhanced rescission is highly unlikely.
an absolute must

(7) A detailed deal, legislated as a package, imposed top-down and enforceable, seems to be what is generally taken to be necessary -- and is now presumed to be what we are up to.

(8) If no deal is done by the August recess, we're headed for a lame duck -- which no member seems to believe will be productive.

(9) Next steps involving the President: Meetings with (a) key Republicans; (b) Mitchell/Foley/Bentsen/Rosty. Decisions re July 15th presentation. {NOTE: The President is out-a-here 'til July 11.]

b - Budget

DAVID M. HALBROOK
District 51
Humphreys and Washington
Counties
P. O. Box 694
Belzoni, Mississippi 39038

Mississippi
House of Representatives
Jackson

COMMITTEE ASSIGNMENTS:
Interstate Cooperation, Chairman
Agriculture
Appropriations
Education
Enrolled Bills

Interstate Cooperation Commission,
Chairman

May 21, 1990

Rep. Steny Hoyer,
Chairman, Democratic Caucus
House of Representatives
Washington, D. C. 20515

Dear Rep. Hoyer:

You occupy a position of importance in the Democratic Party and in Congress. For this reason some of your remarks at the National Conference of State Legislatures meeting on Saturday, May 19, disturb me, a fellow Democrat.

As a twenty-three year member of the Mississippi Legislature I have been subjected to many speeches from members of Congress on the ills of our country. Your description of our fiscal problems followed the pattern of many previous speakers. Your solution to the budgetary crisis we have is to "tax and tax and spend and spend." The only alternative you suggested was contained in your request, "Will everyone in favor of cutting social security benefits please raise your hands." The proper response to this is "Can you, as a congressman, think of no solution to the problem except cutting social security benefits?" I can think of countless ways to begin to solve the problem and if you are seriously interested will be pleased to discuss them with you.

Now there is another question you need to answer because of your stated political philosophy: Which taxes do you propose to raise? Income tax? Social security tax again? A national sales or value added tax? Economy in government is still a better solution to me.

During the course of your speech you stated that "Members of congress do not have the courage" to do those things required to balance the budget. You also stated that you were opposed to a constraint outside of congress, an amendment to the constitution, that would require fiscal responsibility on the part of congress. In defending your position in conversation after your speech you stated that you "would not be able to manage the national economy" with any amendment of this sort in place. Looking at the record and agreeing with your description of the mess we are in I must advise that I do not want to depend on congress (without courage) or the executive or the federal government to manage our economy. I prefer the free enterprise system.

If you will examine eastern Europe, Russia and China I would hope that you will agree that a government that attempts to manage the economy does not do as well as the system which made our country the envy of the world. Big government does not produce wealth but consumes prosperity.

If the Democratic Party hopes to stop the erosion of its power it must retreat from "tax and tax and spend and spend" to the efficiencies demanded by economic laws and business operations. To fail to do this is to ensure the further decline of our country and a greater debt for our children and grandchildren for generations to come.

Yours very truly,

David M. Halbrook

David M. Halbrook

DMHdrd

8 Budg

DRAFT WEDNESDAY PROPOSAL

	Savings from Baseline ($ billion)
o **President's January Budget Proposals** (excluding asset sales)	
-- International Discretionary	0.4
-- Domestic Discretionary	0.0
-- Defense	2.3
-- Entitlements/Mandatory	14.2
-- Fees	5.6
-- Additional Revenue Measures	13.9
-- Undistributed Offsetting Receipts	0.6
-- Net Interest	1.9
Total	38.9

	Additional Savings
o **Additional 6/20 Proposals**	
-- Domestic Discret.: Accept SBC	4.2
-- Defense: Split outlay difference with House then cut BA 2%/year	3.6
-- Entitlements:	2.9
o FEHB MAAC limits to 65+	(0.4)
o Drop HMO payment increase	(0.2)
o Require States to join formularies buying group	(0.3)
o $1 processing fee for non-electronic physicians' claims	(0.3)
o Single administrative grant/welfare	(0.4)
o Match child support admin. @ 50%	(0.3)
o Better ID for 1st dollar coverage	(0.3)
o Reduce ESRD rates by $10	(0.1)
o Reduce IOL payment to $100	(0.1)
o Require States maintain 3rd party ins. for Medicaid (when cost-effective)	(0.1)
o Fix Rail Pension Unfunded Liability	(0.4)
-- Fees: Accept SBC level	0.6
-- Additional interest savings	0.2
Total Deficit Reduction for FY'91	50.4
Total Deficit Reduction FY'91-'95	444.2

o **Budget Process Reforms**

-- See attached list dated 6/4/90 and circulated 6/15/90

6/4/90

SELECTED BUDGET PROCESS REFORM MEASURES

Constitutional Amendments:

(1) Balanced budget

(2) Line-item veto

Legislative Measures to Strengthen Fail-safe Discipline:

(3) Second snapshot/sequester (to close G-R-H post-October loophole)

(4) Extension of G-R-H beyond 1993

Legislative Measures to Limit Extraneous or Excessive Appropriations and Non-Emergency Supplementals:

(5) Enhanced rescission

(6) Automatic across-the-board offsets (from sub-committee of originating jurisdiction) for all discretionary supplementals

(7) Emergency reserve accounts (to reduce the need for supplementals)

Measures to Improve Planning, Management, and Executive-Legislative Cooperation:

(8) Joint (not concurrent) Budget Resolution

(9) Binding, multi-year Budget Resolution (with special-majority points of order that apply to deviations from particular budget function totals)

Measures to Bring Hidden Liabilities Under Better Budgetary Control:

(10) "Credit Reform" accounting for subsidies (tied to G-R-H deficit limits)

(11) "Credit Reform" caps (tied to a separate credit program sequester system)

(12) Tougher capital, risk-sharing, fee, and premium requirements for credit and insurance programs (to help prevent future S&L-type problems)

Measures to Make Budget Accounting More Accurate and Informative (in addition to the current system):

(13) GAO system of presentation for trust funds, operating budgets, and capital accounts

(14) Increased resources for agency audits and financial system improvements

The Heritage Foundation

A tax-exempt public policy research institute

June 1, 1990

The Honorable John H. Sununu
Chief of Staff
The White House
Washington, D.C. 20500

Dear Governor Sununu:

In case you are tempted to give in to those who claim the only way to reduce the budget deficit is by raising taxes, Heritage policy analyst Scott Hodge has $130 billion in budget cuts.

As for taxes, the enclosed Backgrounder notes that "Americans are paying a higher percentage of their income to the federal government than ever before...Rather than turning to more taxes to deal with the budget deficit, therefore, Congress must turn seriously to the task of cutting spending."

Hodge suggests privatization and cutting pork as workable measures to reduce the deficit. Some examples of porkbarrel spending to be cut are: $2,500 to study the causes of rudeness, lying, and cheating on tennis courts, $46,000 to study how long it takes to cook breakfast eggs, and $150,000 for Broom Snakeweed research.

I hope that you will keep these worthy items in mind as the budget summit proceeds.

Sincerely,

Dave Mason

David M. Mason
Director
Executive Branch Liaison

214 Massachusetts Avenue, N.E. • Washington, D.C. 20002 • (202) 546-4400

The Heritage Foundation Backgrounder

No. 772 The Heritage Foundation 214 Massachusetts Avenue N.E. Washington, D.C. 20002 (202) 546-4400

The Thomas A. Roe Institute for Economic Policy Studies

May 31, 1990

A $130 BILLION NO-TAX PRESCRIPTION FOR THE BUDGET DEFICIT

George Bush and congressional leaders are engaged in negotiations to deal with the federal budget deficit, which is described by many policy makers as a "crisis" that threatens the health of the national economy. Many members of Congress are urging the President to "show leadership" by raising taxes. And Bush has announced that he might be willing to forsake his most solemn political pledge, to abandon his "no new taxes promise."

Behind calls for new taxes are the assumptions that the federal budget already has been cut to the "bare bones," that every program is running as efficiently as possible, and that every program serves vital national goals that cannot be accomplished by state and local governments or by the private sector. These assumptions are false. In fact, Heritage Foundation analysts have identified over $130 billion in spending cuts and budget savings that could be made without harming programs comprising the social "safety net."

Wasteful or unneeded spending in the budget is the real cause of the deficit. Before the President and Congress take one more dollar from Americans who are now paying record high levels of taxes, they must put every federal program on the table for critical review.

Ignoring Billions in Cuts. There is indeed a need for leadership on the problem of the budget deficit. The Bush Administration has failed even to go through the motions of requesting cuts or elimination of dozens of programs that aid only special interest groups or government bureaucrats. And Congress repeatedly has ignored reputable studies calling for hundreds of billions of dollars in spending cuts. In 1984, for instance, the President's Private Sector Survey on Cost Control, known as the "Grace Commission" after commission chairman J. Peter Grace, recommended spending reductions and efficiency measures totaling $424 billion over three years. The year following the commission's report, Congress increased federal spending by $94.5 billion, an inflation-adjusted increase of 7.2 percent.

Congress repeatedly has ignored revelations of wasteful spending uncovered by its own respected research arms. Last November, for example, the General Accounting Office (GAO) released its fourth annual report on the implementation of the Federal Manager's Financial Integrity Act of 1982. This act was intended to control waste in Federal Financial Management Systems. GAO found over $150 billion in program waste, fraud, and financial mismanagement. Said Comptroller General Charles A. Bowsher before the Senate Governmental Affairs Committee, "The problems that exist are not limited to a few agencies or a few programs; rather, all of the major agencies have serious problems."[1]

Each year, the Congressional Budget Office (CBO) is required by the Congressional Budget Act of 1974 to produce a survey of recommended budgetary options for the Senate and House Budget Committees. This year's report, released in February, recommended program reforms that yield roughly $60 billion in savings in the first year of implementation.[2] And CBO is known for erring on the side of caution. Congress so far has ignored these recommendations.

Record Revenues, Record Taxes. Americans are paying a higher percentage of their income to the federal government than ever before. And the federal government is collecting record amounts of revenue. Rather than turning to more taxes to deal with the budget deficit, therefore, Congress must turn seriously to the task of cutting spending.

Legislators face a difficult task when spending reductions are necessary. Most government spending benefits some group of individuals or interests. If there were no limit to revenues, Congress could find many worthy projects to fund. But government spending is at the expense of the taxpayer. Helping one interest always harms another. Congress, therefore, must decide which expenditures truly serve the national interest and which, while not without merit, should be left to state and local governments or to the private sector.

In the face of the budget deficit, Congress and the Administration must justify to the American taxpayer why each new dollar of revenue is needed, why the last dollar did not accomplish what lawmakers promised, and why existing programs should continue.

1 Judith Havemann, "OMB's 'High Risk List' Details Vulnerable Programs," *The Washington Post*, December 6, 1989.

2 Congressional Budget Office, *Reducing The Deficit: Spending and Revenue Options*, February 1990.

HOW CONGRESS FORCES UNCLE SAM TO WASTE MONEY

Lawmakers are always quick to argue that cuts in federal programs are impossible to achieve without significant reductions in the quality or quantity of essential services. They give the impression that all spending is necessary and relevant to the goals of government, and that they have taken all possible steps to permit the Executive Branch to use the most efficient means available to deliver services.

The reality is very different. In a number of ways, Congress consciously prevents the federal government from saving money without reducing necessary services. Thus billions of dollars must, by law, be wasted, rather than being used to reduce the deficit.

1) Congress makes it illegal to use privatization to reduce costs.

Congress constantly blocks attempts to inject market incentives into government. After years of academic analysis and successes at the local level, there is no longer any question that the private sector can provide many government services at greatly reduced costs. Yet during the Reagan Administration, Congress in many cases passed legislation explicitly blocking White House attempts to expand federal contracting and the sale of certain federal assets. In some cases laws were passed to prevent agencies even from studying ways to save money through privatization. Currently there are 37 laws blocking privatization, including measures that exempt 70 percent of federal commercial services from competition. In addition, Congress often micromanages programs, bypassing the normal chain of command, to require programs to serve certain constituencies. The total cost to taxpayers of these prohibitions: $5 billion per year.

Example: The General Services Administration is prohibited from contracting out guard, elevator operation, messenger, and custodial services.

Example: The Legal Services Corporation may not use vouchers or hire private legal clinics as an alternative to staff lawyers employed by a limited number of legal service agencies. Thus, it cannot employ the services of private for-profit legal clinics, such as Hyatt Legal Services, or private arbitration or mediation organizations, such as ENDispute Inc. and New York City's Dispute Center.

Example: Due to congressionally mandated employment levels, the Food and Drug Administration, the Veterans Administration, and the Coast Guard maintenance yard are effectively prohibited from reducing costs through privatization or eliminating duplicative staffing.

Example: The commission created in 1987 to explore the privatization of Amtrak was denied funding and future studies of privatizing Amtrak were prohibited.

2) Congress refuses to close down programs that have completed their purpose.

Once Congress creates a program it rarely lets it die. If the program succeeds, some new constituency is found that "needs" help from the program. Washington's bureaucrats are remarkably entrepreneurial, creating new missions for their programs and creating new political constituencies.

Some 35 states and many local governments avoid this problem by enacting "sunset" laws. These laws mandate that an agency or program must expire after a specified period of time, unless the legislature takes specific action to extend its life. But the federal government has yet to accept such a comprehensive system of automatic agency and program review. Failure to close down agencies and programs that have fulfilled their mission may cost taxpayers as much as $20 billion per year.

Example: The Davis-Bacon Act of 1931, which establishes inflated "prevailing wages" for federal construction contracts over $2,000, was enacted to protect unionized construction workers, the majority of whom were white, from competition from lower cost non-union labor, the majority of whom were black. For sixty years this law denied opportunities to black tradesmen and raised federal construction costs by $1.5 billion per year. Yet Congress refuses to abolish it.

Example: The military commissary system was created to provide foodstuffs to the cavalry on the Western plains in the 1800s. The program continues today, although over 80 percent of military commissaries are within ten miles of two or more commercial supermarkets.

Example: The Export-Import Bank was created in 1934 to finance exports to Russia. Sixty-five years later the Bank loses about $400 million a year financing exports for some of America's largest international corporations.

Example: The Rural Electrification Administration was created in 1935 to bring electricity, and later telephone service, to rural areas of the country. Today, 99 percent of rural Americans have electricity and 96 percent have telephones. Yet REA still exists at a cost to taxpayers of $2 billion per year.

3) Congress is addicted to creating programs.

Congress rarely designs just one program to solve a problem; rather, Congress tends to "spread out" a program over many agencies so that as many constituencies as possible become reliant on the program. If a program proves to be a failure, Congress never reforms or abolishes it. Rather, a new program is created to "solve" the problem or a new layer of bureaucracy is added onto the old one.

Example: There are roughly sixty anti-poverty programs administered by the federal government. Nearly every federal agency has its own anti-poverty program. This includes the military if certain veterans programs are counted.

Example: The Stewart B. McKinney Homeless Assistance Act of 1987, intended to help the homeless, created seventeen different programs administered through seven federal agencies. Yet, there were already over sixty separate federal programs providing assistance to the homeless.

4) Congress does not trust people to help themselves.

With few exceptions, Congress designs programs to empower bureaucrats and private sector professionals, not those individuals that a program was intended to help. For instance, federal money for the poor reaches recipients only after it has trickled through a half million poverty-industry bureaucrats and untold numbers of private sector specialists, such as doctors, real estate developers, and social workers.

Example: Since the mid-sixties the federal government has spent about a quarter of a trillion dollars to build or subsidize the construction of over four million low-income housing units. The use of housing vouchers, like food stamps, would have allowed the government to help twice as many poor individuals, using market demand to stimulate construction of more low- and moderate-income housing. More important, vouchers give the poor a greater sense of efficacy because vouchers allow the poor to live where they choose, near the good schools and good jobs, for example.

5) Congress is addicted to "porkbarrel" spending.

The election process provides powerful incentives for each member of Congress to bring more federal money back to the home district than the voters in the district paid in federal taxes. This is the political equivalent of the "tragedy of the commons" problem found with limited natural resources. Because the resource does not have an identifiable owner, it is to everyone's advantage to obtain as much of the resource as possible before it runs out. The result of this situation is obvious; the resource is quickly destroyed by everyone's rush to "get their's." In budgetary terms, the result is "porkbarrel" spending and consistent budget deficits. The cost to the American taxpayers is difficult to calculate.

Some representative examples of porkbarrel spending are[3]:

♦♦ A $107,000 grant from the National Science Foundation and the National Institute of Mental Health for the study of "sexual looking, classical conditioning of sexual arousal, and improvement of copulatory performance with practice" of the Japanese quail. The conclusion: male quails prefer female quails over male quails and female ducks for mating purposes. Congress has renewed this study with a $100,000 grant.

♦♦ $2,500 to study the causes of rudeness, lying, and cheating on tennis courts.

♦♦ $84,000 to study why people fall in love.

3 See: "Pork Barrel Items in the FY 1990 Appropriations Bills," Citizens Against Government Waste. March 27, 1990 and Walter Williams, "Your Tax Dollars at Work," *The Washington Times*, April 13, 1990.

◆ ◆ $500,000 to build a ten-story replica of the Great Pyramid of Cheops in Bedford, Indiana, and an additional $200,000 to the same city to build a 800-foot replica of the Great Wall of China.

◆ ◆ $46,000 to study how long it takes to cook breakfast eggs.

◆ ◆ $221,000 to send twenty-one members of Congress and their "officials" to the Paris Air Show.

◆ ◆ $68,000 to send officials of the Urban Mass Transit Administration to Disney World to study the secrets of the Disney transportation system.

◆ ◆ $150,000 for Broom Snakeweed research in New Mexico.

The burden is on Congress to change the way it does business. Taxpayers should no longer have to pinch pennies so that Congress can spend them with abandon.

SLASHING THE DEFICIT: FY 1991

Summary of Cost Savings by Budget Function

Budget Subsection	Total Savings ($ million)
(000) General Government Management	$25,540
(051) National Defense	$11,200
(150) International Affairs	$ 3,916
(250) Science, Space, and Technology	$ 2,068
(270) Energy	$ 18,276
(300) Natural Resources	$11,439
(350) Agriculture	$10,690
(370) Commerce and Housing Credit	$ 4,140
(400) Transportation	$ 9,443
(450) Community Development	$ 5,608
(500) Education	$ 7,326
(550) Health	$ 1,545
(600) Income Security	$15,200
(700) Veteran's Benefits	$ 3,000
(750) Justice	$ 406
(800) Legislative Branch	$ 270
(920) Federal Pay	$ 900
Total Savings	$130,967

Last year, in the monograph *Slashing the Deficit: FY 1990*, Heritage Foundation experts recommended $128 billion in budgetary spending cuts. The following recommendations are based in part on that monograph, though greatly summarized. Some new recommendations have been added and other recommendations to phase-out programs over many years have been modified. Heritage analysts suggest over $130 billion in cuts this year.

The three fastest growing programs in the budget, Social Security, Medicaid, and Medicare are not addressed here. These programs are in such serious need of reform that they deserve extensive attention elsewhere. Congress should, however, freeze spending for these programs for one year at 1990 levels. This one-year period should be used to develop long-term reform policies to bring the spiraling costs of these programs under control.

All suggested spending cuts are reductions from Fiscal Year 1990 outlays and are, therefore, real dollar cuts, not reductions in projected baseline increases.

LEGISLATIVE BRANCH

Legislative Branch Expenses:

Deficit Reduction: $220 million

Repeal the congressional payraise and reduce funding for Congress and Legislative Branch agencies and activities by 10 percent. Congress should not receive a pay raise until a balanced budget has been achieved without a tax increase.

Congressional Mail Privilege:

Deficit Reduction: $50 million

Reduce expenditures by 50 percent on congressional mailings, known as the "franking privilege." Members of Congress use this free mailing privilege to enhance their chances for reelection. In 1987, lawmakers sent out 12,000 pieces of mail for every piece received on Capitol Hill.

GENERAL GOVERNMENT MANAGEMENT

Contract Out Federal Services:

Deficit Reduction: $5 billion

Issue an executive order requiring federal agencies to contract out to private firms or groups of federal employees all functions that are not inherently governmental.

Merge the Department of Energy with the Departments of Interior, Commerce and Defense:

Deficit Reduction: $2 billion

Close the Department of Energy and transfer all defense related activities to the Department of Defense; place regulatory functions with the Department of Commerce; and, merge resource management functions with the Department of the Interior, creating a Department of Natural Resources.

Merge HUD and HHS:

Deficit Reduction: $2 billion

Move all low -income housing programs into the Department of Health and Human Services; replace all low-income housing assistance with vouchers; transfer HUD's economic development functions to the states and the Department of Commerce.

Streamline the Department of Agriculture:

Deficit Reduction: $1 billion

Move the Food Stamp and nutrition programs into the Department of Health and Human Services; move the Forest Service into the Department of Interior and the agricultural trade programs into the Department of Commerce; close the Farmers Home Administration and place all low-income housing programs in HHS.

Expand Federal Loan Sales and Include Revenues in Deficit Reduction Calculations:

Deficit Reduction: $4 billion

Initiate a comprehensive credit reform program requiring federal lending agencies to sell the existing $250 billion federal loan portfolio, plus sell all new loans to the private sector through competitive auctions.

Require Reinsurance on Federal Loan Guarantees:

Deficit Reduction: $3 billion

Require all federal lending agencies to purchase reinsurance from the private sector for all federally-guaranteed loans; establish a new federal loan guarantee policy prohibiting lending agencies from granting a guarantee of more than 90 percent of the face value of a loan.

Cut the Capital Gains Tax:

Deficit Reduction: $4 billion

Cut the capital gains tax from 33 percent to 15 percent.

Improve Federal Debt Collection:

Deficit Reduction: $2.5 billion

Adopt the standard debt collection procedures found in the private sector.

Modernize Federal Cash Management:

Deficit Reduction: $40 million

Charge states and cities interest on federal grant and loan money that is paid before the funds are actually spent. A Treasury Department revolving fund should be established to insure that the federal government is fully compensated for early payments to the states and cities, as recommended by the

Grace Commission. This revolving fund similarly should reimburse cities and states for late federal payments.

Repeal the Davis-Bacon Act:

Deficit Reduction: $1.5 billion

Repeal the 1931 Davis-Bacon Act, which establishes inflated "prevailing wages" for federal contracts over $2,000. This law was designed to protect white labor from competition from lower cost Black labor and has continued to have an adverse impact on minority labor.

Repeal the Service Contract Act:

Deficit Reduction: $500 million

Repeal the Service Contract Act of 1965, which establishes inflated "prevailing wages" for federal service contracts of more than $2,500. This law has been especially harmful to small, minority-owned businesses.

NATIONAL DEFENSE

Deficit Reduction: $11.2 Billion

Bush's proposed 1991 Pentagon budget already trims 2.1 percent from last year's defense outlays, for a saving (in 1991 dollars) of $6.2 billion. Bush accomplished the savings by terminating thirteen programs including the M-1 tank (saving $1.1 billion in 1991), Maverick missile (saving $367 million in 1991), and Sea Lance anti-submarine warfare missile (saving $156 million in 1991). Bush also proposed cutting two divisions from the Army for savings of $1.2 billion in 1991 and closed 35 military installations.

New Administration proposals will trim the budget by an additional $2.5 billion in 1991: a cutback in spending for the B-2 bomber, C-17 transport and Advanced Tactical Fighter aircraft programs, and termination of the Follow-on-to-Lance missile, a 280 mile-range nuclear missile designed primarily for use in Europe. These cuts were recommended last March in a Heritage Foundation *Backgrounder*, "Four Imperatives for Cutting the Defense Budget."[4]

On top of these savings, Bush can trim another percent or so from the budget by such measures as:

- **postponing production of the C-17 aircraft;**
- **putting the equivalent of another Army light division in the reserves;**

4 Jay P. Kosminsky, "Four Imperatives for Cutting the Defense Budget," The Heritage Foundation *Backgrounder* No. 757, March 2, 1990.

◆ **slowing down procurement plans for the Army Light Helicopter and other programs geared mainly to meet advanced Soviet forces.**

As important an issue as how the Pentagon budget is cut is the question of which programs are protected from the budget ax. Key areas of the budget which should be protected are: 1) strategic nuclear forces, particularly land- and sea-based intercontinental missile modernization programs; 2) the Strategic Defense Initiative (SDI); 3) Marines and Special Forces most likely to be engaged in combat; 4) research and development, and; 5) programs critical to armed forces morale and professionalism, such as training time and benefits for military personnel.

INTERNATIONAL AFFAIRS

Reduce U.S. Contributions to the World Bank:

Deficit Reduction: $110.6 million

U.S. taxpayers now are committed to $30 billion in loan guarantees to the World Bank, in addition to America's annual contribution. Yet the Bank repeatedly gives out loans contrary to U.S. interests. Funds go to governments in less developed countries that mismanage their economies and waste countless billions of dollars. Moreover, the World Bank continues to increase its loans to less developed countries that have little hope of repaying the loans.

P.L. 480 "Food for Peace" Program:

Deficit Reduction: $146.3 million

Eliminate Food for Peace funding except for temporary food shipments in emergencies like earthquakes, droughts, and famines. This program actually has harmed the economies of the Third World countries by depressing the market prices that local farmers can obtain for their crops.

Agency for International Development (AID) — Foreign Aid:

Deficit Reduction: $3.1 billion

Cut the overall AID budget by 50 percent and phase out the remainder of the program over three years. American economic development assistance has effectively rewarded wasteful and irresponsible economic policies in less developed nations. Any U.S. economic development aid should be given contingent on reforms toward free enterprise, free markets, and local entrepreneurship.

U.S. Contributions to the United Nations:

Deficit Reduction: $190 million

Cut U.S. contributions to those programs that clearly do not serve American interests, completely eliminating funding for those which are fundamentally hostile or ineffective. Specifically: U.N. Food and Agriculture Organization (FAO); U.N. Industrial Development Organization (UNIDO); World Intellectual Property Organization (WIPO); World Health Organization (WHO); World Heritage Fund; U.N. Relief and Works Agency (UNRWA); U.N. Education and Training Program for Southern Africa and the U.N. Trust Fund for South Africa; and the U.N. Development Program (UNDP).

International Monetary Fund (IMF):

Deficit Reduction: $5 million

End all U.S. direct funding of the IMF and prohibit any new U.S. commitments in contingent liabilities. The IMF is now requesting a $60 billion capitol increase which will bring its total operating assets to some $175 billion. It does not need expanded lending authority. Moreover, IMF lending policies actually have led to less economic development in recipient countries because IMF loans tend to cover up for bad economic policies and corrupt governments.

Export Import Bank (Eximbank):

Deficit Reduction: $364 million

Close the Export Import Bank. The Bank's existing loan guarantee commitments should be honored, but the Bank should be forbidden from insuring any new loans. The Bank was established in 1934 to finance U.S. exports to the Soviet Union. In recent years, the Bank loses an average of around $400 million a year financing exports for some of America's largest multinational companies.

SCIENCE, SPACE, AND TECHNOLOGY

NASA — Space Station:

Deficit Reduction: $1.7 billion

Delay federal funding of the planned Space Station Freedom for two years. This period should be used for further study of less expensive options such as encouraging privatization of commercial space activity, or sponsorship of a joint public-private venture.

NASA — Mars Project:

Deficit Reduction: $150 million

Delay federal funding of the proposed manned mission to Mars. The entire Mars program is estimated to cost as much as $400 billion, according to the Congressional Budget Office (CBO). While a manned landing on Mars is a noble goal further thought should be given toward less expensive priorities.

Superconducting Super Collider (SCS):

Deficit Reduction: $218 million

Cease funding of the SSC. The SSC would be the world's largest, and most powerful, high energy particle accelerator, with a projected total cost of $8 billion to construct and $270 million annually to operate. The SSC will drain funds from less exotic, and less costly, research projects with greater commercial potential.

ENERGY

Naval Petroleum Reserves (NPR):

Deficit Reduction: $1.6 billion

Sell the NPRs through a well-publicized public stock offering. For over seventy years the federal government has owned and operated commercial oil fields at Elk Hills, California, and Teapot Dome in Wyoming in case of a national emergency. Since these reserves account for about 1 percent of U.S. domestic output, the government has no reason to continue operating these sites.

Federal Dams: The Five Regional Power Marketing Administrations (PMA):

Deficit Reduction: $5 billion

Sell the Power Marketing Administrations through public stock offerings. With few exceptions, the government has not reviewed or revised its policy for pricing the electrical output of these dams since the 1930s, when many of them were built. Consumers of PMA electricity receive over $1.5 billion worth of subsidies yearly. The federal Treasury could be receiving more than $4 billion per year if the government let buyers bid for the electricity. Underpriced federal power even lights gambling casinos in Las Vegas.

The Tennessee Valley Authority (TVA):

Deficit Reduction $5 billion

Sell the TVA through a public stock offering after dividing it into three or four independent power generating companies. The TVA, which is a government-owned corporation created in 1933 to bring electricity to the Tennessee River Valley, is effectively bankrupt. Of TVA's $22 billion in assets, some $15 billion are inoperative. The only way to ensure service to this region is to sell it to the private sector.

Uranium Enrichment Enterprise:

Deficit Reduction: $1.8 billion

Sell the U.S. uranium enrichment facilities to the private sector. The logical buyers for this enterprise are current employees, in addition to the 108 commercial nuclear power plants located in the U.S. that purchase the uranium.

Fossil Energy Research and Development:

Deficit Reduction: $383.7 million

Eliminate the Fossil Energy Research and Development programs which support research and development for new technologies intended for commercial markets. Alternatively, the government should require private sector cost sharing for all federal energy research and development expenditures with commercial applications. The government should impose a 50 percent up-front cost-sharing charge before launching new research projects and recoup 100 percent of the federal investment if the technology is eventually commercialized.

Rural Electrification Administration (REA):

Deficit Reduction: $2 billion

Eliminate the REA by phasing out REA loans by 1993 and selling existing loans to private investors and commercial banks. The REA was created in 1935 to bring electricity, and later telephone service, to rural areas of the country. Today, 99 percent of rural residents have electricity and 96 percent have phone service. Yet REA still distributes $2 billion in below-market cost loans each year.

Clean Coal Technology Program (CCTP):

Deficit Reduction: $151.5 million

Eliminate funding for the CCTP, which was created to assist private industry in developing environmentally safer coal technologies. The federal government currently is funding 60 percent of the program's costs while private industry funds the remainder. Since private industry is the beneficiary of this program, it should bear the full costs. Alternatively, regulations should be changed to allow power companies to use cleaner fuels.

Energy Conservation Programs:

Deficit Reduction: $340.6 million

Eliminate funding for energy conservation programs which support research and development of technologies intended for future use by the private sector. Since private industry potentially may receive lucrative benenfits from this technology, it should bear the full costs.

Energy Supply, Research and Development Activities:

Deficit Reduction: $2 billion

Eliminate funding for Energy Supply, Research and Development Activities which support research and development on technologies ranging from solar power to magnetic fusion. Continue funding on "pure scientific research" projects. Over the last fifteen years, the government has spent billions on research projects that have brought little or no return to the government or the private sector. For instance, over $10 billion was spent on nuclear energy research even though ten years has passed since the last U.S. commercial reactor was built.

NATURAL RESOURCES AND ENVIRONMENT

Bureau of Land Management (BLM):

Deficit Reduction: $3 billion

Sell the most marketable portions of the 340 million acres of Western land owned by the Bureau of Land Management and transfer ownership of the remaining land to the respective states. This should include the same 600,000 acres of land classified as "in urbanized areas or with residential, commercial, or industrial value," in addition to the 350,000 acres of federal property classified as "no longer needed for federal purposes." Private buyers could include: environmental groups, recreational associations, ranchers, mining interests, or individual citizens. Federal ownership of Western land is an historical anomaly with no environmental or economic purpose. These are lands that were not transferred to the private sector under the Homestead Act, state land grants, and similar means in the 19th and early 20th centuries.

Bureau of Reclamation — Water and Construction Projects:

Deficit Reduction: $665 million

Close down the Bureau of Reclamation, which was formed in 1902 to promote economic development in the arid West. Begin by withholding all appropriations for new water projects which the Bureau itself recommends. Also, transfer all water distribution and pricing responsibilities to the private sector, thus bringing market efficiencies to the very inefficient and inequitable Western water market.

Offshore Oil and Gas Leasing:

Deficit Reduction: $800 million

End current moratoria on exploration and drilling of the Outer Continental Shelf (OCS). Technology can prevent the oil spills that drilling restrictions are intended to prevent. Experience of the past two decades demonstrates that offshore drilling need not damage the environment. Most spills occur as a result of shipping oil over long distances, not from offshore drilling.

Arctic National Wildlife Refuge (ANWR) Leasing:

Deficit Reduction: $1 billion

Lease the Arctic National Wildlife Refuge (ANWR) tracks immediately through competitive bidding under standard Department of Interior leasing guidelines. According to a 1987 Department of Interior study, ANWR oil could bring $38 billion in new revenue to the federal Treasury.

Powder River Basin Coal:

Deficit Reduction: $2 billion

Sell the federally-owned coal that lies under the privately-owned surface land in the Powder River Basin in Wyoming. The sale should be accomplished through competitive auctions, or possibly through the public sale of stock in a newly created coal management corporation.

U.S. Forest Service – Road Building:

Deficit Reduction: $224 million

Discontinue subsidized road building for private timber companies. The U.S. Forest Service is the world's largest road builder. Under its direction over 342,000 miles of roads have been built, eight times the mileage of the U.S. Interstate Highway System. This program is extremely harmful to the environment, yet it continues only because the Forest Service claims that timber sales yield considerable revenues to the U.S. Treasury. According to the Wilderness Society, these claims are false: the Forest Service actually has averaged $406 million in annual losses since 1982.

Land Acquisition – U.S. Forest Service and National Park Service:

Deficit Reduction: $210 million

Cancel all new land purchases by the U.S. Forest Service and the National Park Service. The federal government already owns 727 million acres of property. Only the Soviet Union and China own more public land. The government should begin to facilitate the purchase and stewardship of existing federal holdings by private conservation organizations.

Recreational Lands – User Fees:

Deficit Reduction: $1 billion

Raise entrance fees for federal recreational lands to reflect the costs of maintenance and operations. Congress prevents federal land management agencies, such as the National Park Service, the Army Corps of Engineers, and the National Forest Service, from charging fees for use of most public lands and facilities. Minimal fees collected by the Park Service, about $55 million, do not come close to covering the agency's annual outlays of $729 million. Meanwhile, the fragile environment of these parks suffers near irreparable stress because there is no market mechanism to regulate visitorship.

Environmental Protection Agency (EPA) – Enforcement Activities:

Deficit Reduction: $200 million

Allow independent, private environmental auditors to take over the (EPA) monitoring of industry compliance with EPA standards. EPA currently spends nearly $800 million on the Abatement, Control, and Compliance program. Yet, much of this monitoring could be accomplished through the private markets, as is done with financial auditing.

EPA – Wastewater Treatment Construction Grants:

Deficit Reduction: $2 billion

Eliminate the wastewater treatment construction grants program; which provide initial capital to states' Revolving Funds for loans to local governments to construct treatment facilities. The $50 billion spent in this program since 1972 has encouraged local governments to build "gold-plated" treatment facilities rather than look for lower-cost and more environmentally safe alternatives.

National Oceanic and Atmospheric Administration (NOAA):

Deficit Reduction: $40 million

Impose a $100 annual licensing fee on fishermen for the right to fish in federal waters. Other fishing user fees should also be reviewed. The National Marine Fisheries Service spends over $100 million a year promoting fishing and conserving fishing resources in federal waters. Fishermen should pay for some of the benefit they receive.

Bureau of Mines:

Deficit Reduction: $180 million

Close the Bureau of Mines. The Bureau's important data gathering activities should be merged with other research agencies within the Department of Interior. The research and development facilities of the Bureau should be closed, or sold to the private sector which has a direct financial interest in conducting some of this research.

Federal Helium Reserves:

Deficit Reduction: $60 million

Sell the federal helium reserves and the Exell helium refining plant near Amarillo, Texas. Between 1929 and 1961 the federal government was virtually the sole supplier of helium. The private market now is flourishing and should not have to compete with subsidized government helium.

The National Weather Service (NWS):

Deficit Reduction: $60 million

Institute user fees that reflect the true cost of service. Additionally, close or contract out any activities that compete with the private sector. There are approximately 100 private companies in the U.S. preparing and disseminating weather forecasts to businesses and the public on a commercial basis.

AGRICULTURE

Farm Subsidies:

Deficit Reduction: $10 billion

Discontinue direct subsidies to farmers and the federal crop price support programs managed by the Agricultural Stabilization and Conservation Service and the Commodity Credit Corporation. Farm subsidies are anti-consumer, and are especially burdensome for low-income families. Farm subsidies add as much as $10 billion to food prices for American households.

Moreover, according to Cato Institute scholar, James Bovard, "With the $260 billion that government and consumers have spent on farm subsidies since 1980, Uncle Sam could have bought every farm, barn, and tractor in thirty-three states."[5]

Federal Crop Insurance Corporation (FCIC):

Deficit Reduction: $500 million

Phase out FCIC, which insures farmers against crop losses resulting from natural disasters such as droughts, floods, hurricanes, fire, and insect infestation. The government should use measures to promote a more mature private crop insurance industry. While participation in FCIC currently is voluntary, farmers receiving any level of agricultural subsidies or loans should be required to purchase crop insurance from private insurers. The role of the FCIC should be relegated to that of a reinsurer of private insurance firms.

Agriculture Extension Service:

Deficit Reduction: $190 million

Reduce the Agriculture Extension Service budget by half and phase out the remainder of the program over three years. The County Cooperative Extension Program was established in 1914, at a time when 35 percent of Americans lived on farms. Though only 2.2 percent now reside on farms, the program continues. The training, education, and marketing assistance activities of the Extension are duplicated by dozens of other state and local programs in addition to private groups such as the American Farm Bureau Association.

COMMERCE AND HOUSING CREDIT

Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac"):

Deficit Reduction: $500 million

Begin the process to phase out over ten years all special government benefits enjoyed by FNMA and FHLMC. Place a temporary annual fee of 0.25 percent on all single-family and multifamily mortgages sold to or guaranteed by FNMA or FHLMC. This fee should be paid by borrowers, collected by lenders, and passed through to the Treasury. Reduce the cap on the maximum mortgage amount that can be held or traded by FNMA or FHLMC to 150 percent of local conventional home loan values. Remove the exemption from Securities and Exchange Commission reporting requirements that each enjoy.

5 James Bovard, *The Farm Fiasco* (San Francisco: Institute for Contemporary Studies Press, 1989), p 1.

Federal Housing Administration (FHA):

Deficit Reduction: $1 billion

The FHA may soon become the next Savings and Loan Crisis. The FHA must be held to the same capital requirements as private mortgage insurers: 4 percent. Also, require a minimum downpayment of 5 percent of the mortgage amount from homebuyers obtaining FHA insurance. Default rates are exceedingly high for loans with less than 5 percent downpayments. Impose on lenders a 5 percent coinsurance requirement on all FHA-insured loans, and discontinue FHA mortgage insurance on second homes or investor properties.

Small Business Administration (SBA):

Deficit Reduction: $340 million

Close the SBA and sell all outstanding loans to the private sector. The SBA has been a dismal failure, with around 12 percent lost each year on the $3 billion of loan guarantees it issues. As many as 20 percent of SBA direct loans default. Only two-tenths of 1 percent of all small businesses in the nation receive SBA loans. To be eligible for SBA direct and guaranteed loans small businesses must have been rejected by two previous banks. As a result, SBA loans divert venture capital away from enterprises that seem likely to succeed to those with are more likely to fail.

Federal Communications Commission Auctioning of the Electromagnetic Spectrum:

Deficit Reduction: $2.3 billion

Auction licenses for unassigned frequencies of the electromagnetic spectrum to the highest bidder, with the revenues from the auction going to the U.S. Treasury. Auctioning is a more efficient and equitable method of assigning frequencies.

TRANSPORTATION

Interstate Commerce Commission (ICC):

Deficit Reduction: $43 million

Complete the deregulation of the trucking industry, and abolish the ICC. Remaining ICC functions should be distributed to other agencies. The ICC's rail regulatory functions, for instance, should be moved to the Department of Transportation, while its consumer protection functions could be handled by the Federal Trade Commission.

Urban Mass Transportation Administration (UMTA):

Deficit Reduction: $2 billion

Eliminate all federal transit operating subsidies immediately, since they subsidize inefficiency in transit operations. Cost-sharing by local governments should be raised to 50 percent from 25 percent on all new projects. Despite a $40 billion investment in urban transit projects over the past quarter century, 10 percent fewer transit trips were taken in 1986 than in 1963, the year before the program began. Much of the $40 billion in federal aid has been spent on gold-plated transit projects which attract few riders.

Amtrak:

Deficit Reduction: $500 million

Sell Amtrak to the private sector in the same manner as the sale of Conrail. While Amtrak is becoming more self-sufficient than in the past, federal subsidies to Amtrak average about $25 per passenger trip.

Federal Highway Administration:

Deficit Reduction: $4 billion

Declare the interstate highway system complete. Over 98 percent has been completed, any further construction should be done by the states or by private companies using toll road arrangements. Eliminate funding for all highway "demonstration" projects. Allow states to impose tolls to cover the cost of maintaining and extending roads that have received no more than 75 percent federal funding. This would lift the current ban on direct user fees for primary and urban roads, but continue the ban on tolls on portions of the interstate highway system.

Federal Aviation Administration (FAA):

Deficit Reduction: $2 billion

Eliminate payments for aviation from the general treasury, except for the estimated 15 percent of FAA costs due to military use. The success of airline "in-air" deregulation should be extended to "on-the-ground" operations. The Department of Transportation should be more aggressive in selling airports to private firms or contracting out a greater portion of airport management.

Maritime Administration:

Deficit Reduction: $400

Repeal the "cargo preference" requirement for exports shipped and financed by the U.S. government. Although the Maritime Administration's activities originally were designed to promote U.S. national security interests, today many of its programs — particularly the "cargo preference" law — are little more than protectionist measures intended to shield the U.S. shipping industry from foreign competition. Protectionism for U.S. shipping interests adds to the costs of U.S. exporters and thus harms America's competitiveness.

United States Coast Guard:

Deficit Reduction: $500 million

Charge fees for Coast Guard services, such as aids to navigation, boat towing, and ice breaking, which benefit easily identifiable users. Conduct a comprehensive inventory of Coast Guard property holdings and begin to sell unnecessary land and facilities.

COMMUNITY DEVELOPMENT

Community Development Block Grants (CDBGs):

Deficit Reduction: $2.5 billion

End the Community Development Block Grant program, and apply $500 million of the program's funding toward tax abatement in federal enterprise zones in blighted areas.

Farmers Home Administration (FmHA):

Deficit Reduction: $3 billion

Close the FmHA and shift all low-income housing programs to the Department of Housing and Urban Development. Repeal the 1987 congressional prohibition on further sales of FmHA loans to the private sector. Sell off the mounting inventories of defaulted properties as FmHA accumulates them. FmHA has been a disaster. The General Accounting Office estimated that 1987 losses totaled $13 billion, pushing FmHA's accumulated deficit to a staggering $42 billion. The situation is getting worse each year.

Appalachian Regional Commission (ARC):

Deficit Reduction: $108 million

Abolish the Appalachian Regional Commission. Since this program was enacted in 1965, the federal government has spent nearly $6 billion in this economically distressed region, two-thirds of that investment on roads. The ARC duplicates fourteen federal rural aid programs provided by the Departments of Transportation, Labor, and Agriculture.

EDUCATION

Impact Aid:

Deficit Reduction: $764 million

Eliminate the Impact Aid program which is intended to compensate local governments for the ostensible cost of educating school children of federal employees. This program was established during World War II based on the erroneous premise that military bases and other federal facilities are a "cost" for local communities.

Bilingual Eduction Programs:

Deficit Reduction: $100 million

Cut federal funding for bilingual eduction by 50 percent and remove all restrictions on the instructional methods adopted by local schools. The remaining funds should be given to local school districts to develop the programs they deem most appropriate and effective.

Stafford Student Loan Program:

Deficit Reduction: $1 billion

Reform the Stafford Student Loan program by eliminating all federal interest rate subsidies to students after they leave school. Serious study should be given to imposing a 10 percent to 15 percent co-insurance requirement on lenders. Default rates on student loans are nearing 15 percent, and nearly 3 million Americans now hold delinquent loans, worth $5.5 billion to the federal Treasury.

Howard University:

Deficit Reduction: $100 million

Reduce total federal support for Howard University by 50 percent. Although Howard University, in Washington, D.C., is a private institution, it receives nearly $200 million annually in federal support. Howard should be required to develop a plan for self-sufficiency over ten years using a graduated matching grant system.

College Work Study Program (CWS):

Deficit Reduction: $606 million

End the federal role in the College Work-Study program, which makes grants to participating institutions that provide part-time jobs for disadvantaged graduate and undergraduate students. Nearly all of the students who take advantage of this program already collect student aid in other forms. The federal government should not have to pay for both a student's education and his or her part-time job.

Corporation for Public Broadcasting:

Deficit Reduction: $150 million

Reduce funding for the Corporation for Public Broadcasting to $80 million and phase out support over the next three years. With today's boom in cable television and the rental movie market, taxpayer supported television and radio, if it was ever justified, is now unnecessary and should be ended.

National Foundation on the Arts and the Humanities:

Deficit Reduction: $210 million

Reduce by two-thirds federal funding for the National Foundation on the Arts and Humanities which gives grants to the National Endowment for the Arts and the National Endowment for the Humanities; then expand the Challenge Grants program currently operated by the National Endowment for the Arts. Funding would be phased out over three years. There is no shortage of private financial support devoted to the arts and humanities. The American

Association of Fund-Raising Councils calculates that in 1987 private donations to "arts, culture, and the humanities" was $6.41 billion.

Job Training Partnership Act (JTPA):

Deficit Reduction: $3.9 billion

Terminate the Job Training Partnership Act, which is designed to provide job training for poor youth through block grants to the states, in addition to federally managed programs, such as the Job Corps. Government directed job training programs have a long history of failure. More often than not, job training programs have simply been a boondoggle for private operators and bureaucrats. There are other methods of achieving the same end that should be tried, such as: the Earned Income Tax Credit, lowering the minimum wage, repealing occupational licensing laws at the local level, or, perhaps, eliminating any tax burden on individuals below the poverty line.

Job Corps:

Deficit Reduction: $767 Million

If JTPA is not eliminated, Congress should at least terminate the Job Corps program which is intended to provide training for disadvantaged, unemployed youth. It should discontinue the construction of all new centers, and sell off the remaining centers under government control. Job Corps has a twenty-five year record of failure. According to the Office of Management and Budget, the Job Corps is the most expensive job training program administered by the Department of Labor. Training costs per youth average between $15,000 (privately managed facilities) and $21,000 (federally managed centers) for an eight month session.

Trade Adjustment Assistance:

Deficit Reduction: $196 million

Eliminate all funding for Trade Adjustment Assistance, which is intended to aid workers whose jobs have been lost due to import competition. Workers who lose their jobs as a result of foreign competition should not receive government benefits that exceed the assistance available to those laid off due to domestic competition.

Community Services Block Grants (CSBGs):

Deficit Reduction: $300 million

End the Community Services Block Grant (CSBG) program, created in 1981 by consolidating several federally-funded community action programs that had been part of Lyndon Johnson's Great Society efforts. The $90 million remaining in this program's $390 million budget should be directed toward federal tax abatement in enterprise zones in blighted areas. A recent General Accounting Office (GAO) study found that more than 30 percent of CSBG funds are used to defray the administrative costs incurred by local social service agencies as a result of local and federal regulations. The Davis-Bacon wage-setting law can add 25 percent to administrative costs, and local building and zoning codes can add 15 percent to 25 percent to the cost of building low-income housing.

HEALTH CARE

National Institutes of Health (NIH):

Deficit Reduction: $1.14 billion

Reduce by 30 percent funding for the NIH, which fund biomedical research in a variety of health care areas. During the 1980s, as much as 30 percent of NIH extramural grant funds went to recipients' indirect overhead costs rather than basic research. Institute a graduated matching-grant program which would require recipients to find additional sources of support for their work. This would also act as a check on the validity of the research conducted.

Health Resources and Services Administration (HRSA):

Deficit Reduction: $370 million

Reduce by 20 percent funding for the HRSA. Transfer control of community health centers, migrant centers, and black lung clinics to the states by transforming HRSA funds into a Primary Care Block Grant. Reducing the strings attached to this block grant would allow each state to tailor assistance to meet unique local primary care needs.

Consumer Product Safety Commission (CPSC):

Deficit Reduction: $35 million

Abolish the CPSC. Consumers and firms do not need the CPSC. The legal system has more than adequate protection against defective products. Moreover, product monitoring is handled very capably by private firms, such as Underwriters Laboratory, Inc., and publications, such as *Consumer Reports*.

INCOME SECURITY

Civil Service Employee Retirement:

Deficit Reduction $3 billion

Bring Civil Service Retirement benefits in line with private sector packages. Such reforms should include: raising the federal retirement age from 55 to 65; eliminating the lump-sum retirement option; calculating retirement benefits based on an average of the five highest annual salaries in an employee's earnings history, rather than the current top three years earnings base; and reducing cost-of-living adjustments (COLAs) from the full Consumer Price Index to the CPI less 1 percent. The government pays out over $30 billion a year to two million civil service retirees. The unfunded liabilities of the civil service retirement system are mushrooming to potentially catastrophic levels, $1 trillion by some accounts.

Unemployment Insurance:

Deficit Reduction: $2 billion

Reform the Federal-State Unemployment Insurance program, which will pay out $19.5 billion to unemployed workers this year. Initial reforms should include delaying the 26 weeks of unemployment benefits for unemployed workers for two weeks, and allowing firms to opt out of the program if instead they establish and make payments to Personal Unemployment Insurance and Training Accounts for all employees. Another long-term reform is to give workers tax incentives for purchasing individual unemployment insurance.

Privatize Public Housing:

Deficit Reduction: $1.3 billion

Take steps to begin privatizing public housing. There are approximately 1.4 million public housing units nationwide, managed by 3,300 local public housing authorities. Federal expenditures now total over $6.5 billion a year.

1) **Offer all public housing developments nationwide for sale to the highest bidder.** An estimated 20 percent would be purchased in the first year, yielding immediate savings to the federal government (as well as income from sales).

2) **Require purchasers to maintain the properties sold as privately-managed public housing for five years.** Purchasers would underwrite all maintenance and operating costs and freeze rents at pre-sale levels, with annual increases for inflation. After five years, purchasers would own property free and clear, with the option to convert to other uses or retain as low-income housing.

3) **Use the proceeds from the sale of public housing units to fund housing vouchers for displaced tenants, and apply the balance to deficit reduction.** Twice as many poor can be assisted with vouchers than is possible with public housing.

Child Nutrition Programs:

Deficit Reduction: $1 billion

Eliminate $1 billion of the $4.9 billion in federal grants to states which compensate for families with incomes over 130 percent of the poverty level who participate in School Lunch programs, School Breakfast programs, and Child Care Feeding programs. Families with incomes below 130 percent of the poverty level with children in schools that do not participate in the meals program should be given additional food stamps or government cash assistance equal to the amount of subsidy in the child nutrition program.

Aid to Families With Dependent Children (AFDC), MEDICAID, and Related Welfare Benefits:

Deficit Reduction: $6.5 billion

Limit to seven years the time that a family can remain on the Aid to Families with Dependent Children assistance rolls. This will reduce the current welfare rolls by roughly one-third and reduce total state and federal spending by $10.2 billion. There are 3.7 million families currently receiving AFDC assistance; and, these families will, on average, stay on the program 11.5 years. Two million of the current beneficiaries will receive benefits over ten years, with an on-average stay of 16.5 years. This prolonged welfare dependence provides an unsuitable environment for raising young children.

Low Income Home Energy Assistance:

Deficit Reduction: $1.4 billion

Immediately end the Low Income Home Energy Assistance program and replace it with a scaled-back program to provide only emergency and temporary energy aid to very low-income families facing disconnection of their utilities.

VETERANS BENEFITS

Veterans Medical Benefits:

Deficit Reduction: $3 billion

Convert veterans' health benefits to a reimbursement system, paying for treatment by private doctors, hospitals, and nursing homes, with full coverage provided for treatment of service-related disabilities and tapered coinsurance charges for treatment of nonservice-related disabilities. Also, reduce VA medical staff levels over several years in areas where adequate alternative treatment facilities exist. VA health care equipment and buildings located in these areas should be sold to the private sector or closed.

JUSTICE

Legal Services Corporation:

Deficit Reduction: $306 million

Eliminate funding for the Legal Services Corporation which is intended to provide legal assistance to low-income individuals. Encourage the use of private-non profit dispute resolution organizations and give vouchers to those who need other legal assistance. The Legal Services Corporation has betrayed its mission by involving itself in political advocacy work, not legal aid to the poor.

The Bureau of Prisons:

Deficit Reduction: $100 million

Begin gradually to contract with private corrections firms to administer and operate prison facilities, including the "special need" facilities, such as juvenile institutions and illegal immigration facilities as well as the minimum security. Also, finance the construction and expansion of federal prisons through lease-purchase arrangements.

FEDERAL PAY

Federal Blue Collar Salaries:

Deficit Reduction: $900 million

Reevaluate the pay rates for non-key jobs. Reform the step classification system within each occupational grade level to bring federal pay into line with private sector pay rates.

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in Federal Budgetary Affairs

CNN COVERAGE OF CONGRESSIONAL NEWS CONFERENCE
FOLLOWING PRESIDENT'S BUDGET ANNOUNCEMENT

Note: Draft trancript. CNN broke into the news conference already in progress.

SEN. MITCHELL: -- and we share the President's view.

QUESTION: The question was, though, were you surprised that he chose this time to make that statement?

MITCHELL: This has been the subject of discussion for some time and we accept the President's decision.

QUESTION: Is there any element here of I told you so?

MITCHELL: No.

QUESTION: For the longest time the President said read my lips, no new taxes. Now that he seems to have changed, you must have some response.

MITCHELL: I've just given the response. Let me restate it and I'll be pleased to let the Speaker and the Majority Leader respond, but we believe the statement does speak for itself. The President has concluded that tax increases are necessary and we share the President's view in that regard. Tom, why don't you go ahead --

QUESTION: You now quickly reach a budget deal, do you think you can conclude a budget deficit agreement?

MITCHELL: Yes, we do, and we hope that we will.

QUESTION: In the area of taxes, can you give us any specific areas -- taxes that you've agreed should be raised or will be raised now?

MITCHELL: No decision has been made with respect to any specific measure.

QUESTION: Did he suggest you talk about any specifics --

MITCHELL: No specific measures were discussed and there is no agreement with respect to any specific measures.

QUESTION: So what is the next stage then? Where really are we in terms of the time frame, in your view?

REP. GEPHARDT: Well, we hope to have a resumption of the summit on tomorrow. We will be meeting among the Democrats and I would assume perhaps the Republicans will meet today as well. We'll meet as a summit again tomorrow morning. And we want to conclude this as quickly as we can. I think that the big next dates coming up are, we have a debt ceiling that's due sometime in July. And I think it would be very helpful if we can have conclusion or near conclusion of the summit before that has to be passed.

QUESTION: The President's statement refers to entitlement and mandatory program reform. Do you understand that to mean Social Security?

-more-

MITCHELL: No specific program was discussed. No decision has been made with respect to any specific agreement. We understand it to mean precisely what it says: that there will be some entitlement and mandatory program reform without regard to any specific program.

QUESTION: What happened between yesterday and today? I mean, yesterday you seemed very far apart, this morning you go to the White House and the President seems to say okay. What happened?

MITCHELL: We had discussions with the members of the Administration, the Speaker met with Mr. Darman and Mr. Brady on Friday, I met with them yesterday. Majority Leader Gephardt has talked to Mr. Darman over the weekend, I believe. Am I correct? Yes. And we met this morning and the President indicated that he had reached these conclusions and we indicated that we shared that view.

QUESTION: -- Foley, you have for a long time said that any talk of tax increases is going to have to be an initiative of the President. Do you feel vindication now --

FOLEY: I don't think it's a matter of vindication. I think most commentators, business and other economists, have been saying for many months that an effective approach to deficit reduction requires dealing with all of the issues of tax increases, entitlements, spending reductions, budget reform, so this is really reflecting a consensus that already exits in many economic quarters and regardless of party. But the President's statement is important, in my view, and he has stated explicitly that he believes that all these elements, including tax increases, are necessary because of the size of the deficit and the necessity of enacting budget remedies, and we have said on a bipartisan basis, including Mr. Michel, and Sen. Dole, as well as Sen. Mitchell and Mr. Gephardt and I that we agree with that.

QUESTION: Just to get this out, do you three Democrats now consider that the President has broken his campaign pledge?

FOLEY: We're not going to make any comments of that character. The President is acting the way --

QUESTION: Is there any particular thing that you can point to? I mean, this is crossing the Rubicon here. What caused it, what particular thing caused this? Was it the size? The realization that it's getting larger? What triggered it?

FOLEY: Well, the statement is the President's statement, with which he correctly says we agree. The questions on how the President came to make this determination are questions that should be made to him.

QUESTION: Mr. Speaker, is it up to the Administration now to make the first specific proposals on revenue increases? Where are the specific proposals going to --

FOLEY: Well, Mr. Gephardt is the chairman of these meetings, but based on previous summits in the past I would think that we may have combinations of approach, across the board recommendations that deal with all these subjects, taking them up individually or separately is part of the discussion as well. The general principle has always applied that nothing is agreed to until all elements are agreed to. So it's a consensus process.

QUESTION: But it hasn't been --

FOLEY: I don't know what the next step is. In other words, I can't tell you, assure you, whether there will be individual members of the negotiating group making recommendations in specific form on one or the other of the subject matters of budget reduction or whether it will be a package offer.

QUESTION: For several elections now the Republicans have effectively used the tax issue against you, in 84 and 88. They were planning to use it again in 1990. Do you think this decision effectively undercuts their ability to use the tax issue against the Democrats in 90 and 92?

FOLEY: This is, we hope, not going to be the subject of a political campaign effort. The task here in which we've entered these discussions is to try and reach the conclusion to the budget problems that face the country. Democrats and Republicans in both parties and the President have entered into those discussions and I would hope that this would not be the subject of anybody's effort to create political advantage.

QUESTION: But it has been for many years. The question is whether you have effectively now undercut that issue.

FOLEY: Well, I think someone who is complaining about taxes being raised in the budget, someone will have to complain against both parties and the President if they wish to make that kind of complaint, but we're not going to go into these thinking that's going to be the result. There is some hard work that lies ahead for both of us, both parties, the House and the Senate, the President, in trying to reach an agreement. And I think we want to hopefully conclude that as soon as possible, by the middle of July if it is possible.

QUESTION: Mr. Speaker, how costly has it been to delay these many months repeating that word, taxes? The President coming to this point.

FOLEY: Well, I think that there has been some useful work done. I think it would be a mistake to say that the meetings of this budget summit have been wasted. There has been a consensus reached on the size and scope of the deficit, a general consensus on what has to be done in terms of the goals for this next year and over the next five years, a very close coming together of estimates between the Office of Management and Budget and the Congressional Budget Office, which has not always been typical. And now there's a statement by the President, with which we concur. There is bipartisan leadership. Republicans and Democrats concur that we have to deal in a budget summit with each one of these specifics, including tax increases.

QUESTION: Did you -- some pain on the part of the President as he made this announcement? Was there any --

FOLEY: I'm not going to interpret the President's countenance.

QUESTION: What did the Democrats give up?

FOLEY: This is a matter of, nobody should believe that Democrats want to raise taxes any more than anybody else or that we want to see reductions in some of the programs that have been very generally useful and important programs. But we're going to have to do some things that are probably not going to be universally popular in dealing with the budget deficit.

QUESTION: With the President agreeing that tax increases are necessary, did the Democrats agree to anything on budget process?

FOLEY: The statement is exactly right. The President made a statement and we, Republican and Democratic leadership, agreed with the President's statement. There's no other --

QUESTION: -- capital gains now?

FOLEY: The specifics were not discussed in any of these categories and they will be discussed in the budget summit where they should be.

QUESTION: Did the President start off the meeting by giving a statement, or was this --

MITCHELL: Mr. Darman started the meeting with a detailed description of the problem and the situation that we face.

-- CNN interrupts for a programming announcement.

FOLEY: To answer your question, the President seemed calm. (Laughter.)

QUESTION: Let me follow up on Mary's question if I can. It seems to this disinterested observer that you won here. Is there no political advantage that the Democratic Party can get out of forcing the President to admit what you all have been saying all along?

FOLEY: We are not here looking for political advantage. We are trying to go forward with the very difficult but important undertaking in dealing with the deficit with a minimum of political posturing on anybody's part. And we are not interested in anything else but trying to reach a conclusion with a minimum amount of -

QUESTION: Did you agree to take that stance as part of this agreement?

MITCHELL: No.

FOLEY: No, there was no undertaking, except the undertaking that's in the statement that we agree with the President's statement.

QUESTION: Mr. Darman said that you could, he would hope that you could work together as a group, not as Republicans or Democrats but as a group, that everyone would have a give and take of ideas, people would put on the table whatever seemed appropriate --

-- CNN interrupts for a programming announcement.

QUESTION: You had talks all weekend -- what has happened to change the White House's mind?

MITCHELL: You should direct that question to the White House, not to us.

QUESTION: Okay, what were your talks with the White House leaders Friday and over the weekend, the talks you told us about? What did you say in those talks?

MITCHELL: We discussed the problem of the deficit, the size and scope of it, and the areas of action that would be required if we were to have a meaningful deficit reduction.

QUESTION: On that note, did you tell them during those meetings on Friday, on Monday, each of you that the package that the President put forth last week as their opening gesture was totally inadequate and that the talks would break down or possibly fall apart unless they came forth with a more -- proposal that included tax increases? Did either of you tell Darman --

MITCHELL: We discussed the full range of the budget deficit problem and the actions necessary and the whole issue was discussed in some detail.

FOLEY: There were no conditions to continuing, there were no conditions of any kind to continuing the discussion.

QUESTION: -- bipartisan agreement among congressional leaders. Do you have an agreement among top party leaders, Mr. Brown, Mr. Rollins, not to make political damage from today's statement?

FOLEY: We haven't discussed that statement of the President's with him so it would be very difficult to have their concurrence -- I think it's important that neither political party attempt to make political capital out of serious bipartisan efforts to reach a budget settlement?

-end-

[redacted]

THE CHIEF of STAFF
has seen

THE WHITE HOUSE
WASHINGTON

6/28/90

90 JUN 28 P6:32

TO: THE PRESIDENT

FROM: **FRED McCLURE** JM
Assistant to the President
for Legislative Affairs

[redacted]

☒ FYI

☐ Comment

☐ Action

Attached please find (1) a letter to you from 16 Republican Senators regarding taxes and (2) a "Dear Colleague" by Senator D'Amato (with attached floor statement) regarding the same subject.

United States Senate

WASHINGTON, DC 20510

June 27, 1990

The President
The White House
Washington, D.C. 20510

We were astonished yesterday to see "tax revenue increases" listed prominently among the options you proposed for solving the budget crisis.

It is our belief that the budget deficit must be brought under control through spending reductions and economic growth, not through tax increases.

Tax increases will slow our already sluggish economic growth, harm the already vulnerable middle class, and dim the hopes of the working people and poor Americans for economic opportunity and better jobs. Furthermore, prior budget summit agreements have clearly demonstrated that tax increases will <u>not</u> reduce the deficit but will result in increased spending.

If any budget summit deal is reached which includes new taxes, we fully intend to keep our pledge to our constituents to oppose it.

Sincerely,

[illegible]

[illegible]

Chuck Grassley

Connie Mack

[illegible]

Trent Lott

[illegible]

[illegible]

James A. McClure

[illegible]

The President
June 27, 1990
Page Two

ALFONSE M. D'AMATO
NEW YORK

United States Senate

WASHINGTON, DC 20510

June 28, 1990

Dear Republican Colleague:

Today, President Bush is coming under attack from within our ranks. Facing a potential economic crisis because of the growing budget deficit, he chose to make the tough decision he feels is necessary to ensure a strong and growing economy. While I have been among the Republicans staunchly opposed to revenue increases, I intend to support the President in his decision and avoid joining those in the media and the other party who see this as an opportunity to attack our President.

President Bush has been a great President, and a great leader of our party. On issues where some of us have doubted him, such as his decision to pursue elections in Nicaragua, he has proven to be correct. His willingness to make tough decisions freed Panama, led to improved relations with the Soviet Union, and helped us make strides in the war on drugs.

Now, he is asking us to follow his lead as he seeks to keep the economy growing. Whatever reservations we may have, I believe President Bush has earned the benefit of the doubt. I intend to support him. I know that George Bush is as committed as any of us to spending reductions. But if he believes that spending cuts alone will not allow us to get the deficit under control, we should support his judgement.

President Bush has earned our support. I urge you to join me in backing him during the budget negotiations.

Sincerely,

Al D'Amato

Alfonse M. D'Amato
United States Senator

[illegible]he Secretary of the Treasury's [illegible]e. They have hired the biggest or [illegible] of the biggest law firms in the city lobbying for them, at I am sure, [illegible] very spectacular and immense [illegible] money, and that lobbying firm [illegible] over town now talking to all of [illegible]ators and Members of the [illegible] They are putting on a full [illegible] press on this one, Mr. President. [illegible]ate that very much.

[illegible]ould say to Treasury that there is [illegible] to be done in the thrift crisis in [illegible]rica. I would say to Treasury [illegible] is a lot of attention that ought [illegible] paid to some of the horror sto[illegible] all of us are hearing about the [illegible] poor job the RTC is doing in [illegible] areas.

[illegible] told a story last week about a fur[illegible]res and fixtures sale they had in [illegible]as, an inside deal; one fellow ware[illegible]ed the stuff, did the inventory, [illegible] the sale, took in the cash and re[illegible]ted the sale and sent the money [illegible] to the Treasury for the taxpayers [illegible] America; $3,300,000 in inventory assets, Mr. President. What do you think the taxpayers of America got back? $57,000.

That is a General Accounting Office report. That is not this Senator.

The Senator from Arkansas told a [illegible] friends.

There are a lot of things out there to be worried, about, and a turf battle between New York City and Chicago is not one of them.

So that fight will take place shortly, Mr. President. I regret that it will occur. The Agriculture Committee, may I say, with the support of every agriculture group in the country from the Farm Bureau on down, has brought us in a bill that is tied up on the floor now that we cannot get to because there are so many objections to taking up the bill for the continuation and the extension of the Commodity Futures Trading Commission. We have some decent legislation that strengthens supervisory and regulatory authority to the CFTC. We have a competent chairperson of the CFTC in the opinion of this Senator in Wendy Gramm. We should go forward with that legislation and do the job. We ought not to get involved in a tremendous, divisive, bitter, and I think unfortunate turf battle.

I conclude now, Mr. President, because one of my favorite Senators has come to the floor. I think he has something on his mind, so I am going to yield the floor. I thank the Chair for permitting me to take this time.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President I would in a way want to shortcircuit the distinguished Senator from Illinois by merely coming on the floor, because I was interested in what he had to say.

QUENTIN AND JOCELYN BURDICK, 30 YEARS OF SERVICE AND 30 YEARS TOGETHER

Mr. HATFIELD. Mr. President, I would like to make a few remarks concerning one of our colleagues who is reaching a very important milestone in his life. I refer to the senior Senator from North Dakota, Senator QUENTIN BURDICK.

I think most of us would agree that when those of us now serving in the Senate look back on our careers, we will have friendships that we have made here that will stand out in our memories above everything else. The issues will be forgotten and yet the friendships will be remembered.

I think that issues and politics and styles come and go, but it is friendships that will ultimately be the enduring experience and memory.

So it is with great pleasure that I rise to make a few comments about a man I consider to be a dear and enduring friend, QUENTIN BURDICK. As he and his wife Jocelyn celebrate the 30 years they have spent serving the people of North Dakota here in Wash[illegible] have earned and the warmth they have engendered, amongst their colleagues and friends.

Perhaps the highest compliment I can pay to them both is that these past 30 years in the U.S. Senate have not changed QUENTIN BURDICK. He was a gentle man when I first met him in 1967, and he is a gentle man today. He has taught us all that we do not need to be loud to be heard—that we do not need to shake our fists and pound on tables to make our presence known. Over the years, QUENTIN BURDICK has resisted the temptations of soundbites and slogans, and built his strength—his enduring strength—on substance instead.

Who is QUENTIN BURDICK? He is the man of courage and principle who came out against United States involvement in Vietnam long before it was fashionable to do so—and who stood up against the madness of the nuclear arms race when very few people would. He is the decent and honest man whose vote on this floor and in the Senate Appropriations Committee always is cast with people in mind—with human needs in mind. And most of all, QUENTIN BURDICK is a man who has earned one of the most precious commodities of all: trust.

That simple word, Mr. President, speaks volumes. Trust is the basis of our personal relationships—and the basis of our relationship with the people who elect us. Everything else flows from that—and QUENTIN BURDICK has risen through our ranks to become a leader among us because he has earned our trust and the abiding trust of the people of North Dakota.

No doubt the late Congressman Usher Burdick would be proud of his son—not just today, but every day. I know that I am proud to serve with him, and even prouder to count him as a friend.

Again, Mr. President, I offer my congratulations to QUENTIN and Jocelyn Burdick: as they celebrate 30 years here and 30 years together. And on behalf of the many people whose lives they have touched through their commitment to public service, I also offer sincere thanks.

RAISING REVENUES TO DEAL WITH THE BUDGET DEFICIT

Mr. D'AMATO. Mr. President, yesterday President Bush's comment and statement in regard to the budget and the budget summit gave some the opportunity to come forward and be rather critical of the President as it related to the issue of raising revenues to deal with the budget deficit.

I would like to say at this point in time I do not believe any Senator wants taxes to be raised, regardless of where they come from. Taxes are a bad word. [illegible] Staff, Mr. [illegible] that the President is headed in the right direction in attempting to deal with the incredible fiscal problems that we find ourselves in. We cannot have a $200 billion deficit that is created, that was unanticipated 2 years ago, as it relates to the savings and loan debacle, and then say we are going to do business as usual. We cannot do that.

I believe that the President certainly did intend, when he made his promise "no new Taxes" to keep that promise. But when you find a situation that is threatening to the well-being of the taxpayers of this country, to this Nation, that could plunk us into a recession, that could have the impact of making it impossible for us to borrow those funds necessary to meet our obligations, that would create an incredible rise in interest rates, that would precipitate the kind of inflation and the kind of interest rate increases that would be detrimental to every working person in this country, then sometimes one has to reevaluate his or her position. I believe that is what the President has done.

So I do not say with great joy that I move to the position to be supportive of him, but I do. I support President Bush in his attempt to deal with the problems that we have. Certainly, there is going to have to be give and take on both sides.

Fiscal discipline is something that we are going to need, also. Just to go out and raise revenues to continue business as usual is not enough; it is going to be something that the American people will oppose if that is fiscal discipline. All of us must take a step back and maybe our favorite program cannot get funded this year, maybe we are going to have to delay implementations on the military side, on the domestic side of some of the programs that we all feel are important.

But if that is going to bring about a cessation of the ever rising deficits, if that will bring about economic stability and encourage growth, then I think those of us who have championed the call for no new taxes owe to the American people and owe to the President of this Nation support for programs that make sense and will deal with the calamity that will take place if we fail to do something.

We have had too much in the way of rhetoric, by the way, on both sides. And I think if the President is willing to step up to the plate and take some bitter medicine on behalf of the people to keep this Nation strong, then this Senator is going to be supportive of him. I do not say that easily. There may be some who are critical back home.

But the fact of the matter is you cannot ignore the realities, and those are that there is an enormous deficit that is growing every day. And you cannot go out there and just borrow, borrow, borrow, borrow, because I will tell you, the lenders are not coming up. Those interest rates are going to be enormous, and that costs the programs. And for the taxpayer, it is going to be greater, better we face that now. I am [redacted] President is headed [redacted]

As I [redacted] Staff, Mr. Sun[redacted] and I know th[redacted] working literally [redacted] to come up with a program by which to deal with this problem.

THE PROPOSED FLAG AMENDMENT

Mr. NUNN. Mr. President, yesterday I voted for the Dole-Heflin resolution which would have allowed the States to consider a constitutional amendment to prohibit desecration of our flag.

While I supported the resolution, I had misgivings about why we needed to be debating this proposal at this time. Nothing the Senate could do would enable the States to consider a constitutional amendment. The House has failed to approve this measure by the constitutionally required two-thirds majority.

Yet, because this measure has become a political hot button issue, there was an apparent pressing need for the Senate to rush to judgment, but for what? To provide ammunition for 30 second campaign spots? For more political fodder for demagoguery back home on the campaign trail?

We have all heard the public statements by some supporters of this amendment that they hope that they lose by one vote so they can make our flag a partisan political issue this fall. I can only conclude, Mr. President, that there is more than one way to desecrate the flag.

While I voted with those who supported a constitutional amendment, I do not identify with those who are working full time to make this a partisan issue. It would be the height of irony if those who wish to protect the flag proceed to undermine the very values it represents by questioning the patriotism of those who oppose the amendment. Principled and thoughtful persons can disagree. The last result that we need from this debate is the kind of "partisan disputes about meaner ends," which Justice Stevens cautioned against in his dissent in the United States versus Eichman flag desecration case.

Instead, we should celebrate the ideals symbolized by the flag by rejecting destructive political attacks and by embracing the concepts of liberty and tolerance which constitute the foundation of our system of government.

Last year, I was deeply disappointed by the Supreme Court's 5 to 4 decision in the Texas versus Johnson case which nullified the flag desecration laws of the States and the Federal Government.

Sharing my concerns, Congress last year enacted the Flag Protection Act to ensure the continued protection of our flag. I supported this narrowly drawn statute and was disappointed by yet another 5 to 4 recent Supreme Court decision in the Eichman case hold[redacted]nal. If [redacted] statutory approach offered by Senator BUMPERS. His proposal would have made it an offense for a person to purposely or knowingly desecrate the flag in a way that the person knows is likely to lead to a breach of the peace. On a constitutional point of order, his amendment was declared unconstitutional by the narrow margin of 51 to 48.

I believe that the Bumpers proposal is a reasonable approach, and I question how the same people who believe the Court made the wrong decision on the flag cases could vote to declare Bumpers' amendment unconstitutional, thereby rendering a Senate decision similar to the Court's majority.

Because of the Eichman decision—which I clearly think was wrong—I supported a narrowly drawn constitutional amendment. However, I did so with some concern. Had this been an attempt to create an exception to the Bill of Rights, I would not have supported the resolution. Rather, I viewed this as a difficult, but necessary, effort to prohibit the expansion of the first amendment to cover inflammatory conduct, not essential to the exercise of free speech.

If this were merely a case of a protester holding up a flag and screaming profanities about the United States of America, then his ravings would constitute obnoxious, but protected speech. But, in my opinion, burning a flag is not a form of speech, it is an offensive action which the Government has a legitimate interest in prohibiting, given the unique qualities of the flag. If someone wants to voice strong opposition to our country, they have the freedom to do so in a number of other ways—short of igniting the nearest flag.

Clearly, if desecrating the flag is not essential to freedom of expression, our Government has a legitimate interest in protecting that flag.

In my view, the American flag represents the preeminent symbol of our Republic. The American flag also serves as a living memorial to our Nation's brave war veterans, those still living, the over 1 million who died while serving, and those who today still bear the wounds of war.

The Supreme Court's majority opinions, in Johnson last year and in Eichman this year, treat the American flag as just another symbol like many others, and thus hold desecration of the flag to be a form of political expression protected under the first amendment.

I agree with Justice Stevens who stated in his dissent in Johnson that the American flag is, "more than a proud symbol of the courage, the determination and the gifts of nature that [redacted] 13 fledging colonies into a [redacted] mate."

Over [redacted] Black, a former Senator, noted jurist, and the first amendment's staunchest defender, stated that he did not know of "anything in the Federal Constitution which bars a State from making the deliberate burning of the American flag an offense." Also some 20 years ago, Chief Justice Earl Warren wrote that he believed that "the States and the Federal Government do have the power to protect the flag from acts of desecration and disgrace."

Mr. President, I agree with Justices Stevens, Black, and Warren. Our flag deserves protection. I also question why we voted yesterday when the issue had been decided. Since the House of Representatives did not give its two-third's approval to this constitutional amendment, there are now only two avenues to pursue. One is a second attempt at a statute. The second is the Court itself.

The last two appointees to the Supreme Court nominated by President Reagan, Justices Scalia and Kennedy, voted that the flag could not be protected. In the final analysis, President Bush's nominee for the next vacancy on the Supreme Court could determine whether this new, expanded con-

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Series: Sununu, John, Files
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File Location: Budget [1990] (1 of 2) [1]

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Bud

CONDITIONS
(for discussion 6/19/90)

(1) Income tax rates must not be increased.

(2) Incentives for long-term investment and growth -- capital gains preference, permanent R&D credit, enterprise zones -- must be enacted.

(3) Deficit reduction measures and agreements must be multi-year and enforceable.

(4) [Savings from mandatory and entitlement programs must equal or exceed savings from any new taxes.]

(5) Specified budget process reforms must be adopted.

(6) The entire package must be passed and presented to the President as a package.

(7) The President's package, or a mutually agreed alternative, must be allowed an up-or-down vote in both Houses before the President will allow the Congress to leave for the August recess.

Attachment: "Freeze" Formulations

"FREEZE" FORMULATIONS

FOR DISCUSSION 6/19/90

(A) A TRUE FREEZE

Although attractive in the abstract, a true spending freeze is not viable.

A true spending freeze would have to mean a $77.7 billion package of outlay savings (from the '91 baseline) in the first year:

o total '91 baseline outlays:	$1281.4 billion
o freeze at '90 outlays:	1203.7
o savings necessary to freeze outlays	$ 77.7

If this were politically viable, many economists would nonetheless reject it as excessively contractionary. (In theory, that problem could be addressed by including a tax cut -- but that would not be prudent unless the outlay savings were politically viable.)

In reality, the outlay savings necessary for a true freeze are not politically viable. A true outlay freeze would require $60 billion more cuts in FY'91 spending than the Administration was willing to propose. (A Social Security COLA freeze might contribute 8.4 of that. A domestic discretionary freeze might contribute 3.6 -- and at that, the Administration would have to take less than it wanted in a host of areas. That would still leave 45-plus to be found -- of which defense might contribute only a small portion. The remainder would have to come from.... what??.... still deeper cuts in Medicare than the already untenable 5.5 B cut??.... and then what else?? This is simply not realistic.)

(B) PARTIAL FREEZES

Realistic "freeze" proposals have to be only partial freezes. That is, any such proposal has to be formulated (for public relations) to emphasize a selection of freeze elements -- not a true, comprehensive freeze.

The "BUBBA" option (6/11/90) could be reformulated to give it a "freeze" patina. Two such variations are outlined here:

- "Freeze #1-SS," which hits Social Security and tax indexing; and

- "Freeze #2-T," which hits the T-word.

Both freeze options would:

- o yield about $60 billion in real savings for FY'91;
- o be viewed as serious and credible; and
- o entail significant political difficulties.

Both "freeze" options would include these five basic elements:

- o "Freeze defense outlays at last year's level -- i.e., cut defense BA by 3.8% in real terms -- and cut defense thereafter to achieve a 25% reduction in force structure within 5 years." This would mean $298.4 billion in '91 outlays relative to the Administration's 302.6 (really 301.2 after the planes decision). It is almost the same as "splitting the difference" with the House on outlays. One problem, perhaps, is that the public thinks defense spending should be coming down. "Freeze" implies (and is) holding level (in nominal outlays).

- o "Freeze international affairs outlays at last year's level." This would mean the same BA as the Administration proposed -- but in outlays it would mean: $700 million less than the Administration, $500 million more than the Senate Budget Committee, and $1.2 billion more than Rosty.

- o "Freeze all domestic discretionary outlays at last year's level -- except for $6.3 billion to accommodate selected priority initiatives." This is the Senate Budget Committee (SBC) level. It is $4.2 billion below the Administration and $7.6 billion below the House. (NOTE: The SBC proposes this level only in conjunction with their lower defense level.)

- o "Freeze all non-Social Security, non-means-tested retirement COLAs." This is in the Administration's budget and the Rosty plan -- but nowhere else. It would save $2.4 billion.

- o Repropose all other Administration savings proposals. This would bring total savings for these five elements to about $47 billion.

In addition,

Option (1): "Freeze #1-SS". This option would:

- o "Freeze Social Security COLAs." This saves $8.4 billion, net. For both political and budgetary reasons, it would be best if "the savings would be channeled into the Medicare trust fund." (NOTE: If done unilaterally, a Social Security freeze is almost guaranteed to be a political failure.)

- o "Freeze Medicare reimbursement rates." (This saves $2.1 billion less than the 5.5 proposed by the Administration.)

- o "Freeze all tax indexing" except for the working poor who receive the Earned Income Tax Credit." This saves $6.4 billion. (NOTE: This offends supply-siders and Congressional indexing advocates, and is probably not enough to buy left and middle support for a COLA freeze.)

Option (2): "Freeze #2-T". This option would:

- o NOT include the Social Security and tax indexing freeze;

- o include, instead, one of the following revenue measures (saving an equivalent $14.8 billion):

  (a) "Energy Security and Environmental Protection Fee" -- in the form of a Btu excise (25.8 cents/million Btu) applied to the heating value of all fuels (coal, crude oil, natural gas, hydroelectric, and nuclear). The fee would be collected at the wholesale level. It would amount to: 3.2 cents/gallon of gasoline (3%); 27 cents/MCF of natural gas (15.7%); $5.46/ton of coal (22.7%); and $2.68/KWH of electricity (4.1%);

  OR

  (b) "Securities Transfer Fee" -- in the form of an 0.15% fee on the value of all securities traded (including Treasuries) [or a higher percentage fee on selected categories of securities excluding Treasuries].

Comment on "Fees"

Both these new "fees" have some desirable characteristics -- that should probably be requirements for any new fee proposal:

- Each, by itself, is sufficient to provide the necessary additional revenue -- without requiring a host of smaller new and unpopular measures.

- Each has a sufficiently large base to allow the visible percentage to seem quite small -- compared with what would have to be, e.g., about a 20 cent/gallon gasoline tax (after allocating, say, three cents for additional infrastructure); or a $7.75/barrel oil import fee (which would have serious GATT problems); or a three-fold increase in "sin taxes." (NOTE: Sin tax increases of this magnitude could only be sold, if at all, as a radical attack on cancer, alcohol abuse, and teen-age auto deaths.)

- Each avoids raising income tax rates; and each minimizes adverse effects upon economic growth.

Both have problems, however -- above and beyond the "read-my-lips" threshold problem:

- The Btu fee would be criticized as "regressive."

- While the securities transfer fee would be seen as progresive, it would be criticized as a tax on capital. (But NOTE: These latter arguments do make the securities fee a natural offset for the political problems with capital gains.)

FURTHER NOTE: If it were judged politically desirable to counterbalance the reaction to the securities transfer fee among concerned constituents, the fee could be set at a slightly higher level in order to offset an additional measure: "bursting the bubble" by flattening the top income tax rate at a true 28% (i.e., eliminating the 33% bubble bracket).

Attachment: Comparison Tables and Outyear Deficit Effects

6/18/90

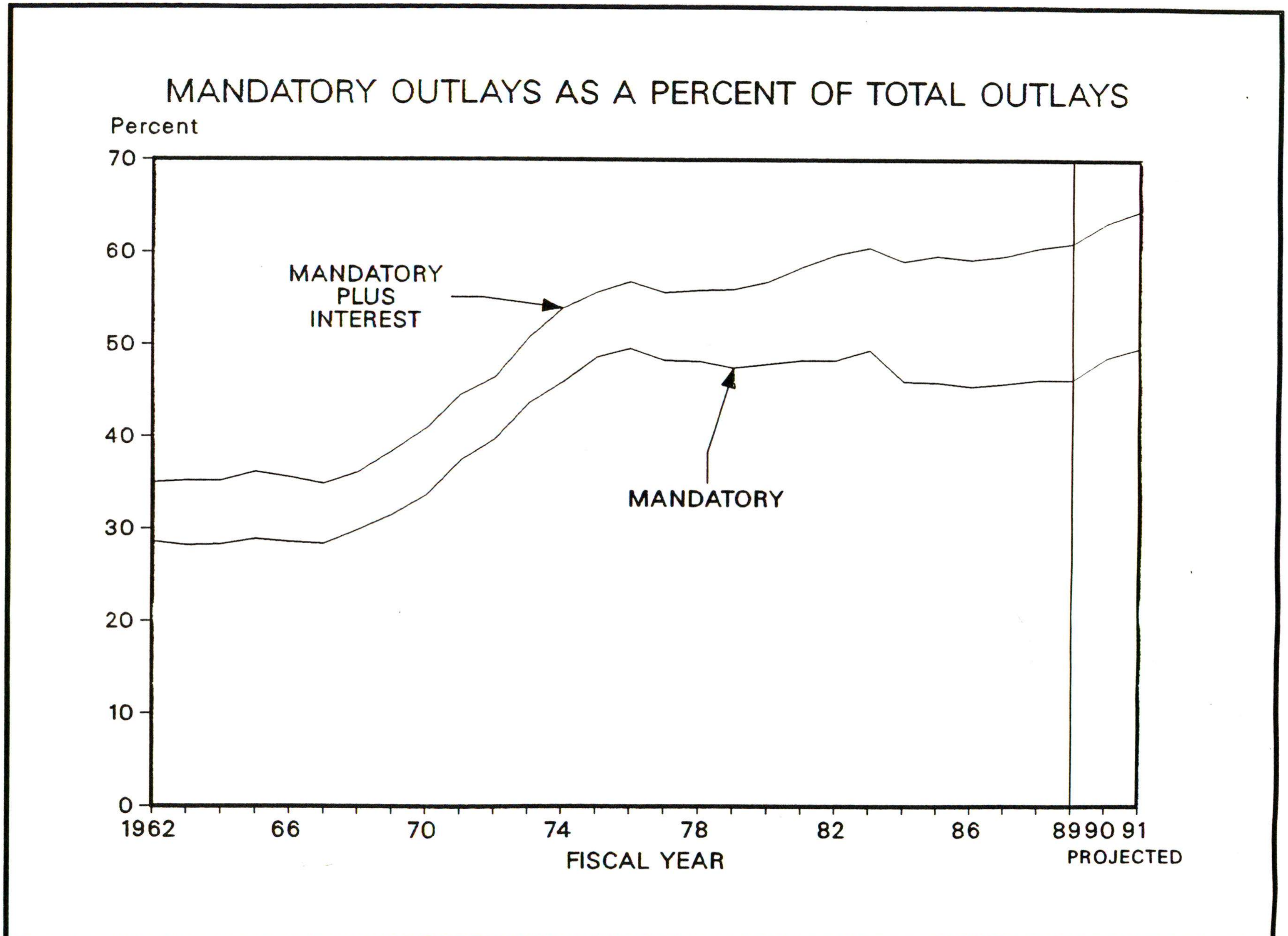
FY '91 OPTIONS – SAVINGS
(in billions of dollars)

	1990	1991 Base		Savings Relative to Base					
	Enacted	OMB	CBO	Admin	House	SBC	Rosty	#1-SS	#2-T
Outlays									
Defense function	298.4	304.9	306.9	-2.3	-11.5	-13.0	-10.0	-6.5	-6.5
International	18.5	19.6	18.0	-0.3	0.8	0.0	-0.3	-1.1	-1.1
Domestic discretionary	184.5	195.0	194.4	-0.1	4.0	-3.6	-2.7	-4.2	-4.2
Social Security:									
1991 COLA	0.0	8.9	7.6	0.0	0.0	0.0	-7.6	-8.9	0.0
Other	246.0	254.8	255.9	0.0	0.0	0.0	0.0	0.0	0.0
Other retirement:									
1991 COLA	0.0	2.4	2.0	-2.1	0.0	0.0	-2.0	-2.4	-2.4
Other	73.1	76.7	76.8	-1.0	-1.0	-1.2	0.0	-1.0	-1.0
Medicare:									
1991 COLA offset	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.5	0.0
Other spending	95.0	102.7	102.6	-5.5	-1.7	-2.0	-2.4	0.0	-5.5
Freeze savings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.4	0.0
FEHB	2.5	3.2	3.2	-1.6	0.0	-0.5	0.0	-1.6	-1.6
Farm price subs	7.4	9.9	10.6	-1.5	-0.8	0.0	0.0	-1.5	-1.5
Other mandatory:									
1991 COLA offset	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.0
Other	136.4	149.7	143.0	-2.6	1.1	-1.6	0.1	-2.6	-2.6
Subtotal, mandatory	560.4	608.3	601.6	-14.2	-2.4	-5.3	-11.3	-20.6	-14.5
Net interest	179.5	191.9	180.2	-1.9	-1.2	-2.0	-1.6	-3.0	-3.0
Fees & other collections	0.0	0.0	0.0	-5.6	-5.6	-6.2	0.0	-5.6	-5.6
Offsetting receipts	-37.5	-38.4	-38.8	-2.2	-1.3	1.3	0.0	-2.2	-2.2
Total, outlays	1203.7	1281.4	1262.4	-26.6	-19.7	-28.9	-26.0	-43.3	-37.2
Revenues									
Baseline revenues	1045.3	1122.4	1137.9	0.0	0.0	0.0	0.0	0.0	0.0
Additional revenues	0.0	0.0	0.0	13.9	19.3	24.3	22.7	13.9	13.9
Freeze indexing	NA	NA	NA	0.0	0.0	0.0	5.4	6.4	0.0
T	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.5
Total, revenues	1045.3	1122.4	1137.9	13.9	19.3	24.3	28.1	20.3	26.4
Deficit	158.4	159.0	124.5	-40.5	-36.6	-53.3	-54.2	-63.6	-63.6

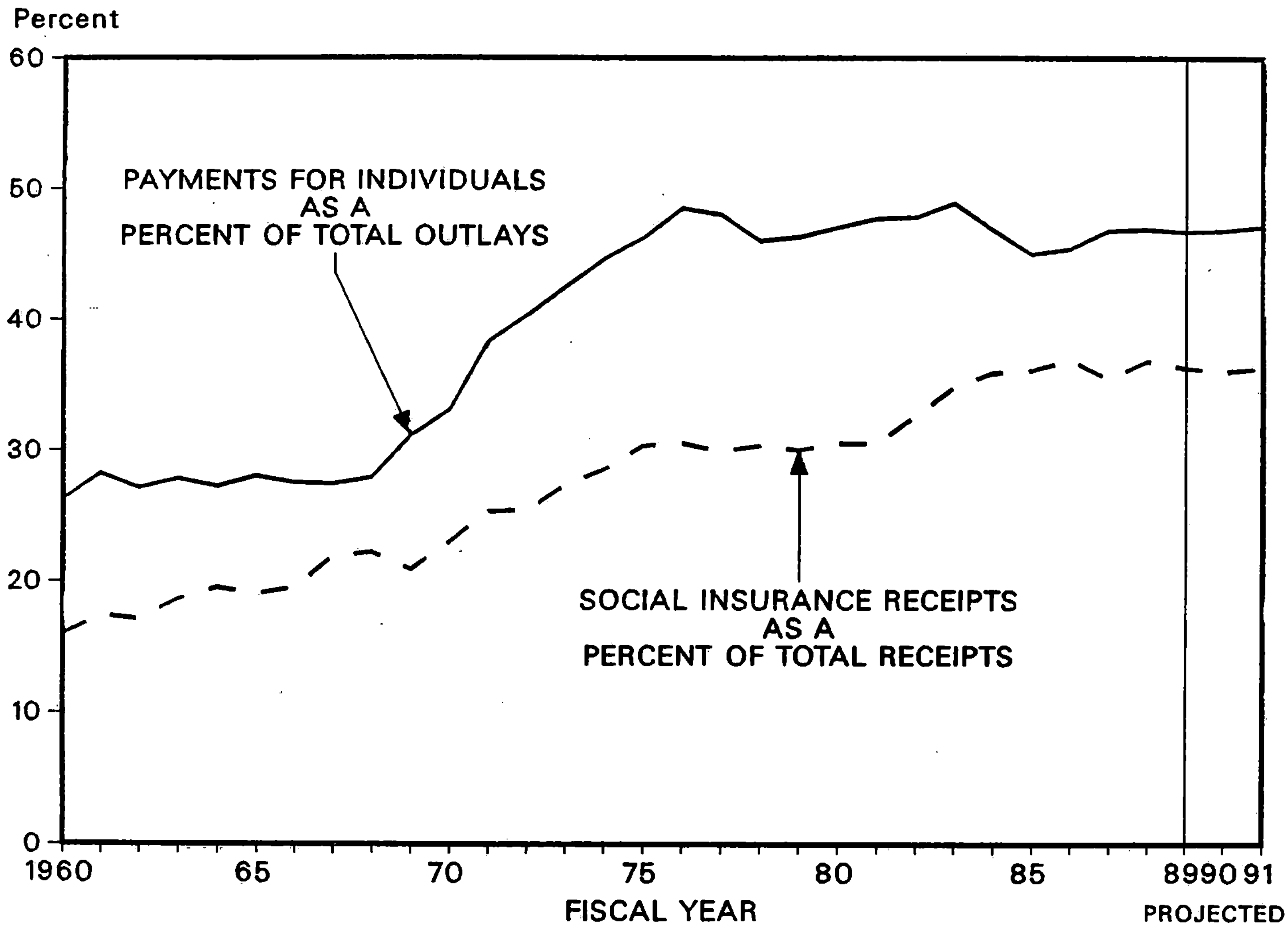
NOTE: Administration, #1-SS, and #2-T measured against current OMB baseline. House, SBC, and Rosty measured against CBO January programmatic baseline adjusted to include airport and airway trust fund receipts at OMB baseline rate.

1991 – Savings As A Percent of Total Savings

18–Jun	Admin	House	SBC	Rosty	#1–SS	#2–T
Outlays:						
Defense function:	5.7%	31.5%	24.5%	18.5%	10.3%	10.3%
International.................................	0.8%	–2.1%	0.1%	0.6%	1.7%	1.7%
Domestic discretionary...............	0.2%	–10.9%	6.8%	5.0%	6.7%	6.7%
Social Security:						
1991 COLA.................................	0.0%	0.0%	0.0%	14.0%	14.0%	0.0%
Other..	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other retirement:						
1991 COLA.................................	5.1%	0.0%	0.0%	3.7%	3.8%	3.8%
Other..	2.4%	2.7%	2.3%	0.0%	1.5%	1.5%
Medicare:						
1991 COLA offset......................	0.0%	0.0%	0.0%	–0.7%	–0.8%	0.0%
Other spending..........................	13.5%	4.6%	3.8%	4.4%	0.0%	8.6%
Freeze savings...........................	0.0%	0.0%	0.0%	0.0%	5.4%	0.0%
FEHB..	3.9%	0.0%	0.9%	0.0%	2.5%	2.5%
Farm price subs.........................	3.8%	2.2%	0.0%	0.0%	2.4%	2.4%
Other mandatory:						
1991 COLA offset......................	0.0%	0.0%	0.0%	–0.4%	–0.5%	0.0%
Other..	6.4%	–2.9%	3.1%	–0.1%	4.1%	4.1%
Subtotal, mandatory..................	35.1%	6.6%	9.9%	20.8%	32.4%	22.8%
Net interest.................................	4.7%	3.3%	3.8%	3.0%	4.7%	4.7%
Fees & other collections................................	13.8%	15.3%	11.6%	0.0%	8.8%	8.8%
Offsetting rcpts..........................	5.4%	3.5%	–2.4%	0.0%	3.4%	3.4%
Total, outlays.............................	65.7%	47.3%	54.3%	48.1%	68.1%	58.5%
Baseline revenues......................	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Additional revenues....................	34.3%	52.7%	45.7%	42.0%	21.9%	21.9%
Freeze indexing..........................	0.0%	0.0%	0.0%	10.0%	10.1%	0.0%
T...	0.0%	0.0%	0.0%	0.0%	0.0%	19.6%
Total, revenues..........................	34.3%	52.7%	45.7%	51.9%	31.9%	41.5%
Deficit..	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%


MANDATORY OUTLAYS AS A PERCENT OF TOTAL OUTLAYS
Percent
70
60
50
40
30
20
10
0
MANDATORY PLUS INTEREST
MANDATORY
1962
66
70
74
78
82
86
89
90
91
FISCAL YEAR
PROJECTED

PAYMENTS FOR INDIVIDUALS AS A PERCENT OF TOTAL OUTLAYS, SOCIAL INSURANCE RECEIPTS AS A PERCENT OF TOTAL RECEIPTS



Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07a. Memo	From Robert M. Gates to POTUS Re: Boris Yeltsin [redacted] (1 pp.)	6/6/90	(b)(1)	S

Collection:

Document Partially Declassified
(Copy of Document Follows)
By SCS on 6/26/15

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Budget [1990] (1 of 2) [1]

Date Closed:	12/16/2004	**OA/ID Number:**	29136-006
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:	98-0004-F/1 (587)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	5/15/2012	**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

6 June 1990

MEMORANDUM FOR THE PRESIDENT

FROM: Robert M. Gates RG

SUBJECT: Boris Yeltsin

As I mentioned the other day, we may have underestimated Yeltsin as a result of his visit here last year. We were looking for constructive, practical approaches to solving Soviet problems and his ideas were hopelessly naive and unrealistic. His behavior while in the United States didn't help either.

By the same token, he has proved himself remarkably adept at using the new rules of the system to reemerge as a political leader. He appears to be an effective and popular politician, however erratic. Thus, while Yeltsin is a more radical reformer (in his rhetoric) than Gorbachev, we will have to wait for him to demonstrate by his actions where he really stands and whether he can deliver. In the meantime, he has the potential to be a disruptive force inside the USSR, further complicating already almost impossible problems. In any event, he's going to be a major player, at least for a while, and we ought to avoid further negative public comments about him -- we may someday find ourselves across the table from him.

A long time (b)(1) prepared the attached short memorandum summarizing what is known about Yeltsin, both anecdotally in the Soviet Union and from intelligence sources. (b)(1) was recently in the USSR and talked to many family members and friends, most of whom two years ago strongly supported Gorbachev and yet now support Yeltsin.

I think you will find (b)(1) little paper interesting, although I've added a couple of comments in the margin where Brent and I differ with it.

~~SECRET~~
Declassify on: OADR

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07b. Paper	Re: Boris Yeltsin [redacted] (2 pp.)	n.d.	(b)(1)	

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Subseries: Issues Files
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P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:	98-0004-F/1 (587.01)	**MR Case #:**	
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The election of Boris Yeltsin on May 29th to the Presidency of the Russian Republic (technically, he is Chairman of the Supreme Soviet of the RSFSR) was accomplished against the all-out efforts of Gorbachev and the Central Committee of the Communist Party. As such, it is an astonishing victory which further undercuts Gorbachev's precarious domestic position, and which will greatly accelerate the political upheaval taking place in the Soviet Union.

NOT SO ASTONISHING. THE ESTABLISHMENT REALLY SCREWED UP VLASOV'S CAMPAIGN.

Boris Nikolayevich Yeltsin was born in January 1931 near Sverdlovsk. He received a degree in construction engineering from the Ural Polytechnical Institute and has considerable practical experience in building construction. He joined the Communist Party in 1961 and worked his way up the party ranks, becoming Chief of the Party organization in Sverdlovsk oblast. He became a member of the Central Committee in 1981. In 1985 Gorbachev brought Yeltsin to Moscow as chief of the Moscow Party organization, and he became a candidate member of the Politburo the following year.

In Moscow, Yeltsin soon attracted public attention with his highly visible and unusual style: he rode public transportation, he talked to people in the streets and dealt with their complaints, he made rousing speeches, he attacked Party privilege and fired Party hacks. An energetic promoter of perestroika, he was also a tireless self-promoter who readily gave interviews to domestic and foreign journalists.

HE ALSO ACCOMPLISHED VERY LITTLE.

Decisive, energetic, self-confident, ambitious, impulsive and headstrong, Yeltsin ran afoul of Gorbachev at a Central Committee Plenum in 1987 when he pressed the attack against Ligachev and other Part conservatives farther than Gorbachev was willing to go. Worse, Yeltsin lashed out at Raisa Gorbachev, complaining about her endless phone calls to him interfering with the public's businesss. Yeltsin was drummed out of his job and out of the Politburo, and Gorbachev blocked Yeltsin's attempt to rehabilitate himself before the Party Congress. However, Yeltsin remains a Party member, and is still a member of the Central Committee.

Yeltsin's subsequent political comeback, first as a deputy to the new Soviet legislature, and now in the Russian Republic is remarkable because it is largely based on his personal charisma, a quality which is often attributed to Gorbachev by the Western press but which Gorbachev has never shown in the USSR, even at the height of his popularity. Yeltsin, on the other hand, really knows how to work a

Soviet audience and has great popular appeal. His announced intention to stand again for President of the Russian Republic within the next two years, but this time in a popular election, is a shrewd gamble: if elected (which seems very likely) he would gain enormous prestige and authority, and would cast an even greater shadow over Gorbachev, who feared to take such a step when seeking the all-Union Presidency earlier this year.

Yeltsin is not an intellectual and does not have a detailed program for the economic mess. However, he has had the backing of the reformist bloc of deputies known as "Democratic Russia," and with the momentum of his recent election he will have many new adherents from the power structure, and a choice of prestigious advisors from the intellectual establishment. Meanwhile, he has boldly saddled a couple of horses that look unbeatable. His emphasis on the "sovereignty" of the Russian Republic and his plan to renegotiate its relations with the other constituent republics of the Soviet Union cuts through the Gordian knot of the nationalities problem which Gorbachev has been unable to cope with. It captures the forces of Russian nationalism (except for the ultras) and, in effect, renounces the imperial legacy along the lines of Solzhenitsyn's Letter to the Soviet Leaders of 1973. The other issue, which Yeltsin himself calls his "hobbyhorse", is his unflagging attack on the privileges enjoyed by the Party elite. As events in Eastern Europe have shown, this is one of the most sensitive and explosive issues possible in a society where almost everyone is in dire need. Here Gorbachev, whose wife has a wardrobe to rival that of Imelda Marcos, is at a marked disadvantage.

ONLY IF YOU WANT TO SPLINTER THE USSR.

Yeltsin's major vulnerability is a serious drinking problem. There is little doubt that this is what accounts for such well publicized incidents as his semi-coherent performance at Johns Hopkins last year (gleefully replayed on Soviet TV), and his bizarre nocturnal dip in the Moscow River. This is not as much an image problem in the USSR as it would be in the West, providing he can keep it under control.

In the long term it remains to be seen whether Yeltsin is a transitional figure, or whether he is destined to play a major historical role. Over the next year or two, it is very possible that he will eclipse Gorbachev, and in any event, he will certainly accelerate the process of change. A possible immediate result is a split in the CPSU this summer, with some significant part of the Party attaching itself to Yeltsin's coattails.

May 31, 1990 (b)(1)

MICHAEL PETRELIS
748-B 13th Street, S.E.
Washington, D.C. 20003
(202) 543-1070

MAY 29, 1990
U.S. CAPITOL

SEN. MARK HATFIELD (R. Oreg.)
REP. TOM FOLEY (D. Wash.)
SEN. BARBARA MIKULSKI (D. Md.)
REP. STEVEN GUNDERSON (R. Wisc.)
SEN. HERBERT KOHL (D. Wisc.)
COMPTROLLER LIZ HOLTZMAN (D. N.Y.C.)
REP. BOB CARR (D. Mich.)
REP. ROY DYSON (D. Md.)
REP. JIM MC CRERY (R. La.)
GOV. JIM THOMPSON (R. Ill.)
GOV. WILLIAM SCHAEFER (D. Md.)
DAVID GEFFEN, GEFFEN RECORDS

I READ THESE NAMES AND CLAIM THESE PEOPLE FOR THE GAY AND LESBIAN COMMUNITY. I DO THIS IN A POSITIVE MANNER. SAYING SOMEONE IS GAY OR LESBIAN IS NOT AN INSULT.

SOME OF THE ELECTED OFFICIALS WHOSE NAMES I'VE READ HAVE HORRENDOUS VOTING RECORDS ON GAY AND LESBIAN ISSUES. OTHERS HAVE GREAT SOLIDARITY WITH OUR COMMUNITY. IN THIS RESPECT THEY ARE JUST LIKE THEIR HETEROSEXUAL COUNTERPARTS.

ELECTED OFFICIALS IN THE CLOSET SHOULD REALIZE THE JOY AND SUPPORT THAT AWAIT THOSE WHO COME OUT OF THE CLOSET. AND NOT ONLY FROM GAYS AND LESBIANS. EVEN FIRST LADY BARBARA BUSH RECENTLY WROTE A LETTER TO THE ORGANIZATION, PARENTS & FRIENDS OF LESBIANS AND GAYS, TO SAY, "WE CANNOT TOLERATE DISCRIMINATION AGAINST ANY INDIVIDUALS OR GROUPS IN OUR COUNTRY."

LET THE CLOSET DOORS OPEN! THE GAY AND LESBIAN NATION IS NOW!

Michael Petrelis

SUMMARY OF DEFENSE BUDGET PLANS

($ Billions)

	1991 BA	1991 OT	1991-95 BA	1991-95 OT	1995 OT % of GNP
CBO BASELINE....................	315.8	306.9	1,710.7	1,653.0	4.8%
PRESIDENT..........................	306.9	303.7	1,584.2	1,564.2	4.3%
SENATE..............................	285.6	293.9	1,427.4	1,438.8	3.7%
HOUSE...............................	283.0	295.4	1,374.9	1,402.3	3.6%
NUNN.................................	290.0	297.5	1,471.0	1,468.0	NA
PLAN COMPARED TO CBO BASELINE:					
PRESIDENT..........................	-8.9	-3.2	-126.5	-88.8	
SENATE..............................	-30.2	-13.0	-283.3	-214.2	
HOUSE...............................	-32.8	-11.5	-335.8	-250.7	
NUNN.................................	-25.8	-9.4	-239.7	-185.0	
PLAN COMPARED TO THE PRESIDENT:					
SENATE..............................	-21.3	-9.8	-156.8	-125.4	
HOUSE...............................	-23.9	-8.3	-209.3	-161.9	
NUNN.................................	-16.9	-6.2	-113.2	-96.2	

[1] Uses CBO's FY 1995 GNP estimate of $7,462 billion.
[2] Senator Nunn's BA and outlay proposals are specified in ranges.
This table uses the midpoints of those ranges.

PREPARED BY SBC MINORITY STAFF, 24-May-90.

MEMORANDUM

TO: President Bush
Chief-of-Staff Sununu

May 24, 1990

FROM: Senator Pete V. Domenici

SUBJECT: Achieving Presidential Priorities in the Discretionary Area

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Every spring, the Congress and the Administration negotiate function levels in the budget resolution. The budget resolution is supposed to be a blueprint for Congressional action throughout the year, and the function totals are supposed to represent our national priorities.

When a budget resolution is finally agreed to, however, we do not enforce spending levels by function totals. Total budget authority and outlays are subdivided among the committees, which then further divide their portion among various subcommittees. This is formally known as the 302(b) allocation process, and is most important in relation to the annual appropriations process.

Since only the budget resolution 302 committee totals are binding, the Appropriations Committee is free to move budget authority and outlays wherever the committee members wish. For example, even though the President and the Congress may agree upon a certain defense number in the budget resolution, the Appropriations Committee can reduce that number and fund more domestic programs with the difference.

In order to protect overall defense/nondefense levels in the past, we have used the concept of "caps", or ceilings, on those broad categories of discretionary spending. However, these caps were enforced through moral suasion, not by Budget Act points of order. Also, although defense was protected, domestic Presidential priorities were not.

We should first revise the budget process to require Presidential signature of a joint resolution on the budget. We should also change our 302 enforcement procedures. The President's discretionary priorities should have more weight in a joint resolution, compared to a concurrent resolution that is only agreed to by the Congress. We should make discretionary function totals within the jurisdiction of the Appropriations Committee binding. That way when we agree upon increases for space and science (function 250) or law enforcement (function 750), the funding will go there, instead of for lower priority grant programs (function 450).

This proposal will not take away the prerogative of the Appropriations Committee to set funding levels for individual programs, nor does it take away their option to rearrange funding priorities <u>within</u> functions. Presidential veto of appropriations bills would still be justified, although the reason may shift from dollars towards policy. This proposal will add much more weight to the national priorities established in the President's budget request and the resulting "signed" budget resolution.