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Folder Title:
House of Representatives - Miscellaneous 1991

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October 24, 1991

Mr. Tom Brown, Publisher
The Concord Monitor
P.O. Box 1177
Concord, New Hampshire 03302-1177

Dear Tom:

After reading Lisa Braiterman's October 19 editorial entitled "Benefits For Jobless Would Spur Economy--Zeliff Is Off Base" I once again feel compelled to respond. I am certain that The Monitor and I disagree on what will get New Hampshire's and America's economy moving again. On that point, I believe we can agree to disagree.

However, I do take issue with several of the points in the editorial, because they do not fully present my position on the issue. Contrary to the statement in the editorial, I do realize that unemployment insurance programs work. As I stated in my response, "I am prepared to vote for any package, at any time, that is funded through budget cuts or other means that do not increase the budget deficit." Voting for a program that further increases the budget deficit and breaks the 1990 Budget Agreement helps no one. My position is clear: a temporary, funded unemployment benefits package, combined with pro-growth economic measures, will help everyone.

Further, I did not claim that lack of investment was the cause of New Hampshire's recession. My response said the following: "Lack of investment is a key element of the economic downturn." "A key element" does not translate into "the cause". Yet I agree with The Monitor that part of the problem is and was excessive investment in speculative commercial and residential real estate, financed by banks.

Finally, the "6 billion surplus in the unemployment fund" is non-existent. There are 10 funds like the unemployment benefits fund that total \$100 billion--funds used to offset the deficit. That means our deficit is really \$480 billion instead of \$380 billion.

Those numbers are unacceptable. I want to help the unemployed, small business, and the local New Hampshire economy. My support of a well-rounded economic program of a temporary, funded unemployment benefits package and pro-growth economic initiatives will do just that.

Thank you for this opportunity to communicate my views, and I look forward to hearing from you soon.

Sincerely,

William H. Zeliff, Jr.
Member of Congress

RESPONSE TO CONCORD MONITOR "OUT OF TOUCH" EDITORIAL
October 8, 1991

There are reasons not detailed in your recent October 3 editorial, "Out of Touch", for my no vote on extending unemployment benefits. Employers in New Hampshire's economy are in a fiscal crisis. Many have laid off workers and cut budgets to the bone. Asking them to contribute more money to unemployment benefits through a permanent extension of benefits perpetuates the vicious cycle of a stagnant economy. The last thing New Hampshire's economy needs is more burdens on business that will cause more layoffs, and an even higher rate of unemployment. The answer to our current crisis is a temporary, fully-funded unemployment benefits package.

The people of New Hampshire can get through the present situation with a package such as that proposed by Sen. Robert Dole (R-KS). It provides extended benefits that are fully funded, thus not adding to the deficit. I am prepared to vote for any package, at any time, that is funded through budget cuts or other means that do not increase the budget deficit. It is just such a solution that will end the hardship of the unemployed, and allow sustained economic growth to help solve the longer-term problem of increasing the number of good, high-paying jobs.

Congress has recognized these larger problems of our economy only after they have had a devastating effect. As the Monitor example points out, even if proposed extended unemployment benefits did pass,

nearly 6,000 New Hampshire families whose benefits ran out last year would not be aided. If weekly payments to eligible families would merely be \$34 to \$179, there is clearly a better way to make a difference for New Hampshire residents suffering in the recession.

I agree with the Monitor that one of the ways to make a difference in the economy is to cut the tax rate on capital gains. But that is not my only response to the problem, even though it is the only one mentioned in the Monitor. I support economic growth, and have proposed legislation to encourage it. My Economic Resurgence and Jobs for America Act, cosponsored by 50 of my House colleagues, restores an investment tax credit for businesses, reduces the tax rate on capital gains to 15 percent, and encourages capital investment by small businesses.

Lack of investment is a key element of the economic downturn. Through tax credits and a capital gains reduction, businesses and individuals will invest money in expansion, create jobs internally, and infuse capital into our economy, stimulating fiscal activity and creating thousands of jobs.

Benefits for jobless would spur economy

Zeliff is off-base

By LISA BRAITERMAN
For The Monitor

Congressman Bill Zeliff's response to the Monitor's editorial of Oct. 3 on extending unemployment benefits reinforces the views of the Monitor and others that Mr. Zeliff is out of touch.

Over 50 years ago the unemployment insurance program was enacted to counter the effects of cyclical downturns in the economy. By taxing payrolls, a fund was created that automatically put money into the hands of those who need it.

This type of automatic adjustment serves both a social and an economic function. First, it alleviates some of the worst impacts of rising unemployment: loan defaults, repossessions, homelessness, lack of food, crime caused by desperation. Second, by supporting minimal levels of consumption in families whose members are unemployed, this insurance program can actually keep the economy from sliding further.

Thus, Mr. Zeliff's claim that he supports economic growth as a way to help the unemployed rings hollow if he is unwilling to support the well-documented impact that the unemployment insurance programs works.

Mr. Zeliff's claim that proposals such as tax credits and a reduction in the capital gains tax will spur employment are false and misleading. Employment is one of the last economic indicators to rise during a recovery, and investment by business follows, stimulated not by tax advantages but by falling interest rates.

Economic recoveries are led by consumption, usually by individuals and government. As the economy picks up, businesses first use overtime to fill their personnel needs. Only later do they consider hiring, because of the initial expense in hiring and training costs and the long-term commitment new hires imply.

In other words, unemployment can still remain high many months after a recovery has "officially" begun. Mr. Zeliff's proposal would do nothing between now and then to either alleviate the impacts on people, slow the downward spiral of the local economy or support the early stages of an economic recovery.

Contrary to Mr. Zeliff's claim, lack of investment is not the cause of either the regional recession that has hit New England so hard or the national and international recession. Quite the contrary.

On the local level, part of the problem was the excessive investment in speculative commercial and residential real estate, financed by banks.

Another problem was success itself. New Hampshire's low unemployment rate drove average wages from rates below the national average to well above, thus discouraging businesses from moving to or expanding in the state. Neither a national investment tax credit nor a capital gains tax break would have solved that problem.

Finally, Mr. Zeliff's argument that increases in payroll taxes to finance benefits will discourage increases in employment is specious.

Unemployment taxes are collected at both the state and federal levels. The combined tax is usually in the range of 1.8 to 3 percent of the first \$7,000 of payroll per employee, or \$126 to \$210 per employee per year. Such amounts pale in comparison to other costs of employment, such as Social Security and Medicare taxes of 7.65 percent on wages up to \$82,000 per year and employee health insurance, which can cost \$2,000 or more per employee.

Concord

Monitor

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If Mr. Zelliff wants to help the unemployed, if he wants to help small business, if he wants to help stabilize the local economy, if he wants to support a well-rounded economic recovery program, he will support extended unemployment benefits.

(Lisa Braiterman lives in Concord.)

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Monitor
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Opinion

Out of touch

► Zeliff, Rudman, Smith turn backs on state's unemployed.

New Hampshire's three Republican members of Congress can offer several seemingly plausible reasons they oppose extending benefits for unemployed workers.

It is true that the Democrats' rhetoric on the unemployment issue is a lot stronger than their remedy. It is true that the Democrats' benefits bill would indirectly add to the deficit, by \$8.4 billion. It is also true that an alternate bill would provide some relief while paying for itself.

But these excuses sound flimsy when weighed against the need. This month, the families of between 2,000 and 2,500 unemployed workers will exhaust their basic 26 weeks of benefits. Some will lose their homes, others their cars. Most will turn to the local welfare office as the last resort.

This is the first recession since World War II that the unemployed have not gotten an extension of aid. The reason is technical — a formula didn't kick in the way it should have — and Congress has been slow to recognize the problem. Thus, Sen. Lloyd Bentsen's bill, which President Bush has vowed to veto, will be of no help to the nearly 8,000 New Hampshire families whose benefits ran out last year.

Bentsen's bill would extend benefits based on the state's unemployment rate. In New Hampshire, where unemployment has averaged more than 7 percent all year, that will mean an extra 13 weeks. Considering the cost of living here, New Hampshire's unemployment benefits program is measly, with weekly payments rang-

Editorials

ing from \$34 to \$179 per week. Yet it is money that families clearly need.

Only Democratic Rep. Dick Swett has voted for the benefits extension. Rep. Bill Zeliff has called for a capital gains tax cut instead — an insensitive and cynical response to the plight of working families. Sens. Bob Smith and Warren Rudman are backing a Johnny-come-lately Republican bill that would provide only six weeks of benefits in New Hampshire; it would be financed through the sale of radio licenses and collections of defaulted college loans.

Bentsen's bill would tap into the \$8 billion unemployment fund that employers have been paying into through payroll taxes. Drawing down the surplus thus would add indirectly to the federal deficit.

Smith and Rudman say they won't vote to bust last year's budget agreement. The consequence of defeating a benefits extension, however, is that unemployed workers will have only local welfare to turn to. Cities' and towns' welfare budgets will be busted instead.

The Senate is two votes shy of a presidential override of Bentsen's bill. Smith and Rudman could provide the critical margin. Their stated refusal to do so shows how much they are out of touch with the devastating effects of the recession back home.

House of Representatives

Washington, D.C. 20515

MEMORANDUM

10/23/91

John -

Would like to discuss my
Bin with you tomorrow - 3pm -
Straight 5% investment tax
credit + a 15% Cap Gain Tax
Rate.

THE CHIEF of STAFF
has seen

James
Buzdill

HR 2359
Economic Resurgence and Jobs for America Act
Cosponsors

Steve Gunderson
Bob McEwen
James Inhofe
Don Ritter
Tom DeLay
Wayne Gilchrest
John Kyl
Bob Dornan
Dick Zimmer
Gerry Solomon
Scott Klug
Mel Hancock
Vin Weber
Craig Thomas
Gary Franks
Cass Ballenger
Charles Taylor
Jim Saxton
Dave Hobson
Fred Upton
Carl Pursell
Dick Nichols
Duke Cunningham
Duncan Hunter
Guy Vander Jagt
Ben Gilman

Ron Machtley
John Boehner
Bill Brewster
Bill Barrett
Jim Ramstad
William Dannemeyer
John Kasich
Dennis Hastert
John Doolittle
Christopher Cox
Bob Walker
Dana Rohrbacher
Dave Camp
Phil Crane
Dan Burton
Wally Herger
Cliff Stearns
Porter Goss
Henry Hyde
Bill Paxon
Frank Riggs
Wayne Allard
Jerry Lewis
Dick Arme
Newt Gingrich
Tom Campbell

ANDY IRCLAND

HAROLD FAWCETT

RON PACHARD

EITON GALLAGHER

JAMES WALSH

WILLIAM H. ZELIFF, JR.
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Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEE ON PUBLIC WORKS
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COMMITTEE ON
SMALL BUSINESS
SUBCOMMITTEES:
PROCUREMENT, TOURISM AND
RURAL DEVELOPMENT
ENVIRONMENT AND EMPLOYMENT
CO-CHAIRMAN, REPUBLICAN TASK FORCE ON
TAX POLICY AND JOB CREATION

THE TIME HAS COME TO STIMULATE THE ECONOMY

If you believe that we can end the current recession with unemployment checks and federal spending programs, read no further.

IF YOU BELIEVE THAT:

"We have too low an investment rate in the United States. We are not equipping our workers with new capital and new technology at a rapid enough rate to enhance productivity...There is a complementary relationship between technological innovation and capital formation... We cannot take long term capital formation for granted." Michael Boskin., Chairman, President's Council of Economic Advisors.

"The Tax Reform Act of 1986 provision eliminating the capital gains tax differential has contributed significantly to the sharp decline of the real estate industry since 1987. Housing starts are at record low levels and real estate values have plummeted...The increase in the capital gains rate has contributed, at least in part, to the current recession...HR 2359 is a most viable and a most needed pro-housing legislative initiative." Roger Bannister, Senior Staff Vice President, National Association of Home Builders.

HR 2359, the Economic Resurgence and Jobs for America Act would spur investment and job creation by restoring an investment tax credit and lowering the tax rate on capital gains income...Our present tax code is heavily tilted against savings and investment. Legislation reducing that bias certainly would strengthen the economy." Edwin J. Feulner, Jr., President, The Heritage Foundation.

"I don't believe Congress realizes how deep this real estate debacle is becoming and the effect it is having on all segments of the economy... The only realistic option is to let the market forces work in a natural fashion by making real estate more attractive...Relief in the capital gains tax area would be a significant step in assisting any recovery. We must create some incentives to reward those who take risks." Karl Norwood., The Norwood Group.

"We recognize that restoring the investment credit can play an important part in ending the recession...We believe that enactment of HR 2359 would make a valuable contribution toward solving many of the problems currently existing in the real estate market." Stephen D. Dreisler, Senior Vice President and Chief Lobbyist, National Association of Realtors.

IF YOU AGREE THAT WE NEED A GROWTH COMPONENT TO STIMULATE THE ECONOMY AND GET AMERICA BACK TO WORK AGAIN, CONSIDER JOINING THE DISTINGUISHED LIST OF CO-SPONSORS OF HR 2359, THE ECONOMIC RESURGENCE AND JOBS FOR AMERICA ACT(listed on the back). IT RESTORES A 5% INVESTMENT TAX CREDIT AND ALSO REDUCES THE TAX ON CAPITAL GAINS TO 15%.

I am inviting you to join our growing team, who believe that the way to create good high paying jobs is to stimulate the economy through growth incentives. If you would like to co-sponsor or need additional information call me or Marshall Cobleigh of my staff at 225-5456.

Sincerely,

William H. Zeliff, Jr.
Member of Congress

hr2359

1 DOCUMENT FOUND

ENTER SCAN, SHORT, LONG, OR SPECIFY DISPLAY OPTIONS.

long

1 OF 1 41 LINES

DS ***** 102ND CONG. STATUS PROFILE FOR H.R.2359

BRIEF TITLE..... Economic Resurgence and Jobs for America Act

SPONSOR..... Zeliff

DATE INTRODUCED... May 15, 1991

HOUSE COMMITTEE... Ways and Means

OFFICIAL TITLE.... A bill to amend the Internal Revenue Code of
1986 to
reinstate a 5-percent investment tax credit and
to
reduce capital gains taxes.

CO-SPONSORS..... 40 CURRENT COSPONSORS

May 15, 91 Referred to House Committee on Ways and Means.

COS CO-SPONSORS..... 40 CURRENT COSPONSORS

AS INTRODUCED..... Gunderson, McEwen, Paxon, Ritter, Riggs, DeLay,
Allard,

Gilchrest, Lewis (CA), Kyl, Dornan (CA), Zimmer,
Solomon, Klug, Hancock, Weber, Thomas (WY),

Franks (CT),

Ballenger, Taylor (NC), Saxton, Hobson, Upton,

Pursell,

Nichols, Cunningham, Hunter, Vander Jagt,

Gilman,

Machtley, Boehner, Brewster, Barrett, Ramstad,
Dannemeyer, Kasich, Hastert, Doolittle, Cox

(CA),

Walker.

BD BILL DIGEST..... May 15, 91. Economic Resurgence and Jobs for
America Act - Title I: Investment Tax Credit - Amends the
PRESS RETURN TO CONTINUE OR ENTER A REQUEST.

Internal Revenue Code to reinstate a five-percent investment tax
credit for property placed in service after December 31, 1991.

Repeals provisions of the Revenue Reconciliation Act of 1990
concerning the elimination of expired or obsolete investment tax
credit provisions.

Title II: Capital Gains Tax Reduction - Amends the Internal
Revenue Code to reduce the individual and corporate capital gains
rate from 34 percent to 15 percent. Reduces such tax to 7.5 percent
for low- and middle-income taxpayers.

Provides for the phaseout of personal exemptions and the
overall limitation on itemized deductions to take into account
adjusted gross income which has been reduced by net capital gain.

Requires indexing, based on the gross national product
deflator, of the adjusted basis of certain assets (corporate stock
and tangible property that is a capital asset of property used in a
trade or business) that have been held for more than one year at
the time of sale or other transfer, solely for the purpose of
determining gain or loss.

Investment Tax Credit Hearing
Republican Task Force on Tax Policy and Job Creation
Monday October 28, 1991
Room 2253 Rayburn House Office Building
2Pm

* Presiding

1st Panel

*Congressman Bill Zeff
*Congressman Dick Armey
Sen Robert Kasten

2nd Panel

*Donald Alexander, Former Commissioner of Internal Revenue

*Robert B. Hill, Associate Director of Taxation,
Chemical Manufacturers Association

3rd Panel

*Benson Goldstein, Manager of Tax Policy,
U.S. Chamber of Commerce

*John Cregan, President,
U.S. Business and Industrial Council

*Mark Bloomfield, President,
American Council for Capital Formation

* Confirmed Speaker

102D CONGRESS
1ST SESSION

H. R. 2359

To amend the Internal Revenue Code of 1986 to reinstate a 5-percent investment tax credit and to reduce capital gains taxes.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 1991

Mr. ZELIFF (for himself, Mr. GUNDERSON, Mr. McEWEN, Mr. PAXON, Mr. RITTER, Mr. RIGGS, Mr. DELAY, Mr. ALLARD, Mr. GILCHREST, Mr. LEWIS of California, Mr. KYL, Mr. DORNAN of California, Mr. ZIMMER, Mr. SOLOMON, Mr. KLUG, Mr. HANCOCK, Mr. WEBER, Mr. THOMAS of Wyoming, Mr. FRANKS of Connecticut, Mr. BALLENGER of North Carolina, Mr. TAYLOR, Mr. SAXTON, Mr. HOBSON, Mr. UPTON, Mr. PURSELL, Mr. NICHOLS, Mr. CUNNINGHAM, Mr. HUNTER, Mr. VANDER JAGT, Mr. GILMAN, Mr. MACHTLEY, Mr. BOEHNER, Mr. BREWSTER, Mr. BARRETT, Mr. RAMSTAD, Mr. DANNEMEYER, Mr. KASICH, Mr. HASTERT, Mr. DOOLITTLE, Mr. COX of California, and Mr. WALKER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to reinstate a 5-percent investment tax credit and to reduce capital gains taxes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Economic Resurgence and Jobs for America Act”.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

TITLE I—INVESTMENT TAX CREDIT

SEC. 101. REINSTATEMENT OF 5-PERCENT INVESTMENT TAX CREDIT.

(a) IN GENERAL.—Subpart E of part IV of subchapter A of chapter 1 (relating to rules for computing credit for investment in certain depreciable property), as amended by subsection (b)(2), is amended by adding at the end the following new section:

“SEC. 50. 5-PERCENT REGULAR INVESTMENT CREDIT.

“With respect to any property placed in service after December 31, 1991—

“(1) section 49 shall not apply, and

“(2) the regular percentage for purposes of this subpart shall be 5 percent.”

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for such subpart E is amended by adding at the end the following new item:

“Sec. 50. 5-percent regular investment credit.”

(2) Section 11813 of the Revenue Reconciliation Act of 1990 (Public Law 101-508) is hereby repealed, and the Internal Revenue Code of 1986 shall be applied and administered as if such section (and the amendments made by such section) had never been enacted.

TITLE II—CAPITAL GAINS TAX REDUCTION

SEC. 201. REDUCTION IN INDIVIDUAL CAPITAL GAINS RATE.

(a) GENERAL RULE.—Subsection (h) of section 1 (relating to maximum capital gains rate) is amended to read as follows:

“(h) MAXIMUM CAPITAL GAINS RATE.—If a taxpayer has a net capital gain for any taxable year, then the tax imposed by this section shall not exceed the sum of—

“(1) a tax computed at the rates and in the same manner as if this subsection had not been enacted on the taxable income reduced by the net capital gain, plus

“(2) a tax equal to the sum of—

“(A) 7.5 percent of so much of the net capital gain as does not exceed—

“(i) the maximum amount of taxable income to which the 15-percent rate ap-

1 plies under the table applicable to the tax-
 2 payer, reduced by

3 “(ii) the taxable income to which
 4 paragraph (1) applies, plus

5 “(B) 15 percent of the net capital gain in
 6 excess of the net capital gain to which subpara-
 7 graph (A) applies.”

8 (b) PHASE-OUT OF PERSONAL EXEMPTIONS AND
 9 LIMITATION ON DEDUCTION OF ITEMIZED DEDUCTIONS
 10 NOT TO RESULT FROM NET CAPITAL GAIN.—

11 (1)(A) Subparagraphs (A) and (B) of section
 12 151(d)(3) (relating to phaseout of exemption
 13 amount) are each amended by inserting “modified”
 14 before “adjusted gross income”.

15 (B) Paragraph (3) of section 151(d) of such
 16 Code is amended by redesignating subparagraphs
 17 (D) and (E) as subparagraphs (E) and (F), respec-
 18 tively, and by inserting after subparagraph (C) the
 19 following new subparagraph:

20 “(D) MODIFIED ADJUSTED GROSS IN-
 21 COME.—For purposes of this paragraph, the
 22 term ‘modified adjusted gross income’ means
 23 adjusted gross income reduced by net capital
 24 gain.”

(2) Subsection (a) of section 68 (relating to overall limitation on itemized deductions) is amended by inserting “(reduced by net capital gain)” after “adjusted gross income”.

(c) TECHNICAL AMENDMENTS.—

(1) Paragraph (1) of section 170(e) is amended by striking “the amount of gain” in the material following subparagraph (B)(ii) and inserting “13/28 (19/34 in the case of a corporation) of the amount of gain”.

(2)(A) The second sentence of section 7518(g)(6)(A) is amended by striking “28 percent (34 percent in the case of a corporation)” and inserting “15 percent”.

(B) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, is amended by striking “28 percent (34 percent in the case of a corporation)” and inserting “15 percent”.

SEC. 202. REDUCTION IN CORPORATE CAPITAL GAINS RATE.

(a) GENERAL RULE.—Section 1201 (relating to alternative tax for corporations) is amended by striking subsection (a) and inserting the following:

“(a) GENERAL RULE.—If for any taxable year a corporation has a net capital gain, then, in lieu of the tax

1 imposed by section 11, 511, or 831(a) (whichever applies),
 2 there is hereby imposed a tax (if such tax is less than
 3 the tax imposed by such section) which shall consist of
 4 the sum of—

5 “(1) a tax computed on the taxable income re-
 6 duced by the net capital gain, at the same rates and
 7 in the same manner as if this subsection had not
 8 been enacted, plus

9 “(2) a tax of 15 percent of the net capital
 10 gain.”

11 (b) TECHNICAL AMENDMENTS.—

12 (1) Clause (iii) of section 852(b)(3)(D) is
 13 amended by striking “66 percent” and inserting “85
 14 percent”.

15 (2) Paragraphs (1) and (2) of section 1445(e)
 16 are each amended by striking “34 percent” and in-
 17 serting “15 percent”.

18 **SEC. 203. REDUCTION OF MINIMUM TAX RATE ON CAPITAL**
 19 **GAINS.**

20 Subparagraph (A) of section 55(b)(1) (relating to
 21 tentative minimum tax) is amended to read as follows:

22 “(A) the sum of—

23 “(i) 15 percent of the lesser of—

24 “(I) the net capital gain (deter-
 25 mined with the adjustments provided

1 in this part and (to the extent appli-
 2 cable) the limitations of sections
 3 1(h)(2) and 1201(b)), or

4 “(II) so much of the alternative
 5 minimum taxable income for the tax-
 6 able year as exceeds the exemption
 7 amount, plus

8 “(ii) 20 percent (24 percent in the
 9 case of a taxpayer other than a corpora-
 10 tion) of the amount (if any) by which the
 11 excess referred to in clause (i)(II) exceeds
 12 the net capital gain (as so determined), re-
 13 duced by”.

14 **SEC. 204. INDEXING OF CERTAIN ASSETS FOR PURPOSES**
 15 **OF DETERMINING GAIN OR LOSS.**

16 (a) IN GENERAL.—Part II of subchapter O of chap-
 17 ter 1 (relating to basis rules of general application) is
 18 amended by inserting after section 1021 the following new
 19 section:

20 **“SEC. 1022. INDEXING OF CERTAIN ASSETS FOR PURPOSES**
 21 **OF DETERMINING GAIN OR LOSS.**

22 “(a) GENERAL RULE.—

23 “(1) INDEXED BASIS SUBSTITUTED FOR AD-
 24 JUSTED BASIS.—Except as provided in paragraph
 25 (2), if an indexed asset which has been held for

1 more than 1 year is sold or otherwise disposed of,
 2 for purposes of this title the indexed basis of the
 3 asset shall be substituted for its adjusted basis.

4 “(2) EXCEPTION FOR DEPRECIATION, ETC.—

5 The deduction for depreciation, depletion, and amor-
 6 tization shall be determined without regard to the
 7 application of paragraph (1) to the taxpayer or any
 8 other person.

9 “(b) INDEXED ASSET.—

10 “(1) IN GENERAL.—For purposes of this sec-
 11 tion, the term ‘indexed asset’ means—

12 “(A) stock in a corporation, and

13 “(B) tangible property (or any interest
 14 therein), which is a capital asset of property
 15 used in the trade or business (as defined in sec-
 16 tion 1231(b)).

17 “(2) CERTAIN PROPERTY EXCLUDED.—For
 18 purposes of this section, the term ‘indexed asset’
 19 does not include—

20 “(A) CREDITOR’S INTEREST.—Any interest
 21 in property which is in the nature of a credi-
 22 tor’s interest.

23 “(B) OPTIONS.—Any option or other right
 24 to acquire an interest in property.

1 “(C) NET LEASE PROPERTY.—In the case
2 of a lessor, net lease property (within the mean-
3 ing of subsection (h)(1)).

4 “(D) CERTAIN PREFERRED STOCK.—Stock
5 which is fixed and preferred as to dividends and
6 does not participate in corporate growth to any
7 significant extent.

8 “(E) STOCK IN CERTAIN CORPORATIONS.—
9 Stock in—

10 “(i) an S corporation (within the
11 meaning of section 1361),

12 “(ii) a personal holding company (as
13 defined in section 542), and

14 “(iii) a foreign corporation.

15 “(3) EXCEPTION FOR STOCK IN FOREIGN COR-
16 PORATION WHICH IS REGULARLY TRADED ON NA-
17 TIONAL OR REGIONAL EXCHANGE.—Clause (iii) of
18 paragraph (2)(E) shall not apply to stock in a for-
19 eign corporation the stock of which is listed on the
20 New York Stock Exchange, the American Stock Ex-
21 change, or any domestic regional exchange for which
22 quotations are published on a regular basis other
23 than—

24 “(A) stock of a foreign investment compa-
25 ny (within the meaning of section 1246(b)), and

1 “(B) stock in a foreign corporation held by
2 a United States person who meets the require-
3 ments of section 1248(a)(2).

4 “(c) INDEXED BASIS.—For purposes of this
5 section—

6 “(1) INDEXED BASIS.—The indexed basis for
7 any asset is—

8 “(A) the adjusted basis of the asset, multi-
9 plied by

10 “(B) the applicable inflation ratio.

11 “(2) APPLICABLE INFLATION RATIO.—The ap-
12 plicable inflation ratio for any asset is the percent-
13 age arrived at by dividing—

14 “(A) the gross national product deflator
15 for the calendar quarter in which the disposi-
16 tion takes place, by

17 “(B) the gross national product deflator
18 for the calendar quarter in which the asset was
19 acquired by the taxpayer (or, if later, the calen-
20 dar quarter ending December 31, 1991).

21 The applicable inflation ratio shall not be taken into
22 account unless it is greater than 1. The applicable
23 inflation ratio for any asset shall be rounded to the
24 nearest one-tenth of 1 percent.

1 “(3) GROSS NATIONAL PRODUCT DEFLATOR.—

2 The gross national product deflator for any calendar
3 quarter is the implicit price deflator for the gross
4 national product for such quarter (as shown in the
5 1st revision thereof).

6 “(4) SECRETARY TO PUBLISH TABLES.—The
7 Secretary shall publish tables specifying the applica-
8 ble inflation ratios for each calendar quarter.

9 “(d) SPECIAL RULES.—For purposes of this
10 section—

11 “(1) TREATMENT AS SEPARATE ASSET.—In the
12 case of any asset, the following shall be treated as
13 a separate asset:

14 “(A) a substantial improvement to proper-
15 ty,

16 “(B) in the case of stock of a corporation,
17 a substantial contribution to capital, and

18 “(C) any other portion of an asset to the
19 extent that separate treatment of such portion
20 is appropriate to carry out the purposes of this
21 section.

22 “(2) ASSETS WHICH ARE NOT INDEXED ASSETS
23 THROUGHOUT HOLDING PERIOD.—

24 “(A) IN GENERAL.—The applicable infla-
25 tion ratio shall be appropriately reduced for cal-

1 endar months at any time during which the
2 asset was not an indexed asset.

3 “(B) CERTAIN SHORT SALES.—For pur-
4 poses of applying subparagraph (A), an asset
5 shall be treated as not an indexed asset for any
6 short sale period during which the taxpayer or
7 the taxpayer’s spouse sells short property sub-
8 stantially identical to the asset. For purposes of
9 the preceding sentence, the short sale period be-
10 gins on the day after the substantially identical
11 property is sold and ends on the closing date
12 for the sale.

13 “(3) TREATMENT OF CERTAIN DISTRIBU-
14 TIONS.—A distribution with respect to stock in a
15 corporation which is not a dividend shall be treated
16 as a disposition.

17 “(4) SECTION CANNOT INCREASE ORDINARY
18 LOSS.—To the extent that (but for this paragraph)
19 this section would create or increase a net ordinary
20 loss to which section 1231(a)(2) applies or an ordi-
21 nary loss to which any other provision of this title
22 applies, such provision shall not apply. The taxpayer
23 shall be treated as having a long-term capital loss in
24 an amount equal to the amount of the ordinary loss
25 to which the preceding sentence applies.

1 “(5) ACQUISITION DATE WHERE THERE HAS
2 BEEN PRIOR APPLICATION OF SUBSECTION (a)(1)
3 WITH RESPECT TO THE TAXPAYER.—If there has
4 been a prior application of subsection (a)(1) to an
5 asset while such asset was held by the taxpayer, the
6 date of acquisition of such asset by the taxpayer
7 shall be treated as not earlier than the date of the
8 most recent such prior application.

9 “(6) COLLAPSIBLE CORPORATIONS.—The appli-
10 cation of section 341(a) (relating to collapsible cor-
11 porations) shall be determined without regard to this
12 section.

13 “(e) CERTAIN CONDUIT ENTITIES.—

14 “(1) REGULATED INVESTMENT COMPANIES;
15 REAL ESTATE INVESTMENT TRUSTS; COMMON TRUST
16 FUNDS.—

17 “(A) IN GENERAL.—Stock in a qualified
18 investment entity shall be an indexed asset for
19 any calendar month in the same ratio as the
20 fair market value of the assets held by such en-
21 tity at the close of such month which are in-
22 dexed assets bears to the fair market value of
23 all assets of such entity at the close of such
24 month.

1 “(B) RATIO OF 90 PERCENT OR MORE.—If
2 the ratio for any calendar month determined
3 under subparagraph (A) would (but for this
4 subparagraph) be 90 percent or more, such
5 ratio for such month shall be 100 percent.

6 “(C) RATIO OF 10 PERCENT OR LESS.—If
7 the ratio for any calendar month determined
8 under subparagraph (A) would (but for this
9 subparagraph) be 10 percent or less, such ratio
10 for such month shall be zero.

11 “(D) VALUATION OF ASSETS IN CASE OF
12 REAL ESTATE INVESTMENT TRUSTS.—Nothing
13 in this paragraph shall require a real estate in-
14 vestment trust to value its assets more fre-
15 quently than once each 36 months (except
16 where such trust ceases to exist). The ratio
17 under subparagraph (A) for any calendar
18 month for which there is no valuation shall be
19 the trustee’s good faith judgment as to such
20 valuation.

21 “(E) QUALIFIED INVESTMENT ENTITY.—
22 For purposes of this paragraph, the term
23 ‘qualified investment entity’ means—

24 “(i) a regulated investment company
25 (within the meaning of section 851),

1 “(ii) a real estate investment trust
2 (within the meaning of section 856), and

3 “(iii) a common trust fund (within the
4 meaning of section 584).

5 “(2) PARTNERSHIPS.—In the case of a partner-
6 ship, the adjustment made under subsection (a) at
7 the partnership level shall be passed through to the
8 partners.

9 “(3) SUBCHAPTER S CORPORATIONS.—In the
10 case of an electing small business corporation, the
11 adjustment under subsection (a) at the corporate
12 level shall be passed through to the shareholders.

13 “(f) DISPOSITIONS BETWEEN RELATED PERSONS.—

14 “(1) IN GENERAL.—This section shall not apply
15 to any sale or other disposition of property between
16 related persons except to the extent that the basis
17 of such property in the hands of the transferee is a
18 substituted basis.

19 “(2) RELATED PERSONS DEFINED.—For pur-
20 poses of this section, the term ‘related persons’
21 means—

22 “(A) persons bearing a relationship set
23 forth in section 267(b), and

24 “(B) persons treated as single employer
25 under subsection (b) or (c) of section 414.

1 “(g) TRANSFERS TO INCREASE INDEXING ADJUST-
2 MENT OR DEPRECIATION ALLOWANCE.—If any person
3 transfers cash, debt, or any other property to another per-
4 son and the principal purpose of such transfer is—

5 “(1) to secure or increase an adjustment under
6 subsection (a), or

7 “(2) to increase (by reason of an adjustment
8 under subsection (a)) a deduction for depreciation,
9 depletion, or amortization,
10 the Secretary may disallow part or all of such adjustment
11 or increase.

12 “(h) DEFINITIONS.—For purposes of this section—

13 “(1) NET LEASE PROPERTY DEFINED.—The
14 term ‘net lease property’ means leased real property
15 where—

16 “(A) the term of the lease (taking into ac-
17 count options to renew) was 50 percent or more
18 of the useful life of the property, and

19 “(B) for the period of the lease, the sum
20 of the deductions with respect to such property
21 which are allowable to the lessor solely by rea-
22 son of section 162 (other than rents and reim-
23 bursed amounts with respect to such property)
24 is 15 percent or less of the rental income pro-
25 duced by such property.

1 “(2) STOCK INCLUDES INTEREST IN COMMON
2 TRUST FUND.—The term ‘stock in a corporation’ in-
3 cludes any interest in a common trust fund (as de-
4 fined in section 584(a)).

5 “(i) REGULATIONS.—The Secretary shall prescribe
6 such regulations as may be necessary or appropriate to
7 carry out the purposes of this section.”

8 (b) CLERICAL AMENDMENT.—The table of sections
9 for part II of subchapter O of such chapter 1 is amended
10 by inserting after the item relating to section 1021 the
11 following new item:

 “Sec. 1022. Indexing of certain assets for purposes of determining
 gain or loss.”

12 (c) ADJUSTMENT TO APPLY FOR PURPOSES OF DE-
13 TERMINING EARNINGS AND PROFITS.—Subsection (f) of
14 section 312 (relating to effect on earnings and profits of
15 gain or loss and of receipt of tax-free distributions) is
16 amended by adding at the end the following new para-
17 graph:

1 “(3) EFFECT ON EARNINGS AND PROFITS OF
2 INDEXED BASIS.—

For substitution of indexed basis for adjusted basis in the case of the disposition of certain assets after December 31, 1991, see section 1022(a)(1).”

3 SEC. 205. INDEXING OF LIMITATION ON CAPITAL LOSSES
4 OF INDIVIDUALS.

5 Section 1211 (relating to limitation on capital losses)
6 is amended by adding at the end the following new subsec-
7 tion:

8 “(c) INDEXATION OF LIMITATION ON
9 NONCORPORATE TAXPAYERS.—

10 “(1) IN GENERAL.—In the case of any taxable
11 year beginning in a calendar year after 1991, the
12 \$3,000 and \$1,500 amounts under subsection (b)(1)
13 shall be increased by an amount equal to—

14 “(A) such dollar amount, multiplied by

15 “(B) the applicable inflation adjustment
16 for the calendar year in which the taxable year
17 begins.

18 “(2) APPLICABLE INFLATION ADJUSTMENT.—

19 For purposes of paragraph (1), the applicable infla-
20 tion adjustment for any calendar year is the percent-
21 age (if any) by which—

22 “(A) the gross national product deflator
23 for the last calendar quarter of the preceding
24 calendar year, exceeds

1 “(B) the gross national product deflator
2 for the last calendar quarter of 1990.

3 For purposes of this paragraph, the term ‘gross na-
4 tional product deflator’ has the meaning given such
5 term by section 1022(c)(3).”

6 **SEC. 206. EFFECTIVE DATES.**

7 (a) **IN GENERAL.**—Except as provided in subsection
8 (b), the amendments made by this title shall apply to sales
9 or exchanges occurring after December 31, 1991.

10 (b) **INDEXING OF LOSS LIMITATION.**—The amend-
11 ment made by section 205 shall apply to taxable years be-
12 ginning after December 31, 1991.

O

Congress of the United States
House of Representatives
OFFICE OF THE REPUBLICAN WHIP
Washington, DC 20515

THE CHIEF of STAFF
has seen

MEMO : October 4, 1991

TO : Nick Brady
John Sununu ✓
Dick Darman
Tony Snow

FROM : Newt Gingrich

RE : Veto of S. 1722, The Emergency Unemployment
Compensation Act of 1991

As you make recommendations to President Bush for the text of his veto message on S. 1772, The Emergency Unemployment Compensation Act, I hope you will consider the following suggestions.

1. Signable Legislation

The veto message should stress that the extended unemployment benefits bills, introduced by Senate Republican Leader Bob Dole (S. 1791) and House Republican Leader Bob Michel (H.R. 3400), would be signed by the President. In particular, it should be made clear that there is legislation in Congress that the President would sign and which would in turn provide immediate relief for those who are without jobs. The Democratic Leadership in Congress should be taken to task for playing political games and using the unemployed as pawns in that game.

2. Economic Growth

It is critical that the President use his veto message to begin the assault on the Democratic-controlled Congress for standing in the way of serious proposals to jump start the economy. Twice, now, I have testified before the Rules Committee and requested that my legislation, H.R. 3130, The

Economic Growth Act, be made in order as an amendment to the Democrats' unemployment reform bill. To no one's surprise, I was denied both times.

Further, the Democratic Leadership should be reminded that the effort to enact a capital gains rate reduction was a truly bipartisan effort in 1989, where 64 House Democrats joined with all but one House Republican in supporting the Jenkins-Archer provision.

3. Press Conference

A press conference at the White House with the President, Bob Michel and Bob Dole within hours of the Senate's vote to sustain the President's veto should be orchestrated. This press conference should stress that the Democrats are using this nation's unemployed as political pawns in their battle with the President; that the Democrats can't be serious about helping the unemployed if they keep sending the President legislation they know will be vetoed; and that there is legislation in Congress that would help the unemployed that the President would sign.

Thank you for your consideration of these suggestions for a strategy to handle the upcoming veto fight on S. 1722, The Emergency Unemployment Compensation Act.

cc: Gary Andres
Jack Howard
Francis Norris
Arnie Havens

SEP 25 '91 11:56 FROM DLA-Y

TO WIL-COFER

PAGE. 002

THE CHIEF of STAFF
has seen

Examples of Items For Humanitarian Purposes -
Inventories as of 23 September 1991

Blankets	158,000 each
Flashlights	137,750 each
General Purpose Medium Tent	342 each
Gasoline Burn Stove	3,471 each
Water Can	5,935 each
Aluminum Folding Cot	6,960 each
Water Chlorination Kit	14,515 each
Isopropyl Alcohol	3,187 containers (5 gallons each)
Acetaminophen Tablets (Aspirin) (325 milligrams)	40,718 bottles (1,000 per bottle)
Ipecac Syrup	11,532 bottles (30 milliliters per bottle)
Erythromycin Tablets (antibiotic)	138,348 bottles (40 tablets per bottle)
Meals Ready to Eat (MRE)	2.3 million boxes X 10 per Box = 23 million MREs

NEWT GINGRICH
6th DISTRICT, GEORGIA
REPUBLICAN WHIP

1620 LONGWORTH BUILDING
WASHINGTON, DC 20515
202-226-0187

Congress of the United States
House of Representatives
OFFICE OF THE REPUBLICAN WHIP
Washington, DC 20515

THE CHIEF of STAFF
has seen

TO: Governor John Sununu
FROM: Newt Gingrich
DATE: September 20, 1991

— If you ever needed proof of the fact that who controls the chair matters just read the following:

Ruling by the Speaker of the House on the motion to recommit the Economic Growth Act.

"The Chair is prepared to rule.

The gentleman from Illinois (Mr. Rostenkowski) makes a point of order that the amendment proposed by the motion offered by the gentleman from Georgia (Mr. Gingrich) is not germane to the bill.

The bill, as reported, is confined to provisions relating to unemployment insurance and compensation within the jurisdiction of the committee on Ways and Means.

The amendment proposed in the motion offered by the gentleman from Georgia contains provisions "to provide incentives for work, savings and investments in order to stimulate economic growth, job creation and opportunity." These provisions range beyond matters of unemployment compensation and involve the jurisdiction of committees other than the Committee on Ways and Means, to wit: the Committee on Banking, Finance and Urban Affairs and the Committee on the Judiciary.

Accordingly, the Chair finds the amendment is not germane, and, therefore the motion to recommit is not in order.

The Chair sustains the point of order of the gentleman from Illinois."

CONGRESSIONAL RECORD, Tuesday, September 17, 1991, Vol. 137, No. 128 (H6640)

provide the Secretary with such appropriate assistance and information requested by the Secretary as the Secretary considers necessary and appropriate to carry out the study under this section.

(b) **SPECIFIC MATTERS TO BE STUDIED.**

(1) **IN GENERAL.**—The Secretary, in carrying out the study provided for in this section, shall address, analyze, and report specifically on various effects—

(A) which have resulted from the amendment made by section 401, and

(B) which would reasonably be expected to result from repeal, effective with respect to taxable years ending after calendar year 1997, of the provisions relating to deductions on account of work and the exempt amount provided for under section 203 of the Social Security Act.

The Secretary shall include in the report any other information which the Secretary considers would be relevant and useful to the Congress in considering legislation relating to deductions on account of work and the exempt amount.

(2) **EFFECTS TO BE INCLUDED IN STUDY.**—The effects referred to in paragraph (1) shall include—

(A) the effect on numbers in the workforce, by category of income;

(B) the effect on the purchasing power of members of the workforce, expressed in constant dollars;

(C) the effect on the working elderly with wage or salary income at or below the national average wage level;

(D) the short-term and long-term effect on the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund;

(E) the effect on the Federal budget; and

(F) the effect on the national economy.

(c) **REPORTS.**—The Secretary shall submit to each House of the Congress, not later than November 1, 1997, a final report of the findings of such study.

Subtitle B—Economic Growth Dividend.

SEC. 411. USE OF ECONOMIC GROWTH DIVIDEND.

(a) **GENERAL RULE.**—If the Secretary of the Treasury (hereinafter in this title referred to as the "Secretary") determines that there is an economic growth dividend for any fiscal year beginning on or after October 1, 1992, such dividend shall be used to increase the amount of the personal exemptions as provided in section 412.

(b) **ECONOMIC GROWTH DIVIDEND.**—For purposes of this Act—

(1) there is an economic growth dividend for any fiscal year if the Secretary determines that the real growth in the gross national product during such fiscal year was at a rate in excess of 3 percent, and

(2) the amount of the economic growth dividend for such fiscal year is the amount which the Secretary estimates will be the annual increase in Federal tax receipts resulting from the real growth in the gross national product during such fiscal year at a rate in excess of 3 percent.

Determinations under the preceding sentence shall be made before the close of the calendar year in which the fiscal year ends.

(c) **SPECIAL RULE FOR FISCAL YEARS BEFORE 1998.**—In the case of any fiscal year beginning before October 1, 1993, subsection (b) shall be applied by substituting for "3 percent" each place it appears the estimated rate of real growth in the gross national product for such fiscal year as set forth in the President's budget submission for such fiscal year under section 1105 of title 31, United States Code.

SEC. 412. INCREASE IN AMOUNT OF PERSONAL EXEMPTIONS.

(a) **GENERAL RULE.**—If the Secretary determines that there is an economic growth dividend for any fiscal year beginning on or after October 1, 1992, the amount of the exemption amount for taxable years beginning after the close of the calendar year in which such fiscal year ends shall be increased by an amount which the Secretary estimates will reduce Federal tax receipts for taxable years beginning in the following calendar year by an amount equal to 100 percent of the amount of such economic growth dividend.

(b) **SPECIAL RULE FOR FISCAL YEARS BEFORE 1993.**—In the case of any fiscal year beginning before October 1, 1993, 50 percent of the economic growth dividend shall be used in accordance with subsection (a), and 50 percent of the growth dividend shall be used to make a downward adjustment in the maximum deficit amount of section 250(c)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(c) **EXEMPTION AMOUNT.**—For purposes of this section, the term "exemption amount" means the amount which would otherwise be the exemption amount under section 151(d) of the Internal Revenue Code of 1986 before the application of paragraphs (2) and (3) thereof.

(d) **INFLATION ADJUSTMENTS.**—Any increase determined under this section shall be adjusted for increases in the cost of living under procedures similar to those provided in section 151(d)(4) of such Code.

MR. GINGRICH (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the Record.

THE SPEAKER. Is there objection to the request of the gentleman from Georgia?

MR. ROSTENKOWSKI. Reserving the right to object, Mr. Speaker, I do not know the content of the motion. As I understand it, what the gentleman from Georgia [Mr. GINGRICH] is offering is what he offered in the Rules Committee.

□ 1120

MR. GINGRICH. That is correct, Mr. Speaker.

THE SPEAKER. Without objection, the motion is considered as read. There was no objection.

POINT OF ORDER

MR. ROSTENKOWSKI. Mr. Speaker, I have a point of order.

THE SPEAKER. The gentleman will state his point of order.

MR. ROSTENKOWSKI. Mr. Speaker, I make a point of order that the motion is not germane since it exceeds the scope and content of the pending legislation.

THE SPEAKER. Does the gentleman from Georgia [Mr. GINGRICH] wish to be heard on the point of order?

MR. GINGRICH. Mr. Speaker, if I might just briefly state, the House just decided by 324 to 84 to add a revenue measure to the bill, and this broadened the act, and the Economic Growth Act, which I offer, is an amendment which relates directly to unemployment by changing the Tax Code to create 1,100,000 new jobs. So, it seems to me, clearly on an unem-

ployment bill, it is germane to the question of unemployment.

MR. ROSTENKOWSKI. Mr. Speaker, I insist on my point of order that it goes beyond the scope and content of the pending legislation.

THE SPEAKER. The Chair is prepared to rule.

The gentleman from Illinois [Mr. ROSTENKOWSKI] makes a point of order that the amendment proposed by the motion offered by the gentleman from Georgia [Mr. GINGRICH] is not germane to the bill.

The bill, as reported, is confined to provisions relating to unemployment insurance and compensation within the jurisdiction of the committee on Ways and Means.

The amendment proposed in the motion offered by the gentleman from Georgia [Mr. GINGRICH] contains provisions "to provide incentives for work, savings and investments in order to stimulate economic growth, job creation and opportunity." These provisions range beyond matters of unemployment compensation and involve the jurisdiction of committees other than the Committee on Ways and Means, to wit: the Committee on Banking, Finance and Urban Affairs and the Committee on the Judiciary.

Accordingly, the Chair finds the amendment is not germane, and, therefore, the motion to recommit is not in order.

The Chair sustains the point of order of the gentleman from Illinois [Mr. ROSTENKOWSKI].

MOTION TO RECOMMIT OFFERED BY MR. ARCHER

MR. ARCHER. Mr. Speaker, I offer a motion to recommit.

THE SPEAKER. Is the gentleman opposed to the bill?

MR. ARCHER. I am, Mr. Speaker, in its present form.

THE SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ARCHER moves to recommit the bill H.R. 3040 to the Committee on Ways and Means with instructions to report the same back forthwith to the House with the following amendment:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Emergency Unemployment Compensation Amendments of 1991."

SEC. 2. AMENDMENTS.

Public Law 102-107, the Emergency Unemployment Compensation Act of 1991, is amended—

(a) by striking "after August 31, 1991" where it appears in Section 3(c)(4)(A), and inserting "after the month in which this section takes effect";

(b) by striking "September 1, 1991" where it appears in Section 3(d)(1)(A)(i), and inserting "the first day of the first month following the month in which this section takes effect"; and

(c) by striking "August 31, 1991" each place it appears in Section 3(d)(3)(A), and inserting "the month in which this section takes effect";

(d) by striking "not later than the date of the enactment of this Act" where it appears



JOHN H. SUNUNU
CHIEF OF STAFF

THE WHITE HOUSE

(202) 456-6797

Office of the United States
House of Representatives
OFFICE OF THE REPUBLICAN WHIP
Washington, DC 20515

1620 LONGWORTH BUILDING
WASHINGTON, DC 20515
202-225-0197

July 23, 1991

Donald G. Fisher
Chairman and Chief Executive Officer
The Gap, Inc.
One Harrison Street
San Francisco, CA 94105

Dear Mr. Fisher:

I am writing in regard to your company's ad for a Washington Representative that appeared in Roll Call, a Capitol Hill paper, the weeks of July 8 and July 15. I have attached a copy of this ad in case you did not see it.

It is ludicrous for your company to advertise in such a blatant manner for a Democrat to be your sole voice in Washington. According to Sue Phillips in New York, The Gap is only hiring one lobbyist, not splitting the position into two representatives for a bipartisan voice. Your company has come up with the perfect formula on how to be ineffective on Capitol Hill. What is the lobbyist going to do when he/she tries to talk to Republicans on trade issues and gets the door slammed in his/her face?

Roll Call is read every week by 67,000 people who work on or around Capitol Hill. People will remember this ad and your company will be viewed in the future as only being sympathetic to Democrats.

Newt!

Great response!!!
John

Sincerely,

Newt
Newt Gingrich
Republican Whip

cc: The Honorable John Sununu
Senate Republican Leader Bob Dole
House Republican Leader Bob Michel
Senate Republican Whip Alan Simpson
Republican National Committee Chairman Clayton Yeutter

NEWT GINGRICH
6TH DISTRICT, GEORGIA

REPUBLICAN WHIP

1620 LONGWORTH BUILDING
WASHINGTON, DC 20515
202-225-0197

Congress of the United States
House of Representatives

OFFICE OF THE REPUBLICAN WHIP

Washington, DC 20515

July 23, 1991

Donald G. Fisher
Chairman and Chief Executive Officer
The Gap, Inc.
One Harrison Street
San Francisco, CA 94105

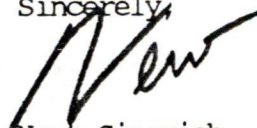
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Roll Call is read every week by 67,000 people who work on or around Capitol Hill. People will remember this ad and your company will be viewed in the future as only being sympathetic to Democrats.

Sincerely,


Newt Gingrich
Republican Whip

cc: The Honorable John Sununu

Senate Republican Leader Bob Dole
House Republican Leader Bob Michel
Senate Republican Whip Alan Simpson
Republican National Committee Chairman Clayton Yeutter

WASHINGTON REPRESENTATIVE

We are a Fortune 500 retailer looking for a full-time employee to serve as our Washington representative.

You'll be responsible for starting a new office and representing us on all legislative matters, including trade issues.

The ideal candidate is currently a Congressional or committee staff member, with 5-10 years experience. Strong Democratic party connections preferred.

Please respond by sending a resume or summary of qualifications to:

Gap, Inc.
113 Spring Street
2nd Floor
New York, NY 10012
Attn: Sue Phillips

G A P

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Series: Sununu, John, Files
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 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]

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THE WHITE HOUSE
WASHINGTON

2:00

May 30, 1991

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: ED ROGERS

SUBJECT: TAUZIN MEETING



Although I don't expect it to come up, attached please find some information on Ricky Bourg's TED device.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01b. Paper	Revision of the Sea Turtle Conservation Regulations (2 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
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File Location: House of Representatives - Miscellaneous 1991

Open on Expiration of PRA
(Document Follows)

By JP (NLGB) on 10/28/05

Date Closed: 1/4/2005	OA/ID Number: 29161-001
FOIA/SYS Case #: 1998-0004-F[2]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
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AR Disposition:	MR Disposition:
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REVISION OF THE SEA TURTLE CONSERVATION REGULATIONS

- o The Department of Commerce, NOAA, NMFS is proposing to revise the 1987 Sea Turtle Conservation Regulations to require stricter conservation measures. This revision will be accomplished through two sets of amendments to the regulations; one focussing on strengthening enforcement and compliance, and the other on expanding the conservation requirements.
- o Both sets of regulations will be published for public review and comment. Proposed Enforcement Amendments will be published in June. Proposed Conservation Amendments will be published in July.

TESTING OF THE "BOURG DEVICE"

Ricky Bourg's TED device was field evaluated on April 15, 1991 by a team of NMFS Gear Specialists and Enforcement personnel, and Coast Guard. Included were Ricky Bourg, Captain Duplantes, Terry Lyons (from Congressman Tauzin's office), John Watson and Wendy Taylor (NMFS gear specialists), Bob Stone and Tom Shuler (NMFS enforcement), and Chris Rodriguez (U. S. Coast Guard). The test was conducted on Mr. Bourg's brother-in-law's vessel (CAPTAIN JAMIE) in 7-10 ft of water off Dulac, LA.

The Bourg TED failed to operate correctly during three out of three test tows. The buoy failed to pop up despite attempts to trip it with buckets filled with salt. There appeared to be too much tension on the tripping mechanism. The NMFS gear specialists felt that the technical problems probably could be solved and Mr. Bourg was encouraged to continue to work on the device.

Reports will be prepared by all test participants. The gear reports probably will conclude the device could be made to work, but unless hard evidence is provided showing that the TED works the certification trial planned for it in August 1991 should be cancelled. The enforcement reports most likely will strongly question whether or not the device can be enforced.

Future Actions

Mr. Bourg is refining the design of his device, with assistance from NMFS gear experts. In June, NMFS will be chartering a vessel to conduct by-catch research in the Gulf. NMFS has agreed to field test the Bourg device at that time using divers to observe its performance.

If the device can be shown to function as proposed by Mr. Bourg, NMFS will test it in August when certification trials are conducted for a variety of TEDs. The August test date is predicated on the availability of headstarted turtles from Galveston, which are used in testing. Assuming the Bourg device does work as proposed, the central question of enforceability will still need to be resolved.

April 1990

Southeast Regional staff was first contacted by Mr. Bourg in late April 1990. Mr. Bourg furnished a rough sketch of his design and his concept was reviewed by gear specialists, our Southeast Region Chief of Law Enforcement and Legal Counsel.

May 1990

Southeast Regional Staff responded to Mr. Bourg to inform him that a review of his drawings showed that the device was not a legitimate alternative to a turtle excluder device (TED), primarily because of enforceability.

June 1990

Congressman Tauzin contacted Bill Fritz, Congressional Affairs, to request testing of the Bourg Device as a possible TED. Tauzin provided drawings of the device. Tauzin's request was forwarded to NMFS.

June 1990

Dr. Fox requested of Southeast Region a formal review of the Bourg Device based on drawings provided by Tauzin.

June 1990

Dr. Fox wrote to Mr. Tauzin informing him that we would review the drawings provided and inform him of the results.

July 1990

Dr. Fox wrote to Mr. Tauzin informing him that the Bourg Device was unenforceable as a TED, but that it might be able to detect large objects. Enforcement shortcomings were the principal drawback.

September 1990

Mr. Tauzin meets with Dr. Knauss and Mr. Campbell to discuss testing/certification of Bourg Device. Commitment to test by NOAA?

Fall-Winter 1990

General hold on all TEDs-related certifications and regulations with planned meeting of the TEDs working group.

It was originally planned that this group would review all proposed gear alternatives and advise NOAA. The actual role of the group was eventually much more restricted.

March 1991

Mr. Tauzin's staff member exhibits Bourg Device at TEDs working group meeting.

March 1991

Southeast Regional Office and Center staff contacted Mr. Bourg to arrange at-sea testing and evaluation of his device.

April 15, 1991

At-sea evaluation was conducted by NMFS gear specialists, a NMFS enforcement officer, and a U.S. Coast Guard Boarding Officer. The device failed to operate (the buoy was not released) in three out of three tows.

June 1991

NMFS has offered to evaluate the device again during by-catch research cruises. Based on the results of the evaluation, certification testing may take place in August 1991, when several TEDs will be tested.

THE GREAT AMERICAN DEBATE

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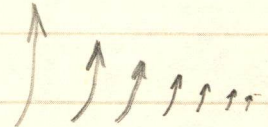
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QUALITY VS SUPERFICIALITY.

MALCOLM BALDRIGE Q. AWARD -

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Would a Republican House Majority Really Matter
to Working Americans?

Princeton Retreat, 1991

For most Americans the scale and rate of change is almost overwhelming. They find virtually all their time and money absorbed by jobs, family and personal life. Politics seems distant and almost irrelevant. Politicians talk in codewords about abstractions that have little or no direct impact on everyday life.

In watching House Republicans formulate their plans for the next twenty months the American people might challenge us to answer in practical everyday language how we would help change their lives and their neighborhoods. They might ask us to prove that we would really make a difference that mattered.

They might ask:

Would their children learn more? Would they as adults have a better chance to continue learning?

Would they have a better chance to buy a house? If they have a house would they have an increased opportunity to trade up to a better home?

Will they have a better system for preventive health and to avoid illness? If a catastrophic illness occurs will they be able to afford it? Will anything be done to lessen the increasing bite health costs are taking out of their income?

Will the environment be healthier? Will the quality of life be improved? Will our natural world be better protected even as the economy grows?

Will they have a better incentive to save for education, housing, health and retirement? Will their savings be protected from inflation and taxes?

When they grow older will they be allowed to continue working without penalty? Will their Social Security be protected? If they have a private pension will it be protected?

What will happen to the availability and cost of health care as they grow older? What will they do about nursing homes? Will nursing homes and health care bankrupt them? Will they lose their independence and dignity during their late years?

For the veterans from Desert Storm and earlier wars their concern is to insure that their sacrifices are not forgotten in peacetime. Will they have

the educational and housing opportunities of earlier generations? Will their health care problems be dealt with rapidly and effectively and with minimum inconvenience? Will the technological advances in health care be made available to veterans as rapidly as possible?

Virtually every American is threatened by drugs and violent crime. How will the drug threat be defeated? How will our streets and neighborhoods be made safe again? Why should we believe this set of answers will work when twenty years of political wars on crime and drugs have failed?

Crime and drugs relate directly to a growing underclass whose welfare status, illiteracy and lack of work ethic seems to be alienating them further and further from productive America. What will replace the underclass by reintegrating the poor into literacy, productivity, safety and opportunity?

The challenge of the world market and especially of Japanese and German competitiveness worries most Americans. What steps will insure American jobs for the future? How will we give our children and grandchildren an opportunity to have jobs, take-home pay and quality of life at least as good as we inherited?

Finally, how can we insure our nation remains strong in a dangerous and sometimes chaotic world? How can we insure that we will save American lives in a future Desert Storm operation by combining advanced technology, motivated personnel and intensive training?

House Republicans must be able to answer these questions in practical, human, everyday language. An average citizen should be able to understand how their life would be improved and why their family and neighborhood would be better off if Republicans controlled the House.

We are living through a period of revolutionary change. These changes (in science and technology, economics, in the extension of rights to all humans, and in cultural values) create an opportunity for a safer, more productive society with a much higher quality of life for all Americans.

If House Republicans would apply the lessons of these four revolutionary changes to both government and society we could offer people positive answers to every question raised in this paper.

We have proven that a 21st century Army can defeat a 20th century military. Now we have a chance to prove that 21st century ideas applied creatively to everyday problems will be equally superior to the obsolete, decaying bureaucratic welfare state of the Democrats.

The challenge to us is to find the words, the examples and the proposal to arouse Americans to claim their own future.

We Make War the Way We Ma



War is won today by information, not industrial power or strength of troops. First of two parts.

By ALVIN TOFFLER and HEIDI TOFFLER

In the night skies and desert sands of the Middle East something has taken place that the world has not seen for 300 years—the arrival of a new kind of warfare that corresponds closely to a new system for the creation of wealth.

The Gulf War has unleashed countless headlines about the new role of technology in warfare. Its results have confounded many of the anti-technological skeptics who spoke of the unworkability of complex weapon systems. But it is not just a matter of new technology. The new war form shaped in the Persian Gulf reflects the new form of economy that has been springing up in the West and in Japan in recent decades. The way we make wealth and the way we make war are inextricably connected.

Military strategies, tactics and technologies have evolved continuously throughout history. But only rarely has war been truly revolutionized, and the deepest changes have accompanied basic changes in wealth creation.

Future historians will recognize the Gulf War as the world's initial outbreak of "Third Wave" warfare.

The Agricultural Revolution launched the first great wave of change in history. The Industrial Revolution triggered a second. Today, a Third Wave of change is sweeping across the planet.

It is still not fully appreciated that the great age of industrialism is behind us. The basic system for wealth creation is being revolutionized—and war, as usual, is mutating in parallel.

In today's economy, mass production itself is increasingly outmoded. Customized production, based on the economies of intelligent technology, is superseding it in many fields. This demassification of output is matched by the breakup of mass markets into "niches." In turn, advertising, which once depended on the mass media, is shifting to demassified media like direct mail, multiple cable channels, direct broadcast satellite and even more specialized media, in order to reach carefully pinpointed micro-markets. All of these steps break up the old homogeneity of the mass industrial society, and are themselves mirrored by changes in family structure, which is becoming polymorphic, and in culture, which is growing more and more heterogeneous.

The more differentiated society and the economy become, the more information must flow between people and institutions to maintain coordination. This accounts for the explosion in information and communications technologies. The new economy also requires more highly trained workers, as muscle work declines and intelligent machines increasingly replace unskilled laborers. Simultaneously, the introduction of microchips and feedback into products equips everything from automobiles to microwave ovens with memory, programmability and intelligence. In turn, these raise the level of education needed by consumers as well.

Advanced Third Wave production centers heavily on customization, precision and waste (or damage) reduction. In the economy this might mean using a computer-driven laser to cut garments; on the battlefield it means using a laser to designate a specific target. In the civilian economy, it may mean using a monoclonal antibody to identify a disease-causing antigen, bind to it and destroy it. In war it means using a Tomahawk cruise missile to identify an Iraqi bunker and enter through its door and destroy it. Smart tools produce smart weapons.

The same precision and customization used to reduce waste in the factory reduces what the military calls "collateral damage" on the battlefield.

After a month of bombing Iraq, during which the U.S.-led coalition sent 70,000 sorties into the skies, Iraq accused the allies of indiscriminately killing

civilians. Yet the highest number of civilian casualties claimed by Iraq, after a month of the most intense air campaign in history, did not exceed several hundred or at most several thousand.

While every civilian death is to be deplored, even if these numbers were multiplied by 10, they would still be remarkably light by historical comparison.

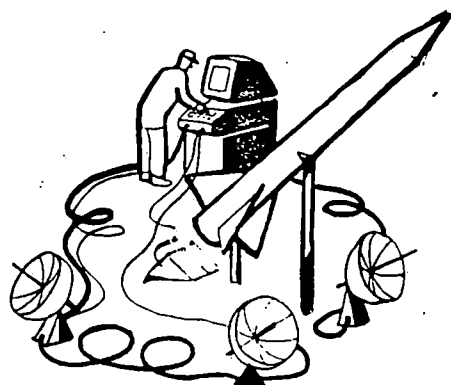
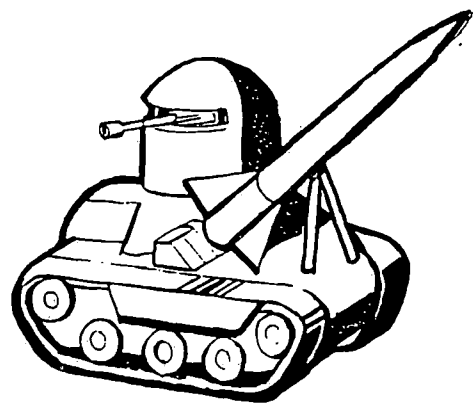
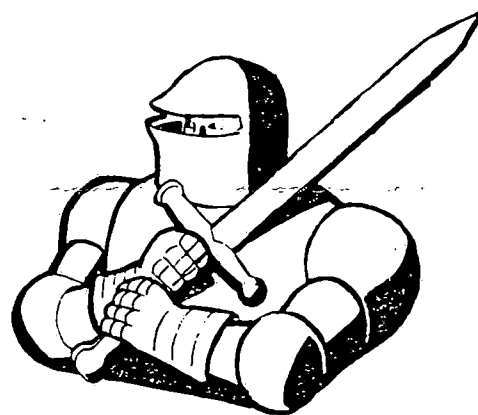
Thus, every month of World War I saw an average of 137,000 civilian deaths—7,000,000 in all by Armistice Day, 1918. This figure was dwarfed by civilian casualties in World War II, when 388,000 civilians lost their lives every month—year in and year out from 1939 to 1945.

In 1981, shortly after publication of our book, "The Third Wave," Maj. Gen. Don Morelli of the U.S. Army Training and Doctrine Command told us that, even though our book did not deal with the military, it was being closely studied by generals responsible for redefining warfare. A then-new doctrine called "Air-Land Battle" (subsequently "Air-Land Battle 2000") was being prepared. This new doctrine, he told us, paralleled in military terms many of the social and economic changes described in our book.

While our book systematically foreshadowed the demassification of economic production and society, Morelli noted, we had made no mention of what he called "the most important change in warfare since Vietnam—the development of precision-targeted weapons." In effect, what we were already beginning to see, Morelli said a decade ago, was the "de-massification of de-struction in parallel with the de-massification of pro-duction."

Alvin and Heidi Toffler are the authors of "Future Shock" and "The Third Wave." Their latest work is "Powershift: On Knowledge, Wealth and Violence at the Edge of the 21st Century" (Bantam Books).

Next: A "thinking system" does battle.



DAVID SUTER For The Times

LOS ANGELES TIMES,

e Wealth—With Information

First Wave: Hand-to-Hand

Ten thousand years ago the Agricultural Revolution launched the first great wave of change in human history. It led to permanent settlements and many other social and political innovations. Among the most important was war itself. Agriculture became the womb of war for two reasons. It enabled communities to produce and store an economic surplus. And it hastened the development of the state. Together these provided the preconditions for what we now call warfare.

Violent battles certainly occurred among pre-agricultural nomadic and pastoral groups. Small groups fought to avenge killings, to steal women or access to protein-rich game. But conflict took on its true character of war—a bloody clash between organized states—only after the institution of the state had become common and after there was an economic surplus worth fighting over.

Not all First Wave wars, of course, had economic ends. The literature on the causes of war attributes it to everything from religious fanaticism to inborn aggressiveness in the species. Yet "war," wrote economist Kenneth Boulding, "is particularly associated with the . . . expropriation through coercion of the food surplus of agriculture."

From that point on the forms of war have paralleled the forms of economic production.

Most First Wave peasant economies were based on unremitting manual labor and handcraft production. Output was so low and food surpluses still so small, that more than 90% of the population was needed to work the land. The departure of a son for military service was an economic catastrophe.

Typically, First Wave armies were thrown together as needed. A European feudal lord who was attacked, writes Richard Shelly Hartigan in a

history of the civilian in warfare, "could hold his vassals to their military obligations until the invader was repulsed; but a lord bent on offensive war could keep his men in the field only 40 days out of each year." They were needed on the land.

For this and other reasons, he explains, "While the general population was not immune, the number of combatants [in medieval warfare] was relatively small." Their payment, if any, was irregular, usually in kind rather than money. Not infrequently, victorious generals were paid with land, the most valuable resource of the agrarian economy.

Military units varied greatly in size, capability, morale, leadership quality and training. As in the economy, communications were primitive, and most orders were oral, rather than written. The army, like the economy itself, lived off the land.

Like tools for working the land, weapons were unstandardized and designed for the hand. Agrarian hand labor was mirrored in hand-to-hand combat. Despite limited use of stand-off weapons such as slingshots, crossbows, catapults and early artillery, for thousands of years the basic mode of warfare involved face-to-face killing, and soldiers were armed with weapons—pikes, swords, axes, lances, battering rams—dependent on human muscle power and designed for close-in combat. As late as 1650-1700, even senior commanders were expected to participate in hand-to-hand killing.

In brief, First Wave wars bore the unmistakable imprint of the First Wave agrarian economies that gave rise to them, not in technological terms alone but in organization, communication, logistics, administration, reward structures, leadership styles and cultural assumptions.

—Alvin and Heidi Toffler

Second Wave: Mass Destruction

The Industrial Revolution launched the Second Wave of historical change, transforming both war-making and wealth-creation.

Starting with the late 1600s, when the steam engine was introduced to pump water out of British mines, when Newton transformed science, when Descartes rewrote philosophy, when smokestacks began to dot the land, when industrial mass production began to replace peasant-based agriculture in the West, war, too, became progressively industrialized.

Mass production was paralleled by the *levée en masse*—the conscription of mass armies paid by, and loyal to, not the local landowner or warlord, but the nation-state. The draft was not new, but the idea of a nation in arms—*Aux armes citoyens!*—was a product of the French Revolution, which roughly marked the crisis of the old agrarian regime and the political rise of the industrializing bourgeois.

Mass production, mass distribution and mass media, so basic to the industrial mass society, were the socio-economic concomitants of mass conscription.

The most dramatic changes in war came from new standardized weaponry that was now produced by mass-production methods (France, for example, was able to turn out 7,000 cannons in 1793, no longer custom producing them by hand.) Soon Eli Whitney in the United States was mass manufacturing muskets.

In fact, war sped up the industrialization process by spreading, for example, the principle of interchangeable parts. This basic industrial innovation was quickly put to use turning out everything from handguns to the pulleys needed on sail-driven warships. That other key industrial principle—standardization—was also soon applied not merely to the weapons themselves but to military training, organization and doctrine as well.

The industrial transformation of war went far beyond technology. Temporary rag-tag armies led by the nobility were replaced by standing armies led by professional officers trained in war academies. The division of labor in industry was reproduced in the rise of new specialized branches of the military. As in business, bureaucracy grew. Armies developed general staffs. Written orders replaced oral commands for many purposes. Memos proliferated in business and on the battlefield.

The "machine age" gave birth to the machine gun, to mechanized warfare and entirely new kinds of firepower which, in turn, led inevitably to new kinds of tactics. Industrialization led to improved roads, harbors, energy supplies and communication. It brought with it the "modern" nation-state with powers of taxation. All of these vastly enlarged the scale of potential military operations.

As early industrialism matured, the economy became part of a larger social system that linked or integrated mass production, mass education, mass communication, mass consumption, mass entertainment—with, increasingly, weapons of mass destruction. Mass destruction was the military expression of industrial mass society. It remains the hallmark of Second Wave warfare.

World War II showed the awesome potential for industrializing death. The Nazis murdered 6,000,000 Jews in true factory style—creating what were, in effect, assembly lines for death. The war itself led to the slaughter of 15,000,000 soldiers and nearly twice that number of civilians.

Thus, even before atomic bombs destroyed Hiroshima and Nagasaki, war had reached unparalleled levels of mass destruction. On March 9, 1945, for example, 334 American B-29 bombers hit Tokyo in a single attack that destroyed 267,171 buildings, killed 84,000 civilians (and wounded 40,000), while flattening 16 square miles of the city.

The general who led the Tokyo raid, Curtis LeMay who later became chief of the U.S. Strategic Air Command, was the perfect apostle of mass destruction. If war came, he insisted, there was no time for prioritization of targets, nor the technology for precise targeting. To LeMay, writes Fred Kaplan in "The Wizards of Armageddon," "demolishing everything was how you win a war . . . the whole point of strategic bombing was to be massive."

Indeed, throughout the entire Cold War following World War II, the ultimate in mass destructive power, nuclear arms, dominated the relationship between the two great superpowers.

As industrial civilization, the world born of the Second Wave of historical change, reached its peak in the post-World War II period, mass destruction came to play the same central role in military doctrine as mass production did in economics.

—Alvin and Heidi Toffler

'Thinking System' Replaces the Destructive Mindless Warrior

LA Times
3/6



What we're seeing is a revolutionary infusion of knowledge into violence. This article is the last of two parts.

By ALVIN TOFFLER and HEIDI TOFFLER

The late Maj. Gen. Don Morelli of the U.S. Army Training and Doctrine Command, and his superior, four-star Gen. Donn A. Starry, who is now retired, were among the designers of Third Wave battle doctrine. Indeed, Gen. Starry, who preceded Gen. H. Norman Schwarzkopf as the head of what is now Central Command, once described his mission as converting the U.S. Army "from a Second Wave to a Third Wave fighting force." Today, nearly a decade later, Third Wave warfare has actually arrived.

In Third Wave war, as in Third Wave wealth creation, time is even more crucial than in the past because events are accelerative, demanding faster decisions, instant communication and instant response. In the economy, the old rule was "time is money." In the new economy, each interval is worth more money than the last.

An analogous principle applies to Third Wave war. Timing was always important in war. But now speed and movement are all—thus the extreme emphasis on rapid deployment, mobility, maneuver, surprise and interdiction, rather than the slow, grinding frontal collision of forces.

In air-land battle doctrine it takes an extremely high level of coordination to bring together air, ground and naval forces, not to mention space-based surveillance and control systems, integrating front-line action and behind-the-lines strikes. Instead of fighting a traditional war measured in captured land, the war is choreographed in time. Commanders know that if a bridge or highway is destroyed the effects will be felt at the battle front a predictable number of hours or minutes later.

The emphasis on precise timing, Morelli had told us in 1981, required a fundamental change in the thinking of field commanders. It had to become more future-oriented in order to anticipate the impacts of interdiction; it had to emphasize maneuver and mobility over static positions, and, above all, it had to integrate air and land operations as never before. All of this requires incredible orchestration.)

Early forecasts about the ground war in the Gulf were filled with mistaken assumptions based on linear extrapolations from earlier wars. It is not simply the air war that is revolutionary. The same

goes for the allied ground war based on doctrine outlined, developed and trained for over more than a decade. Even after the start of the ground offensive, comparisons were made to the German blitzkrieg of World War II. This analogy, too, is mistaken. What has been acted out on the deserts of Kuwait and Iraq was so precision-planned, so tightly integrated, so dependent on instant communication, that no previous war offers appropriate comparison. None of this guarantees future victories like that in the Gulf. Carl von Clausewitz's famous frictions and fogs of war still confound and confuse troops in battle. But the entire process has been transformed.

Third Wave war, like the Third Wave economy, is knowledge-driven. "We have a lot of computers," says Lt. Gen. Charles A. Horner, the U.S. air commander in the Gulf, sounding not unlike a corporate information officer, "and you can bring together the tens of thousands of minute details—radio frequencies, altitudes, tanker rendezvous, bomb configurations, who supports who, who's flying escort—there's just thousands and thousands of details."

Detail must be matched with exquisite precision. In Third Wave industry, engineers can divide space into fractions of a micron and time into nanoseconds. So too, military planners now think in terms of ever-more precise targeting. And as in industry, precision eliminates waste. By being able to locate an artillery target precisely, rather than by successive approximation, as in the past, fewer shells need to be fired to destroy it.

In Vietnam, an American M-60 tank crew had to find cover, stop the tank and aim before it could fire. At 2,000 yards, at night, the chances of hitting a target were, according to tank-war expert Ralph Hallenbeck, "pretty nil." Today, the crew of an M-1 can fire without stopping. Night-vision aids, lasers and computers that automatically correct for heat, wind and other conditions ensure that they will score a hit nine out of 10 times.

All weapons have limitations and all technologies can fail. Nevertheless, the directions of change are clear: on the ground as well as in the air and in space, precision and speed are the keys to success.

"What's making all this work," says James F. Digby, a RAND Corp. expert on precision weaponry, are "weapons based on information instead of the volume of firepower. It reduces greatly the tonnage of explosives you have to ship over." His words echo those of business managers who use computers to cut raw-material waste and miniaturize products, while slashing inventory and transportation costs.

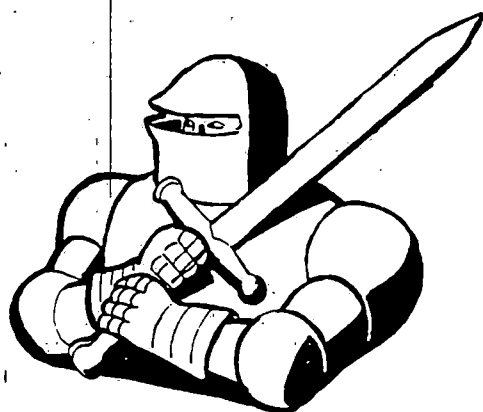
During the Vietnam War, tactical aircraft were able to drop their bombs or missiles within 500 feet of a target only 50% of the time. Today, that has declined to about 20 feet and far less in some cases.

Collateral damage, including civilian casualties and occasional deaths from friendly fire, are all inevitable in warfare, and will no doubt never be completely eliminated. But the new mode of warfare clearly minimizes "wasteful" destruction.

"It's the triumph of silicon over steel," said John E. Pike of the Federation of American Scientists. Computer chips make it possible to manage the increased logistical complexity made necessary by more differentiated weapons systems and more specialized fighting units. As in the economy, more varied technologies require more diversified skills and a more refined military division of labor. In both economic production and military destruction, this growing differentiation of missions, tools and organizational units increases the amount of information that must be gathered, processed and exchanged.

Just as satellites now help trucking and rail firms pinpoint the location of cargo, Navstar satellites give pilots, naval officers and tank commanders instant navigational data with precision down to 100 feet. This stream of information can be automatically fed to "smart" weapons speeding toward their targets.

No one who viewed the television coverage can forget the deadly accuracy with which intelligent bombs and cruise missiles sought out the main air shaft in the Iraqi air force headquarters or the actual entryway of an enemy missile bunker.

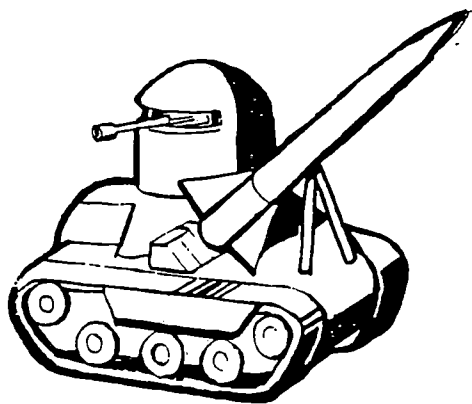


DAVID SUTER/For The Times

And just as the economy demands more and more highly trained workers, Third Wave war requires knowledgeable soldiers. In the words of a U.S. Air Force pilot and public relations officer: "The weapons are only as smart as the people using them." Years of expensive training and millions of dollars lie behind every F-15 pilot. And that pilot is never alone in the cockpit. He is part of an interacting system backed up by radar operators in AWAC airplanes providing early warning of an enemy approach, by electronic warfare and counter-warfare experts on the ground and in the air, by planning and intelligence officers, by data analysts and telecommunications personnel. As in business, the ratio of "mind workers" to "muscle workers" is growing constantly.

In the Gulf, two military "modes" faced one another. The Iraqi forces, especially after most of their radar and surveillance was excised, were a conventional "military machine." Machines are the technology of the Second Wave era, powerful but "stupid." By contrast, the allied force was not a machine, but a system with far greater internal feedback, communication and self-regulatory adjustment capability. It was, in fact, a Third Wave "thinking system" right down to the lowest-ranked soldiers. Mindless warriors are to Third Wave war what unskilled laborers are to the Third Wave economy—a vanishing species.

Moreover, the entire battle system has been altered dramatically by the addition of space to the traditional regimes of land, sea and air. Advanced



Third Wave economies depend heavily on satellite-based media, data communication, weather and navigational services. But Third Wave military functions are even more space-dependent for arms-control verification, early warning, precision targeting and a host of other functions. The integration of space into combined operations produces a combinatorial leap in the complexity of war. Business management has grown more complex as the economy has moved beyond its smokestack stage. Third Wave battlefield management makes even the most complicated business seem simple.

In short, for anyone who has closely observed changes in business and the economy as the technologically advanced nations have moved beyond their Second Wave assembly lines, the new mode of warfare should not come as a surprise. It is the military mirror of changes in the economy and society, very much like the changes that occurred when the First and Second waves, the agricultural and industrial revolutions, transformed warfare. And, as in the past, some of the techniques and tools developed for war feed back into the economy, stimulating and accelerating the transition to the new knowledge-driven system for wealth creation.

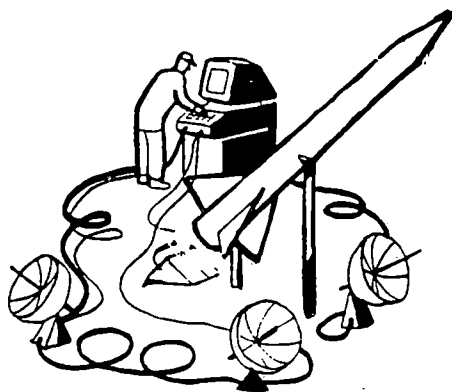
In sum, the rise of a knowledge-based economy is paralleled, and in turn accelerated, by the shift toward knowledge-based war. Third Wave violence is the extension of the mind, not of the fist.

This then takes us to the future of warfare. What happens to older war forms when a new one arises?

The answer is clear. They do not disappear. First Wave handicrafts did not vanish when Second Wave mass production became the dominant form of wealth creation. And mass production will not disappear when Third Wave high-tech de-massified

production becomes dominant. Older economic forms survive as subordinate forms within the advanced economy. In fact, different economies can best be described in terms of the mix of forms within them. The same is true for war and armies.

Even in the Gulf conflict, the world's first predominantly Third Wave war, Second Wave



warfare was waged as well. This was seen in the carpet bombing of Iraq's Republican Guard shock troops by America's 30-year-old B-52 bombers. This massive use of relatively undifferentiated destruction parallels the bombing in Vietnam at a time when mass production and mass destruction still went hand in hand.

The bloody collision of massed ground forces using Second Wave conventional weapons will continue to be a feature of war so long as low-tech, low-precision weapons, and "stupid" rather than "smart" tanks and artillery continue to fill the arsenals of poor and angry nations.

The future will provide all too many opportunities for First Wave hand-to-hand combat too. The soldier behind a bayonet, the troops crawling through a field of fire to face an enemy in hand-to-hand combat, urban and guerrilla warfare—close-in killing in all its hideous forms—will no doubt be a part of war as long as wars are fought.

Every large-scale conflict will be distinguished by a characteristic combination of these war forms. Put differently, each war or battle will have its own "wave formation" according to how the three types of conflict are combined.

In the Gulf War, we saw coalition forces armed and trained for Third Wave operations opposed by Iraqi troops armed and trained in Second Wave operations. On a larger scale, the development of Third Wave war-fighting capabilities by the United States and NATO severely undercut the Soviet Union's Second Wave conventional forces and its emphasis on mass production of low-tech weapons.

For all these reasons, merely to describe the Gulf War as a "high-tech war" or the "triumph of air power" is to trivialize what really happened. It is not simply the use of quantitatively better technology, but a truly revolutionary infusion of knowledge into violence, forcing changes in organization, training, tactics, battlefield management, intelligence and timing, along with fundamental reconceptualizations of the relative roles of firepower, mobility, logistics, combat effectiveness values, time, space and communications. It forces a reconceptualization of ideas like "defense" and "total war." It will ultimately alter the ratio of volunteer to conscript forces, the relationship of the military to civil society and every other dimension of military life—and death.

In short, the arrival of Third Wave warfare will force military planners the world over to rethink everything they have done to date—to cope with the deepest revolution in warfare since the industrial revolution. The specific "wave formation" of military forces and of the wars they wage will rewrite the history of tomorrow.

War will never again be the same.

Alvin and Heidi Toffler are the authors of "Future Shock" and "The Third Wave." Their latest work is "Powershift: On Knowledge, Wealth and Violence at the Edge of the 21st Century" (Bantam Books).

DONALD LAMBRO

Ever since Ronald Reagan retired from the political stage, conservatives have been in turmoil and transition. And nowhere is this more evident than in the agonizing reappraisal that House Republican Whip Newt Gingrich is putting himself through.

The combative congressman from Georgia is quietly undergoing a major self-analysis, asking himself why he and his party have not been better able to communicate and market the new ideas and programs that have been the hallmark of the conservative agenda for the past decade.

And in a sharply critical reassessment of the conservative movement's tactics, rhetoric and proposals, Mr. Gingrich is now questioning the effectiveness of much of what he and his allies have been preaching and practicing for years.

In too many cases, he says, conservative ideas such as empowerment of the poor through vouchers, tenant management and ownership of public housing, and school choice programs have come across as little more than abstract "Washington theories" that are irrelevant to the daily lives of most Americans.

In most cases, Mr. Gingrich is not questioning the wisdom of these ideas. But he fears that the political processes between developing them and explaining how they can deal with real-life problems "have broken down" and that his party must come up with some better-targeted programs and more skillful ways of marketing them.

"I feel like I've been failing," he said in a wide-ranging, introspective interview in his office just off the House floor. "I feel that I have been distracted into the Washington fights that make good news copy up here but in fact don't relate to the daily life of most citizens in this country."

The challenge for his party in the coming years will require "dropping Washington kind of language and figuring out what's going to work out there," Mr. Gingrich said. "How do you package it so that people can understand it?"

Mr. Gingrich, who has emerged as a major intellectual force in his party, candidly admits that his decision to take a fresh look at the relevance of the conservative agenda stems in part from his close brush with defeat last year.

"I had to go home and sit down and look at a 970-vote margin and ask myself, if I am convinced I represent the values of my district — and I am — what was I failing to communicate?"

"And then I took all of the fancy [ideas and proposals], which in the abstract are exactly right in Washington, and I realized that if you were in Jonesboro, Ga., none of them made any sense at all. They were all college professor stuff."

"I looked over empowerment. I looked over tenant management. I looked over educational choice, all these interesting general theories," he said. "But in fact, if you were a

From abstract to specific

normal voter back home you'd say, 'Yeah, but what does it mean to me today?' And we are not doing a very good job of explaining in the real world why things would be better under our proposals."

This doesn't mean that Mr. Gingrich is turning away from his belief in programs forged from the market-oriented, volunteer, self-help philosophy that has been an axiom of the conservative agenda.

But it does mean that he would like to see more specific proposals like his "Earning by Learning" summer reading program that pays youngsters from low-income families \$2 for each book read. "We had 228 kids who read 3,600 books in a

program that costs less than \$8,000," all of it privately funded, he said.

He has introduced a bill to allow existing federal funding for poor school districts to be used for similar programs around the country. He also talks about using welfare funds to pay inner-city residents to be part of the "Neighborhood Watch" program, and allowing the poor who leave welfare to take jobs to keep

"I have been distracted into the Washington fights that make good news copy up here but in fact don't relate to the daily life of most citizens in this country."

their Medicaid health care protection.

To be sure, the motivation for much of Mr. Gingrich's re-examination of the conservative agenda is rooted in the closeness of his re-election. He admits, for example, that his recent abandonment of a bill to cut Social Security payroll taxes was due to strong opposition in his district. "To be very blunt, my constituents turned me around," he said.

Nevertheless, Mr. Gingrich is also right in suggesting that there is a clear need for conservatives to substantially boost the octane in some of their proposals for solving entrenched domestic problems, as well as to find better ways to merchandise proven ideas like empowerment, school choice and tenant ownership.

For if these promising, non-bureaucratic, market-oriented ideas, that form the core of the conservative domestic agenda, are not getting through to the average American voter, it's not the fault of the ideas themselves. It's because conservatives are not selling them effectively.

Donald Lambro, chief political correspondent of The Washington Times, is a nationally syndicated columnist.

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NANCY JOHNSON 102nd CONGRESS
Health Equity and Access Reform Today (HEART) Act

GOALS

- o Provide Universal Access
- o Contain Costs
- o Preserve and Improve Quality

ACTIONS NECESSARY TO ASSURE ACCESS

- o Create access for **EMPLOYEES OF SMALL BUSINESS**: Reform the small business health insurance market to provide access to affordable policies for the 20 million uninsured who work for businesses with 3 - 25 employees.
- o Require small businesses to offer insurance 1 year after states make affordable policies available. After 2 years, study the effect on access to health care, the population that does not purchase insurance, and the cost of health insurance.
- o Expand services to **POOR AMERICANS**, including the Medicaid eligible and working poor populations, by expanding the number of Community and Migrant Health Centers so that real access is assured to residents of both urban and rural areas (\$300 million/year in new funding, incrementally expands services to 15 million people over 5 years).

Include their employees under the Federal Tort Claims Act (FTCA), and implement grants to expand offsite services, like mobile medical clinics, with priority to areas that have low birth-weight babies. (\$250 million over 5 years.)

- o Equalize the tax benefits of health insurance premiums between the **SELF-EMPLOYED** and large employers over 5 years but only for qualified products.

ACTIONS NECESSARY TO CONTROL COSTS

- o Build managed care and consumer responsibility into all tax favored plans, eliminating unnecessary care.
- o Reform malpractice laws to reduce defensive medical costs and liability premiums (HR 1004).
- o Encourage small businesses to form coalitions to reduce administrative costs and increase purchasing power.
- o Ensure health care and preventive health care for the poor and working poor and reduce the amount of uncompensated care costs that are shifted onto private payers.

ACTIONS NECESSARY TO IMPROVE QUALITY

- o Identify poor doctors and other providers early and strengthen state licensing and oversight with research grants to improve accountability and training (HR 1004).
- o Assure better outcomes by implementing "Quality 2000" that will require hospitals and DHHS to better track patient care.

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Governor:

A special interest from Yakima, Washington.

Bravo Company, Marine Corps RESERVE (only one in nation selected for quick ^{14 day} training in M1A1 tank) ending up leading the first wave of the ground assault. 109 farm kids called up late in November.

The results: 14 U.S. tanks (reduced to 13 after a tread was blown off by a mine) destroyed 119 Iraqi vehicles, including 56 Soviet T-72's, other tanks, and numerous Soviet made armored vehicles.

Casualties: one bruised arm, in exchange for destroying an entire armored Battalion of the Republican Guard.

Question? Presidential Unit Citations usually go to larger units. Any chance of this 109 member Reserve unit getting special recognition?

Lt. M. M. M.

IMPROVING CONDITIONS IN THE U.S. TO INCREASE COMPETITIVENESS

DISCUSSION TOPICS

- 1) Can we help to translate the technological/industrial/team successes in the Persian Gulf into more generic domestic advances in the U.S. industrial/economic competitiveness?
- 2) If quality is the hallmark of global competitiveness and a "culture of quality" is necessary for America to really score, then do members of Congress have a need to understand the revolution that is taking place in managing and working towards quality? How might that need be addressed?
- 3) A move to a "culture of quality" essentially means social change ... to go from an "If it ain't broke, don't fix it" mentality to a relentless pursuit of perfection. How can government policies foster that move?
Pat
Mr. Townsend
- 4) How can we begin to address the cost of capital weakness in America versus key competition or must we live with the disadvantage?
- 5) Should the federal government play a more active role to enhance the climate for U.S. competitiveness? e.g.:
 - a) Invest and be more involved in getting "critical technologies" off the ground?
 - b) Reduce regulatory barriers? (Remember, many regulations are related to "health," "safety" and "environment.")
 - c) Put more pressure on trading partners by demanding reciprocity or level playing fields?
- 6) Should we be more nationalistic when it comes to U.S. versus foreign ownership of high technology industries using "critical technology"?
- 7) Are some industries more critical to our nation's future than others? (The digital video versus dishtowel example.) Should capital costs be lowered, shared, etc. for such "critical" technologies the way we did for important military items?
- 8) It is said by friend and foe alike that national policy to remove/reduce regulatory obstacles, spur global competitiveness, and do what is necessary to lower capital costs is impossible in the U.S. given all the conflicting interests/committees and lack of cooperative approaches.

What can we in government do to generate cohesiveness so as to serve U.S. competitiveness?

PROPOSED AMENDMENT

Breakout: Improving Conditions in the U.S. to Increase Competitiveness

Proposed by: Congressman Hamilton Fish, Jr.

The "Cooperative Productivity and Competitiveness Act of 1991" (H.R. 27) would amend the "National Cooperative Research Act of 1984" (NCRA) to encourage competing companies to enter into joint ventures in the area of manufacturing and production.

The benefits of the National Cooperative Research Act (NCRA) are currently confined to joint ventures involving research and development. H.R. 27 would take the NCRA one step further and sanction joint production activities. Such joint ventures would always be analyzed under the more flexible "rule of reason" test of antitrust law. This means that the courts would have to consider the pro-competitive benefits of the venture and balance them against any possible anti-competitive result. Such a cooperative venture would never be considered an automatic, "per se" violation of the antitrust laws. Second, any antitrust liability would be limited to single damages.

American companies are generally quite concerned about potential antitrust liability any time they enter into any kind of cooperative activity with their competitors. This concern about potential treble damage liability has discouraged companies from even exploring limited purpose joint ventures in the areas of manufacturing and production. Limiting liability under the antitrust laws would greatly encourage these types of joint ventures. It would create new jobs, and American companies could better compete against the products of foreign manufacturers.

This legislation would not only be attractive to our traditional basic industries but also would have an important high technology application. Often, the costs of production and commercialization of new technologies are prohibitively high for one company to bear.

NATIONAL ENERGY STRATEGY: A NEW START

Testimony Prepared for
the House Subcommittee on Energy and Power

by Daniel Yergin

Author, The Prize: The Epic Quest for Oil, Money and Power

President, Cambridge Energy Research Associates, Inc.

February 20, 1991

NATIONAL ENERGY STRATEGY: A NEW START

by Daniel Yergin

I am grateful to the Committee for the invitation to join in the lead-off hearings as the House of Representatives begins its consideration of the critical issues of a national energy strategy. The Committee has wisely asked us to stand back and go to first principles -- that is, to address the "why" -- the overall purposes and rationale for energy strategy -- in precedence to the "how." Moreover, the Committee has given me the additional challenge of calling upon my new book, The Prize: the Epic Quest for Oil, Money and Power, to help provide a framework and context for the current considerations and from which to extract relevant lessons.

This hearing comes at a crucial time. After more than a year-and-a-half of consultation, the Administration's National Energy Strategy is going to be released this afternoon. World events have added a powerful new urgency to the discussions and will ensure wide public attention, which might not have been the case little more than half a year ago. Everywhere I go in the country, I encounter the same set of questions -- do we have a national energy policy? if we don't, why not? should we have a national energy policy? and, if we are to have one, what should it be composed of? The deliberations of this Committee will be one of the most important contributions to the debate and to the resolving of those questions.

Yet, as the consideration begins, some members of this Committee may be moved to recall the words of that immortal American philosopher, Casey Stengel -- "it's deja vu, all over again." For the current National Energy Strategy, at least by my count in The Prize, is "Energy Policy Number Eight" -- that is, the eighth time in the last 20 years that the United States has grappled with a "national energy strategy." If you add in the enormous impact on our energy economy of environmental policies and politics, the number goes even higher.

These last 20 years have been tumultuous years -- of oil shocks, of shortage and glut, of long gas lines and short tempers, of surprise and foreign policy crises. They have included years when energy difficulties have had major economic consequences -- costing the American people heavily in terms of unemployment, lost economic growth, and inflation. At other times, falling energy prices have been an important stimulus to economic growth. These two decades have also witnessed how the international politics of energy -- and the supply/demand realities behind them -- have transformed the very substance of world political and economic power.

And these twenty years have been a time when the American people and their representatives in the Congress and various Administrations have sought to achieve three sometimes contradictory objectives -- cheap energy, secure energy, and clean energy. And the clash of those objectives will no doubt frame much of the debate that starts today.

Specifically, the Gulf Crisis has brought such concerns to the fore again. It is often asked whether this crisis is only about oil. The answer is no. Any student of history knows that great events, whatever, their nature, do not happen for a single reason. The concerns about the post Cold War order, about aggression and sovereignty, about nuclear and chemical weapons -- all these are part of the equation. But oil is certainly also at the center. The issue is not whether gasoline is \$1.03 a gallon or a \$1.13 a gallon, but rather about oil as an essential element in the global balance of power and how that balance would be changed were a hostile power to be in the position to dominate directly and indirectly the region that contains two-thirds of world oil reserves. It has been the policy of the United States government, going back to Presidents Harry Truman and Franklin Roosevelt, not to see hostile powers dominate that region. It was the Carter Doctrine of President Jimmy Carter in 1980 which, in the words of his National Security Assistant Zbigniew Brzezinski, committed the United States "to the security of the Persian Gulf." (The Prize, chapter 20, pp. 427-28, 701-02).

Now it is these unfolding events in the Gulf that force us to go back to the basic principles that the Committee wants to take as its starting place.

And we do need the historical framework that the Committee is seeking.

As near as I can tell, this country did not really worry about "energy policy" until the end of the 1960s and the beginning of the 1970s. Until then, there were policies for oil, natural gas, coal, nuclear, hydro, but no particular drive for an over-arching "national energy policy." Several things came together by the beginning of the 1970s, however, that did push towards such policies:

- * the peaking of U.S. oil production in 1970 and the resulting fall in output;
- * rapidly rising demand for energy, including oil;
- * rapid growth in oil imports and the breakdown of the quota system established in the late 1950s;
- * problems in the supply of electricity and natural gas;
- * tightening of the global supply/demand balance for oil;
- * the emergence of the "first wave" of environmentalism, which focused, among other things, on where energy was produced, how it was produced, how it was transported, and how it was consumed.
- * a "politicization" of the global energy trade in the context not only of Middle East politics but of a sharpening "North-South" confrontation.

Yet there was still a tendency to discount the political significance of this changing global energy balance -- including the disappearance of "spare capacity" in the United States. In September 1973, with tensions rising, President Richard Nixon, thinking of the 1951-54 Iranian oil crisis, sought to send a message to Libyan dictator Muammar Qaddafi: "Oil without a market...does not do a country much good." (p. 592) But there was, by that time, very little spare oil-producing capacity in the world and no surge capacity at all left in the United States. And, shortly thereafter, the United States learned that the energy balance could have great significance for the global balance of power and the way in which American foreign policy could be constrained and limited.

Over the last twenty years there have been many goals for energy policy: to make the United States "independent" of foreign oil, to reduce oil imports, to regulate profitability in the energy industries, to reduce government regulation, to promote competition, to strengthen government control over energy markets, to reintroduce market forces and get the government out of the energy business, to promote technological development, to protect the environment, and on. If we add in relations with other countries, consumers as well as producers, the list gets even longer.

And yet, ironically, if we look at the last several years solely in terms of results, not intention, we might well be drawn to say that the main objective was to increase imports of oil. For better or worse, we did quite a good job at that -- as net U.S. oil imports increased from 4.1 million barrels per day to 7.2 between 1985 and the first half of 1990. In fact, this wasn't a policy at all, but the result of inattention and complacency.

The rapid growth in imports resulted from a modest growth in demand, combined with a rapid fall off in domestic U.S. oil production. Between its 1986 peak and last year, America's domestic-oil output fell by 2 million barrels a day. That's greater than the total pre-invasion production of such major oil exporters as Kuwait and Venezuela. It was as though a major oil-exporting country had simply been snuffed out.

Midst so much confusion, we would do well to look at the fundamental reasons why the United States should concern itself with energy policy or strategy.

The first is that, very simply, industrial society runs on energy. In the midst of the First World War, France's leaders, confronting an imminent oil shortage that threatened the newly-mechanized war effort, pronounced oil "the blood of the earth." (The Prize, pp. 177, 183). It is today certainly the basis of our modern economy. Disruptions of supply threaten the operations of that economy -- and the economic well-being of the American people.

Secondly, energy is of strategic significance. This applies particularly to oil. Though the lesson was forgotten with the easy supply system of the 1950s and 1960s, in fundamental ways, the Second World War was an oil war. If we had not won that war, we might not have won the overall war and might well not be living today in a country called the United States of America. The strategic significance today is measured in terms of the global balance of power. The United States does not want to be constrained in terms of its foreign policy. Nor does it want to see the nations of the Western alliance pitted against each other or split. It does not want to see a hostile power or group of powers dominate the major oil resources of the world, preeminently the Persian Gulf, because that would translate into, among other things, the buildup of nuclear and chemical weapons.

The third set of concerns are environmental. We are now in "the third wave" of environmentalism, and much of the focus is on energy industries. There is a strong drive today to harness energy policies to the attainment of environmental objectives, both immediate and visible (such as reducing smog) and longer-term and more abstract and perhaps more contentious (such as checkmating global warming). And many environmental initiatives are also, by the by, energy policies of the first order. Indeed, the Clean Air Act of 1990 may have as much impact on our entire energy economy as any initiatives that come out of the National Energy Strategy.

Of course, fashioning a broadly-accepted energy strategy is no easy thing in the United States. The interests are many and varied. "Energy policy" in Texas does not mean the same thing as "energy policy" in California -- or Ohio or Pennsylvania. Consumers see things one way; producers, quite another. Short-term interests (cheap supplies) may not at all line up with longer-term interests (secure supplies).

As the eighth round begins, there are major lessons to be extracted from twenty years of debate.

Some would say that it doesn't matter how much petroleum the United States imports. Japan and Germany import all their oil and do fine, thank you. But a little perspective it required. Those two countries can finance their oil imports with exports. We ~~can't~~, at least at this juncture, and rising imports only undercut our efforts to reduce the U.S. trade deficit. The overall volume should also be kept in mind. In absolute terms, the United States imports more oil than Germany and Japan combined. Indeed, the growth alone in U.S. imports between 1986 and 1990 was greater in volume than Germany's total oil consumption today.

The rise in U.S. oil imports was one of the main factors -- along with rapid economic growth in the Far East and the fall in Soviet oil production -- that were leading to a tighter world oil market even before Kuwait was invaded. Had Saddam waited two years, there would probably not have been a "security margin" of unused production capacity around the world, and the economic impact of his invasion would have been much greater.

One important lesson for present considerations is to focus on the pragmatic, even if it does not have the drama of a man-in-space program or a Manhattan Project. For when it comes to energy policy, the record of the "dramatic" is not all that good. In November 1973, just weeks after the Arab oil embargo, President Richard Nixon unveiled Project Independence, with the promise that the United States could, with a vast and expensive program of investment, be independent of foreign energy sources by the year 1980. His advisers told him that it was highly impractical -- and it was. (The Prize, pp. 617-18). The program never came close to meeting its goal. In 1979, as the public fumed about gas lines, the Carter administration came out with a dramatic synthetic-fuels proposal. Ultimately it, too, simply faded away as oil became cheaper again.

Another lesson is to resist highly regulated programs, in which the government tries to do the job of the market. The over-regulated programs of the 1970s proved immobilizing, self-defeating and a great waste of time and effort. They did much more for the legal profession than for reducing our dependence on foreign oil.

Perhaps the most important lesson of all is the need for an "ecumenical," rather than a "sectarian," energy policy. By this, I mean a policy that can garner a broad coalition of support. America's energy economy is huge and complex, and the interests involved -- of regions, producers and consumers -- are often conflicting. In Japan, everybody is in the same boat when it comes to energy. Not so in the United States.

So no one approach will be sufficient. In the past two decades, there has been an endless, almost religious and certainly fruitless struggle over the "correct" approach -- production versus conservation, conventional versus renewable sources. Yet if we made any progress in the 1970s and early 1980s, it was thanks to a variety of approaches -- gaining 2 million more barrels per day by producing oil from Alaska's North Slope, while saving the equivalent of 2 million barrels per day with automobile fuel-efficiency standards. Without an ecumenical approach, all the wasteful political battles will be waged again, and immobilization will once again be the likely result.

To put it simply, it's a good bet that an energy policy or strategy that is not ecumenical won't fly.

What should be the elements of an ecumenical approach?
Here are some starting points:

- o Promote the use of natural gas. Supplies are abundant here in North America, and opportunities to expand usage are plentiful, especially if pipeline development is expedited.
- o Reignite conservation efforts. It is often said that America "failed" or "gave up" on conservation. That is not true. The record of the American people in this area is impressive. Over the last 15 years, the United States has become 26 percent more energy efficient and 31 percent more oil efficient. Yet the conservation curve has flattened out since the 1986 price collapse, and there is still more room for technological improvements in energy use.
- o Seek to slow the decline in U.S. oil production, in part with financial or tax incentives.
- o Pursue a diversified program of research and development, looking at everything from renewable energy sources to a "second generation" of newly designed nuclear reactors.
- o Develop more consistency in government policies -- environmental as well as energy -- so that companies can confidently make long-term energy investments.

This would not be a big-ticket, expensive program. Still, it raises the contentious issue of energy economics. Some favor a tariff on imported oil, arguing that cheap and uncertain prices undercut investment in new energy sources. Others would like to raise the gasoline tax by 25 to 50 cents a gallon over some specified time period -- and spend the proceeds on the Strategic Petroleum Reserve, research and development, and stimulating conservation and domestic energy production. But immediately we see the clash among cheap energy, secure energy, and clean energy. While either of those proposals would seem to serve security and environmental concerns, they certainly do not appear to meet the goal of cheap -- or very cheap -- energy, and there is no shortage of opposition to either approach.

Yet here, too, perspective helps. Right now, the tax on U.S. gasoline is only about one tenth of the average in major Western European countries. Motorists in Germany pay \$3.48 for a gallon of gasoline; in Japan, \$3.85; in France, \$4.47, and in Italy, \$5.26! Moreover, gasoline in America is not only cheap but has actually gotten cheaper. On an inflation-adjusted basis, the least expensive gasoline that the American motorist has seen since World War II was not in the 1950s and 1960s but in the period from early 1988 until August 1990. And in the last few weeks, prices have been easing again back to the pre-invasion levels. In real terms, the prices from what many motorists remember as the halcyon days of the 1950s and early 1960s would be around \$1.40 to \$1.50 per gallon today.

One striking difference between the 1970s and early 1980s, on the one hand, and 1991, on the other, is that "conservation" has been at least verbally endorsed by many quarters. But how to achieve it? From a policy point of view, it seems to me that there are only three obvious ways -- urge it, price it (either through prices or taxation), or regulate it. And, on the question of transforming the objective of conservation into a methodology, we will see a great deal of argument.

There are other obstacles to a consensus on energy policy today. In the 1970s, the biggest confrontations were over price -- between producers and consumers, and between regulators and the free market. The central clash in the 1990s may well be different -- environmental objectives and concerns versus the energy requirements of our economy. The question is, will this conflict be resolved only on a case-by-case basis, the outcome depending on the constellation of political forces and passions at any given time? Or can we find some overall framework for resolving these disputes?

Finally, we do well to heed a fundamental lesson that was apparent long before the oil shocks of the 1970s. There are many quotations in The Prize, but one of my favorite is a precept that Winston Churchill enunciated some 78 years ago, on the eve of World War I, when he converted the British Navy's fuel from coal to oil in order to gain four knots in speed over the German Navy. Churchill knew he was running a great risk, for Britain did not produce oil. The Royal Navy would depend not on safe, secure Welsh coal, but on oil from distant Persia, riven even then by conflict between the mullahs, the modernizers and the shah of the day. But Churchill went ahead with the conversion. There was no choice, as he saw it -- "Mastery itself was the prize of the venture." But that still left the huge security problem. Churchill's answer to this security problem? Diversification. "On no one quality, on no one process, on no one country, on no one route and on no one field must we be dependent...", he declared. "Safety and certainty in oil lie in variety and variety alone." (The Prize, pp. 12, 160).

What was wisdom for Winston Churchill at the beginning of the 20th century -- diversification -- is certainly wisdom for us as we look towards the 21st century.

"We, The People"

**An Executive Summary
of Focus Groups**

**The Congressional Institute, Inc.
316 Pennsylvania Avenue, SE
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Washington, D.C. 20003**

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I. HOPES AND FEARS ABOUT AMERICA

Discussion Points

Participants discussed a series of open-ended questions, including family concerns, local concerns, and post-war national goals. Because all groups were conducted within nine days of the end of the Gulf War, both the President's handling and Congressional handling of the war was discussed.

Participants were also asked directly "what gives you hope about the future of this country," and "what do you fear about the future of this country."

The only written exercise was an effort in creative thinking, as participants answered the following question on paper -- "Just suppose a Martian landed in your backyard, and asked you to describe the American people -- but he didn't understand sentences. What four or five words would you use?"

Key Findings/Verbatims

- o A wide variety of unprompted concerns spilled out of each group, including (in no particular order): drugs, the economy/jobs, the homeless and the poor, the American family, pollution/the environment, the deficit, health issues, the elderly, affordable housing for young people, and government leadership.
- o His decisiveness in the Persian Gulf War has helped George Bush shed his "wimp" image once and for all. However, another offshoot of the War is the sense that America is both united (for once) and needs to turn that unity and purpose on its national problems.

"He's lost his "wimp" image, and that's the image I had of him." (Richmond Male)

"Things that were important before the war are still important, the war didn't change anything." "We're going to be the policeman of the world probably from now on, but we sure need to get things straightened out here a little bit." (Scottsdale Female and Male conversation)

"Lately, I think the country has really been pulled together by this war. I think that's been really refreshing. . . Seeing flags out, seeing yellow ribbons. . . We've started something, like you said, let's go for it, let's not just have these come home and let's stop. When we hear these things on the TV (poverty/problems) we feel real bad and we walk away. We have to learn not to walk away. We've got to start doing something." (Three Aurora Females)

- o Hopes and fears elicited a variety of thoughts, but a recurring theme for both topics was the American family and youth.

Participants are concerned about what they perceive as the breakdown in the community fabric, and that starts with families. However, they also have hope that today's youth will learn from current and past mistakes and, with the help of technology, improve and learn and grow.

"You know, there is just no family. Kids, their language and their lack of respect and that stuff. That's very important. They (parents) don't stress that anymore. They're working and they have to." (Riverside Female)

"What about young families today? You know, how are you going to buy a house? How are you going to have a family? And if you've got to work, your paycheck pays your mortgage, so you obviously can't afford daycare." (Hartford Female)

"Little kids that still are just as bright and just as cheerful and just as willing to learn and try to be everything they can be. They're the only hope we got." (Scottsdale Female)

"This may sound a bit ideal, but I think it all just goes back to the home. I think if you can teach your children, you know, what's right and wrong, and about drugs and crime, you're going to have those children grow up and they might become the next President. . . If you teach your children from the beginning, the basics, the right and wrong, you know, throwing litter on the street is wrong and if they see something, to pick it up. That's the first step, and you know, you're looking at a better future." (Aurora Female -- Group #1)

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"What gives me hope is -- we don't have children, but Sharon (another person in the group) has one child and is going to have another, so we have to plan for their future as our forefathers planned for ours. So that tells us we have to believe that tomorrow will be a better day. That's what America was based on. If we work hard today, our children and their children can have a better future." (Aurora Male -- Group #2)

- o Asked the Martian question, (what they view as the "best" and "worst" about the American people) participants came up with about eighty different "basic" phrases, combined into about forty specific categories.

Mentioned most often were:

o	Freedom/freedom of speech	53 mentions
o	Opportunity	20
o	Helping/Generous/Caring/Fairness	17
o	Democratic system/right to vote	16
o	Diversity/Choices/freedom of choice	12
o	Abundance/food/living standard	12
o	Educated/good education for all	10
o	Friendly	10
o	Loving families/children	10
o	Freedom of religion/worship	9
o	Innovative/Creativity/Ability to change	8
o	Beauty/nature/natural resources	8

II. THE ECONOMY/TAXES

Discussion Points

The discussion on the economy was all done verbally, and focused on the future, the causes and cures for the recession, a discussion of the economic growth in the 1980s, and our tax system.

Key Findings/Verbatims

- o There is a general belief that today's children are growing up to face a much more complicated world, with a rate of change that seems overwhelming to their parents.

"I think it's going to be more difficult for today's youth, because I don't think there are the same social structures that we had when we were growing up." (Scottsdale Female)

"I think it's a tougher world. I come from a family farm, but now there's nothing to pass on to the kids. . .the world is so much more specialized now." (Richmond Male)

"I think it's tougher on kids. . .and in some ways, we are to blame because we've forced them to keep up." (Aurora Male)

- o Confidence in the economy for the present and foreseeable future has dimmed with the recent recession, causing people to reflect on the previous decade's economic growth with a degree of cynicism. (However, the further west we went, the less cynicism there was towards the '80s.)

The reasons for our economic boom in the 1980s are now being connected to the present recession.

"I don't know how to put this, but to me, I have the feeling that there was something -- false isn't the word, but it wasn't what it looked like, and it was manipulated." (Richmond Female)

"It seems like it was the impression of a boom. . .looking back on it, it wasn't." (Hartford Male)

"It was style as much as anything. . .faster money. . .faster credit. . .but it collapsed fast also." (Hartford Male)

"We got into this recession by borrowing money." (Aurora Male)

"People spent what they had and what they thought they had. . .and later found themselves out of a job." (Aurora Female)

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"Reagan brought the good times. . .he did it by lowering taxes." (Scottsdale Male)

"Confidence brought the good times." (Scottsdale Male)

"Out here the economy grew because of technology and good weather." (Riverside Male)

- o These Americans continue to believe that our system of taxation is unjust and that the wealthy can always find a way to avoid taxes. There is a lag in comprehension about many of the tax loopholes -- even those that were eliminated in the last federal tax reform.

The perceived solution to our tax problems is a flat tax rate with no loopholes.

"I resent paying taxes because we work hard for that and have to give it to them and I don't think they use it wisely." (Richmond Female)

"Rich people always find a way to get out of paying taxes...but I guess I really don't think it's fair to tax them more -- maybe on unearned income, though. I think a flat rate for everybody." (Riverside Female)

- o There is no desire to "soak the rich", although there are concerns about the wealthy who dodge paying taxes -- plus some say it would be nice if the rich gave something more back.

"I don't agree with taxing people more because they make more money." (Richmond Female)

"Why should some guy who worked his butt off get taxed out of it. . .baloney. . .he earned it, let him keep it. Maybe he stole it." (Scottsdale Male and Female conversation)

- o The capital gains tax cut is confusing to people, but it is possible to occasionally convert people when it is seen as an economic stimulant.

"I don't see it (capital gains tax) as a penalty. . .I look at that as boy, haven't you done well and wouldn't it be great if you shared that for the future. . .But getting there you took a heck of a lot of chances and why penalize you for taking those chances." (Conversation of two Hartford Males)

III. EDUCATION

Discussion Points

The moderator introduced this topic with a basic question about whether participants think schools are getting better or worse. This was followed by a question on whether today's young people know more or know less about the world, right and wrong, and the basics of math and reading. A short series was then covered on whether the monies we spend on education, now rivaling that of defense, are being well spent.

Three written education options were then presented to participants. The written questions asked the participants to choose whether they favored or opposed allowing parents the option of sending their children to a school of their choice, even if that were out of the neighborhood; who should have control over local schools, the parents or the administrators; and a three part question asking respondents if the school days are long enough, or, if not, would they lengthen them by adding more study time or a non-mandatory program of values training taught by local ministers and rabbis.

Key Findings/Verbatims

- o These Americans generally believe our schools are getting worse.

"They bring the teaching down to the lowest common denominator." (Richmond Male)

"Teachers are overburdened." (Richmond Male)

"Schools provide more opportunity today, particularly the public schools." (Hartford Male)

"The underlying factor too is home-related, be it lack of food in their stomachs, a mom and dad always quarrelling or both of them working." (Richmond Male)

"It has to do with parents involvement. . .I get a sense we always expect somebody else to do it. . .I'm sending my kid to school today and it's your job from now on to teach him." (Aurora Male)

- o They believe students are doing less well in the basics like reading, writing, and math, but that students are learning some different skills (such as computers) that may serve them well in these changing times, if the schools are able to keep pace.

"There's less of the basics. . .spelling, math, reading...more of the lighter stuff like computers, science experiments, and dinosaurs." (Aurora Male)

"Well, schools may be better, but the problem is the world is moving so fast, you could be better in the schools and the world still is more complex." (Aurora Female)

"It's like when you go to Taco Bell and pay for your meal you get your change and they don't count back. . .they just say 'here'. . .because they figure the machine tells them what to do. . .but they're just not taught to think anymore."
(Riverside Male and Female conversation)

- o These Americans believe education money is not being spent wisely, with too much wasted on administration, consulting, and frivolous courses.

"I certainly think money is a factor, but I would have hoped Washington would have learned by now that you don't solve a problem by throwing money at it." (Richmond Male)

"Too much money in administration, consultants, and studies...it doesn't get to the kids." (Scottsdale Male)

"When my son was in the sixth grade he came home one day and said. . . 'if we have one more assembly this week, I'm going to scream, because I don't have time to get my homework done.'"
(Scottsdale Female)

- o They are divided on extending the school day and also whether a longer day would best be spent in study hall or a values course.

Forty-three of the participants said the school day is long enough, while 19 favor longer study hours and 18 prefer an optional values training course. Discussion on any kind of religious presence in the classroom proved, as always, to be particularly lively.

"I think they need more study time. . .I don't necessarily think the day has to be longer. . .I think they just need to change the priorities around." (Scottsdale Male)

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"I think a fourth choice. . .the days are long enough but maybe not the academic year. . .like in Europe I think there's not three months off in the summer. . .maybe three weeks in the summer and another three around Christmas and New Years." (Scottsdale Female)

"What bothers me is who teaches the values. . .I mean I just read about this minister who was put away for robbing banks in his area and spending the money on prostitutes." (Richmond Female)

"I think if you brought in a 15 year old pregnant girl or a policeman you could expose people to career possibilities and social responsibility earlier and that would be a good way to teach about values." (Richmond Male)

- o They tend to favor slightly the concept known as education choice, which gives parents the right to select a school for their children that may or may not be what is now their designated neighborhood. Forty-three participants favored and 34 opposed school choice.

"Oh, I think it's a great idea. . .I think everyone should have a choice as to where they send their children to school...and why should they have to pay more. . .if we have good public schools why would we need anything else?" (Aurora Female)

"If you don't like the schools, you move." (Hartford Female)

- o While some people liked the idea of parental control, others believe that the school administrators, as trained professionals, should continue to have final authority on how schools should be run. A few more (41) favored school administrators running the schools than favored parental control (34).

"Didn't like the idea of parents running the schools. . .they aren't qualified." (Hartford Female)

IV. THE ENVIRONMENT

Discussion Points

Participants were verbally asked two questions, the first one simply being "What's the best way to clean up the environment." This was followed by having the moderator read two opinions, one which takes a government penalties position and the other which takes a government rewards position.

Written questions tested three ideas -- tax breaks for companies to encourage environmentally-better products, tax breaks for individuals to encourage purchase of higher cost environmental products, and moving polluting sources overseas.

Key Findings/Verbatims

- o The environment (or pollution) came up as an unprompted concern in most groups. Many of the general comments were future-oriented.

"I believe the question was what gives you hope for the future. I think there is much more awareness of the environment and recycling, and that gives me a good feeling."
(Aurora Male)

- o Participants view the environment/pollution as an area where every American can and should make a difference, but that government has to be involved.

"The people themselves have to start, plus. . .we've got to spend money and get started with education on how to do it, but the people don't want to do it. We're making so much garbage everyday, each family." (Hartford Male)

- o Rather than simply having stiffer government rules and penalties to force environmental clean-up, most participants preferred a carrot and stick approach.

"Reward those that do the things that make the world better, and you should really stick it to them when they don't."
(Scottsdale Female)

"If you know you're going to be rewarded, you'll try to do it." (Aurora Female)

- o While they do not view it as a cureall for the environment, participants do support providing tax incentives for innovative businesses working to help the environment. By a margin of 50 to 16, more participants support giving a company a tax break for inventing a refrigerator that uses less environmentally-harmful chemicals than refrigerators made by other companies.

Opposition was two-fold -- either companies should invent such a product because it is the right thing to do, or because the people oppose tax loopholes in general.

Supporters of the idea view incentives (or rewards) as great motivators for improvement.

"I think all the companies should start making things that use less energy and are better for the environment, and I don't think -- if you give all the companies a tax break because they did that, then where is the tax burden laid on?" (Aurora Female)

"I think they should get a tax break if they make a better product that is beneficial to the world at large. They should be rewarded for making something better." (Scottsdale Female)

- o A slightly higher number, 53 to 13, favor giving consumers tax breaks to purchase an environmentally-improved product.

"A lot of times if you are strapped on a budget, you know, you see something like those biodegradable diapers, as an example, but they're so much money, it's like you can't afford." (Aurora Female)

- o The environment is viewed as a global issue. Only 5 participants favor, while 61 oppose, giving a company a tax break for manufacturing a necessary, but dirty, product overseas.

"Well, if they go out and they pollute another country, that pollution is just going to wash into our country eventually. It's the same earth." (Hartford Female)

V. HEALTH CARE

Discussion Points

The health care discussion generated an immediate emotional response, calmed only by the written questions.

The topic was introduced with a general question on what people thought about the health care system and why they thought health care costs were escalating. Participants were then asked to choose in writing between an option requiring every American to have affordable health insurance (with the government providing coverage for the poor) and a system by which the government would provide all health care and services to every American. The second written question dealt with whether or not the amount of money a patient can win in a lawsuit should be limited, and is based on the assumption that some people blame the rising costs of health care on the increase and costs of malpractice lawsuits.

Key Findings/Verbatims

- o The condition of the American health care system engenders strong and immediately negative responses from people. They react with anger and with fear.

"It stinks." (Aurora Male)

"It's scary." (Aurora Female)

"It's gotten out of hand somehow. The prices that are involved are ridiculous." (Scottsdale Male)

"And the service is terrible, even if you are insured." (Scottsdale Female)

- o The costs of new equipment, research, advancing technology, greed, malpractice suits, and health insurance are among the reasons people believe health care costs continue to escalate. Adding more doctors and dentists was not a convincing argument for lowering costs.

"Hospitals charge too much. I paid \$2.50 for one band-aid...I should have at least gotten to keep the whole box." (Scottsdale Female)

"Insurance companies. They don't even have to report their income (sources) or pay taxes on them so you don't even know whether the premiums you pay are fair." (Scottsdale Male)

"We need to take the lawyers out of it." (Aurora Male)

- o The debate over a role for the government in health care and services continues to bring more division than resolution. Of the 82 participants, 55 preferred the concept of individual affordable health insurance (with government paying for the poor), while 27 said the government should provide health care for every American.

"It ought to be done like Canada. . . Socialized?. . . yeah...but I hear such horror stories there and in England."
(Two Richmond Females)

"There are horror stories here too where people go broke because they have to pay for their own care." (Richmond Male)

"I think there should be clinics for everyone and if you can't afford to pay, the government pays for it." (Hartford Male)

"What about a floating rate? The more money you have, the more you pay." (Hartford Male)

"I think you have trouble policing these things. Like even defining the word 'poor'." (Scottsdale Female)

"The insurance companies should be forced to come up with some plan, a reasonable plan." (Hartford Male)

- o Placing some kinds of limits on malpractice proceedings is a popular idea. Patients, lawyers and the medical profession all share some responsibility in this area.

"Lord knows you can't turn the TV on now without having someone try to convince you that whoever it was that gave you a fender-bender last week, you probably ought to take them to court and screw them for every penny they or more likely their insurance company has." (Richmond Male)

"I think there should be definite limits as to what is covered or how much you can get in a lawsuit." (Scottsdale Female)

"Who would set the limits?" (Riverside Male)

"You can help health care a hell of a lot. . . hang all the lawyers. In fact, it would probably help a lot of other people too." (Scottsdale Male)

VI. ATTITUDES TOWARD CONGRESS

Discussion Points

The subject of Congress came up at various points during the discussion. During the general issues discussion, participants were asked whether their opinions of Congress have changed because of the War, and later were asked what advice they would have for their Congressman if he/she were there in the room.

At the end of the discussion, governmental and Congressional reform were discussed directly. Written questions tested campaign finance reform, term limitations, and increasing the size of the House of Representatives.

Key Findings/Verbatims

- o Congressional involvement with the War did not really change participant attitudes towards the institution. Instead, the War debate caused participants to ask why Congress couldn't always be so speedy and relatively unified.

"I was amazed at the speed in which they could move on this, speed not being one of the more notable qualities of Congress." (Richmond Male)

"They took a stand. I will be the first to admit they usually don't, but this time they did, which I think was good." (Aurora Male)

- o The anti-incumbency mood that began to manifest itself in October 1990 has not changed; participants voiced a deep and bitter frustration with Congress.

This frustration runs deeper than the usual "bums in Washington" sentiment. Instead, participants articulated specific negatives about the institution -- most of which revolve around accountability.

"I wonder if there's any way you could make them do something? . . . I don't know if they're doing anything except if some big issue will come up now and then, they get their name on it so they can say that, yeah, they're there doing something." (Riverside Male)

"Most of the Congressmen -- hey, it's a big business for them. They're in for as much as they can get out of it. Most of the Congressmen that I know, they're not in business for the people, they're in business for themselves. I think they should concentrate more on our needs than on their needs."
(Scottsdale Male)

"When they are at that point of making that decision, that decision should be based on us, not on their future in the Congress. And I just have this feeling that so many of them are thinking about themselves and their well-being ahead of my well-being." (Richmond Female)

"These people are supposed to represent what the country wants and either we're not making ourselves heard, we're not scaring the heck out of these congressmen and senators and letting them realize that, listen, if you don't start reflecting our feelings. . . ." (Aurora Male)

- o Participants are concerned that, because of the big money in politics, that their voices are not heard by Congress.

"I'd like to ask him to do what he can to eliminate PAC money. Get back to the basics of who he represents." (Aurora Male)

"It's possibly worth mentioning about the PAC situation with respect to large donors and large money and so forth entering campaigns and what a candidate's responsibility to those kind of donors might be." (Richmond Male)

"Years ago you could go in and see a congressman or senator and sit down, take it easy and discuss the issue. Now if you don't have a check for a speaking engagement. . .you're not going to get in to see that particular person." (Aurora Male)

- o Participants, frustrated by a perceived direct relation between money and power, favor significant campaign finance reform. By a count of 78 to 7, participants support requiring Congressional candidates to raise 75% of their money from within the district.

"If they have to rely on the people in their district for the bulk of their campaign money, they're more likely to listen to them and work for them, but if some big corporation says we're going to give you \$7 or \$8 million, lower our taxes and ignore the fact that we're polluting the environment and that we're doing this over here and we're doing that over there."
(Hartford Female)

- o Participants were generally supportive of term limits, with some groups voluntarily introducing the subject. Asked which was better for increasing competition in Congressional races, 61 opt for term limits, and 20 prefer campaign finance reform. Another six people said both should be done.

"Limiting the number of terms for a congressman. I don't know if I like that idea or not. You might be weeding out some good. . .you might be eliminating some good congressmen. Just because they're there for 10 or 20 years that doesn't necessarily make them a bad one." (Aurora Male)

"If you limit that term too, you're giving them just x number of whatever to make their mark. You know, if they don't build their monument in that amount of time, their term is over."
(Richmond Male)

- o Despite a perceived distancing between Washington and themselves, participants were generally opposed to increasing the number of Congressmen. Participants are so cynical about Congressional perks and spending that enlarging the House is viewed simply as creating more problems.

"The same number of congressmen. Jeez, don't pour gas on the fire." (Aurora Male)

VII. SUMMARY OF KEY FINDINGS

- o Behind all the concerns, fears and aspirations about the economy, education, the environment, and other issues, there is a common thread in these focus groups -- the current difficulties and rough times facing the American family.

The issues discussed radiate out from the family like the spokes on a wheel; the economy, education, health care, the environment -- all are placed within the framework of the family.

The family is viewed as the very fabric of the society, and it is being strained with all the rapid changes.

- o Whereas one political party tends to see the country simply as individuals, and the other party views the nation simply as communities, these people describe a community of individuals, where rights and responsibilities go hand-in-hand.
- o Participants feel that there is a decided lack of accountability in the nation's political, corporate, and societal leadership.

This lack of accountability has led to a deep sense of mistrust in our institutions (with the exception of the military).

The stunning success and rapidity of the Persian Gulf War suggests to these participants that America should harness that strength, that sense of purpose, to attack its domestic problems. However, failure to do so will probably deepen the lack of trust in America's leaders. People seek boldness and action from their leaders.

(There is a recognition that apathy on their part as individuals is a factor).

- o Principles of freedom, opportunity, caring, hope, and incentive are deeply felt by these participants. Yet, they do not seek ideological answers solely of the right or of the left. They did not volunteer differences between the two political parties on the issues. Instead, they look for common sense solutions to their everyday -- and future -- problems and concerns.

VIII. METHODOLOGY AND NOTES

It is important to remember the purpose, and therefore the limitations, of focus groups. Focus groups are qualitative research. That is, instead of seeking statistically-measurable data, focus groups seek to explore in-depth the language and attitudes that people hold on a subject (or subjects).

There is no statistical validity to this project. However, the themes explored in this paper ran like a common thread through all nine groups. We were careful not to rely solely on one comment or one group in drafting this executive summary; instead the points made here were made across America.

A total of nine focus groups were conducted in five cities in the span of eight days. Two groups were conducted in each city, with the exception of Richmond:

<u>Date</u>	<u>Site</u>	<u>Research Company</u>	<u>Moderator</u>
2/27/91	Richmond, VA	North American Research	Wilma Goldstein
2/28	Hartford, CT	Hartford Research Center	Wilma Goldstein
3/5	Aurora, IL	Facts in Focus	Glen Bolger
3/6	Scottsdale, AZ	Quality Control Services	Glen Bolger
3/7	Riverside, CA	Field Management Assoc.	Glen Bolger

Participants were screened for registration, recent participation in a focus group (those who had within the last year were not eligible), political or media employment, and partisan commitment. Partisan commitment was measured on a five point scale, and any base Republican or base Democrat voters were screened out.

The research companies were instructed to recruit a mix of age and gender participants. In all, 84 people participated in nearly 16 hours of discussion.

The discussion guide was developed by The Congressional Institute, Inc., with the advice of Congressman Jon Kyl and survey research professionals Wilma Goldstein and Glen Bolger.

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TASK FORCE ON HEALTH CARE POLICY HOUSE REPUBLICAN RESEARCH COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

The Republican Health Care Task Force has agreed that we need to develop a proposal that will preserve the positive aspects of our current health care system, and correct the elements that are not working. We have identified the following principles of health care reform:

1. Retain the current system of employer-based health care coverage and let it serve as the foundation for expanding health care coverage to the uninsured.
2. Create additional tax incentives that will encourage employers to offer health insurance and self-employed individuals to buy health insurance.
3. Implement tax incentives that will encourage individuals to insure for long-term health care costs.
4. Design incentives for employers to band together to lower administrative and marketing costs of insurance, to increase purchasing and negotiating power, and to spread the risk of small groups over larger numbers.
5. Encourage change that will let states and insurance carriers guarantee affordable, basic health insurance. This can be done by overriding or eliminating state mandated health insurance benefits, creating mechanisms for handling high risk, and reforming small market insurance practices.
6. Create, either through incentives or mandates, a mechanism whereby states can implement medical malpractice reforms that include tort reforms, alternative dispute resolution mechanisms, and patient protection reforms.
7. Retain current effective health delivery systems but expand them to serve more of the poor and working poor.
8. Direct subsidies, either by tax credit or voucher, to the poor and working poor that will help assure them choice in purchasing health care.
9. Build quality and effectiveness into all aspects of the health care system with outcomes research to develop effective physician guidelines, and quality systems that monitor patient care on an ongoing basis.

SMALL GROUP HEALTH INSURANCE REFORMS

This proposal builds on the reforms of the National Association of Insurance Commissioners (NAIC) and the Health Insurance Association of America (HIAA). The proposal requires NAIC to develop the details of certain insurance provisions. A precedent was established for using NAIC in OBRA '90, which directed NAIC to develop standards and requirements for Medigap health insurance policies.

I. FEDERAL REQUIREMENTS

- o All carriers in the small group market will offer either:
 - (1) MedAccess, a basic health care plan, that is exempt from state mandates. OR
 - (2) Two health insurance plans, a basic health care plan and a richer benefit plan, that are exempt from state mandates. OR
 - (3) MedAccess, the basic health care plan, plus other plans that could be exempt from state mandates if the plans meet the guaranteed issue and other consumer protection standards.

The task force has not resolved the extent to which it wants to override state mandated benefit laws. Option #3 imposes a broader override but it allows the market and consumers more options in developing appropriate health care plans.

- o MedAccess is a low cost policy that covers basic medical, hospital, and some preventive benefits. The plan may be indemnity or managed care.
- o The National Association of Insurance Commissioners (NAIC) will define the benefits in the plans, develop the details of the consumer protections, develop rules that will govern premium increases for renewals of mandate-exempt products, and develop models for handling high risk individuals and groups.
- o States will implement, monitor, execute and enforce the regulations within 2 years of enactment. They may among NAIC models to handle the high risk in this market or develop a separate plan which must ultimately be approved by the Secretary of the Department of Health and Human Services (DHHS).
- o If states do not implement these requirements, the Secretary of DHHS will enforce these provisions, make MedAccess available in the state, and set up the federal model for handling high risk individuals.

II. CARRIER REQUIREMENTS FOR MEDACCESS AND MANDATE-EXEMPT PRODUCTS

- o Guaranteed Issue -- all carriers in the small market must accept every group and every person within the group that applies for the basic or standard plan.

III. CONSUMER PROTECTIONS FOR MEDACCESS AND OTHER NEW MANDATE-EXEMPT SMALL GROUP POLICIES

- o Pre-existing Conditions Limitations (PCL) -- carriers must limit PCLs to no more than 6 months in the past and 12 months in the future from the date of issue.

Once an individual has fulfilled a PCL they do not have to fulfill another if they change jobs as long as there is no more than a 60 day break in coverage.

Carriers cannot make an employer waiting period a condition of coverage.

- o Limits on Premiums -- carriers may establish rates on factors like geography, demographics, industry and plan design. Rates within similar groups cannot vary more than 2 to 1.
- o Disclosure of Rating Practices -- carriers must fully disclose rating practices.
- o Certification Requirements -- carriers must file an annual actuarial certification with the state and must also be registered with the state Insurance Commissioner.
- o Renewal of Premiums -- carriers must renew the policy if the group wants to renew, with exceptions for fraud, non-payment of claims, etc.

IV. CARRIER PROTECTIONS AGAINST HIGH RISK -- FEDERAL MODEL

- o If states do not comply with these provisions, the Secretary will make MedAccess available, and establish a mechanism to handle the high risk in the small group market.

The task force has not decided the best type of federal model to include in the proposal. Several options are (1) a federal excise tax on all employers in the state, (2) an assessment or fee against all carriers in the state, (3) an assessment on all health insurance policies in the state.

V. TRANSITION PERIOD FOR NON-EXEMPT SMALL GROUP POLICIES

- o Within 5 years, all old plans will be bound by the standards described in III.

COST CONTAINMENT MEASURES AND INCENTIVES FOR MANAGED CARE

I. TAX INCENTIVES FOR MANAGED CARE

Employer health plans are subject to an excise tax unless it is a conforming or qualified plan. A conforming plan is either:

- o a managed care plan, or
- o a plan that provides a level of co-payments or deductibles (other than for well-baby and prenatal care) equal to at least 30% of the actuarial value of the plan.

SAFE HARBOR PROVISION

A plan is deemed a conforming or qualified plan if the employer contribution to the plan does not exceed (on average) \$125/month for individuals or \$300/month for families.

DEFINITION OF A MANAGED CARE PLAN

A managed care plan is one that:

- o arranges with selected providers for furnishing health care services,
- o provides explicit standards for selecting those providers,
- o has formal programs for ongoing quality assurance and utilization review, and
- o provides significant financial incentives for beneficiaries to use providers and procedures associated with the plan.

II. MANAGED CARE RIGHTS

The following provisions of state law are preempted and may not be enforced for 5 years:

- o any law that restricts the ability of a carrier to negotiate reimbursement rates with providers or to contract selectively with any providers,
- o any law that limits the copayment that a health benefit plan may require a beneficiary to pay when a non-plan provider is used,
- o any law that prohibits utilization review of any or all treatments and conditions, requires that the reviews be made by a resident or board certified practitioner of the state in which the treatment is offered,
- o any law that requires the use of specified standards of health care practice in those reviews or requires the disclosure of specific criteria,

- o requires payments by providers in response to utilization review requests, or
- o imposes liability for delays in performing such review.

The task force has not resolved how to assure that utilization review firms do not deny needed care.

III. TAX INCENTIVES FOR SELF-EMPLOYED INDIVIDUALS

- o Self-employed individuals are allowed a 100% deduction for health insurance if the plan meets the requirements described in section I above. This provision would be phased in over a 5 year period.

IV. GAO STUDY

No later than 4 years after the enactment of this bill, GAO shall submit a report to Congress on the benefits and cost effectiveness of the use of managed care in the delivery of health services.

COST CONTAINMENT AND MALPRACTICE REFORMS

The task force has agreed on the elements of reform for tort, patient protections and alternative dispute resolution systems. The task force has not resolved the degree to which the federal government should preempt state law.

I. FEDERAL TORT REFORMS include:

- o periodic payments of damages awarded,
- o collateral source rules,
- o a limit of \$250,000 on non-economic losses,
- o limits on attorney's fees, and
- o a narrowed statute of limitations.

II. PATIENT PROTECTION REFORMS would require states to assure the Secretary of the Department of Health and Human Services (DHHS) that:

- o the state agency responsible for the conduct of disciplinary actions is funded sufficiently to carry out its duties,
- o health care providers have early warning systems that detect unsafe practices,
- o liability insurers require patient safety programs as a condition of maintaining insurance for health care providers,
- o state and local medical societies participate in reviewing the practice patterns of individuals who endanger patient safety.

III. ALTERNATIVE DISPUTE RESOLUTION SYSTEM GRANTS would be given to states to implement innovative systems for compensating individuals injured while undergoing medical care. Systems that would qualify are:

- o fault-based administrative systems,
- o defined catastrophic injury compensation systems,
- o early offer and recovery mechanisms,
- o binding arbitration, or
- o the Secretary could authorize other programs within the state that are consistent with the purposes of this bill.

IV. RESEARCH GRANTS would be given to states to conduct research on preventing and compensating injuries due to malpractice.

LONG TERM CARE (LTC) REFORMS

These reforms draw from the proposals of John Rhodes, Bill Gradison, French Slaughter, and Nancy Johnson.

- o Tax treatment of ltc insurance plans would be changed to treat ltc insurance in the same way as accident and health insurance for purposes of individual income tax deductions.
- o Employer payment of premiums would be excludable, as health insurance premiums are now under ERISA plans. LTC would be permitted as a qualified benefit under a cafeteria plan and so the benefits would not be taxable as income.
- o Life insurance policies could be exchanged for qualified ltc insurance and the exchange would not be taxable.
- o Accelerated death benefits from a life insurance policy for ltc or terminal illness would be excluded from income.
- o Accelerated death benefits would not change the tax status of either the policy as life insurance or the company as a life insurance company.
- o LTC benefits are limited to insured individuals who must be certified by a licensed health care practitioner as being unable to perform at least 2 Activities of Daily Living (ADL). The policy's benefits must be used primarily for services provided either in an institutional setting or at home.
- o LTC insurance is prohibited from being used as a tax favored investment. LTC policies are prohibited from having a cash surrender value. This prohibits individuals from using any inside build up except for ltc protection.
- o The amount of tax favored benefits is also limited to \$50,000. The amount of non-taxable benefits payable in any one year is capped.
- o Monies withdrawn from individual retirement accounts (IRAs) or 401k plans would be excluded from gross income if those amounts were used to buy qualifies ltc policies.
- o A \$2,000 refundable credit is provided for custodial care of certain dependents in the taxpayer's home. This allows the taxpayer to receive a refundable credit for expenses for ltc services provided to certain independent persons requiring such care.
- o This credit would equal 25% of the qualified ltc expenses up to \$2,000 but would only be permitted to taxpayers below 150% of the poverty level. The credit is phased out by subtracting \$1 from the credit for every \$5 of income above 150% of the poverty level.
- o Establishes the Federal LTC Reinsurance corporation to provide for the reinsurance of insurance companies for extraordinary loss in

the payment of benefits for qualified ltc insurance. This provision sunsets after 5 years.

- o Increase the Medicaid resource spend down level by \$10,000 for individuals and by \$15,000 for couples who insure for the first year of ltc.
- o Permit federal employees, federal retirees, and their spouses to convert a portion of their life insurance coverage to ltc coverage on a tax-free basis. Premiums are paid for by the participants at no cost to the government.

SPECIAL FOR THE REPUBLICAN CONFERENCE

Thursday, March 14, 1991

Civil Rights: How We Can Win

by Congressman Bob Livingston

(Washington) -- The momentum is building for a counterassault the likes of which have not been seen since MacArthur hit the shore at Inchon.

The issue is civil rights, or more accurately, the skewed definition of civil rights encased in various Democratic bills during the last few sessions. All of us remember the slings and arrows that accompanied a vote against these sugary-sounding bills last year and during the 1980's: We were labelled as reactionaries. Our devotion to Constitutional principles was questioned. Democrats, playing their own "race card," even suggested that we were deliberately turning our backs on minorities. Most infuriating, though the "racist" sobriquet was not used directly, the impression was cultivated.

Though nearly all of us were participants in the furious civil rights debate on the House floor last year, I still think it appropriate to review some of the fight's highlights. In the summer and fall, as Kennedy-Hawkins wound its way through Congress, proponents steadfastly refused to temper even the most extreme provisions of the bill. They assumed that since this was an election year, the President would sign the bill no matter what it contained. Even if he vetoed it, their thinking went, enough Republicans would fear voter backlash and vote to override. If the bill failed, the GOP would then have the albatross around its neck of being "anti-civil rights."

Well, something funny happened on the way to the executioner's block. The American people spoke up loudly and they were not on the side of the quota-pushers. I am not aware of one GOP incumbent who lost his seat last year due to his vote on the civil rights bill. I am not aware of one GOP candidate whose race was affected more than tangentially by his vote on Kennedy-Hawkins. If anything, the opposite is true: Hotly contested races in California and North Carolina were decided in our favor thanks to an anti-quota fever.

Voters throughout the country are sensing a new, and disturbing, character in today's civil rights movement. No longer is the goal to make America a "melting pot," as is the aim of the 1964 landmark case. No longer is the goal to ensure that Americans can live where they choose, as is the aim of the 1968 Open Housing Law.

The new civil rights laws are pushing an agenda antithetical to the doctrines of equality of opportunity and no special privileges. They try to engineer results, not just level the playing field.

My purpose is not to argue the legal intricacies of today's civil

(over)

rights proposals. (Although, it should be mentioned that the crux of Kennedy-Hawkins -- the transferal of the burden of proof from the plaintiff to the accused -- is a stunning rejection of the past seven centuries of English common law!)

Rather, it is to argue that Republicans need not be defensive about our commitment to civil rights. We need to take the battle to the Democrats and make them defend their proposals. For too long, they have been getting a free ride from the media and from general public's lack of interest.

Fortunately, however, the public seems to be waking up to the evils of "civil rights run amok." There is a newfound concern over the granting of special privileges (quotas) or the mandating of so many strictures that ipso facto, the result is quotas.

A recent survey commissioned by civil rights groups, and reported in The Washington Post, showed a marked and telling reversal in the public's perception of today's civil rights movement. The survey concluded that, "[C]ivil rights organizations and proponents of civil rights were no longer seen as... addressing generalized discrimination, valuing work and being for opportunity. The proponents weren't seen as speaking for those values."

Importantly, this study, which included a national poll and focus groups, found no evidence whatsoever of a resurgence of white racism or opposition to fundamental principles of equality. Actually, it showed the reverse -- the voters strongly supported basic egalitarian notions, including equality of opportunity.

What is particularly intriguing is that these views are held most strongly by key swing voters -- blue collar voters, economically-marginal younger voters, and ticket-splitting white Southerners. These voters, by themselves, may not be as large as other groups; they are, however, critical to reaching 51 percent in an election.

These results, and the results of similar polls, could give pause to the Democratic leadership's desire to push this year's updated Kennedy-Hawkins. But don't bet on it.

In that case, we must be ready to counter their charges. Many Republicans may find that uncomfortable, particularly given the recent emergence of someone like David Duke. However, there is no reason to abandon a legitimate and politically potent issue, just because a charlatan like Duke has thrust himself in the middle of it. In fact, if we refuse to push the counterattack on civil rights legislation, we leave the arena clear for someone precisely like Duke to define us and what we believe. He would become, by default, the conservative spokesman on this issue.

We cannot allow this to happen -- nor should we. For too long, we have been tentative at best, and defensive at worst, about our civil rights views. Now the tide has turned and public sentiment is running in our favor. We should make the most of it.



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THE RULES OF THE GAME

A Statement on Federal Highway Policy

February 4, 1991

Executive Summary

National highway policy rests on two pillars: adequate funding and measures to help existing roads and future spending be as effective as possible in meeting transportation goals. Believing that too little attention has been paid to the second pillar, the undersigned members of the Wednesday Group offer this policy statement. The statement presents findings and recommendations that we hope will broaden the policy debate surrounding reauthorization of the federal highway program in 1991.

Members of the Wednesday Group find that:

- The era of intensive highway construction has come to an end.
- Everything is not crumbling apart, falling down, or becoming gridlocked. Rather than confronting an "infrastructure crisis," policy makers are facing a manageable challenge that demands innovative and deliberate thinking.
- Problems often reflect state and local investment decisions, not profound failures of federal policy.
- The public strongly supports infrastructure investment and renewal.
- State and local governments have not exhausted their infrastructure financing options.
- Federal spending plays a crucial role in policy, but it is not a panacea for highway problems.

Based on these findings, members of the Wednesday Group recommend that:

- Federal highway policy should encourage efforts to maintain highways and improve their ability to handle traffic.
- The federal government should reward state and local efforts to meet needs. Two possibilities are: (1) creating a federal financing mechanism that encourages the states to increase investment in highways on the federal-aid system; and (2) subsidizing investments in communities facing structural difficulties in issuing debt.
- Federal policy should support innovative approaches to highway finance. States, for example, should be permitted to use some of their federal aid to enlist private firms in the construction and operation of new highways.
- A hierarchy of federal concerns should be created, with more aid going to roads of higher national importance.
- Ways should be found to stretch the mileage obtained from each dollar spent in meeting highway and infrastructure needs. Options include increased research and development spending and elimination of sources of delay and expense.

INTRODUCTION

Expanding the Highway Policy Debate

According to the pundits, second-class roads and bridges are leading us toward a second-class future. Our transportation system is on the verge of collapse, and congestion is threatening to gridlock our highways, it is said. The standard conclusion is that if Congress does not double or triple federal spending on transportation, the nation's quality of life and the ability of American firms to compete abroad will be at risk.

Certainly, the national economy and American mobility depend on the country's transportation system, which in turn relies on a strong partnership among all levels of government. Yet the tone of alarm and the calls for massive spending hikes that characterize the conventional wisdom about infrastructure are misplaced. Indeed, alarmism may actually undermine our ability to meet transportation needs by diverting attention from reforms and creating a perception that problems are beyond redress.

This argument should not be misunderstood; the Wednesday Group's research has revealed many problems in the nation's highway network. But the research also shows that:

- Although deficiencies afflict many parts of the highway system, they are concentrated in certain pockets of the country. Indeed, on average, pavement conditions in the nation improved steadily during the 1980s. Moreover, the interstates, which are the roads of most importance to the country, are the roads in the best shape. Congestion, though, has been growing and is a difficult problem.
- Public investment slipped after the 1960s but has recovered. The states in particular deserve recognition for increasing highway spending in the past few years after letting it fall in the years leading up to the late 1980s. The states *can* generate highway and infrastructure revenues, but federal policy must provide encouragement.

This good news, though, does not allow for complacency. Sustaining the gains of the 1980s will cost a substantial amount of money and will require a vigorous political effort at all levels of government. Programmatic reforms, however, are also necessary. Without innovative thinking about the way we spend our highway money, we are almost certain to fail to provide a transportation system that serves the economy in the way we would like.

Such reforms are not easy to achieve, however. To bring attention to them, members of the Wednesday Group have focused on ways to stretch the mileage that Congress gets from every dollar it puts into highway programs. In particular, Wednesday Group members have looked at policies to improve the effectiveness of the federal-state partnership in building and preserving roads of national importance. This effort has led the Wednesday Group to propose a change in the way the federal government disburses highway assistance to the states.

This statement presents findings and guidelines that we hope will inform policy makers in their work on the highway reauthorization, which comes before Congress this year. While the statement focuses on highway policy, it is relevant to other infrastructure programs as well. Two Wednesday Group reports, "Highway Policy at a Crossroads" and "Public Works and Public Dollars," provide the analysis on which the statement is based. The latter paper in particular, prepared by Professor Heywood T. Sanders of Trinity University in San Antonio, Texas, contributed to the statement.

Wednesday Group members Bill Clinger, Larry Coughlin, Tom DeLay, Bill Gradison, and Tim Petri have led the Group's infrastructure project. They and other members of the Wednesday Group will use this statement to develop specific proposals for the highway reauthorization bill. In addition, the American Enterprise Institute, in cooperation with the Wednesday Group, is sponsoring an infrastructure conference on February 4, 1991. The conference will bring together leading public officials, scholars, and transportation interests to discuss infrastructure issues and the highway reauthorization bill.

The following Wednesday Group members have endorsed this policy statement:

Steve Bartlett
Bill Clinger
Larry Coughlin
Tom DeLay
Bill Gradison

Fred Grandy
Bill Green
Paul Henry
Amo Houghton
Andy Ireland

Nancy Johnson
Jim Kolbe
Bob Livingston
Sid Morrison
Tim Petri

Jim Ramstad
Ralph Regula
Marge Roukema
Bill Thomas
Fred Upton
Vin Weber

FINDINGS

The Problems to Which Policy Must Respond

The Wednesday Group began this project concerned that a lapse in federal transportation responsibilities was threatening the country's mobility and economic health. The reality, we have found, is that national highway problems are not as dire as often claimed. And the federal government is not the lone culprit for the deficiencies -- some serious -- that do exist. As one would expect in a nation as large and diverse as ours, problems and the public responses to them have differed markedly across the country. The highway reauthorization bill must respond to these realities, which we describe below:

Finding: The era of intensive highway construction has come to an end.

In 1956, the federal government set out to build the interstate highway system. Three and a half decades later, the job is nearly complete. A massive public investment has linked most of the nation's population and commercial centers, and it is now time to preserve the investment. Federal aid, however, does little to encourage investment in maintenance to retard deterioration and to prolong the longevity of roads and bridges. In fact, some analysts contend that federal aid creates incentives *not* to invest in proper maintenance. If this is so -- and the data are not clear -- federal policy is unnecessarily increasing the ultimate costs of providing transportation infrastructure.

Certain high-growth areas provide the exception to this finding. In these areas, projects to relieve congestion are a high priority. Federally sponsored construction, however, cannot by itself solve acute traffic problems. These problems are for the most part a regional, if not a local, phenomenon and require the active involvement of state and local governments. In addition, new construction is an expensive and uncertain policy for alleviating congestion, if unabettled by programs to increase the traffic volumes that highways can handle. Finally, new construction alone cannot prevent backups resulting from vehicular incidents. Such incidents may account for up to two-thirds of all congestion.

Finding: Everything is not crumbling apart, falling down, or becoming gridlocked.

Although the popular image of infrastructure is one of decay and massive need, reliable national figures indicate that problems are concentrated in certain pockets of the country. This is true of both structural and capacity problems. Congestion afflicts many stretches of the highway network like those in southern California, but that area's problems are not typical; New York State's enormous bridge problems reveal little about the needs of its neighbors; and poor interstate highways in Mississippi or Missouri do not mean that roads in other states are bad.

Indeed, pavement conditions on the nation's highways improved steadily, albeit only slightly, during the 1980s. In eighteen states, less than 5 percent of the interstates are in deficient condition; in fully thirty-one states, less than 10 percent are deficient. At the other end of the spectrum, in five states 35 to 40 percent of the

interstates are deficient. *Some places* suffer from infrastructure problems, but an "infrastructure crisis" is not looming for the nation.

Finding: Problems often reflect state and local investment decisions, not profound failures of federal policy.

State and local officials, like their congressional counterparts, tailor their budgets for maximum political returns. Often, they have little incentive to boost own-source spending on roads and bridges. After all, federal aid finances many activities at very low cost to recipients, and voters might reject bond referendums and tax hikes. If state and local political leaders are not committed to transportation investment, roads and bridges can languish as budget priorities -- to the detriment of local *and* national interests.

State and local officials are far from immune to federal influence, however. Indeed, they are highly sensitive to fiscal incentives. If Congress and the Administration hold out the proper carrots, state and local officials will respond with policies that serve national as well as local needs. With the wrong carrots, though, spending decisions will remain skewed against national concerns. The important point is that investment patterns are a product of state and local spending preferences and the incentives that federal aid creates. The national highway system depends on a partnership among the different levels of government.

Finding: The public strongly supports infrastructure investment and renewal.

Contrary to the widespread belief that the public does not want to pay for roads and bridges, voters have demonstrated strong support for narrowly targeted measures to finance infrastructure investment. The rates of approval for bond referendums are strikingly high, averaging 77 percent in dollar terms from 1980 to 1988. Despite passing only narrowly after receiving extraordinary support from the state's political leaders, California's recent transportation referendums are an example of public willingness to pay for infrastructure renewal. Our current problems cannot be ascribed either to public indifference toward infrastructure needs or to public hostility toward infrastructure financing measures.

Finding: State and local governments have not exhausted their infrastructure financing options.

Despite tight budgets, many states and localities have managed to finance a variety of new investments -- though often not highway and bridge projects. Municipal construction of expensive new stadiums, convention centers, and aquariums, for example, suggests that money can be raised when a project is given high priority. Potential sources of investment capital include state gasoline taxes, narrowly targeted bond referendums, property taxes (in *some* cities), special taxing districts, and the private sector.

Consider the state gas tax. Some of the states with the worst highway problems are also the ones with the lowest gas taxes. New York, for instance, is tied for the second-lowest gas tax in the nation, despite having nearly the worst bridges. And although New York relies heavily on bonds and general revenues to pay for its highway program, its bridge problems alone would seem to argue for a rise in the gas tax. California, with its serious highway congestion, also has a relatively low gas tax

-- although the recent referendums will raise it. These low gas taxes represent a political choice about how to finance highway programs. As their needs mount, many states have chosen to raise their gas taxes. Others have preferred to wait for federal money. In virtually all the states, this tax, which is essentially a user fee, has lagged far behind inflation over the past two decades.

During this same period, many states and localities have diminished their use of bond referendums. New York, as mentioned, relies heavily on bonds to finance its highways. Even so, the state's recent bond issues have not raised nearly the amounts of money that were being raised in the 1960s, once inflation is taken into account. Likewise, many cities have property taxes and debt burdens that are close to postwar lows. Even a city as strapped for money and as beset with problems as Detroit has managed to issue bonds in recent years. Detroit, however, used its bond revenues to expand its convention center, not to repair and build its roads and bridges.

Cities and states have increasingly used innovative techniques to finance public investments -- but again, often not basic infrastructure improvements. A few examples illustrate the point. Cleveland is using a "sin" tax to generate \$150 million for a stadium and arena complex. St. Louis recently used resourceful financing to raise \$80 million for expansion of its convention center. And in California, redevelopment authorities have become a thriving public institution, growing in number from fewer than 150 in 1970 to 333 in 1987. These redevelopment authorities have raised and invested more than \$4 billion, despite the strictures of Proposition 13.

This discussion intends not to call the budget priorities of state and local officials into question but to point out that financing options *do* exist. These options must be tapped when building roads and repairing bridges are pressing needs. Despite belief to the contrary, the current state and local share of national infrastructure spending does not exceed postwar norms. Indeed, an examination of spending trends reveals that in expanding investment in recent years, state and local governments are not so much assuming responsibilities jettisoned by the Reagan Administration as they are resuming responsibilities that the federal government carried for them in the 1970s and much of the 1980s. State and local governments are not, in fact, being asked to invest far more in infrastructure than they ever have in the past. They are, though, being asked to invest more than they did in the 1970s and early 1980s.

Finding: Federal spending plays a crucial role in national policy, but it is not a panacea for the country's highway problems.

Numerous studies and interest groups are calling for vastly greater federal transportation spending. Yet increased spending cannot by itself eliminate our highway and infrastructure problems. Indeed, a *massive* boost in federal spending does not, in many respects, seem necessary. (Certainly it is not very likely, given the fiscal environment now and in the foreseeable future.)

First, many reports have greatly inflated the cost of supplying the economy with the highways and bridges it needs to continue to grow and prosper. A large number of the investments identified as "pressing needs" would provide only minor safety or performance improvements. In addition, the contribution of infrastructure investment to economic performance has been exaggerated. As a result, proposals to double or triple federal spending lack compelling support. Problems certainly exist, but in all likelihood they will not cost trillions of dollars to resolve.

In addition to being inflated, the price tag for infrastructure and transportation needs has been over emphasized. The country must look not only at *how much* it spends but also at *how well* it spends, *what kind* of investments it makes, and *where* it spends. With innovative policies and wise investment decisions, improving the transportation system may not prove nearly as expensive as often suggested. Exhortations to simply "spend more" offer little guidance to policy makers trying to stretch the value of their transportation dollars.

Finally, even if underinvestment were the nation's only transportation problem, increased federal spending would not necessarily be the most effective way to overcome it. As already noted, state and local officials will invest federal aid in ways that serve their own, but not always national, interests. If Congress and the Administration wish to achieve specific objectives, they must give attention to the federal grant structure and the incentives it creates for state and local investment decisions.

GUIDELINES

Accounting for State and Local Preferences

Federal public works programs must account for the likely state and local responses to the incentives that federal aid creates. These incentives can be thought of as "the rules of the game" for state and local officials. The job of mayors, governors, and their legislatures is to use the rules of the game to advance the interests of their own constituencies, not necessarily those of the nation at large. State and local leaders can therefore be expected to encourage the federal government to pay for as great a share of their communities' infrastructure needs as is possible. The more federal aid the states and localities receive, the fewer bond referendums and tax hikes they have to propose to their constituents.

We have found that federal policy often reinforces, rather than combats, state and local preferences. Thus, from a national perspective, the rules of the game can present an unwelcome set of incentives to state and local officials. Federal aid encourages investment behavior that is often at odds with Congress's and the Administration's objectives.

The following guidelines would create incentives to help the federal-state-local partnership achieve national policy goals more effectively. The guidelines are not specific recommendations but they are broad objectives that could be met in a number of different ways, some of which are addressed below. In the next several months, we will develop proposals to implement these guidelines:

Guideline: Encourage efforts to maintain highways and improve their ability to handle traffic.

Because the interstate system is nearly complete, many studies urge the federal highway program to focus on maintaining what has already been built. There may be another reason, though, for encouraging the states to invest in extending the useful lives of federal-aid roads and bridges. Some analysts have identified a "construction bias" in national infrastructure and highway policy, that is, a preference for new construction over maintenance. This bias, which may cause inadequate maintenance, has its roots in the political incentives surrounding public investment decisions.

The source of the construction bias lies in the tendency of elected officials to invest in projects with the highest political payoff. Since the construction of new roads and bridges is highly visible to voters and the media, it can provide a considerable political dividend. Maintenance, by contrast, is not particularly newsworthy -- rather than expanding transportation possibilities, maintenance preserves existing options. Moreover, the postponement of maintenance exacts little short-term political cost because the negative consequences of deferral take time to become obvious to highway users. Thus maintenance is likely to suffer as a political priority if it is not subsidized, while new construction exerts a strong political incentive even without subsidy.

Although the severity of construction bias requires more study, it could be offset by making the matching ratios for construction and major rehabilitation lower than those for maintenance. This approach was incorporated into the 101st Congress' housing bill.

To help alleviate congestion, the federal highway program should reward states and localities that adopt policies to enhance the amount of traffic the nation's roads can handle. When this aid is awarded, a relatively low matching ratio would be appropriate, given the local or regional nature of traffic problems. Any policy adopted -- the creation of high-occupancy-vehicle lanes or incident management programs, for example -- would reduce the cost of meeting demand for highway capacity. This demand is so great in some areas of the country, however, that policy may have to verge from traditional approaches. Pricing policies, for example, can help to control traffic volumes but have not often been used. In any event, the country cannot simply build its way out of its congestion problems.

Guideline: Reward state and local efforts to meet needs.

State and local governments are highly sensitive to the incentives that federal aid creates. They will spend more or less on a given activity, depending on whether the activity is eligible for federal aid, whether the aid is "capped" or "open-ended," and what the matching ratio is. These three facets of the federal grant structure create the incentives that determine the level of national highway investment at a given amount of federal spending. In short, a fixed amount of federal money can generate more or less total national investment, depending on the signals that the federal grant structure sends to lower levels of government.

Federal grants should reward those governments that undertake the politically difficult task of raising new investment capital. Federal policy should encourage state officials to make investment along the federal-aid highway system a higher priority. Several approaches bear consideration.

One option would be to match *every* state dollar for highways with some amount of money from the federal government. Such an arrangement would provide the most funds to the states that made the greatest efforts to meet needs. This policy would involve moving from the present system of capped grants at high federal-to-state matching ratios to a system of open-ended grants at low ratios.

With capped grants at high ratios, the states receive a given number of federal dollars for each dollar they spend on eligible highway activities up to a designated amount. Thus, if the matching ratio for a particular activity were 75:25, the states would receive three federal dollars for every dollar they spent on their own. Past the designated threshold, however, the states do not receive any federal assistance for the money they spend on the activity out of their own budgets, despite the improvements to the national transportation network that would result. Underinvestment occurs because the states must pay 100 percent of the costs of these improvements; yet only some fraction of the traffic that benefits from the investment is from within the state. Costs are not in line with benefits for state officials.

In a different approach, open-ended grants at low ratios would bring the states federal aid for *every* dollar they raised on their own, though not as much aid per dollar as with capped grants. Under such a system, a subsidy would exist to bring states' costs in line with benefits. The states would no longer have to finance improvements to the national highway system at 100 percent of cost, despite receiving only some fraction of the benefits. This approach would eliminate the incentive to underinvest in certain projects along the federal-aid system.

The problem, however, is that this approach would create some budget uncertainty at the federal level. An open-ended grant structure would entitle states

to federal money whenever they undertook projects eligible for aid. To control expenditures, Congress and the Administration would have to set matching ratios and eligibility criteria so that the states did not use the federal subsidy to finance an excessive number of road projects with cheap federal dollars. The challenge would be to create a grant structure that encouraged the states to increase fiscal effort but that did not result in wasteful spending. A good first step would be for the Department of Transportation to study, through a demonstration, how different matching ratios and eligibility criteria would affect both state investment decisions and the federal budget. The demonstration would be conducted in only a few states and would be limited to a few years, enough time to evaluate the program.

Rather than switching entirely to open-ended grants, the federal highway program could adopt a system that used *both* capped and open-ended grants to disburse aid. Capped grants and relatively high matching ratios could finance the federal highway program's core activities, much as is now done. But to induce at least some states to channel more resources into highways of federal interest, a "reward pot" could be created. Money in this account would be distributed through open-ended grants at low matching ratios. This bonus money would be awarded to subsidize investments in which the states were interested but for which federal aid in the core program had run out. The reward money would reduce the price that the states had to pay for eligible projects.

If, for example, Pennsylvania had exhausted its capped grants and were considering a project on a road eligible for federal aid, it would at present have to pay 100 percent of the costs. Under those circumstances, the project might prove financially and politically infeasible. Money from the reward pot, however, could reduce the state's price tag to, say, only 70 percent of the costs. At that point, the project might become economically and politically worthwhile to Pennsylvania officials. If so, federal policy would have encouraged at relatively low cost an investment that otherwise would not have occurred. And because the state would have to finance a large portion of the costs, the project would receive careful scrutiny. Runaway spending would be highly unlikely.

The attraction of this system is twofold. First, it would not shortchange sparsely populated or low-income states. Federal responsibilities in these states would be taken care of through the core program of capped grants. Second, the proposed system would cause only those investments that were most needed -- that is, those that were most productive -- to become economically and politically attractive. Other investments would remain too costly for the states to finance, despite the subsidy available from the reward pot.

A primary objective of this proposal would be to prevent the availability of federal aid from causing runaway highway spending. The reward pot would have to be designed in such a way that: (1) it encouraged responsible state investment decisions; and (2) it minimized federal budget uncertainty. Although political and operational problems would stand in the way of implementing the proposed system, nonetheless, granting some federal aid as a reward for self-help would create a strong incentive for the states to redress their highway needs. Again, a demonstration project would be a good first step.

If the demonstration project proved successful, the two-track grant system could be extended to the entire highway program. To avoid setting up a new entitlement, however, the reward pot would be placed within the legislative appropriations process. Such an arrangement would not achieve all the goals of a fully open-ended system, but it would accommodate another important goal, control over annual spending. The program would have to be crafted in a way that

minimized the tension between spending control and elimination of the incentives to underinvest.

Although slightly broader than the preceding proposals, another way to encourage state and local officials to increase own-source highway spending would be to subsidize infrastructure investments in communities facing difficulties in issuing debt. These subsidies, limited in amount and eligibility, could stimulate new public investment in some cities and towns. To avoid substitution, the subsidies would have to be restricted to infrastructure renewal and improvement. To encourage recipients to economize, the federal share of costs would have to be low. The assistance could be offered either through grants or through credit subsidies. In the case of credit subsidies, revolving-loan funds are often recommended because they can link debt repayment to the imposition of new user fees on beneficiaries.

Two types of governments would be eligible for the program. First, cities with unusual financial difficulties, such as Cleveland and Detroit in the early 1980s and perhaps Philadelphia today, could receive *temporary* subsidies to maintain spending on infrastructure. Second, small communities -- which face relatively high debt costs in private capital markets because they are small, infrequent borrowers -- would be eligible. In both these cases, the federal subsidies would help finance investments that might not otherwise occur. By contrast, many proposals for national infrastructure banks would simply replace state and local dollars with federal dollars.

Guideline: Support innovative approaches to highway finance.

At a time of tight public budgets at all levels of government, the federal government should encourage state and local officials to seek new sources of investment capital. This encouragement could come in part from the rewards for fiscal effort already discussed. In many respects, though, the federal government can do little to encourage innovative financing mechanisms. Techniques such as "capturing" the land-value increases that occur along the corridors of new highways and "charging" developers for the congestion resulting from their projects have been pioneered by and require local initiative. These financing techniques may often be the best way to finance projects to relieve congestion -- a type of project that is primarily a state and local responsibility (because congestion has primarily local causes and effects) and that offers a strong political reward even if a federal subsidy is unavailable.

Despite the limited ability of the federal government to encourage innovative financing, there are some options Congress and the Administration could pursue. First, the federal highway program could help the states make use of tolls. The states could be given permission to keep tolls on interstates that already have them, for example. Under current law, authorization for some such tolls, which generate substantial revenue for certain states, is due to expire in the years ahead.

Second, the states could be given permission to use some portion of their federal aid to enlist private firms in the construction of new highways. Some pilot projects using private firms are already under way, and if they prove successful, the states should be allowed to make greater use of private capital and expertise.

Guideline: Create a hierarchy of federal concerns.

Different federal-aid systems carry different amounts of interstate traffic. In line with their importance, those highways that carry the most national traffic -- known as the "highways of national significance" within the transportation

community -- could receive higher matches for any given activity than other federal-aid highways. When fewer dollars were offered, the money could be provided with fewer strings attached, as in the Combined Road Program, described below. The states might receive reduced funding for some road systems but would have greater discretion in where to invest it. Such a system would serve both state and national interests more effectively than the current system.

Guideline: Stretch the mileage we get from our infrastructure and highway dollars.

The nation is extremely unlikely to spend anything near \$3 trillion over the next fifteen years to fend off the "infrastructure crisis" that pundits have been predicting for more than a decade. The failure to invest those trillions is also extremely unlikely to strangle economic growth and prosperity. If anything, the opposite seems a more substantial concern. Doubling or tripling spending at any level of government would almost certainly result in considerable waste of the nation's investment resources.

Before increasing spending, Congress and the Administration should make sure that federal money is buying as much in the way of transportation services as possible. For highways, this means: (1) reducing the costs of providing and operating roads and bridges; and (2) eliminating investment incentives that interfere with federal objectives. Eliminating such investments, which requires changing the federal grant structure, is addressed above.

To meet the other objective, reducing costs, Congress and the Administration should invest more heavily in infrastructure research and development (R&D). For a variety of reasons, the postwar technological boom seems to have bypassed the world of infrastructure. We are building and maintaining our highways -- that is, providing transportation services -- in much the same way as decades ago. New technologies, however, can substantially reduce the costs and extend the lives of both construction and repairs.

New technologies can also reduce our reliance on traditional infrastructure. Optic fibers and telecommunication systems, for example, -- dubbed by some as "glass highways" -- could dramatically cut the future need for highways and airstrips to move people and goods. Fax machines, for instance, may reduce demand for courier services, and technologies that enable people to work at home may reduce demand for commuter services. Both developments would lessen the economy's need for traditional, concrete-and-steel infrastructure.

In strengthening its support of infrastructure R&D, the federal government should not limit its efforts to the glamour projects. While sophisticated in-car guidance systems and magnetically levitated trains are alluring, the seemingly mundane projects will find widest application across the country. A longer-lasting paint for road striping, for example, could save millions of dollars for highway budgets nationwide. And rubberized asphalt -- produced by adding rubber from old tires to asphalt -- could increase pavement durability and decrease wear and tear on vehicles, an innovation that would benefit highway users everywhere.

Another way to reduce costs would be to remove sources of delay and expense. The need for the Federal Highway Administration (FHWA) to approve the use of federal money project by project is one source of delay. Recognizing this, in 1987 Congress established the Combined Road Program to simplify the approval process in five states on an experimental basis. The states were allowed to customize their federal aid to the particular needs of their rural and urban feeders, which are

the federal-aid roads that carry the least national traffic (bridge money was also included in the program). Being closest to and most affected by problems on these roads, the states should be able to identify the investments of greatest value to the transportation system.

The results of the experiment have been encouraging, with both the FHWA and the states realizing savings in time and money. Minnesota, for example, estimates that it has pared six to seven weeks from the period between identifying projects and awarding contracts. Over two years, the state saved 400 staff hours on inspections alone, while the FHWA saved approximately 500 hours on similar tasks. This program bears further review and possible extension to all the federal-aid roads that are more a state than a federal concern.

About the Wednesday Group

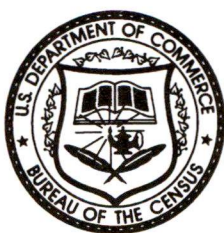
The House Wednesday Group is a Republican caucus in the U.S. House of Representatives. Founded in 1963, the Wednesday Group provides a forum through which its members discuss politics and policy, develop legislative proposals, and advance their knowledge on issues of shared concern.

The thirty-seven Wednesday Group members, chosen by invitation and representing a broad range of geographical and political backgrounds, meet every week in the Capitol. The Group, whose chairman is Congressman Bill Gradison of Ohio, is supported by a professional staff that arranges seminars, conducts research, and helps to develop legislative proposals.

In addition to this policy statement, the Wednesday Group's work on infrastructure includes "Highway Policy at a Crossroads," which surveys policy options for federal public works programs, and "Public Works and Public Dollars," a paper on the effects of federal aid on state and local investment decisions. In the near future, the Wednesday Group will release its report on poverty and the underclass. The Group is also developing a proposal to improve access to health care.

About this Policy Statement

If you have questions about the Wednesday Group infrastructure project, which includes this policy statement, please contact David Lashar at (202) 226-3236.



Current Population Reports
Special Studies
Series P-23, No. 170
December 1990

How We're Changing

Demographic State of the Nation: 1990

This is an overview of some major findings from national surveys reported by the Census Bureau during 1990. Data from the 1990 Census of Population and Housing are not included here. If you are interested in additional information on the topics in this report, contact one of our subject specialists listed on page 4.

The decline in average household size levels off.

In March 1990, the average number of persons per household was 2.63, not significantly different from the 1989 figure of 2.62, but well below the corresponding figures of 2.76 in 1980 and 3.14 in 1970. This long-term decline reflects the changing distribution of households by size: from 1970 to 1990, one-person households increased from 17 percent to 25 percent of the total, while households with 5 or more persons dropped from 21 percent to 10 percent (figure 1).

There were 93.3 million households (occupied housing units) in 1990, compared with 80.8 million in 1980 and 63.4 million in 1970. The number of households increased by 27 percent in the 1970's and by only 16 percent in the 1980's.

In 1990, 71 percent (66.1 million) of households contained families. This is down from 74 percent in 1980 and 81 percent in 1970. (Families have at least two members, including at least one relative of the householder.) Non-family households grew rapidly in number from 11.9 million in 1970 to 21.2 million in 1980 and more slowly to 27.3 million in 1990. At this time,

84 percent of nonfamily households contain a person living alone.

The composition of American families has seen major changes since 1970.

Married-couple families dropped from 87 percent of family households in 1970 to 82 percent in 1980 and 79 percent in March 1990. Families maintained by women with no husband present doubled from 1970 to 1990 (5.5 million to 10.9 million) and rose from 11 percent of family households in 1970 to 15 percent in 1980 and 17 percent in 1990. Women alone maintained 13 percent of White families, 44 percent of Black families, and 23 percent of Hispanic families in 1990. (Data on Whites and Blacks are based on a race question; data on Hispanics, who may be of any race, are based on an ethnic origin question.)

There were 34.7 million family groups with children under age 18 in 1990;¹ 9.7 million, or 28 percent, of these were maintained by one parent, with 8.4 million of these maintained by the mother. (In 1970, there were 3.8 million one-parent family groups, only 13 percent of the 29.6 million total.) In 1990, the proportions of family groups maintained by one-parent were 23 percent for Whites, 61 percent for Blacks, and 33 percent for Hispanics.

Child care for preschool-age children is usually in a home environment.

In fall 1987, there were 9.1 million children under 5 years old with employed mothers. Most of these children were cared for in a home environment while their mothers were away at work: 30 percent stayed in their own homes and 36 percent were in the providers' homes. Day care and nursery schools provided child care for 24 percent of these children with working mothers (up from 13 percent in 1977) while 9 percent were cared for by the mothers while at work at home or away from home.

There were 14 million children 5 to 14 years old in 1987 who were in school most of the time that their mothers were working. Of the 6 million of these children who needed child care outside of school hours, 22 percent cared for themselves while their mothers were at work.

Among employed mothers making child care payments in 1987, those below the official poverty level spent 25 percent of their family income on

¹These family groups comprised 2.4 million subfamilies in which the children were not the children of the householder, as well as 32.3 million family households.

Figure 1.
Distribution of Households,
by Size: 1970 and 1990

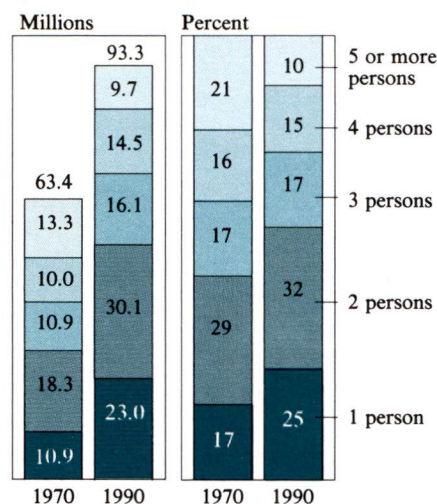
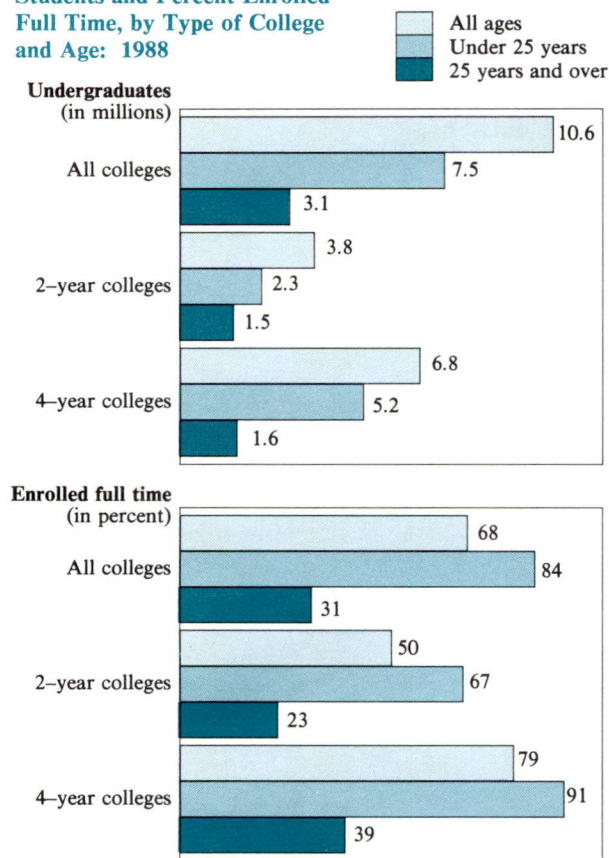


Figure 2.
Number of Undergraduate College
Students and Percent Enrolled
Full Time, by Type of College
and Age: 1988



child care. Among women in families with incomes 25 percent or more above the poverty level, the corresponding figure was 6 percent.

College enrollment is increasing, thanks in part to the increased number of "older" students.

College enrollment totaled 13.1 million in October 1988, compared with 11.4 million in 1980. Most of the growth was due to the increased enrollment of persons 25 years and over which rose from 3.9 to 5.1 million. These older students accounted for 39 percent of college enrollment in 1988, up from 34 percent in 1980. Enrollment of persons under 25 increased slightly during this period, from 7.5 million to 8.0 million, despite a decline in the population of the traditional college ages.

In 1988, 81 percent of persons 18 to 24 years old were high school graduates. The corresponding figures were 82 percent for Whites, 75 percent for Blacks, and 55 percent for Hispanics.

The annual high school dropout rate in 1988 was 4.8 percent.² The rate was 4.7 percent for Whites, 6.3 percent for Blacks (not significantly different from the rate for Whites), and 10.5 percent for Hispanics.

About 8 million people living in households need help with everyday activities.

In fall 1986, 8.2 million, or 4.4 percent, of noninstitutionalized persons 15 years and over needed personal assistance with one or more of five major categories of everyday activities because of a health condition lasting 3 months or longer.

These categories included ordinary household chores (5.9 million), help getting around outside the home (5.2 million), help with meal preparation (4.8 million), help with personal care activities such as eating, dressing, or personal hygiene (3.2 million), and help keeping track of money and bills (3.0 million).

The need for personal assistance varied sharply with age, from 2.4 percent for persons 15 to 64 years old to 16 percent for the elderly. Among the elderly, the rate ranged from 9.3 percent for persons 65 to 69 years old to 45 percent for persons 85 years and over.

Of the persons who needed assistance, 5.6 million lived in a family, 2.3 million lived alone, and 0.3 million lived with nonrelatives. Only 19 percent of persons who received help reported

that they or their families paid for their assistance.

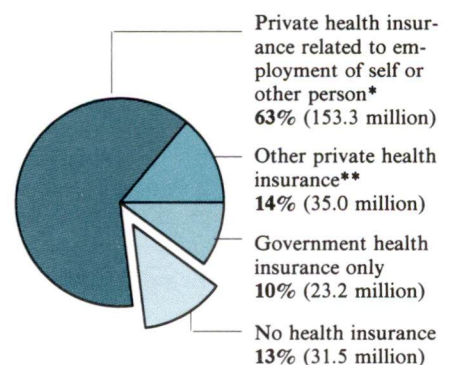
About 31 million people do not have health insurance.

In the fourth quarter of 1988, 31.5 million persons, or 13 percent of the population, did not have some type of health insurance. The rate was 12 percent for Whites, 20 percent for Blacks, and 26 percent for Hispanics. By age, the rate was highest for persons 16 to 24 years old (22 percent) and lowest for persons 65 years and over (0.3 percent), reflecting the availability of Medicare.

Based on longitudinal estimates over a 28-month period ending in May 1987, 28 percent of all persons lacked health insurance for at least 1 month. Work experience has a significant effect on coverage: among full-time workers during this period, 14 percent were not covered continuously by health coverage; the corresponding figures were 25 percent for full-period, part-time workers, and 45 percent for workers with one or more job interruptions.

Of workers with spells of unemployment, 18 percent lost their private health insurance at some point while they were unemployed. Among persons who lost their Medicaid eligibility, 48 percent were not covered by any type of health insurance 12 months later.

Figure 3.
Health Insurance Coverage: 1988

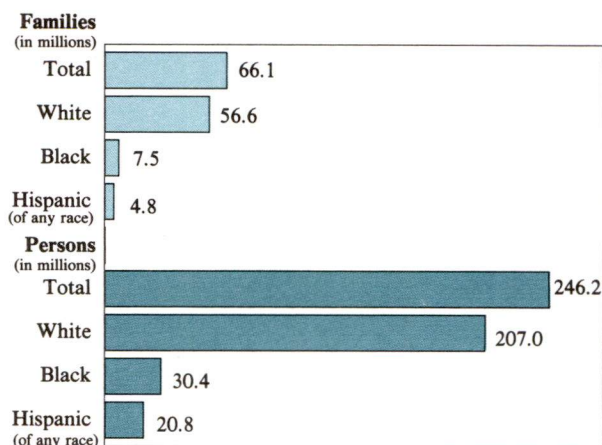
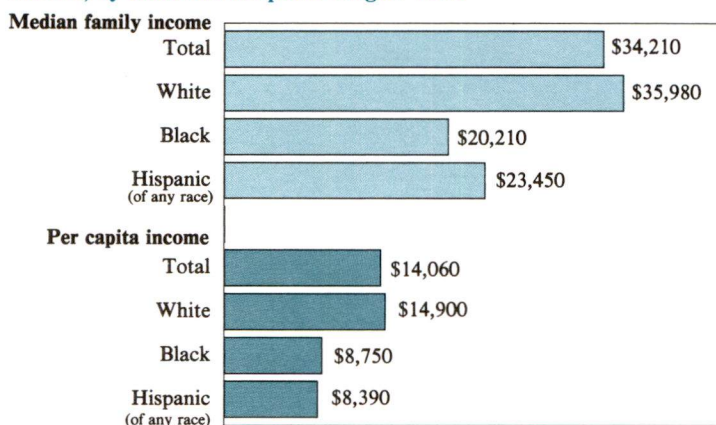


* May also have other private or government health insurance

** May also have government health insurance

²The dropout rate is calculated as the proportion of persons 14 to 24 years old enrolled in the 10th, 11th, and 12th grades in October 1987 who were no longer enrolled and had not graduated by October 1988.

Figure 4.

Income, by Race and Hispanic Origin: 1989**Median family income increases in 1989.**

Median family income in 1989 (\$34,210) was up 1.4 percent from 1988 after adjusting for the 4.8-percent increase in consumer prices. The median for White families was up 1.2 percent. Real per capita income in 1989 (\$14,060) was up 2.2 percent overall and 2.3 percent for Whites. The 1989 median family income and per capita income figures for Blacks and Hispanics were not significantly different from those in 1988 (figure 4).

Real median earnings in 1989 of women working year-round, full-time (\$18,780) increased 1.8 percent over the 1988 figure, while their male counterparts' earnings (\$27,430) dropped 1.8 percent. The ratio of female to male earnings was at a record high .68 in 1989, up from .60 in 1980.

In 1989, the highest fifth of households received 46.8 percent of aggregate household income, up from 43.0 percent in 1969. During the same period, the portions received by the lowest fifth and middle three-fifths of households declined (figure 5.)

The above income data are based on money income from regularly received sources. A broader definition of income that includes the effect of taxes, cash and noncash benefits, capital gains, and net return on home equity results in a more equal distribution of income. The ratio of Black to White median household income in 1989

risks from 59 percent to 66 percent using the broader definition. The corresponding change in the Hispanic to White ratio is 72 percent to 77 percent.

Poverty is unchanged in 1989.

There were 31.5 million people, or 12.8 percent of the population, below the official government poverty level in 1989. These figures are not significantly different from those for 1988. The 1989 poverty rates for Whites (10.0 percent), Blacks (30.7 percent),

and Hispanics (26.2 percent) also did not change significantly.

The poverty rate for families in 1989 was 10.3 percent and varied considerably by social and economic characteristics. For example, the rate was 5.6 percent for married-couple families versus 32.2 percent for female-householder families with no spouse present; 3.6 percent when the householder had completed 1 or more years of college versus 20.7 percent when the householder had not completed high school; and 2.9 percent when the householder worked year-round, full-time versus 19.0 percent when the householder worked 49 weeks or less.

A broader definition of income—that noted earlier adjusted to exclude the net return on home equity—would reduce the official poverty rate in 1989 from 12.8 percent to 10.4 percent. Nonmeans-tested government cash transfers, primarily Social Security, had the greatest effect on poverty estimates.

Homeownership rates vary widely by demographic, social, and economic characteristics.

In 1987, 64 percent of households were owner-occupied. The homeownership rate was 67 percent for White householders, 43 percent for Black householders, and 40 percent for Hispanic householders. For each of these groups, the rates were higher for married-couple families than for female householders with no spouse present (figure 6).

Figure 5.
Percent Share of Aggregate Household Income, by Quintile: 1969, 1979, and 1989

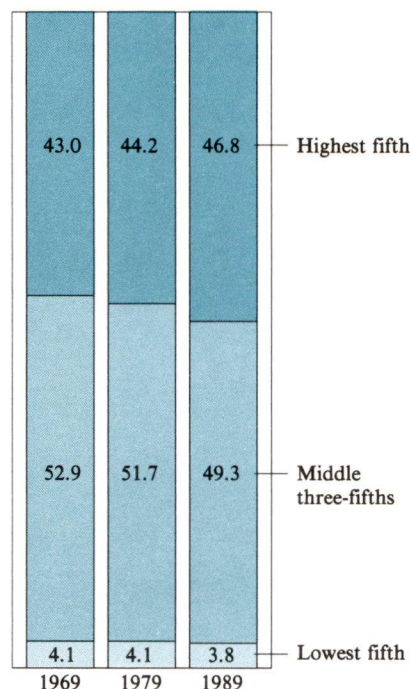
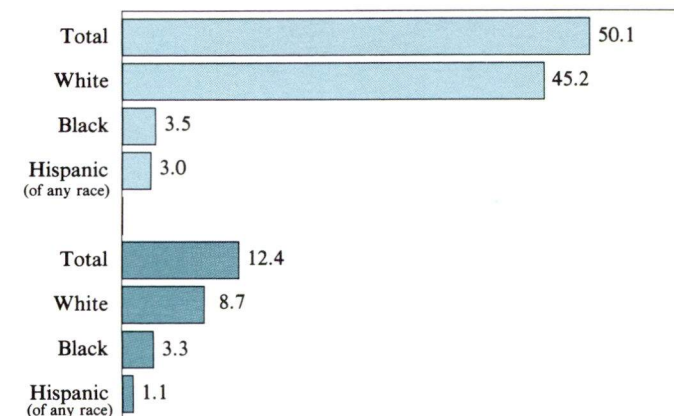
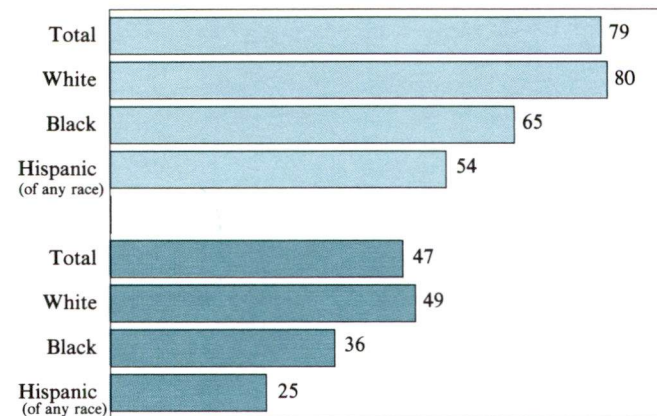


Figure 6.
**Number of Households and Percent Owner-Occupied,
 by Household Type, Race, and Hispanic Origin: 1987**

Households (in millions)



Owner-Occupied (in percent)



Homeownership rates increase by age until the retirement ages. The 1987 rates were 39 percent for householders under 35 years, 67 percent for 35 to 44 years, 75 percent for 45 to 54 years, 80 percent for 55 to 64 years, and 75 percent for 65 years and over. The median income of families and nonfamily householders who owned their own homes was \$30,210 in 1987. For renters, the corresponding figure was \$16,230.

For further information, call (301):

Households and families

Steve Rawlings 763-7987

Child care

Amara Bachu 763-5303

School enrollment

Rosalind Bruno 763-1154

Need for personal assistance

Cynthia Harpine 763-8578

Health insurance

Kathleen Short 763-8576

Income

Ed Welniak 763-8576

Poverty

Mark Littman 763-8578

Housing characteristics

Jeanne Woodward 763-8148

Black population

Claudette Bennett 763-7572

Hispanic population

Carmen DeNavas 763-7955

General information on this report:

Campbell Gibson 763-5221

Source and Accuracy of Estimates

The data presented here are from the Current Population Survey, the Survey of Income and Program Participation, and the American Housing Survey. All these statistics are subject to sampling variability as well as to survey design errors, respondent classification and reporting errors, and data processing mistakes. The Census Bureau has taken steps to minimize errors, and statistical statements have been tested and meet statistical standards. Further information can be found in detailed reports.

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House of Representatives
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March 22, 1991

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44 FREDERICK STREET
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Fuller
The Honorable George Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

After having returned from the painful swearing-in ceremony this morning, I thought I would take a moment to return the letter from your office which was written on February 22, 1991. It was in response to my personal letter to you which I hand delivered at the last meeting I attended in the Cabinet Room.

I waited until this time to respond because I did not want to bother you while you were providing the outstanding leadership for our Desert Storm Operation. In fact, I did not expect you to answer my letter until that effort was successfully concluded.

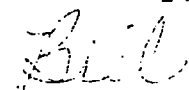
me
I am returning the letter because I did not believe it was Tinkers to Everett to Chance, but it does smack of Sununu to Porter to Cobb. It was written in an ivory tower with little regard to reality. I cannot believe that they tried to use Chicago as their example of success. What they forgot to mention about Chicago is that property taxes there are 16.5 percent while in the suburbs property taxes are 33-1/3 percent. The elected officials and leaders in Chicago, including those individuals who serve in the state legislature, deliberately keep the taxes low. This is because they are able to send their children to private and parochial schools, and, therefore, do not wish to increase taxes so that the public schools can be properly financed.

Of course, the masses in the center city area who are less fortunate must continue to go to the underfunded public schools. If they were to take their vouchers based on public school financing to a private or parochial school, it would not begin to pay the tab. To add to the Chicago City School System's problems, they now have 700 school boards with 7000 candidates. They have now politicized the whole system. Principals and other school leaders are intimidated to the point where they cannot creatively lead.

The Honorable George Bush
March 22, 1991
Page 2

I repeat, unless there is a level playing field, the idea of competition remains an ivory tower concept. This will be the last time you will hear from me on any issue pertaining to education.

Sincerely,



BILL GOODLING
Member of Congress

WFG/pk
Enclosure

P.S. I will check with you later to see if you have had the opportunity to see this letter.

THE WHITE HOUSE

WASHINGTON

February 22, 1991

Dear Bill:

Thank you for your thoughtful letter concerning education and in particular the issue of education choice.

As you know, I have expressed support for a variety of choice strategies rather than any one particular method. Some States have implemented choice programs that include participation by all public schools within the State. Others have choice options that include public and private schools. No one approach may be best for all school districts in the country. Instead, States and localities should be free to adopt the choice program that is most appropriate for their communities. We seem to be making some real progress. Last year, choice legislation was introduced in sixteen States and enacted in five. It is my understanding that eleven States have now enacted choice in one form or another. More States are considering choice proposals in 1991 as well.

I was interested in your comments about the extent to which private and parochial schools were able to demonstrate success "with students the public schools did not want or could not handle." While I am sure that there are differing results in different jurisdictions, I am encouraged by reports that some inner-city private and parochial schools are, indeed, achieving significant success in educating economically disadvantaged children.

For example, according to one study, large city parochial schools frequently outperform public schools even though they enroll children from the same economic and social backgrounds. Chicago has 48,000 students attending 124 inner-city elementary schools and 16 inner-city high schools operated by the Catholic Archdiocese of Chicago. Although there is very little difference in the demographics of the students attending these parochial schools and those attending the Chicago public schools, the parochial schools show dropout rates of less than one percent compared to a 50 percent dropout rate for the

public schools. The parochial schools also report a college acceptance rate exceeding 70 percent. I understand that there are similar data with respect to parochial schools in Washington, D.C., and Cleveland, Ohio.

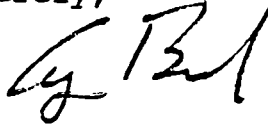
Research done by University of Chicago sociologist James Coleman based on a study of sophomores and seniors in 1,015 high schools in 1980 and 1982 found that Catholic schools significantly outperformed public schools. Coleman's "High School and Beyond" study showed that parochial school students have achievement levels that are 2.4 grade equivalents above those of public school students. Coleman has controlled for several factors, including socioeconomic background, and finds that these schools do not "cream" the best students from the public schools but nonetheless manage to show remarkable increases in student achievement.

The Department of Education is currently evaluating the choice program undertaken by the State of Minnesota, and I know that you will be keenly interested in the results of their efforts. Preliminary indications suggest that the program is working: in the first six months after Minnesota implemented its choice program for dropouts and at-risk students, over 700 dropouts returned to school. Additionally, some 34 percent of the 7,000 at-risk students served by Area Learning Centers are former dropouts. Consistent with the Federal role of disseminating information about what works in education, we will continue to share with the American public information about how choice programs are developing.

Our education reform strategy seeks to encourage an educational renaissance among all of America's schools, public and private. In my judgment, choice is one of the key elements that will help drive the necessary restructuring that I believe our education system needs. Allowing parents to choose their children's schools will introduce an element of competition that should enhance the quality of education for everyone. For these reasons I have sought to encourage choice by including new initiatives in our FY 1992 budget.

I hope this letter has answered some of your questions. If you like, I will ask Roger Porter to follow up with the Department of Education to see if additional data are available.

Sincerely,

A handwritten signature in dark ink, appearing to be "Ly B. Johnson", written in a cursive style.

The Honorable William F. Goodling
House of Representatives
Washington, D.C. 20515

CAPITOL OFFENDERS

A Budget Reform to Stop Congress from Breaking the Law

REPRESENTATIVE CHRISTOPHER COX

With the October 1 commencement of another fiscal year, the prospects for sane congressional management of our federal budget are gloomier than ever. Already, fiscal 1991 appropriations are far higher than last year's; and the crisis in the Persian Gulf—which has increased current military spending and renewed congressional willingness to spend on the national defense—has only added to the seemingly hopeless mismatch of revenues and expenses. Worse, even were the budget summit between Congress and the president to yield some grand solution to bring this year's numbers closer into balance, we would still have to deal with next year's, and the year's after. And the dismal truth is that history is not on our side.

Yet, the federal government's financial problems are not nearly so intractable as they first appear. The chronic failure to balance the budget is simply the inevitable result of a poorly designed congressional budget process, which not only permits but encourages violation of the very laws designed to force rational choices among competing priorities. The current process guarantees wasteful spending and financial chaos.

Outlaw Jim Wright

Not least among the reasons that the system is subject to manipulation and abuse is that very few people understand how it works. Even within the Congress itself, terms like "current services baseline," "section 302(b) allocation," and "undistributed offsetting receipts" often produce blank stares. The budget committees, whose members at least have the incentive and opportunity to understand the process, are powerless to enforce its requirements on the appropriations committees (which often spend in seeming disregard of budget guidelines), on the Congress as a whole, or even on themselves. The Congressional Budget and Impoundment Control Act of 1974, which sets out the current process, is routinely ignored; and there is no remedy at hand to enforce it. As in the Old West, the man with a gun can make his own law, and the current congressional leadership is doing just that.

On my very first day in Congress, then-Speaker of the House Jim Wright announced from the chair that he

intended to break the law. This may shock most Americans, but in fact it is routine business in Washington. Speaker Wright pledged in January 1989 that the House would complete work on the required 13 appropriations bills by the August recess. The law requires final action on these bills by June 30.

Imagine the consequences if you were to ignore the April 15 deadline for filing your income tax return. Yet when it comes to more than \$1 trillion in annual spending, that is precisely what Congress is now doing—and has been doing routinely throughout each of the 16 years since the passage of the 1974 Act. This violation of the law may have reached its apogee with the utter mismanagement of the fiscal 1990 budget, during the course of which the Congress violated every legal deadline; and the current year's process seems destined to continue that infamous record.

In place of the process mandated by law, the congressional leadership has built a totally extra-legal system whose complexity and incomprehensibility shield it from effective public scrutiny. Virtually no member of Congress—let alone the public—even reads the huge spending bills the Congress adopts. As if in an annual ritual, the president routinely faces a take-it-or-leave-it decision on a hastily crafted omnibus continuing resolution or 11th-hour reconciliation bill running into the thousands of pages and comprising virtually all federal spending for the entire year. The use of such measures has effectively vitiated the president's veto authority, since signing them is the only alternative to closing down the United States government.

Such a system serves only the interests of those who seek to guarantee that government spending is literally uncontrollable, and who assert that the only alternative to massive and ever-increasing deficits is massive and ever-increasing taxation. This was not, however, the intention of those who drafted and passed the 1974 Act. Rather, this law represented an effort to place taxing and spending decisions within the context of an overall budget.

REPRESENTATIVE CHRISTOPHER COX (R-CA) is co-chairman of the House Task Force on Budget Process Reform.

Failure of the 1974 Act

Until 1974, Congress never voted on a budget. Then, as now, the federal "budget" was simply the sum of the separately enacted annual appropriations bills, along with whatever financial commitments had been placed into law in prior years. To rectify this, the 1974 Act established the House and Senate Budget Committees, and provided for an annual budget to be adopted by Congress. The act required the passage of a non-binding first concurrent resolution on the budget early in the budgeting year, and a binding second concurrent resolution toward the end of that year. Additionally, it was intended that the second resolution would be enforced through reconciliation instructions that would require the various congressional committees to report to the floor whatever legislation was necessary to achieve the established targets. (In practice, Congress simply came to ignore the requirement that it pass a second budget resolution, and the requirement of two resolutions was done away with altogether in the first Gramm-Rudman-Hollings law, enacted in 1985.) Finally, the act set up a legally binding timetable to ensure the timely adoption of individual spending bills.

Certainly, providing for a floor vote on overall budget targets, mandating the timely adoption of spending bills, and enforcing overall budget limits through reconciliation represented positive steps. It is thus not for lack of a workable concept, but rather of effective enforcement mechanisms, that the 1974 Act has failed to bring order and coherence to the budgeting process and failed to bring discipline to congressional decisions to spend money.

Premises of the Cox Plan

To repair the broken-down congressional budget process, we must design a system with teeth in it to make sure that Congress doesn't again abandon it for some less-restrictive expedient. Beginning as a member of President Reagan's Working Group on Budget Process Reform, and now as co-chairman of the House Task Force on Budget Process Reform, I have developed a comprehensive proposal to rewrite the 1974 Act that would do just that. This new plan is based on the premises that an effective budget process must:

- encourage early consultation and cooperation between Congress and the president;
- produce decisions on overall budget levels early in the budgeting year;
- be evenhanded with respect to the president and Congress, not giving either an advantage in dealing with the other or in establishing spending priorities;
- tie each individual spending decision to an overall, binding budget total;
- require explicit decisions on spending levels for all federal programs, not just those arbitrarily deemed "controllable";
- prevent actual or threatened annual shut-downs of the federal government;
- be as simple as possible in concept and means of implementation, so that the process is clear and understandable to Congress and the public;
- not raise difficult questions of constitutionality;

- contain a bias in favor of spending restraint that could be overcome only if both the president and Congress wish to do so; and

- protect individual members of Congress against the political fallout from tough spending decisions by placing the burden to cut spending on the *process* rather than on specific legislators.

To accomplish these objectives, the 1974 Act should be amended to establish three related reforms. Congress should be required to enact a simplified budget, in the form of a legally binding joint resolution (as opposed to the present non-binding concurrent resolution), *before* any spending legislation can be considered. As a joint and not a concurrent resolution, the budget would be

Imagine the consequences if you were to ignore the deadline for filing your income tax return. Yet Congress has ignored its deadlines for 16 years.

presented to the president for his signature or veto, and would thus be more likely to reflect a decision on overall government spending that combines the priorities of both the president and Congress.

Second, the budget process should contain enforcement mechanisms that will keep Congress within its budget ceilings for *all* spending except Social Security and the interest on the debt. Also needed is a sustaining mechanism that would be triggered in the event Congress and the president fail to act, so that the federal government will not be shut down because of political deadlock.

These are the basic elements of the Budget Process Reform Act, which, together with other members of the House Task Force on Budget Process Reform, I will soon be introducing in Congress.

A One-Page Budget

The Budget Process Reform Act would require that Congress enact a legally binding budget (in the form of a joint resolution) by May 15 of each year. Until the budget is signed into law, no authorization or appropriations bill could come to a vote in either house. The budget would set ceilings on all federal spending (except Social Security and interest on the debt) for the coming fiscal year. It would fit on a *single page*—setting specified ceilings on government spending within the 19 summary categories currently used in the budget. Because the budget would contain only 19 numbers, it is far more likely that the Congress and the president could agree at this high level of abstraction on how much the federal

government should spend in the ensuing fiscal year. Numerous government programs and activities would be aggregated within each category, so that wrangling over the more detailed breakdown presently required in the president's budget submission could be avoided. (The president's budget in its present form would continue to be provided, but only after passage of the budget law. Just as now, the Congress would not be bound by its specifics.)

The budget enacted by Congress would also set ceilings for spending on entitlement programs. If the budget set a ceiling below the projected program outlays for the upcoming year, Congress would be required to effect a reconciliation with the budget ceiling by amending the organic statute for the entitlement program so as to meet the new ceiling.

The result would be the establishment of a binding budget, jointly reached by the Congress and the president early in the budgeting year.

The Two-Thirds Requirement

To end the sad spectacle of congressional law-breaking, the act contains three enforcement mechanisms to ensure that its provisions are observed, making it more likely that federal spending will be contained within the agreed-upon ceiling.

First, Congress would be permitted to enact spending legislation in excess of the budget ceilings only by a *supermajority vote*—two-thirds of both houses. Such a requirement would be constitutional: Article I, section 5, cl. 2 of the Constitution gives each house of Congress

The binding one-page budget and its enforcement mechanisms can protect members of Congress from some of the political consequences of tough budget decisions.

the power to determine its own rules. And although unprecedented in statute, two-thirds majorities have been required by the rules of the Senate. Senate Rule 22, for example—as amended in 1949—required the affirmative vote of two-thirds of the entire membership to end a filibuster.

The requirement of a supermajority for spending outside of a budget would provide a strong incentive for both the president and Congress to reach agreement on the budget, since neither—although perhaps for different reasons—would wish to be in the situation where all spending requires a supermajority vote. It would also

provide a powerful tool to hold the Congress to the budget choices it makes. Thus, for example, if Congress wished to enact an appropriation that, together with other appropriations in the particular budget category, would exceed the budgeted ceiling for that category, this would subject all appropriations in that category to a two-thirds vote. Likewise, if Congress and the president failed to enact a budget, then all authorizing and appropriating legislation would require a supermajority for passage. The only way to adopt spending proposals by simple majority would be to authorize and appropriate within the ceilings of a duly enacted budget law.

No More Blank Checks

Second, Congress would be required to determine the desired level of spending for each federal program except Social Security and interest on the debt. Open-ended, "blank-check" appropriations—such as those for entitlement programs, which authorize the spending of "such sums as may be necessary"—would be banned.

Under the current system, any member of Congress who seeks to cut spending on entitlements must introduce legislation and obtain an affirmative vote to do so. But anyone who wishes to increase spending on any program with an open-ended appropriation need only sit back and watch it go. By requiring the Congress to decide how much it is willing to spend on a program during the coming fiscal period, the new act will level the playing field for spending cuts *and* spending increases. At the same time, it should be emphasized, requiring fixed-dollar appropriations for all federal programs will not in any way mandate reductions in entitlements. Congress would be able to decide to spend as much as it wants on entitlement programs. It would simply have to make that decision with every budget.

Entitlement programs are not "uncontrollable," merely uncontrolled. While the specifics often vary program by program, virtually all open-ended entitlements require that payments be made to any person or unit of government that meets eligibility requirements established by law. All persons who meet the program's eligibility requirements receive benefits to which they are "entitled"—regardless of the aggregate cost in any fiscal period.

Agency-Adjusted Benefits

But there is nothing requiring that entitlement programs have open-ended appropriations. Indeed, Senator Richard Lugar proved that fixed-dollar appropriations can be used for entitlement programs with his amendment to the Food Stamp program. As a result of the Lugar Amendment, the Food Stamp program operates from a fixed-dollar annual appropriation, but nevertheless entitles eligible households to receive certain levels of benefits. If the Secretary of Agriculture concludes that projected outlays will exceed the amount appropriated, he or she is required to recalculate the allotment to which each household will be entitled in order to keep expenditures within the statutory ceiling.

Following this model, the new act authorizes the heads of the relevant cabinet departments and agencies to adjust benefit levels and eligibility requirements when-

ever entitlement spending exceeds the dollar amount actually appropriated by Congress.

President as Enforcer

Third, with respect to any spending in excess of the budget ceilings, the president would be granted *enhanced rescission authority*—that is, authority to rescind the over-budget portion of any spending unless Congress were to enact legislation expressly disapproving the specific rescission. This authority would be applicable only to the over-budget portion of proposed spending: the president, in other words, would simply be enforcing Congress's own budget decisions, as enacted into law. The president would also be granted authority to effect rescissions of any spending authorized or appropriated in excess of the previous year's funding levels in the event no budget were enacted.

To maintain the integrity of congressional control over the legislative process, the Congressional Budget

Office, not the Office of Management and Budget, would be the "scorekeeper" for determining whether particular authorization and appropriations measures are consistent with the budget ceilings, and consequently whether the supermajority vote or rescission authority mechanisms are applicable. A supermajority vote would be required for any spending legislation that would exceed the budget ceiling for one of the 19 budget categories.

To make sure Congress doesn't "sandbag" the process by withholding action on critically important programs that can easily command a two-thirds vote, while filling up a category piecemeal with less urgent spending proposals, passage of the first over-budget spending would subject *all* spending legislation in that category to a supermajority vote. And, to permit the CBO to evaluate individual spending proposals when Congress has failed to act on an entire category, the supermajority requirement would also be triggered in the event that outlays

How Congress Broke the Law with the 1990 Budget

LEGAL DEADLINE	ACTION REQUIRED BY LAW	RESULT
January 9, 1989	White House budget due.	Submitted, as required by law, January 9.
February 15	Congressional Budget Office to submit report to budget committees.	CBO violated the law: report not submitted until February 23.
April 1	Senate Budget Committee to report concurrent resolution.	Senate violated the law: not reported until April 19.
April 15	Congress to clear concurrent resolution on budget.	Congress violated the law: not cleared until May 18.
May 15	Appropriations bills allowed in House.	House violated the law: first appropriation bill not considered until June 28.
June 10	House Appropriations Committee reports last annual appropriation bill.	House violated the law: as of June 23, only one committee markup complete.
June 15	Congress completes reconciliation legislation.	Congress violated the law: reconciliation bill not cleared until November 22.
June 30	House completes action on 13 annual appropriations bills.	House violated the law: only one was passed on time. House action was not completed until November 20.
July 15	Committees required by budget resolution to have submitted instructions for reconciliation.	Congress violated the law: fully half of committee instructions were late.
October 1	Fiscal year begins.	Congressional failure to act caused Gramm-Rudman ax to fall.
October 16	Under Gramm-Rudman, automatic cuts of \$16 billion in defense, domestic programs take effect.	Late reconciliation bill keeps the meat-ax hacking for more than four months—until February 8, 1990.

Sources: *Congressional Quarterly*, Library of Congress, United States Code

for a specific program under consideration, when added to the inflation-adjusted previous year's outlays for all other programs within the category, would exceed the budget ceiling in that category. The president's rescission authority would apply to any spending for which a supermajority vote was required.

These three enforcement mechanisms—the supermajority vote, fixed-dollar appropriations, and enhanced rescission authority for the president—ensure that the budget process will no longer be ignored. They do not, however, weaken the congressional power of the purse. Once a budget has been enacted, these mechanisms place procedural barriers in the way of *only that spending that would exceed the limits* to which Congress and the president have already committed themselves by law.

Averting a Shutdown

The final element in the Budget Process Reform Act is the sustaining mechanism—an *automatic continuing resolution*. In the event Congress fails by October 1 to complete action on appropriations for any program or activity, the previous year's funding level would automatically be reappropriated for the upcoming fiscal year. This mechanism has the virtue of avoiding the temporary

Rescission authority would apply only to the over-budget portion of proposed spending: the president would simply be enforcing Congress's own budget decisions, as enacted into law.

shutdown of the government for lack of funds, while providing an additional incentive for Congress and the president to authorize and appropriate through the budget process. Unlike the Gramm-Rudman sequester, this continuing resolution would apply to all spending, except Social Security and interest. A freeze at the prior year's levels would be a result that both branches will wish to avoid, since each is likely to feel that there are some important accounts that should be dealt with differently than in the previous year. An added virtue of this sustaining mechanism is its bias in favor of spending restraint. If no action is taken, spending does not increase from year to year.

The sustaining mechanism is *not* the preferred means of determining federal spending levels, but rather is a form of disaster insurance against the contingency that

the Congress and the president do absolutely nothing. The government does not shut down, and the Congress is not tempted to lay at the president's feet the night before October 1 a mountainous appropriations bill that he cannot read and must sign if he wishes to avoid shutting down the government.

A Politician's Dream

The problems of runaway spending and lack of accountability are not new—they're simply getting worse. Now, our huge federal borrowing is threatening to increase interest rates and inflation, and to destroy the overall health of the economy. The amount of taxes each of us will pay next year, the cost of our home loans and car payments, our career opportunities, the value of our retirement savings—all are dependent on whether Congress finally tames the budget beast. No longer will it suffice to consider one or two discrete repairs to the process, such as a line-item veto or new Gramm-Rudman-Hollings targets. While such reforms are needed, only a comprehensive rewrite of the 1974 Act will go to the heart of the problem: an undisciplined, out-of-control budget process.

There is reason to be sanguine about the near-term prospects for this proposed comprehensive reform of the budget process. Like Representative Dick Armey's base-closing commission and the Gramm-Rudman-Hollings sequester, the binding one-page budget and its enforcement mechanisms can protect members of Congress from some of the political consequences of tough budget decisions. The procedures themselves can take the heat for any unpopular spending cuts that might become necessary in order to meet the budget. First, because the budget ceilings are adopted early in the process and at a macroeconomic level, voting for a responsible budget will be politically less difficult than voting against specific spending bills. Even more important, the enforcement and sustaining mechanisms—supermajority vote, rescission authority, automatic continuing resolution—will permit politicians to say "yes" while the system says "no." That is a politician's dream. So for those in Congress who are concerned about the deficit, but who are unwilling to make an unpopular decision, the Budget Process Reform Act is ideal. The majority party of Congress should also presumably be interested in an act that would permit them to determine spending priorities with just a majority vote.

I believe a majority in the Congress could be persuaded to vote for a thoroughgoing reform of the 1974 Act. An encouraging sign was the recent 279-150 vote in the House of Representatives in favor of a constitutional amendment requiring a supermajority vote for an unbalanced budget. The time has arrived for this bipartisan coalition of fiscal conservatives to go further and address the root causes of our budget crisis. If we are successful in bringing budget process reforms to a vote, the nation will discover for certain whether the Congress is serious about its responsibility to the taxpayer, to our economy, and to future generations of Americans. ■

HERITAGE TALKING POINTS

A Checklist on Vital National Issues

Politics, Markets And America's Schools

A Summary

By Jeanne Allen



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POLITICS, MARKETS AND AMERICA'S SCHOOLS:

A Summary

By Jeanne Allen

INTRODUCTION

*A recently published book by the Washington, D.C.-based Brookings Institution dramatically has changed the education debate. Politics, Markets and America's Schools by Brookings senior fellow John E. Chubb and Stanford University Professor of Political Science Terry M. Moe calls for a radical overhaul of American public education. The book is a "must read" for policy makers and opinion leaders. This summary provides an overview of its major findings and recommendations.*¹

This major study published this summer by the Brookings Institution finds that the organizational structure of the public school system is the major roadblock to improving American education. As such, the Chubb-Moe study offers a powerful endorsement of the educational choice movement. Their data are exhaustive and unprecedented: a ten-year study of 500 schools and 20,000 principals, teachers, and students. From this the authors conclude that reform efforts that have relied on government solutions have failed because government itself is the problem. The authors conclude that true market competition, with parents choosing among both private and public schools, is essential to success.

Classifying schools as either "effective" or "ineffective," the study finds that effective schools are characterized by greater principal control over personnel decisions, clear goals, strong leadership, high teacher professionalism, and ambitious academic programs. Student ability, school organization, and family background respectively are the most significant causes of student achievement. A student in an effectively organized school can expect to gain more than a year of achievement over the normal four-year high school experience.

Chubb's and Moe's research confirms earlier effective schools research by James S. Coleman, Professor of Sociology and Education at the University of Chicago, University of Illinois Professor of Education Herbert Walberg, and Eric Hanushek, Professor of Economics at Rochester University. Unlike the earlier research, however, the Brookings study actually measures the influence of school organization and other factors on student achievement.

1 John E. Chubb and Terry M. Moe, *Politics, Markets and America's Schools* (Washington, D.C.: The Brookings Institution, 1990). Available from the Brookings Institution, 1775 Massachusetts Avenue, N.W., Washington, D.C. 20036. Phone: (202) 797-6000. Hardcover, \$28.95; paper, \$10.95.



The study finds little correlation between quality education and teacher salaries, per-pupil spending, and student-teacher ratios. Example: annual teacher salaries in effective schools average less than \$1,000 more than salaries in ineffective schools. Per-pupil spending in effective schools is approximately only \$150 more than in ineffective schools. Student-teacher ratios at effective schools average only two students less than at ineffective schools.



In ineffective schools, principals' management of staff typically is restrained by tenure laws, certification requirements, and other "civil-service-like" regulations while principals in effective schools tend to have greater flexibility in employee selection and retention. Goals in effective schools tend to be clear and academically oriented while those in ineffective schools tend to place less emphasis on academics. While nearly 30 percent of all high performance schools rate academic excellence as their top priority, only 12 percent of low performance schools do so. Because of the significant impact high expectations can have on student achievement, this is a significant distinction.



Effective schools tend to be led by principals who take a greater interest in education and give greater respect to and autonomy to individual teachers while ineffective schools more often are governed by principals who seek "advancement in the administrative hierarchy."



The on-job performance of teachers and principals tends to be more centralized with respect to curriculum and teaching methods in ineffective schools than in effective schools. This centralization burdens the schools with excessive bureaucracy, while stifling creativity, achievement, and effective organization.

Many of the Chubb-Moe conclusions, like the key role of the principal, have been understood for some time. What has been missing, however, are the mounds of data which Chubb and Moe have compiled confirming the conclusions. Then the authors pose the central question: "If the key to quality education is principals who give greater autonomy to teachers, what kind of system nurtures such principals?" Chubb and Moe answer: "A highly competitive school system in which competent principals are rewarded by growing enrollments, while incompetent principals are punished by falling enrollment." In sum, good principals create the kinds of schools that would succeed in responding to market demands.

Chubb and Moe also find a wide variation in the overall school environment between effective and ineffective schools. Example: nearly 64 percent of students in effective schools are enrolled in an academic track while only 28 percent in ineffective schools are. Example: among teachers in effective schools, teacher professionalism was rated above average in 59 percent of the schools; in ineffective schools professionalism was rated above average in only 28 percent. Example: principals' motivation is above average in 62 percent of effective schools and only in 19 percent of ineffective schools.

DEREGULATING EDUCATION

To produce an environment conducive to effective schools, Chubb and Moe advocate a radical restructuring of public education. Their proposal relies on deregulating both the supply and demand for education through competitive markets and parental choice.



To create a competitive market, Chubb and Moe propose a system where parents receive "scholarships" equal to the amount of money that the state and local school districts have allocated for each pupil. With the "scholarships" the parents are given the power to choose their child's school. Individual schools, in turn, would control organizational operations such as curriculum development, hiring and retention policy, and budgeting.



The new system of public education would allow new schools to open and would create a new educational marketplace. The state's accrediting authority would be limited to the establishment of minimal graduation standards, enforcement of health and safety standards, and teacher certification. Schools which met these requirements would be eligible to receive scholarships. Competition for scholarships would force schools to provide a quality education or go out of business. Only a consumer-driven system which relies on market principles such as choice and competition, say Chubb and Moe, can improve American education.



Just as market forces improve the quality of consumer goods, competition between schools would improve the quality of American education. The "scholarship" would transform parents into consumers with purchasing power for which schools would compete. Money no longer would flow into schools without accountability. Instead, schools would receive state money based on the parents' choice.



The role of the state education bureaucracy would be limited to the establishment of a Choice Office in each district to keep accurate school records, to keep track of funding levels and to establish a Parent Information Center (PIC). The PIC would collect information on schools and assist parents in deciding their child's school. Beyond this, each school would plan budgets, set curriculum, adopt hiring policies and administer its own testing and accountability procedures. The ultimate accountability for whether schools survive would rest with the consumers, as it does with any other enterprise in America. Good schools would keep their students; poor schools would lose students.

CHOICE SUCCESS STORIES

While Chubb and Moe were researching the data on school organization, several localities began trying to restore to their communities the kind of local control that Chubb and Moe conclude is the key to a good school. Typical have been the Milwaukee, Wisconsin voucher plan, spearheaded by State Representative Polly Williams (a Democrat), and an unprecedented statewide tax credit initiative in Oregon. Although the Oregon initiative was defeated on November 6, nearly 40 percent of the voters supported it.

There are many other choice success stories. Examples:



The earliest evidence of choice working came from New York's East Harlem school district. In 1974, the school district gave teachers the ability to plan curriculum and gave parents the right to choose among diverse programs the teachers had created. The resulting competition increased education quality. Graduation rates shot up to more than 90 percent from less than 50 percent; the district, which ranked last of New York City's 32 districts, climbed to 16th in basic skills testing; community morale soared as the choice program brought parents and teachers together to work on behalf of their children. Before the program, it was widely assumed that East Harlem's parents, largely single mothers on welfare, were little concerned about their children; this apparently was absolutely untrue. When given a chance to do something directly to improve their children's education, parents responded overwhelmingly. The children are strong choice proponents, and say it gives them a sense of ownership and pride in their schools that they did not have before. Administrators, too, hailed the program. Says Sy Fliegel, former East Harlem administrator, "It's an old capitalist idea, that people just treat what they own much better than things they don't own."



In Minnesota, boasting America's first statewide open-enrollment plan, the pressures of competition prompted several high schools to increase the number of advanced placement courses offered to their students. In 1987, the program's first year, over 2,000 dropouts returned to school through the new choice plan.



Dropout clinics in Washington State long have educated the at-risk child; students choose to attend the program, which prepares them to return to the classroom or complete a General Equivalency Degree (GED). Students receive basic skills instruction and are required to adhere to a code of ethics requiring honesty, responsibility, and courtesy. Since the program's inception in 1977, participants completing the program are 70 percent less likely to be jailed and 50 percent less likely to be receiving welfare benefits than before entering the program.



Magnet schools, federally-funded programs designed to assist districts that are undergoing court-ordered desegregation, are also schools of choice. Magnets in Prince Georges County, Maryland, New Haven, Connecticut, and other cities nationwide are operated as schools of choice; parents vie for slots in these schools by lottery or on a first-come, first-served basis. Parents stand in line for days to sign up for academically challenging programs. Because magnet schools must compete for students, their educational quality is usually better than the public schools. They have also succeeded in creating racial balances through voluntary desegregation.



Richmond, California began its choice program in 1987 to deal with longstanding troubles such as poor attendance, a high rate of suspensions and low student achievement. Since the program began, student test scores in English, reading, and math have risen, and unexcused absences and expulsions have dropped. The district draws from heavily minority and ethnic communities, and choice is credited with improving the education for the most at-risk students.

CONCLUSION

For the first time in years, the education establishment and defenders of the status quo are being challenged by the intellectual merits of educational choice. Scores of community activists welcomed the Chubb and Moe study's contribution's to their efforts on behalf of educational equity. *Politics, Markets and America's Schools* has changed the course of the educational reform debate in the United States, and promises hope to parents who are demanding change. As the authors conclude, choice is a panacea — one that lawmakers should embrace as the answer to the failure of American education.



DRAFTApril 10, 1991
7:00 P.M.**DRAFT POTUS LETTER TO THE BIPARTISAN CONGRESSIONAL LEADERSHIP**

Six months ago, the Administration and a bipartisan majority in the Congress agreed to remove Social Security from the federal budget. The advocates of this action argued that it was necessary to help protect Social Security. To this end, we also agreed to implement a "firewall" procedure requiring a super-majority vote in the Senate to protect against efforts to deplete the Social Security trust fund balances.

It now appears that there is a Senate loophole in those procedures. It was slipped into last year's budget legislation without the knowledge or approval of many of those who participated in the budget summit. Recently, Senator Domenici and Senator Dole introduced legislation to repair the Social Security "firewall". I support this legislation and urge the Senate to adopt it immediately.

It is my understanding that some may attempt to exploit this loophole during Senate consideration of the Congressional Budget Resolution. They may propose an amendment to clear the way for legislation to weaken the Social Security system. Senator Moynihan's proposal, for example, would return Social Security to the same financing scheme that drove the system to the brink of insolvency in 1982. His proposal would drain roughly \$23 billion from Social Security trust fund reserves in 1992 and \$190 billion by the end of 1996. Under pessimistic economic assumptions, adoption of his legislation could again threaten to bankrupt the Social Security system. It is little wonder that former Social Security Commissioner Ball, the American Association of Retired Persons, and the National Council of Senior Citizens all oppose the Moynihan proposal.

Senator Moynihan argues that his plan makes the tax code more fair. This is a shell-game. His proposal would force tomorrow's workers and their employers to pay higher taxes -- or else it would reduce benefits for future disabled workers, retirees, and their families.

We rescued the Social Security system eight years ago on a bipartisan basis. When we did, we made a promise to every American who receives Social Security benefits, to those who support the system today, and to those who will rely on it when they retire. We have worked together to assure that today's benefits are fully funded and that the system will be strong enough to continue providing benefits to future retirees. I intend to assure that we keep our promise. The last thing we need to do now is to mess with Social Security.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Memo	From Steve Gunderson to Newt Gingrich Re: Domestic Agenda (3 pp.)	n.d.	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: House of Representatives - Miscellaneous 1991

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

Date Closed:	1/4/2005	OA/ID Number:	29161-001
FOIA/SYS Case #:	1998-0004-F[2]	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:	

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 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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 (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

To: Newt

From: Steve Gunderson

THE CHIEF of STAFF
has seen

Per your discussions with John Sununu, you asked me to develop for you a memo defining the President's Domestic Agenda -- a six month plan. This is a conceptual outline. If it meets with you or John's approval, I will be happy to develop the concepts into projects and timelines.

1. FRAMING THE VICTORY:

First, for the President and the Republicans to receive proper credit for the amazing victory we must define both the terms of the victory and the terms of the celebration.

America wants to be a winner! We must give them the chance to celebrate. And in the process, they identify with our values. The celebration must include the Presidential speech to a joint session, followed by a victory parade down Pennsylvania Ave. But we can't just do this in Washington. The President, and all of us must then go to the country.

Let's frame the victory:

- Standing for principle and leadership
- Strength is still necessary
- Military R&D pays off.

2. DRIVE THE DEBATE ON VETERAN'S BENEFITS:

The President must use his high approval ratings to drive this issue. Democrats will seek to break the budget and regain veterans votes through a blank check for the veterans. The President alone can and must set the agenda. And he must do so in his speech to the nation. "Let's not bankrupt the veteran's future".

3. TAKING THE DOMESTIC OFFENSIVE:

The President can frame the domestic agenda. We must fight this fight on our terms, not the Democrats. I believe three general themes guide our planning:

A. Growth and Opportunity:

- The Budget: A deal is a deal!
- The Growth Package: Sell it for Small business and farms; Sell it in small towns and rural America. That's the way to eliminate the fairness argument.
- The Trade Package: It must be sold as simply creating Jobs! And it can quickly become a party defining issue, incidentally -- one we would lose on the floor of the House today.

B. The Best Defense is a Good Offense:

Education:

- The President's Education Package (math & Science)
- Flexibility and Choice.
- Higher Education Reauthorization:
Its up this year. Without spending new money, we could change the whole debate by focusing on the 49% of post secondary students, who today are non tradition and not eligible for help. This is crucial to competitiveness.

Civil Rights:

- Race Based Scholarships. With the reauthorization of Higher Ed up this year, we can't avoid the issue. But with my proposed language, we can successfully show the difference between affirmative action (were for) and quotas (were against).
- Civil Rights: Simply ask the Democrats and America: Do you want a bill or an issue? Here is a Civil Rights Bill, without quotas, damages or jury trials.

Labor:

- Consider the agenda: Parental Leave, Strikebreaker, OSHA Criminal Penalties, Pension reform (Visclosky), etc. Their goal is simply a host of vetoes by the President and votes to sustain by Congressional Republicans.

We must do two things: Insist labor law be reviewed in its entirety, not piecemeal. And Insist that in doing so we prepare and rewrite our laws to respond to a hi-tech work place, a different workforce and a global market place.

I propose the President appoint a bipartisan blue ribbon Commission to review American Labor law. The Commission if properly constructed can serve a real purpose policy wise. Politically, it gives Republicans perhaps the best argument of all for not dealing with the labor law proposals until after the Commission reports, after the 92 election!

Energy:

-We must drive the debate on a new energy policy. IN the absence of doing so we will get killed on this issue by Dems and environmentalists. The issue must be refocused: "Has America's best years passed us bye? Or can we still develop policies of growth, within the sensitivities to conservation and concern for the environment?"

4. A MORE SECURE FUTURE:

We can't forget the reality that America's feel threatened. They believe they are not getting ahead, they are not even keeping pace. They are falling behind! Republicans must show we are not only militarily strong and fiscally conservative. We must also be socially sensitive!

Health Care:

-I have no answers. The Administration Has numerous small initiatives. But I do know this is the pocketbook issue of the 90's. And we must develop a visible basis by which to drive the debate -- malpractice may be it.

Financial Reform:

-The concept of not being able to use your bank for a week is devastating! The reality that banks and Savings & Loans are in trouble tells people their money is not secure. We need to reframe the rhetoric to one of "security".

Crime and Drugs:

-The issues and debate here are obvious. They may reappear on the polls and surveys by late summer.

Campaign Reform:

-Americans are still anti-politician. Republicans have a unique chance to become real reformers is we aggressively push this issue. It may be the reform that brings victories in 92.

 LEGI-SLATE Report for the 101st Congress Fri, November 9, 1990 5:46pm (EST)

Recorded vote in the HOUSE (Vote 2162: 294-123) (Dem: 236-7; Rep: 58-116)

Voting on:

H.R.2364 BY LUKEN, THOMAS (D-OH) -- AMTRAK Reauthorization and Improvement Act
 of 1990 (Vetoed 5/24/90)

06/07/90 -- IN THE HOUSE

Passed over President's veto (VOTE NO. 2162:294-123)

(House voted to override the President's veto of H.R. 2364, to amend the Rail
 Passenger Service Act to authorize appropriations for the National Railroad
 Passenger Corporation (two-thirds of those present voting in favor))

-----294 Members Who Voted 'YES'-----

ACKERMAN (D-NY)	HALL, TONY (D-OH)	PETRI (R-WI)
ALEXANDER (D-AR)	HAMILTON (D-IN)	PICKETT (D-VA)
ANDERSON (D-CA)	HARRIS (D-AL)	PICKLE (D-TX)
ANDREWS (D-TX)	HATCHER (D-GA)	POSHARD (D-IL)
ANNUNZIO (D-IL)	HAYES, CHARLES A. (D-IL)	PRICE, DAVID (D-NC)
ANTHONY (D-AR)	HAYES, JAMES A. (D-LA)	RAHALL (D-WV)
APPLEGATE (D-OH)	HEFNER (D-NC)	RANGEL, CHARLES (D-NY)
ASPIN (D-WI)	HERTEL (D-MI)	RAVENEL (R-SC)
ATKINS (D-MA)	HOAGLAND (D-NE)	RAY (D-GA)
AUCOIN (D-OR)	HOCHBRUECKNER (D-NY)	REGULA (R-OH)
BARNARD (D-GA)	HORTON (R-NY)	RICHARDSON (D-NM)
BATEMAN (R-VA)	HOYER (D-MD)	RIDGE (R-PA)
BATES (D-CA)	HUCKABY (D-LA)	RINALDO (R-NJ)
BEILENSEN (D-CA)	HUGHES (D-NJ)	ROBERTS, PAT (R-KS)
BENNETT (D-FL)	JACOBS (D-IN)	ROE (D-NJ)
BENTLEY (R-MD)	JENKINS (D-GA)	ROSE (D-NC)
BERMAN (D-CA)	JOHNSON, NANCY (R-CT)	ROSTENKOWSKI (D-IL)
BEVILL (D-AL)	JOHNSON, TIMOTHY P. (D-SD)	ROUKEMA (R-NJ)
BILBRAY (D-NV)	JONES, BEN (D-GA)	ROWLAND, JOHN (R-CT)
BLILEY (R-VA)	JONES, WALTER (D-NC)	ROWLAND, ROY (D-GA)
BOEHLERT (R-NY)	JONTZ (D-IN)	ROYBAL (D-CA)
BOGGS (D-LA)	KANJORSKI (D-PA)	RUSSO (D-IL)
BONIOR (D-MI)	KAPTUR (D-OH)	SABO (D-MN)
BORSKI (D-PA)	KASTENMEIER (D-WI)	SANGMEISTER (D-IL)
BOSCO (D-CA)	KENNEDY, JOSEPH (D-MA)	SARPALIUS (D-TX)
BOUCHER (D-VA)	KENNELLY (D-CT)	SAVAGE (D-IL)
BRENNAN (D-ME)	KILDEE (D-MI)	SAWYER (D-OH)
BROOKS (D-TX)	KLECZKA (D-WI)	SCHAEFER (R-CO)
BROWDER (D-AL)	KOLTER (D-PA)	SCHEUER (D-NY)
BROWN, GEORGE (D-CA)	KOSTMAYER (D-PA)	SCHNEIDER (R-RI)
BRUCE (D-IL)	LAFALCE (D-NY)	SCHROEDER (D-CO)
BRYANT, JOHN (D-TX)	LAGOMARSINO (R-CA)	SCHUMER (D-NY)
BUSTAMANTE (D-TX)	LANCASTER (D-NC)	SERRANO (D-NY)
BYRON (D-MD)	LANTOS (D-CA)	SHARP (D-IN)
CALLAHAN (R-AL)	LAUGHLIN (D-TX)	SHAYS (R-CT)
CAMPBELL, BEN (D-CO)	LEACH, JAMES (R-IA)	SHUSTER (R-PA)
CARDIN (D-MD)	LEHMAN, WILLIAM (D-FL)	SIKORSKI (D-MN)
CARPER (D-DE)	LENT (R-NY)	SISISKY (D-VA)
CARR (D-MI)	LEVINE, MEL (D-CA)	SKAGGS (D-CO)
CHAPMAN (D-TX)	LEVIN, SANDER (D-MI)	SKELTON (D-MO)

CLARKE (D-NC)
CLAY (D-MO)
CLEMENT (D-TN)
COLLINS (D-IL)
CONDIT (D-CA)
CONTE (R-MA)
CONYERS (D-MI)
COOPER (D-TN)
COSTELLO (D-IL)
COYNE, WILLIAM (D-PA)
CROCKETT (D-MI)
DARDEN (D-GA)
DAVIS, ROBERT (R-MI)
DE FAZIO (D-OR)
DE LA GARZA (D-TX)
DELLUMS (D-CA)
DERRICK (D-SC)
DEWINE (R-OH)
DICKS (D-WA)
DINGELL (D-MI)
DIXON, JULIAN (D-CA)
DONNELLY (D-MA)
DORGAN, BYRON (D-ND)
DOWNEY, THOMAS (D-NY)
DURBIN (D-IL)
DWYER (D-NJ)
DYMALLY, MERVYN (D-CA)
DYSON (D-MD)
EARLY (D-MA)
ECKART (D-OH)
EDWARDS, DON (D-CA)
EMERSON (R-MO)
ENGEL (D-NY)
ERDREICH (D-AL)
ESPY (D-MS)
EVANS, LANE (D-IL)
FASCELL (D-FL)
FAZIO (D-CA)
FEIGHAN (D-OH)
FLAKE (D-NY)
FOGLIETTA (D-PA)
FORD, HAROLD (D-TN)
FORD, WILLIAM (D-MI)
FRANK (D-MA)
FROST (D-TX)
GALLO (R-NJ)
GAYDOS (D-PA)
GEJDENSON (D-CT)
GEPHARDT (D-MO)
GIBBONS (D-FL)
GILMAN (R-NY)
GLICKMAN (D-KS)
GONZALEZ (D-TX)
GORDON (D-TN)
GRANDY (R-IA)
GRAY, WILLIAM (D-PA)
GREEN (R-NY)
GUARINI (D-NJ)

LEWIS, JOHN (D-GA)
LIGHTFOOT (R-IA)
LIPINSKI (D-IL)
LLOYD (D-TN)
LONG (D-IN)
LOWEY, NITA (D-NY)
LUKEN, THOMAS (D-OH)
MACHTLEY (R-RI)
MADIGAN (R-IL)
MANTON (D-NY)
MARKEY (D-MA)
MARLENEE (R-MT)
MARTINEZ (D-CA)
MARTIN, DAVID (R-NY)
MATSUI (D-CA)
MAVROULES (D-MA)
MAZZOLI (D-KY)
MCCLOSKEY (D-IN)
MCDERMOTT (D-WA)
MCGRATH (R-NY)
MCHUGH (D-NY)
MCMILLAN, ALEX (R-NC)
MCMILLEN, TOM (D-MD)
MCNULTY (D-NY)
MEYERS (R-KS)
MILLER, GEORGE (D-CA)
MILLER, JOHN (R-WA)
MINETA (D-CA)
MOAKLEY (D-MA)
MOLLOHAN (D-WV)
MONTGOMERY (D-MS)
MORELLA (R-MD)
MORRISON, BRUCE (D-CT)
MRAZEK (D-NY)
MURPHY (D-PA)
MURTHA (D-PA)
MYERS (R-IN)
NAGLE (D-IA)
NATCHER (D-KY)
NEAL, RICHARD (D-MA)
NOWAK (D-NY)
OBERSTAR (D-MN)
OBEY (D-WI)
OLIN (D-VA)
ORTIZ (D-TX)
OWENS, MAJOR (D-NY)
PALLONE (D-NJ)
PANETTA (D-CA)
PARKER (D-MS)
PARRIS (R-VA)
PASHAYAN (R-CA)
PATTERSON (D-SC)
PAYNE, DONALD (D-NJ)
PAYNE, LEWIS (D-VA)
PEASE (D-OH)
PELOSI (D-CA)
PENNY (D-MN)
PERKINS (D-KY)

SLATTERY (D-KS)
SLAUGHTER, D. FRENCH (R-VA)
SLAUGHTER, LOUISE (D-NY)
SMITH, CHRISTOPHER (R-NJ)
SMITH, LAMAR (R-TX)
SMITH, LAWRENCE (D-FL)
SMITH, NEAL (D-IA)
SMITH, PETER (R-VT)
SMITH, ROBERT F. (R-OR)
SNOWE (R-ME)
SOLARZ (D-NY)
SOLOMON (R-NY)
SPRATT (D-SC)
STAGGERS (D-WV)
STALLINGS (D-ID)
STANGELAND (R-MN)
STARK (D-CA)
STENHOLM (D-TX)
STOKES (D-OH)
STUDDS (D-MA)
SWIFT (D-WA)
SYNAR (D-OK)
TALLON (D-SC)
TANNER (D-TN)
TAUKE (R-IA)
TAUZIN (D-LA)
TAYLOR (D-MS)
THOMAS, ROBERT (D-GA)
THOMAS, WILLIAM (R-CA)
TORRES (D-CA)
TORRICELLI (D-NJ)
TOWNS (D-NY)
TRAFICANT (D-OH)
TRAXLER (D-MI)
UDALL (D-AZ)
UNSOELD (D-WA)
VALENTINE (D-NC)
VANDER JAGT (R-MI)
VENTO (D-MN)
VISCLOSKY (D-IN)
VOLKMER (D-MO)
WALGREN (D-PA)
WALSH (R-NY)
WASHINGTON (D-TX)
WAXMAN (D-CA)
WEISS (D-NY)
WELDON (R-PA)
WHEAT (D-MO)
WHITTAKER (R-KS)
WHITTEN (D-MS)
WILLIAMS, PAT (D-MT)
WILSON, CHARLES (D-TX)
WISE (D-WV)
WOLF (R-VA)
WOLPE (D-MI)
WYDEN (D-OR)
YATES (D-IL)
YATRON (D-PA)

ARCHER (R-TX)	GINGRICH (R-GA)	MOLINARI (R-NY)
ARMEY (R-TX)	GOODLING (R-PA)	MOORHEAD (R-CA)
BAKER (R-LA)	GOSS (R-FL)	MORRISON, SID (R-WA)
BALLENGER (R-NC)	GRADISON (R-OH)	NEAL, STEPHEN (D-NC)
BARTLETT (R-TX)	GRANT (R-FL)	NIELSON, HOWARD (R-UT)
BARTON (R-TX)	GUNDERSON (R-WI)	OXLEY (R-OH)
BEREUTER (R-NE)	HALL, RALPH (D-TX)	PACKARD (R-CA)
BILIRAKIS (R-FL)	HAMMERSCHMIDT (R-AR)	PAXON (R-NY)
BROOMFIELD (R-MI)	HANCOCK (R-MO)	PORTER (R-IL)
BROWN, HANK (R-CO)	HANSEN (R-UT)	QUILLEN (R-TN)
BUECHNER (R-MO)	HASTERT (R-IL)	RHODES, III (R-AZ)
BUNNING (R-KY)	HEFLEY (R-CO)	RITTER (R-PA)
BURTON (R-IN)	HENRY (R-MI)	ROBINSON (R-AR)
CAMPBELL, TOM (R-CA)	HERGER (R-CA)	ROGERS (R-KY)
CHANDLER (R-WA)	HILER (R-IN)	ROHRBACHER (R-CA)
CLINGER (R-PA)	HOLLOWAY (R-LA)	ROS-LEHTINEN (R-FL)
COBLE (R-NC)	HOPKINS (R-KY)	ROTH, TOBY (R-WI)
COLEMAN, THOMAS (R-MO)	HOUGHTON (R-NY)	SAIKI (R-HI)
COMBEST (R-TX)	HUBBARD (D-KY)	SCHIFF (R-NM)
COUGHLIN (R-PA)	HUNTER (R-CA)	SCHUETTE (R-MI)
COURTER (R-NJ)	HYDE (R-IL)	SCHULZE (R-PA)
COX (R-CA)	INHOFE (R-OK)	SENSENBRENNER (R-WI)
CRAIG (R-ID)	IRELAND (R-FL)	SHAW (R-FL)
CRANE (R-IL)	JAMES (R-FL)	SHUMWAY (R-CA)
DANNEMEYER (R-CA)	KASICH (R-OH)	SKEEN (R-NM)
DELAY (R-TX)	KOLBE (R-AZ)	SMITH, DENNY (R-OR)
DICKINSON (R-AL)	KYL (R-AZ)	SMITH, ROBERT C. (R-NH)
DORNAN, ROBERT (R-CA)	LEWIS, JERRY (R-CA)	SMITH, VIRGINIA (R-NE)
DOUGLAS (R-NH)	LEWIS, TOM (R-FL)	SPENCE (R-SC)
DREIER, DAVID (R-CA)	LIVINGSTON (R-LA)	STEARNS (R-FL)
DUNCAN, JR. (R-TN)	LOWERY, BILL (R-CA)	STUMP (R-AZ)
EDWARDS, MICKEY (R-OK)	LUKENS, DONALD (R-OH)	SUNDQUIST (R-TN)
ENGLISH (D-OK)	MARTIN, LYNN (R-IL)	THOMAS, CRAIG (R-WY)
FAWELL (R-IL)	MCCANDLESS (R-CA)	UPTON (R-MI)
FIELDS (R-TX)	MCCOLLUM (R-FL)	VUCANOVICH (R-NV)
FISH (R-NY)	MCCRERY (R-LA)	WALKER (R-PA)
FRENZEL (R-MN)	MCCURDY (D-OK)	WATKINS (D-OK)
GALLEGLY (R-CA)	MCDADE (R-PA)	WEBER (R-MN)
GEKAS (R-PA)	MCEWEN (R-OH)	WYLIE (R-OH)
GEREN (D-TX)	MICHEL (R-IL)	YOUNG, BILL (R-FL)
GILLMOR (R-OH)	MILLER, CLARENCE (R-OH)	YOUNG, DON (R-AK)

-----15 Members Who Were 'NOT VOTING'-----

BOXER (D-CA)	JOHNSTON, HARRY (D-FL)	NELSON, BILL (D-FL)
COLEMAN, RONALD (D-TX)	LEATH, MARVIN (D-TX)	OAKAR (D-OH)
FLIPPO (D-AL)	LEHMAN, RICHARD (D-CA)	OWENS, WAYNE (D-UT)
HAWKINS, AUGUSTUS (D-CA)	MFUME (D-MD)	PURSELL (R-MI)
HUTTO (D-FL)	MOODY (D-WI)	SAXTON (R-NJ)

Please type desired COMMAND.....

Recorded vote in the SENATE (Vote 2115: 64-36)

(Dem: 54-1; Rep: 10-35)

Voting on:

H.R.2364 BY LUKEN, THOMAS (D-OH) -- **AMTRAK Reauthorization and Improvement Act of 1990** (Vetoed 5/24/90)

06/12/90 -- IN THE SENATE

Failed to pass over President's veto (VOTE NO. 2115:64-36)

(Two-thirds of the Senators voting not having voted in the affirmative, H.R. 2364, to amend the Rail Passenger Service Act to authorize appropriations for the National Railroad Passenger Corporation, upon reconsideration, was rejected, and the veto of the President was sustained)

-----64 Members Who Voted 'YES'-----

ADAMS (D-WA)	EXON (D-NE)	LIEBERMAN (D-CT)
AKAKA (D-HI)	FORD, WENDELL (D-KY)	METZENBAUM (D-OH)
BAUCUS (D-MT)	FOWLER (D-GA)	MIKULSKI (D-MD)
BENTSEN (D-TX)	GLENN (D-OH)	MOYNIHAN (D-NY)
BIDEN (D-DE)	GORE (D-TN)	NUNN (D-GA)
BINGAMAN (D-NM)	GRAHAM, BOB (D-FL)	PELL (D-RI)
BOREN (D-OK)	GRASSLEY (R-IA)	PRYOR (D-AR)
BRADLEY (D-NJ)	HARKIN (D-IA)	REID (D-NV)
BREAUX (D-LA)	HATFIELD (R-OR)	RIEGLE (D-MI)
BRYAN, RICHARD (D-NV)	HEFLIN (D-AL)	ROBB (D-VA)
BUMPERS (D-AR)	HEINZ (R-PA)	ROCKEFELLER (D-WV)
BURDICK (D-ND)	HOLLINGS (D-SC)	ROTH, WILLIAM (R-DE)
BYRD, ROBERT (D-WV)	INOUE (D-HI)	SANFORD (D-NC)
COHEN (R-ME)	JOHNSTON, BENNETT (D-LA)	SARBANES (D-MD)
CONRAD (D-ND)	KASSEBAUM (R-KS)	SASSER (D-TN)
CRANSTON (D-CA)	KENNEDY, EDWARD (D-MA)	SHELBY (D-AL)
DASCHLE (D-SD)	KERREY, BOB (D-NE)	SIMON (D-IL)
DECONCINI (D-AZ)	KERRY (D-MA)	SPECTER (R-PA)
DIXON, ALAN (D-IL)	KOHL (D-WI)	WARNER (R-VA)
DODD (D-CT)	LAUTENBERG (D-NJ)	WIRTH (D-CO)
DURENBERGER (R-MN)	LEAHY (D-VT)	
D'AMATO (R-NY)	LEVIN, CARL (D-MI)	

-----36 Members Who Voted 'NO'-----

ARMSTRONG (R-CO)	GRAMM, PHIL (R-TX)	MITCHELL, GEORGE (D-ME)
BOND (R-MO)	HATCH (R-UT)	MURKOWSKI (R-AK)
BOSCHWITZ (R-MN)	HELMS (R-NC)	NICKLES, DON (R-OK)
BURNS (R-MT)	HUMPHREY (R-NH)	PACKWOOD (R-OR)
CHAFEE (R-RI)	JEFFORDS (R-VT)	PRESSLER (R-SD)
COATS (R-IN)	KASTEN (R-WI)	RUDMAN (R-NH)
COCHRAN (R-MS)	LOTT (R-MS)	SIMPSON (R-WY)
DANFORTH (R-MO)	LUGAR (R-IN)	STEVENS (R-AK)
DOLE (R-KS)	MACK (R-FL)	SYMMS (R-ID)
DOMENICI (R-NM)	MCCAIN (R-AZ)	THURMOND (R-SC)
GARN (R-UT)	MCCLURE (R-ID)	WALLOP (R-WY)
GORTON (R-WA)	MCCONNELL (R-KY)	WILSON, PETE (R-CA)

Which members do you wish to include?

- 1: All members
- 2: List of members you will specify by name
- 3: Members in a file you have created
- 4: Members of a committee or subcommittee (or file)
- 5: Members of a political party
- 6: Members from a U.S. Census Region
- 7: Members from a certain state
- 8: Members in some COMBINATION of 5, 6 or 7

Type a member's LAST name or choose ONE number1

LEGI-SLATE Report for the 101st Congress Fri, November 9, 1990 5:43pm (EST)

Recorded vote in the HOUSE (Vote 2103: 322-93) (Dem: 238-10; Rep: 84-83)

Voting on:

H.R.2364 BY LUKEN, THOMAS (D-OH) -- **AMTRAK Reauthorization and Improvement Act
of 1990** (Vetoed 5/24/90)

05/09/90 -- IN THE HOUSE

Motion

Recorded vote requested on agreeing to the conference report

Agreed to conference report (VOTE NO. 2103:322-93)

(House agreed to the conference report on H.R. 2364, to amend the Rail
Passenger Service Act to authorize appropriations for the National Railroad
Passenger Corporation.)

-----322 Members Who Voted 'YES'-----

ACKERMAN (D-NY)	HAMILTON (D-IN)	PENNY (D-MN)
AKAKA (D-HI)	HAMMERSCHMIDT (R-AR)	PERKINS (D-KY)
ALEXANDER (D-AR)	HARRIS (D-AL)	PETRI (R-WI)
ANDERSON (D-CA)	HASTERT (R-IL)	PICKETT (D-VA)
ANDREWS (D-TX)	HATCHER (D-GA)	PICKLE (D-TX)
ANNUNZIO (D-IL)	HAYES, CHARLES A. (D-IL)	POSHARD (D-IL)
ANTHONY (D-AR)	HAYES, JAMES A. (D-LA)	PRICE, DAVID (D-NC)
APPLEGATE (D-OH)	HEFNER (D-NC)	PURSELL (R-MI)
ASPIN (D-WI)	HENRY (R-MI)	RAHALL (D-WV)
ATKINS (D-MA)	HERTEL (D-MI)	RANGEL, CHARLES (D-NY)
AUCOIN (D-OR)	HOAGLAND (D-NE)	RAVENEL (R-SC)
BARNARD (D-GA)	HOCHBRUECKNER (D-NY)	RAY (D-GA)
BATEMAN (R-VA)	HORTON (R-NY)	REGULA (R-OH)
BATES (D-CA)	HOUGHTON (R-NY)	RICHARDSON (D-NM)
BEILENSON (D-CA)	HOYER (D-MD)	RIDGE (R-PA)
BENNETT (D-FL)	HUGHES (D-NJ)	RINALDO (R-NJ)
BEREUTER (R-NE)	HUTTO (D-FL)	RITTER (R-PA)
BERMAN (D-CA)	JACOBS (D-IN)	ROBERTS, PAT (R-KS)
BEVILL (D-AL)	JENKINS (D-GA)	ROE (D-NJ)
BILBRAY (D-NV)	JOHNSON, NANCY (R-CT)	ROSE (D-NC)
BLILEY (R-VA)	JOHNSON, TIMOTHY P. (D-SD)	ROSTENKOWSKI (D-IL)
BOEHLERT (R-NY)	JOHNSTON, HARRY (D-FL)	ROUKEMA (R-NJ)
BOGGS (D-LA)	JONES, BEN (D-GA)	ROWLAND, JOHN (R-CT)
BONIOR (D-MI)	JONES, WALTER (D-NC)	ROWLAND, ROY (D-GA)
BORSKI (D-PA)	JONTZ (D-IN)	ROYBAL (D-CA)

BOSCO (D-CA)
BOUCHER (D-VA)
BOXER (D-CA)
BRENNAN (D-ME)
BROOKS (D-TX)
BROWDER (D-AL)
BROWN, GEORGE (D-CA)
BRUCE (D-IL)
BRYANT, JOHN (D-TX)
BUSTAMANTE (D-TX)
BYRON (D-MD)
CALLAHAN (R-AL)
CARDIN (D-MD)
CARPER (D-DE)
CARR (D-MI)
CHANDLER (R-WA)
CHAPMAN (D-TX)
CLARKE (D-NC)
CLAY (D-MO)
CLEMENT (D-TN)
CLINGER (R-PA)
COLEMAN, RONALD (D-TX)
COLEMAN, THOMAS (R-MO)
CONDIT (D-CA)
CONTE (R-MA)
CONYERS (D-MI)
COOPER (D-TN)
COSTELLO (D-IL)
COUGHLIN (R-PA)
COURTER (R-NJ)
COYNE, WILLIAM (D-PA)
CROCKETT (D-MI)
DARDEN (D-GA)
DAVIS, ROBERT (R-MI)
DE FAZIO (D-OR)
DE LA GARZA (D-TX)
DELLUMS (D-CA)
DERRICK (D-SC)
DEWINE (R-OH)
DICKS (D-WA)
DINGELL (D-MI)
DIXON, JULIAN (D-CA)
DONNELLY (D-MA)
DORGAN, BYRON (D-ND)
DOWNEY, THOMAS (D-NY)
DURBIN (D-IL)
DWYER (D-NJ)
DYMALLY, MERVYN (D-CA)
DYSON (D-MD)
ECKART (D-OH)
EDWARDS, DON (D-CA)
ENGEL (D-NY)
ERDREICH (D-AL)
ESPY (D-MS)
EVANS, LANE (D-IL)
FASCELL (D-FL)
FAZIO (D-CA)
FEIGHAN (D-OH)
FISH (R-NY)
FLAKE (D-NY)

KANJORSKI (D-PA)
KAPTUR (D-OH)
KASTENMEIER (D-WI)
KENNEDY, JOSEPH (D-MA)
KENNELLY (D-CT)
KILDEE (D-MI)
KLECZKA (D-WI)
KOLTER (D-PA)
KOSTMAYER (D-PA)
LAFALCE (D-NY)
LAGOMARSINO (R-CA)
LANCASTER (D-NC)
LANTOS (D-CA)
LAUGHLIN (D-TX)
LEACH, JAMES (R-IA)
LEHMAN, RICHARD (D-CA)
LEHMAN, WILLIAM (D-FL)
LENT (R-NY)
LEVIN, SANDER (D-MI)
LEWIS, JOHN (D-GA)
LIGHTFOOT (R-IA)
LIPINSKI (D-IL)
LLOYD (D-TN)
LONG (D-IN)
LOWEY, NITA (D-NY)
LUKEN, THOMAS (D-OH)
MACHTLEY (R-RI)
MADIGAN (R-IL)
MANTON (D-NY)
MARKEY (D-MA)
MARLENEE (R-MT)
MARTINEZ (D-CA)
MARTIN, DAVID (R-NY)
MATSUI (D-CA)
MAVROULES (D-MA)
MAZZOLI (D-KY)
MCCLOSKEY (D-IN)
MCDADE (R-PA)
MCDERMOTT (D-WA)
MCGRATH (R-NY)
MCHUGH (D-NY)
MCMILLAN, ALEX (R-NC)
MCMILLEN, TOM (D-MD)
MCNULTY (D-NY)
MEYERS (R-KS)
MFUME (D-MD)
MILLER, GEORGE (D-CA)
MILLER, JOHN (R-WA)
MINETA (D-CA)
MOAKLEY (D-MA)
MOLLOHAN (D-WV)
MONTGOMERY (D-MS)
MOODY (D-WI)
MORELLA (R-MD)
MORRISON, BRUCE (D-CT)
MORRISON, SID (R-WA)
MRAZEK (D-NY)
MURPHY (D-PA)
MURTHA (D-PA)
MYERS (R-IN)

RUSSO (D-IL)
SABO (D-MN)
SAIKI (R-HI)
SANGMEISTER (D-IL)
SARPALIUS (D-TX)
SAVAGE (D-IL)
SAWYER (D-OH)
SAXTON (R-NJ)
SCHEUER (D-NY)
SCHIFF (R-NM)
SCHNEIDER (R-RI)
SCHROEDER (D-CO)
SCHULZE (R-PA)
SCHUMER (D-NY)
SERRANO (D-NY)
SHARP (D-IN)
SHAYS (R-CT)
SHUSTER (R-PA)
SIKORSKI (D-MN)
SISISKY (D-VA)
SKAGGS (D-CO)
SKEEN (R-NM)
SKELTON (D-MO)
SLATTERY (D-KS)
SLAUGHTER, D. FRENCH (R-VA)
SLAUGHTER, LOUISE (D-NY)
SMITH, CHRISTOPHER (R-NJ)
SMITH, LAMAR (R-TX)
SMITH, LAWRENCE (D-FL)
SMITH, NEAL (D-IA)
SMITH, PETER (R-VT)
SMITH, ROBERT F. (R-OR)
SMITH, VIRGINIA (R-NE)
SOLARZ (D-NY)
SOLOMON (R-NY)
SPENCE (R-SC)
SPRATT (D-SC)
STAGGERS (D-WV)
STALLINGS (D-ID)
STANGELAND (R-MN)
STARK (D-CA)
STOKES (D-OH)
STUDDS (D-MA)
SWIFT (D-WA)
SYNAR (D-OK)
TALLON (D-SC)
TANNER (D-TN)
TAUKE (R-IA)
TAUZIN (D-LA)
TAYLOR (D-MS)
THOMAS, ROBERT (D-GA)
THOMAS, WILLIAM (R-CA)
TORRES (D-CA)
TORRICELLI (D-NJ)
TOWNS (D-NY)
TRAFICANT (D-OH)
TRAXLER (D-MI)
UNSOELD (D-WA)
VALENTINE (D-NC)
VANDER JAGT (R-MI)

FOGLIETTA (D-PA)
FORD, HAROLD (D-TN)
FORD, WILLIAM (D-MI)
GALLEGLY (R-CA)
GALLO (R-NJ)
GAYDOS (D-PA)
GEJDENSON (D-CT)
GEKAS (R-PA)
GEPHARDT (D-MO)
GEREN (D-TX)
GIBBONS (D-FL)
GILMAN (R-NY)
GLICKMAN (D-KS)
GONZALEZ (D-TX)
GOODLING (R-PA)
GORDON (D-TN)
GRANDY (R-IA)
GRANT (R-FL)
GRAY, WILLIAM (D-PA)
GREEN (R-NY)
GUARINI (D-NJ)
GUNDERSON (R-WI)
HALL, TONY (D-OH)

NAGLE (D-IA)
NATCHER (D-KY)
NEAL, RICHARD (D-MA)
NOWAK (D-NY)
OAKAR (D-OH)
OBERSTAR (D-MN)
OBEY (D-WI)
OLIN (D-VA)
ORTIZ (D-TX)
OWENS, MAJOR (D-NY)
OWENS, WAYNE (D-UT)
OXLEY (R-OH)
PALLONE (D-NJ)
PANETTA (D-CA)
PARKER (D-MS)
PARRIS (R-VA)
PASHAYAN (R-CA)
PATTERSON (D-SC)
PAXON (R-NY)
PAYNE, DONALD (D-NJ)
PAYNE, LEWIS (D-VA)
PEASE (D-OH)
PELOSI (D-CA)

VENTO (D-MN)
VISCLOSKY (D-IN)
VOLKMER (D-MO)
WALGREN (D-PA)
WALSH (R-NY)
WASHINGTON (D-TX)
WAXMAN (D-CA)
WEISS (D-NY)
WELDON (R-PA)
WHEAT (D-MO)
WHITTAKER (R-KS)
WHITTEN (D-MS)
WILLIAMS, PAT (D-MT)
WILSON, CHARLES (D-TX)
WISE (D-WV)
WOLF (R-VA)
WOLPE (D-MI)
WYDEN (D-OR)
WYLIE (R-OH)
YATES (D-IL)
YATRON (D-PA)

-----93 Members Who Voted 'NO'-----

ARCHER (R-TX)
ARMEY (R-TX)
BAKER (R-LA)
BALLENGER (R-NC)
BARTLETT (R-TX)
BARTON (R-TX)
BILIRAKIS (R-FL)
BROOMFIELD (R-MI)
BROWN, HANK (R-CO)
BUECHNER (R-MO)
BUNNING (R-KY)
BURTON (R-IN)
CAMPBELL, BEN (D-CO)
CAMPBELL, TOM (R-CA)
COBLE (R-NC)
COMBEST (R-TX)
COX (R-CA)
CRANE (R-IL)
DANNEMEYER (R-CA)
DELAY (R-TX)
DORNAN, ROBERT (R-CA)
DOUGLAS (R-NH)
DREIER, DAVID (R-CA)
DUNCAN, JR. (R-TN)
EARLY (D-MA)
EDWARDS, MICKEY (R-OK)
ENGLISH (D-OK)
FAWELL (R-IL)
FIELDS (R-TX)
FRENZEL (R-MN)
GILLMOR (R-OH)

GINGRICH (R-GA)
GOSS (R-FL)
GRADISON (R-OH)
HALL, RALPH (D-TX)
HANCOCK (R-MO)
HANSEN (R-UT)
HEFLEY (R-CO)
HERGER (R-CA)
HILER (R-IN)
HOLLOWAY (R-LA)
HOPKINS (R-KY)
HUBBARD (D-KY)
HUCKABY (D-LA)
HYDE (R-IL)
INHOFE (R-OK)
IRELAND (R-FL)
JAMES (R-FL)
KASICH (R-OH)
KOLBE (R-AZ)
KYL (R-AZ)
LEWIS, TOM (R-FL)
LIVINGSTON (R-LA)
LOWERY, BILL (R-CA)
LUKENS, DONALD (R-OH)
MARTIN, LYNN (R-IL)
MCCANDLESS (R-CA)
MCCOLLUM (R-FL)
MCCRERY (R-LA)
MCCURDY (D-OK)
MICHEL (R-IL)
MILLER, CLARENCE (R-OH)

MOLINARI (R-NY)
MOORHEAD (R-CA)
NEAL, STEPHEN (D-NC)
NIELSON, HOWARD (R-UT)
PACKARD (R-CA)
PORTER (R-IL)
QUILLEN (R-TN)
RHODES, III (R-AZ)
ROGERS (R-KY)
ROHRBACHER (R-CA)
ROS-LEHTINEN (R-FL)
ROTH, TOBY (R-WI)
SCHAEFER (R-CO)
SCHUETTE (R-MI)
SENSENBRENNER (R-WI)
SHAW (R-FL)
SHUMWAY (R-CA)
SMITH, DENNY (R-OR)
SMITH, ROBERT C. (R-NH)
SNOWE (R-ME)
STEARNS (R-FL)
STENHOLM (D-TX)
STUMP (R-AZ)
SUNDQUIST (R-TN)
THOMAS, CRAIG (R-WY)
UPTON (R-MI)
VUCANOVICH (R-NV)
WALKER (R-PA)
WATKINS (D-OK)
WEBER (R-MN)
YOUNG, DON (R-AK)

-----18 Members Who Were 'NOT VOTING'-----

BENTLEY (R-MD)
COLLINS (D-IL)

FRANK (D-MA)
FROST (D-TX)

LEWIS, JERRY (R-CA)
MCEWEN (R-OH)

CRAIG (R-ID)
DICKINSON (R-AL)
EMERSON (R-MO)
FLIPPO (D-AL)

HAWKINS, AUGUSTUS (D-CA)
HUNTER (R-CA)
LEATH, MARVIN (D-TX)
LEVINE, MEL (D-CA)

NELSON, BILL (D-FL)
ROBINSON (R-AR)
UDALL (D-AZ)
YOUNG, BILL (R-FL)

Please type desired COMMAND.....

budget
192

Congress of the United States
House of Representatives
OFFICE OF THE REPUBLICAN WHIP
Washington, DC 20515

February 26, 1991

MEMORANDUM

To: Governor John Sununu
From: Congressman Newt Gingrich
Senator Phil Gramm

We should develop legislation based upon the following concepts:

Economic Growth Dividend Tax cut

-- this post-recession legislation would dedicate approximately \$12 billion annually (20% of the on-budget increased revenues) gained from economic expansion to offset taxes. We envision such a tax cut to be returned to working Americans by increasing their personal exemptions.

Capital Gains and Enterprise Zones / IRA Package

-- any revenue generated by the capital gains cut would be used to provide for a multi-purpose IRA. Such an IRA could be used for educational, health, homebuyers, or retirement purposes.

Spending Cuts for Tax Cuts

-- package of one-for-one federal spending reductions and program eliminations coupled with tax reductions targeted for families. Substituting personal choice for the values of the bureaucracy would allow a member of the family to stay at home with a newborn for one-year rather than mandating leave.

Such a tax package meets the basic test of fairness and is built around the core Republican value of lowering the tax burden on working Americans and encouraging economic growth.

*JHA -
for your reading
file.
Jm*

**STRENGTHENING AMERICA:
THE DEMOCRATIC AGENDA**

**LEGISLATIVE AGENDA
OF THE
SENATE DEMOCRATIC CONFERENCE
FOR THE 102ND CONGRESS**

February 6, 1991

America is now at war abroad and we must work to see that it is swift and decisive with the least possible loss of life. We have a grave responsibility to half a million of our fellow citizens who bear the burden of battle—to support them now and respect them when they return.

There is nothing a democratic society can do that is more difficult than to ask a few to risk everything in behalf of the many who risk nothing. We've done that. Our troops deserve our full support and we are determined to see that they receive it.

As critical as the Gulf conflict is, we must also address the urgent problems here at home. Our responsibility is not only to support the men and women serving in the Persian Gulf, but to build an America worthy of them for their families and their children. We must put our own house in order.

It is strength at home that enables us to project strength abroad—and it is strength at home that determines the quality of life of our people now and in the future.

America today has serious problems at home—problems that cannot wait—and Democrats in Congress are determined to face these home front problems now – and to push ahead with the strengthening of America and the creation of more and better jobs for our people.

Today our economy is in recession—and in the months ahead Senate Democrats will put forward economic policy and stabilization initiatives designed to end the recession and put America back on a path of widely shared economic growth.

A central and guiding goal of our efforts will be to double the annual rate of U.S. productivity growth with new emphasis on:

- Increased investment in the education and training of our national workforce.
- Greater investment in research and development and technology advancement.
- Major new efforts at rebuilding America's deteriorating infrastructure--our roadways, water systems, and the new kind of infrastructure America needs to compete in the information age, including a national network of "information superhighways."
- Increased savings, capital formation, and capital investment.

Many times our solutions lie not with the creation of new programs but with the proper oversight and administration of programs which already exist. Through careful examination of federal spending priorities and a commitment to make certain that each dollar is spent prudently, Senate Democrats will set as a high priority an aggressive effort to scrutinize all federal activities.

Our legislative agenda in the 102nd Congress will include the following ten key priorities that will help rebuild and strengthen America.

★ ★ ★ ★ ★ ★

AMERICA AT WAR

□ *In the world ...* support for our troops in the Gulf; more equitable burdensharing in a more stable world; redoubled effort at arms control and non-proliferation; a commitment to American values in American foreign policy; sustainable development; and economic security for America.

Senate Democrats stand behind our fighting men and women in the field and when they come home. We give highest priority to supporting the troops engaged in Operation Desert Storm through initiatives to provide deserved benefit programs to active duty and reserve military personnel in the Gulf. We recognize the courage of one nation, Israel, which has done much by its brave refusal to be provoked. The crisis has given us powerful new proof of Israel's friendship.

Senate Democrats also are committed to providing our veterans and their families with the very best medical care, compensation benefits, and services.

The U.S. will remain the pre-eminent power in world affairs, but we can no longer afford to take on sole responsibility for world police actions. Collective security requires collective action. America's allies must shoulder their fair share of the burden of collective security. We also are dedicated to strengthening international institutions, such as the United Nations and regional organizations, to help build and sustain a world of peaceful diversity.

At the top of this new international agenda must be a genuine effort to control proliferation of weapons of mass destruction—nuclear, chemical and biological—and the means to deliver those weapons.

The awesome destructive capacity of "conventional" weaponry and the negative impact of certain past United States arms sales obliges us to assert new leadership to provide for effective international control of the world arms trade.

American foreign policy must reflect American values. Our commitment to democracy, development, and human rights must not become victim to cynical power politics. We cannot oppose repression in one place and overlook it in another.

As we seek to prevent the spread of weaponry in the Third World, we must also rededicate ourselves to the unfinished business of nuclear arms control with the Soviet Union. The ominous political trends in the Soviet Union make nuclear arms reductions more urgent than ever.



AMERICAN OPPORTUNITY

□ ***Most importantly, in strengthening the American economic base ...*** by enhancing the components needed for a healthy and viable economy at home and fortified competitiveness abroad.

We are in a recession. More than a million Americans who had jobs last year are out of work today. Bankruptcies are rising. American manufacturer's share of the world consumer electronics market has shrunk from seventy percent to five percent. People are concerned about their economic future.

We can strengthen the American economy by reducing the federal budget deficit to reduce the demand for foreign capital and free up domestic funds for long term investments.

We must strengthen the economy as well and renew our commitment to Civil Rights by ending discrimination in the workplace and insuring that all Americans have an equal opportunity to find and hold a job.

Senate Democrats also will offer a technology policy to improve our ability to commercialize critical technologies, to improve manufacturing, and to maintain our scientific edge. We also support a capital formation policy to address the real problem of high capital costs through a number of policy changes including incentives for savings through retention of Individual Retirement Accounts, new mechanisms for funding start-up firms, and accounting changes to reduce speculation and promote long term investment, especially for small business. We understand that increased investments in education, workforce training, bridges and highways, telecommunications, and industrial research and development will reap economic benefits by improving the productivity of American workers and industry.

Our country's enormous trade deficit, particularly with imported oil and manufacturing products, continues to be a major, unaddressed economic problem. Abroad, this country must work with our trading partners to expand and open markets. The U.S. should continue to aggressively pursue multi-lateral agreements that allow for increased free trade. A more open trading system can only benefit our economy and those of our partners. However, we also recognize that free trade must be fair as well. There is a need for continued bi-lateral discussions with our trading partners to eliminate unfair trade practices and open closed markets. In some cases, other nations' professed allegiance to "free trade" is more rhetoric than substance. Senate Democrats believe in free trade but also believe that we and our economic competitors should play by the same rules on a level field and will take legislative action to achieve fair trade and a level playing field.

One way to improve our competitiveness is to liberalize our outdated export laws to allow for increased opportunities for American businesses. In recent years, our manufacturers' success in exports has been a bright spot in the trade picture. But Senate Democrats want to open more opportunities and help American firms do better still. Prompt passage of the Export Administration Act Amendments pocket-vetoed by the President last fall will remove many of the obsolete obstacles that hamper American firms' efforts to compete with manufacturers in Europe and Japan.

Finally, we also recognize that agriculture, in all its varied components, is a vital part of our economic base. Agriculture has been, and remains, the largest positive contribution in our fight for a positive trade balance. We will ensure that agriculture is strong at home, with a level playing field in international markets.

☐ ***In finance ... by rebuilding a financial system that responds to the needs of the American people and is more competitive in the international marketplace.***

Coming after the S&L debacle, the U.S. banking industry is now in deep trouble. With major failures like the Bank of New England, the Congressional Budget Office now predicts the federal insurance fund will go broke by year end—requiring another taxpayer bailout. Urgent action is needed to strengthen the banking system.

This year, Senate Democrats will work to modernize the laws that govern our financial institutions to help ensure that our banks are strong both here at home and in international markets. Rebuilding the Bank Insurance Fund (BIF) and a complete overhaul of the deposit insurance system should be the heart of any financial reform package. Nothing will do more to protect American savings and help ensure that an S&L crisis never happens again.

When reforming deposit insurance, it is absolutely imperative that we work to limit taxpayer exposure. But this must and can be accomplished without undermining confidence in our financial system and without bankrupting the industry.

Beyond these two important reforms, we must look to streamline the regulation of our depository institutions and open new areas of investment that are both safe and profitable. The current regulatory system is plainly inefficient and can work to encourage risk taking.

Banks and S&L's are not the only part of the financial system in need of attention. The financial markets, including the stock markets, are viewed by many as a casino which rewards short term speculation rather than long term investment.

Senate Democrats will promote an open debate and reexamination of the way in which we make investments. Productive long term investments are the foundation of economic growth. However, our financial system seems geared more to speculation and the creation of paper wealth. Our initiatives will lengthen the time horizon of investors and reduce the current bias in the financial markets toward short sighted speculation. Unless we adapt our time horizon, more productive investment and long term economic growth will continue to fall beyond our grasp.

☐ ***With honesty and fairness in budgeting and taxation ... by opposing further tax breaks for the rich and by insisting that the wealthiest and most powerful Americans bear their fair share.***

The past ten years have changed this nation into one in which the richest twenty percent of all Americans earn more than all of the rest of our people combined. While the disparity between the rich and the rest of America continues to grow, average family income has declined.

The Congress has already passed legislation easing tax-filing requirements for Americans serving as part of Desert Shield. One of our highest additional priorities will be to demand greater fairness for everyone else in our tax system. Building upon our efforts in the 101st Congress, Senate Democrats intend to lessen the tax burden on working families while asking those with the ability to pay to bear a greater share of the income and social security tax responsibilities.

Honesty in budgeting remains a subject of interest to Senate Democrats. Congress last year produced a budget agreement which requires the Administration to include in their yearly budget submission the annual increase in debt subject to limit as a measurement of the deficit. The Omnibus Budget Reconciliation Act of 1990 also requires that the Administration's budget list the balances of all trust funds. And Social Security trust fund revenues and outlays no longer are included in deficit figures. Senate Democrats will continue to press that the letter of the law be followed to make certain all Americans receive a fair and honest assessment of their partnership with the federal government.



AMERICAN STRENGTH

- *In health and education... by addressing costs, access, and quality.*

We cannot rebuild America unless we invest in the health and education of the American people.

We spend more on health care than any other country. We receive the best care—but only for those who can afford it. A lot of Americans are left out. As many as thirty-seven million do not have health insurance. And we don't have any policy on what will be the crisis of this decade: Long-term care for the elderly.

Efforts to expand access to high quality, affordable health care for all uninsured Americans will have high priority for Senate Democrats in the 102nd Congress. Special emphasis will be placed upon providing those expectant mothers in need with access to adequate prenatal care. We will place special emphasis on prevention strategies in areas such as food safety, drug treatment and AIDS.

The representation of women in medical research has not always been what it should be—diseases that exact a disproportionate toll on the female population are frequently underrepresented in medical research. This will no longer be the case—the Women's Health Equity Act will upgrade research, services and prevention for women's health. In addition, Senate Democrats are committed to maintaining reproductive options for women and their families.

Building upon our efforts in the last Congress, it is our intention to review reforms in both Medicare and Medicaid payment systems, as well as affordable and adequate health insurance coverage for all Americans, including individuals, families and small business.

Finally, we will continue to address the urgent need for long term care for both elderly and disabled Americans during the two sessions of this Congress.

We can provide better health care at less cost. We must learn to do more with less.

Nearly 30 million Americans cannot read, write and compute at an eighth grade level. Within the next 10 years, nearly thirty percent of today's jobs will disappear, and a large percentage will not require four years of higher education. Reform and accountability in our nation's schools is imperative, as is the greater accountability of television in the public interest.

Early childhood health and education initiatives, such as nutrition and literacy, are critical to improved American strength. We must ensure that American students receive a high quality education and that the skyrocketing cost of higher education and the burden this imposes on middle income families will be addressed so that our country can compete in the global economy.

In its determination to set education as one of its highest priorities in the Congress, Senate Democrats intend to insure that educational goals are defined and that an honest assessment of our deficiencies and our programs toward meeting those goals is provided to the people. It is also our intent to clarify and monitor the standards by which these goals are measured.

We know that merely throwing money at this problem will not work. Government needs to support, not obstruct, efforts of parents, teachers, and community leaders who are struggling at local restructuring efforts.

Of the many goals to be addressed, one which will receive special priority will be the long term elimination of illiteracy. Much more must be done to prepare students for school, and help them stay there. We must challenge our educational system to involve parents more pro-actively in their children's education, both at school and in the home.

Access to both vocational and higher education will receive special attention in the 102nd Congress. The reauthorization and enhancement of current federal efforts in both areas will receive both careful scrutiny and significant support.

Finally, special attention needs to be given to establishing a youth apprenticeship system in our schools which specifically addresses the needs of those high school students who do not go to college in order to properly prepare them to meet the demand for skilled labor markets.

□ ***For children and families ... by understanding the impending social calamity, by responding with the full utilization of the policy tools available, and by searching for new ones.***

There are some sixty-four million children in the United States. At current dependency rates, sixteen million, or one-quarter, will be on welfare before they have reached the age of eighteen. For minorities, the proportion will be one-half. Children now make up the largest proportion of poor persons in the United States. There is no equivalent in our history to such a number or such a proportion.

Much of this is new. This circumstance was not as recognized during the era of the New Deal, a half century ago, nor during the era of the Great Society, a quarter century ago. It marks the emergence of a new issue in social policy. The issue of dependency. It is necessary to force ourselves to recognize just how suddenly this has come upon us. The defining criterion of dependency is family structure.

These are the signs that many of America's children and our nation's very future are at risk. Moreover, all but the most affluent families in America have experienced significant economic pressures since the mid-1970's. Stagnation in wages for working parents, the rise in single-parent households, and the escalating costs of living have all made it more difficult for families to raise their children.

Poverty is by no means the only "culprit" in the problems of children. Drugs, depression, poor educational performance, inadequate health care, and other dangers affect children throughout our society—they are the result of many factors in and out of the home.

Actions must be taken to support children by helping families to become economically secure. Leadership and resources must be invested in giving all children an opportunity to obtain the education, health care, support, and values they need to become fully productive citizens and workers.

The Family Support Act of 1988 introduced a wholly new concept to address the changing family structure—based on a new social contract. Dependent mothers were to exchange effort for assistance. They must be enabled to work and expected to work. Most married mothers of young children are now in the work force. Absent fathers must be required to provide child support. Child health services—Medicaid—must be allowed to continue in place while mothers make the transition to the world of work.

To grow up successfully, children need attention and support at every stage of development. Parents hold the first and foremost responsibility for children; government, employers, the media, and the community also have a critical role to play. All working families in America should have access to safe and affordable child care in the setting of their choice. Working parents should be assisted in their efforts to balance work and family responsibilities. For example, a reasonable period of job protection must be available to care for a newborn or a child who is ill.

Adequate prenatal care and special emphasis upon the need to provide all children access to adequate nutrition, full immunization against childhood diseases and necessary health care must be secured. Finally, greater access to proven concepts such as WIC and Headstart, deserve strong support.

It is now the task of the national, state, and local governments and private agencies throughout the land to make this effort work. We pledge to do just that. We understand that a social calamity which has taken a near generation to come about will take a near generation to remedy. We have shown this endurance in the past; we will now.

We also serve the children and families of America by ensuring that they have decent, safe, adequate housing. Ignoring the need for public housing, and failing to encourage private housing development have been a disservice to both our nation's children and their families.

There are millions of children on our streets today who have been terribly hurt by this social convulsion and must be helped. The first task of any society is to create citizens. We are not doing that today for a quarter of our children.

□ ***In democracy ... by returning citizen influence to politics through a limit on total political spending, ethics reforms, and limitations on special interests.***

A Senator must raise over fifty thousand dollars per month every month of his or her six year term just to meet the average cost of re-election. In just over one decade (1976-88) political action committee contributions soared from fifteen percent to thirty-three percent of all contributions in congressional campaigns. Since 1956, broadcasting costs have jumped from six percent to eighty percent of the cost of contested campaigns.

In the 102nd Congress, Senate Democrats have proposed tough, practical laws to create comprehensive campaign reform. The only way to get at the core problem in campaign finance is by setting a limit on total spending. Such a limit is the central feature of our campaign reform plan and must be a major component of any serious reform proposal adopted by the Senate.

Broadcast costs are by far the biggest outlay in every serious campaign. Through vouchers and/or reduced cost time, we propose both to ease these costs and to encourage compliance with the spending limits which lie at the core of our plan.

Political action committees, though initially proposed as a way to limit the influence of large donors, have at times been too dominant an influence in the process. Senate Democrats will continue to seek the elimination of undue influence from both large donors as well as political action committees in the 102nd Congress.

□ ***In the fight against crime... by ensuring that our police and prosecutors have the tools they need to bring criminals to justice, by seeking ways to prevent crime, by providing that crime victims are treated fairly, and by educating our young about the dangers of drug abuse.***

The plague of crime remains one of our Nation's major problems. Every nineteen seconds, another violent crime takes place. Every three seconds, there is another property crime. The number of murders in our nation's cities is increasing dramatically. And the plague of drug abuse continues to infest our entire country.

The crime statistics are appalling, but to some they fail to convey the very real human misery behind the numbers. Real people are getting killed around our country. Each has a history; most have family and loved ones left behind.

The fight against crime and drug abuse must be a top national priority. And the men and women who wage that fight should know that their calling is as noble as any in our society. Just like our brave soldiers abroad, police officers put their lives on the line for their community. They deserve the nation's support.

To assist local police in the fight against crime, Senate Democrats will provide financial and other support for state and local law enforcement, increase the number of FBI and DEA drugfighting agents, develop innovative approaches to law enforcement and crime prevention, advocate tough enforcement of federal laws, ensure that victims get adequate assistance, and set an example of leadership for the rest of the nation. Senate Democrats support continuing strong, anti-crime and anti-drug legislation which deals with the ever pressing drug use, including education, rehabilitation, and enforcement. Along this line, the Democrats support all or major portions of the Biden Anti-Crime and Drug Control Act of 1991, the Outlaw Street and Motorcycle Gang Control Act of 1991, and the Violence Against Women Act of 1991.

Finally, this year's reauthorization of the Family Violence Prevention and Services Act will provide an opportunity for a disciplined, coordinated response on the part of federal, state and local governments to the growing scourge of domestic violence against women and children.



AMERICAN RESOURCES

- ☐ *In energy ... by building a comprehensive policy to end dependence on foreign oil and by conserving our precious resources.*

For ten years we have had no energy policy. As a result, our nation is more dependent on foreign sources than at any time in its history. Japan and West Germany both now produce about twice as much GNP per unit of energy as we do. Our reliance upon oil from the Persian Gulf has been given by the Administration as one of the main reasons for the war with Iraq.

During the 102nd Congress, Senate Democrats will forge a comprehensive energy strategy, including the development of domestic resources, aggressive efforts to encourage viable energy alternatives, and a national plan to conserve effectively the energy we use today. Our strategy also will reduce environmentally harmful emissions, such as greenhouse gases, acid rain precursors and local air pollutants.

The importance of new conservation efforts must and will be underscored as the cornerstone of the Democratic Conference's energy policy. The federal government must first set an example and then set a policy to promote, and in some cases, mandate, tough new conservation and energy efficient initiatives in transportation, utility, and building sectors.

Environmentally sound exploration and production of both domestic oil and natural gas will be strongly supported. Continued use of coal will be enhanced through the development of clean coal technologies.

Finally, we believe that continued efforts to pursue alternative energy development is critical to a national plan. Through the utilization of new technology and research, financial incentives, and nationally coordinated plans, renewable energy policy can and will play an increasingly important role. This energy strategy will emphasize cost-shared demonstration of the most promising technologies in solar, wind, geothermal, and biomass energy, as well as research on hydrogen and other future energy sources.

□ *And in the environment ... by building upon the advancements of the past two years.*

EPA has missed most of the deadlines under the Superfund law. We lose more than 500,000 acres of wetlands every year. Fifty percent of the operating landfills will be shut down in the next five years. Thirty percent of our nation's lakes, rivers and estuaries cannot support uses such as swimming or fishing.

A major legislative goal will be to reauthorize and strengthen existing laws to protect our water, ensuring our water is safe and free from contaminants. It is also our intent to examine carefully current efforts to address our solid waste problem. Every attempt must be made to coordinate the effort at every level of government with special emphasis in providing local authorities ample assistance in meeting our national goals. We intend to move aggressively on the cleanup of hazardous waste sites at federal facilities.

Senate Democrats will also work to make the U.S. a leader in the efforts of the international community to combat global warming and ozone depletion, to protect the world's oceans, and to promote the conservation of rainforests and other areas important to the earth's biological diversity, to the conservation of wildlife, and to the maintenance of a healthy and functional global environment.

Recognizing the linkage between global environmental degradation and population growth, we will work to rebuild America's legacy of leadership in international family planning programs and the effort to provide universal access to voluntary family planning services by the year 2000.