

BUDGET

Bush Revenue Proposals

Capital Gains	+4.8
Child Care Credit	-0.2
Enterprise Zones	-0.2
Energy Credits	-0.3

ADDITIONAL HIGHLIGHTS

- Some have argued that the most important proposed piece of budget reform was not the line item veto or the balanced budget amendment, but the elimination of the baseline. This new way of looking at things allows the President to say he is increasing funding for a program, when, in fact, he is not increasing funding enough to keep pace with inflation and recipient growth.

In Medicare, for example, Bush increases spending from 1989 to 1990 by \$8 billion, but cuts it by \$6 billion in comparison to C.B.O.'s 1990 baseline. Total outlays are increased by \$14 billion from 1989 to 1990, but cut by \$52 billion in comparison to C.B.O.'s 1990 baseline.
- O.M.B. Gossip: 1) Darman is apparently referring to a summit as if it planned and inevitable. 2) Darman mostly worked alone and not with O.M.B. staff to come up with these estimates. That is probably one reason why O.M.B.'s estimates are relatively crude and lacking in detail for certain critical areas such as agriculture.
- The long run real GNP growth forecast of 3.2% is still unrealistic. According to Allen Greenspan, "To be sure, we have not had great success in forecasting intermediate shifts in productivity. This [an increase in productivity] could boost potential economic growth beyond 3 percent per year. However, a policy that assumes such outcomes risks significant inflationary imbalances. **I think it is wiser to have money in the bank before we spend it, so to speak.**"
- Many of Bush's proposals don't kick in until 1991 and beyond. His proposed changes in education cost only \$58 million in 1990, but \$345 million in 1991 and \$492 million in 1992. The child care tax credit costs \$200 million in 1990, \$1.9 billion in 1991 and \$2.2 billion in 1992. Moreover, defense is allowed to grow faster than inflation after 1990. All this will make reaching the 1991 GRH target of \$64 billion even harder.

TALKING POINTS ON THE BUSH'S BUDGET

RECEIPTS, OUTLAYS, AND DEFICITS
(In billions of dollars)

	1989	1990	1991	1992	1992
Receipts	979.3	1065.6	1147.6	1218.6	1286.6
Outlays, excluding asset sales	1149.5	1160.4	1211.8	1249.2	1284.1
Deficit	-170.2	-94.8	-64.2	-30.6	+2.5
G-R-H Targets	-136.0	-100.0	-64.0	-28.0	0.0

- O The Bush budget makes good on his campaign promises to produce a kinder and gentler budget and to meet the Gramm-Rudman-Hollings targets without raising taxes. In addition, the President has developed long range strategies for handling the savings and loan crisis and cleaning up nuclear weapons plants.
- O In spite of the claims made by some in the Democratic Leadership, this budget does not leave the tough choices about what to cut to Congress. The President holds defense growth to the rate of inflation, significantly cuts Medicare, federal retirement, agriculture subsidies, and federal health benefits.
- O In addition, President Bush applies a nominal freeze to a pot of nondefense discretionary spending worth \$136 billion. By keeping spending for these programs at 1989 levels, we will save between \$9.6 billion and \$11 billion in a single year.
- O Even without any changes in current policy, C.B.O. expects revenues to increase by \$81.5 billion in 1990. This projected gain is not overly optimistic; C.B.O.'s own estimate of revenue growth between 1989 and 1990 is higher -- \$86 billion.
- O With this revenue growth, it will be possible to meet the 1990 G-R-H deficit target, if Congress sticks to President Bush's plan to hold the overall growth in spending to the rate of inflation.
- O Even within the constraints of this austere budget the President has found funds for investing in people as well as technology. This kinder and gentler budget includes \$400 million in budget authority for new education programs, \$900 million for the war on drugs, \$400 million in aid to the homeless, and the restoration of President Reagan's \$1.7 cut in Medicaid. (All these figures are increases over President Reagan's 1990 funding levels.)
- O President Bush's budget provides us with an excellent starting point for negotiations. To gain the confidence of Wall Street and international financial markets, Congress should come to the bargaining table and quickly move toward a final budget agreement with the President.

MEMORANDUM

February 10, 1989

To: Senator Dole

From: Kathy

Subject: Comparison of Bush and Reagan Budgets

Bill Hoagland has done a comparison of the Bush and Reagan budgets by function, which I have attached to this memo (TABLE 5). Below is a comparison by program area that was taken from a report by Allen Schick, a professor at the University of Maryland.

BUSH BUDGET CHANGES-HIGHLIGHTS
(in billions)

<u>Proposed Increases*</u>	Reagan/1990	Bush/1990	Difference
Space	\$13.1	\$13.3	\$+.2
Science Research	3.3	3.3	0.0
War on Drugs	5.1	6.0	+.9
AIDS Programs	1.6	1.6	0.0
Aviation (FAA)	7.7	7.7	0.0
Nuclear Cleanup	3.3	3.7	+.4

*Many of these increases were previously proposed by Reagan in his FY 1990 budget request.

Bush Initiatives

Education Awards	0	.4	+.4
Acid Rain	.2	.7	+.5
Homeless Aid	.6	1.0	+.3
Head Start	1.2	1.5	+.3

Entitlements

Medicaid	35.9	37.6	+1.7
Medicare	94.9	94.8	-0.1
Farm Price Supports	11.9	10.7	-1.2
<u>Net Interest</u>	169.9	173.3	3.4
<u>National Defense</u>	303.0	300.3	-2.7

In 1990, Bush's spending requests will be \$4.3 billion higher than Reagan's (my numbers do not add up to this figure because I have included only highlights).

February 17, 1989

M E M O R A N D U M

TO: SENATOR DOLE
FROM: DENNIS SHEA
SUBJECT: TRIAL OF OLIVER NORTH

In preparation for your appearance on Face the Nation, I have attached some talking points on the upcoming trial of Oliver North.

A. Background

As you know, Judge Gerhard Gesell -- at the request of Independent Counsel Lawrence Walsh -- has dismissed the two most serious charges against Oliver North: (1) the charge that North conspired to illegally divert profits from the Iranian arms sales to help fund the contras and (2) the charge that North stole government property.

The remaining counts against North charge that he (1) made false statements to Congress in 1985 and to the presidential inquiry conducted by Attorney General Meese in 1986; (2) unlawfully destroyed National Security Council documents in 1986; and (3) accepted an illegal gratuity -- a security system for his home.

B. The Use of Classified Information at Trial

Most of the current controversy has centered around North's insistence on introducing classified information at trial. North had originally submitted to Judge Gesell a list of over 1000 classified documents that he deemed necessary for his defense. On January 13, Judge Gesell ruled that North must limit this list to 300 classified documents.

The Classified Information Procedures Act ("CIPA") required Judge Gesell to examine the 300 documents and to make a pre-trial determination concerning which portions of the documents could not be introduced as evidence because of national security concerns. Nonetheless, Judge Gesell concluded that a pre-trial determination would unfairly prejudice North's defense. As a result, he ruled that he would make individual determinations as evidence is introduced during the course of the trial.

The Justice Department believes that a pre-trial determination was essential in order to protect national security secrets. The Justice Department argues that national security secrets will unavoidably be disclosed as the trial runs its natural course.

February 17, 1989

TRIAL OF OLIVER NORTH

A. Cooperation between Thornburgh and Walsh

○ Both Attorney General Thornburgh and Judge Walsh deserve some credit. They have succeeded in hammering out procedures that accomodate (1) North's constitutional right to receive a fair trial, (2) Independent Counsel Walsh's interest in advancing the prosecution of North, and (3) Attorney General Thornburgh's obligation under the Classified Information Procedures Act to ensure that national security secrets are not disclosed during the course of the trial.

○ It is important to remember that the Attorney General and the Independent Counsel are cooperating with each other. The Attorney General is not trying to undermine the Independent Counsel's efforts to prosecute North.

○ If any of the remaining charges against North are dismissed because of restrictions on the evidence available at trial, the Attorney General is required by the Classified Information Procedures Act to explain to Congress the circumstances surrounding the dismissal.

B. Conflict between the Independent Counsel Act and the Classified Information Procedures Act

○ Obviously, the Independent Counsel Act and the Classified Information Procedures Act have not worked well together in this case.

○ The Classified Information Procedures Act envisions the Attorney General performing both the prosecutorial and the national security functions. Normally, the Attorney General would simply dismiss a charge if he believed that national security secrets would be disclosed during the course of the prosecution.

○ In the North case, however, Independent Counsel Walsh is performing the prosecutorial function, while Attorney General Thornburgh has been trying to perform the national security function. For purposes of conducting a trial, this is not an ideal situation.

○ After the trial of Oliver North is over -- and after all the dust has settled -- Congress should take a fresh look at the Classified Information Procedures Act to ensure that the Attorney General can properly protect against the disclosure of national secrets in cases

-2-

C. Chronology of Last Week's Events

Sunday, February 12 (morning) -- In response to Thornburgh's argument that national security secrets would be disclosed during the course of North's defense, the Supreme Court grants a stay of the trial.

Sunday, February 12 (afternoon) -- Thornburgh and Walsh agree to file a joint motion with Judge Gesell. This motion asks Judge Gesell to (1) specify which categories of classified information cannot be disclosed by North at trial and (2) grant the Attorney General the authority -- pursuant to CIPA -- to file binding affidavits with the court. The filing of these affidavits would automatically block the disclosure of certain national security secrets during the trial.

Tuesday, February 14 (morning) -- In briefs submitted to Judge Gesell, lawyers for North claim that President Reagan and other senior government officials made "direct, personal" deals with a number of countries to provide secret military aid to the contras. The lawyers also assert that these countries were promised U.S. assistance in return for the military aid.

Tuesday, February 14 (afternoon) -- Judge Gesell denies Walsh's and Thornburgh's joint motion. Thornburgh realizes that he will be unable to intervene in the trial proceedings, even if national security secrets are about to be disclosed.

Wednesday, February 15 -- Thornburgh and Walsh develop a new and private arrangement concerning the introduction of classified information. Under this arrangement, Walsh will notify Thornburgh in advance of any potentially damaging disclosures by North at trial. This advance notice will give Thornburgh the opportunity to present an affidavit to Walsh, which Walsh will then file with the court pursuant to CIPA. The filing of the affidavit automatically blocks the disclosure of the sensitive information.

Thursday, February 16 -- At Thornburgh's request, the Supreme Court lifts its stay of the trial.

Friday, February 17 -- Judge Gesell states that he will accept an admission of fact from the government concerning any arrangements made with foreign countries to supply contras to the contras.

-3-

D. Classified Information Procedures Act

The trial of Oliver North is the first time that CIPA and the Independent Counsel Act have been applied in the same case. Unfortunately, CIPA and the Independent Counsel Act have not worked well together.

The problem: CIPA envisions the Attorney General performing both the prosecutorial and the national security functions. In the North case, however, the Independent Counsel has performed the prosecutorial function, while the Attorney General has attempted to perform the national security function.

Under CIPA, the Attorney General must file semiannual reports with the House and Senate Intelligence Committees and with the chairman and ranking member of the House and Senate Judiciary Committees. The Attorney General's report covering the period from July 1, 1988 to December 31, 1988 should be filed shortly. This report, however, will only briefly discuss the Oliver North case.

A second report should be filed by the Attorney General sometime in July of 1989. This report will probably recommend an amendment to CIPA to ensure that the Attorney General has direct standing to raise national security objections in cases involving an Independent Counsel.

February 17, 1989

PRIVATE AID TO THE CONTRAS

- In briefs submitted to Judge Gesell, lawyers for Oliver North claim that President Reagan and other senior government officials made "direct, personal" deals with a number of countries to provide secret military aid to the contras.
- This is nothing new. The White House has already admitted publicly that President Reagan sought private aid for the contras from Saudi Arabia, Brunei, South Korea, Israel, South Africa, and Taiwan. The solicitation of aid from these foreign countries did not violate the Congressional ban on U.S. military assistance to the contras.
- Oliver North's lawyers, however, allege that these foreign countries were promised U.S. assistance in return for the military aid, thereby violating the Congressional ban.
- I do not think that it is appropriate for me to comment on these allegations. I have not reviewed the evidence, nor have I read the briefs submitted by the lawyers. These allegations will either be proved or disproved during the course of the trial.
- Furthermore, Judge Gesell has stated that he will accept an admission of fact from the government concerning any arrangements made with foreign countries to supply military aid to the contras. Let's see what this admission of fact says before we jump to any conclusions.

NO MINATIONS
IN CLOSED
SESSION

MEMORANDUM

TO: SENATOR DOLE
FROM: BOB DOVE
RE: NOMINATIONS IN CLOSED SESSION
DATE: February 13, 1989

In the only recent case of a nomination being considered in closed session the Senate, by a vote of 81-11, confirmed former reporter Richard Burt to Assistant Secretary of State for East European Affairs after a secret session requested by Senator Helms, who charged that he had imperiled national security in a 1979 article.

The closed session lasted about an hour, but the doors to the Senate were locked for more than two hours. This included a half hour of routine speeches, which a small pool of reporters was allowed to cover, and 20 minutes or so of checking the Senate chamber for listening devices.

The article had stated that the Carter administration planned to use satellites to monitor Soviet compliance with the then-pending SALT II treaty limiting nuclear arms.

The story was evidently leaked to Burt by an administration official in an effort to show that the United States could still monitor Soviet compliance with the treaty even though monitoring stations in Iran had been lost because of the Iranian revolution. The Foreign Relations Committee asked the Senate Intelligence Committee to report on what damage, if any, the story had done to U.S. security. The Intelligence Committee report, which was classified, was discussed in the closed session.

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FEBRUARY 13, 1989

MEMORANDUM

TO: SENATOR DOLE

FROM: BOB DOVE

RE: ATTACHED

ATTACHED IS THE CONGRESSIONAL RECORD FROM 1953 WITH SENATOR TAFT'S STATEMENT ON FBI FILES WITH REGARD TO THE BOHLEN NOMINATION.

SINCE 1929 WHEN THE SENATE CHANGED ITS RULES TO ALLOW OPEN EXECUTIVE SESSIONS, NO CABINET NOMINATIONS HAVE BEEN CONSIDERED IN CLOSED SESSION.

INDEED, ONLY ONE NOMINATION FOR THE CABINET HAS BEEN TURNED DOWN SINCE 1929 -- THAT OF LEWIS STRAUSS TO BE SECRETARY OF COMMERCE IN 1959 BY A VOTE OF 49-46.

ONLY 2 SENATORS ARE REQUIRED TO FORCE THE SENATE TO CLOSE ITS DOORS "ON THE DISCUSSINO OF ANY BUSINESS WHICH MAY, IN THE OPINION OF A SENATOR, REQUIRE SECRECY."

IN THIS DECADE THERE HAVE BEEN 8 CLOSED SESSIONS TO DISCUSS THE INF TREATY, JUDGE CLAIBORNE'S IMPEACHMENT, DEFENSE AUTHORIZATIONS (3 TIMES), SOVIET COMPLIANCE WITH ARMS CONTROL AGREEMENTS, NICARAGUA, AND VARIOUS DEPARTMENT OF STATE NOMINATIONS -- AT SENATOR HELMS REQUEST.

March 25

1953

CONGRESSIONAL RECORD — SENATE

2277

Mr. TAFT. Madam President, at the request of the Senate Foreign Relations Committee, I desire to make a brief report on the examination of the FBI's files in connection with the nomination of Mr. Bohlen. The examination was made yesterday by the distinguished Senator from Alabama [Mr. SPARKMAN] and myself.

In the first place, after the demand made by a number of Senators on the floor that the files be examined in behalf of the committee, the committee met yesterday morning and decided that it would comply with the request of those Senators. So it asked the Secretary of State to permit two Senators, whom the committee would select, to examine the files. Accordingly, the Senator from Alabama and I were appointed by the Senate Foreign Relations Committee to examine the files.

We went to the State Department at 2 o'clock yesterday afternoon and spent the afternoon there. We read the entire summary of the FBI files on Mr.

Bohlen. That summary is the document upon which the Secretary of State based his evaluation. The question arose as to whether we should see the raw files of the FBI as well as the summary. That question has been debated in the Senate. In the first instance, we read the summary, which contains 25 or 30 pages as to which it was said that 16 pages contained derogatory information.

I am advised that the files themselves contain probably 80 percent favorable information, and in the summary all the derogatory information was included.

I thought we should see the raw files. I called and talked to Mr. Hoover about it. He assured me, in the first place, that everything of any importance which in any way adversely reflected on Mr. Bohlen was fully set forth in the summary and that there was nothing of importance that was not in the summary. He said the FBI always prepares a summary, but that in this case he had taken special care, and that he could give me his word that there was nothing in the raw files that was not in the summary.

Furthermore, Madam President, I found that no one other than Mr. Hoover has ever seen anything except the summary. The Secretary of State himself has seen nothing except the summary, and his evaluation was made on the summary. The security officer, Mr. McLeod, made the statement that he had seen nothing except the summary, and that the summary contained everything he had brought to the attention of the Secretary of State.

Under those circumstances, I finally concluded that it was not desirable to insist upon an inspection of the raw files. The FBI and the Attorney General are very much opposed to anyone's examining the raw files. They think it would lead gradually to a complete exposure of inferences, and so forth, which are contained in the files but are not always in the summary, and that if the names of informants were given it would break down the entire FBI operation. They believe they should have the right to prepare a summary for other Executive departments and for the Congress, and that we should accept their good faith in preparing such a summary.

I read the summary through, and after doing so, I would have asked very strenuously to see the raw files if there were anything in the summary which seemed to be ambiguous or in any way incomplete or which suggested that something which might be in the raw files was omitted; or, at least, I would have asked to see a portion of the testimony of the informants. But I could not find in the summary anything of that nature. The information seemed to be complete. The Senator from Alabama agreed with me that we would not raise the question of insisting on an inspection of the raw files themselves.

SAVINGS & LOANS

02/16/89; 5:30PM

S&L TALKING POINTS

DECISIVE ACTION BY THE PRESIDENT

- O THE PRESIDENT HAS ACTED VERY DECISIVELY IN HIS FIRST FEW WEEKS IN OFFICE. HE SAT DOWN WITH INDUSTRY REPRESENTATIVES AND CONGRESSIONAL LEADERS, ASKED FOR OUR INPUT AND MADE HIS DECISION. OBVIOUSLY CONGRESS HAS A ROLE TO PLAY IN THIS PROCESS. A LOT OF PEOPLE WILL BE ASKING TOUGH QUESTIONS. BUT I THINK THIS WAS A VERY POSITIVE FIRST STEP FOR THE PRESIDENT.

TIMING

- O AS FAR AS THE RELEASE OF A LEGISLATIVE PACKAGE IS CONCERNED, I HAVE BEEN IN TOUCH WITH THE TREASURY AND WITH OMB. I THINK THAT THE OPERATIVE DEADLINE FOR THE ENTIRE PACKAGE WILL BE THE DATE TREASURY SECRETARY BRADY IS SCHEDULED TO TESTIFY BEFORE THE SENATE BANKING COMMITTEE -- FEBRUARY 22.
- O IN TERMS OF CONGRESSIONAL ACTION, THE PRESIDENT MENTIONED IN HIS BUDGET ADDRESS LAST WEEK THAT HE WANTED CONGRESS TO ACT WITHIN 45 DAYS. SENATOR RIEGLE STATED EARLIER THAT HE THOUGHT ACTION COULD BE COMPLETED IN MAY, BUT HE HAS SINCE REVISED THE BANKING COMMITTEE'S HEARING SCHEDULE IN AN EFFORT TO COMPLY WITH THIS NEW DEADLINE.

COST ESTIMATES/ASSUMPTIONS

- O A LOT OF PEOPLE ARE QUESTIONING, OMB'S ASSUMPTIONS ON THE COST PROJECTIONS FOR THE PRESIDENT'S PLAN. THERE WERE SOME MINOR ADJUSTMENTS, BUT THE BASIC ASSUMPTIONS CAME FROM TWO SOURCES -- THE ECONOMIC FORECAST IN PRESIDENT REAGAN'S BUDGET AND THE FEDERAL HOME LOAN BANK BOARD.
- O SOME OF THESE PRESENT-VALUE FIGURES ARE MISLEADING. I UNDERSTAND THE ARGUMENT THAT IF YOU GET A MORTGAGE ON A \$75,000 HOME YOU END UP PAYING MUCH MORE THAN \$75,000 OVER THE LIFE OF THE MORTGAGE. BUT, WE ARE TALKING ABOUT REAL DOLLARS HERE. IN MY VIEW, A \$20 BILLION SWING MAKES A BIG DIFFERENCE WHETHER IT'S OVER TWO YEARS, TEN YEARS OR THIRTY YEARS.
- O IF INTEREST RATES FLUCTUATE OVER THE NEXT THREE YEARS, WE COULD SEE SOME DRAMATIC CHANGES IN THE COST ESTIMATES FOR THE BUSH THRIFT REFORM PLAN. ALTHOUGH THERE IS A PARTIAL OFFSET FOR RISING INTEREST RATES IN THE EARLY YEARS, A 1-POINT INCREASE IN LONG-TERM INTEREST RATES WOULD RAISE INTEREST PAYMENTS BY MORE THAN \$12 BILLION OVER 30 YEARS.

- O THE ASSUMPTIONS ABOUT THE PAYMENTS AND COLLECTIONS ON OLD FSLIC CASES ARE UNDER SCRUTINY. MOST OF THESE FIGURES CAME FROM THE FEDERAL HOME LOAN BANK BOARD. RIGHT NOW, THE BANK BOARD ASSUMES A RETURN OF 50 CENTS ON THE DOLLAR FOR THEIR ASSET SALES. OMB IS EVEN MORE CONSERVATIVE -- THEY ARE ASSUMING A RETURN OF 40 CENTS ON THE DOLLAR ON FUTURE CASE RESOLUTIONS.
- O SOME EXPERTS HAVE SUGGESTED THAT THE LOSSES ON THESE ASSETS MAY BE EVEN GREATER, BUT I THINK OMB'S NUMBERS ARE FAIRLY REALISTIC. THE KEY IS TO IMPLEMENT A PLAN THAT CALMS THIS "FIRE SALE" MENTALITY. REGIONAL AND LOCAL ECONOMIES MUST BE CONSIDERED IN THIS PROCESS. DUMPING ASSETS IN GLUTTED MARKETS WILL END UP COSTING TAXPAYERS MORE MONEY.

BAD PUBLICITY AGGRAVATES THE PROBLEM

- O THE FIGURES JUST CAME IN FOR DECEMBER 1988 -- DEPOSITORS WITHDREW A RECORD \$8.1 BILLION FROM SAVINGS & LOANS IN ONE MONTH. BAD PUBLICITY AGGRAVATES THIS PROBLEM BECAUSE IT AFFECTS DEPOSITOR CONFIDENCE. THE PRESIDENT, SENATOR RIEGLE, AND SENATOR GARN HAVE EACH TRIED TO REASSURE DEPOSITORS THAT THE "FULL FAITH AND CREDIT" OF THE U.S. GOVERNMENT STANDS BEHIND THESE DEPOSITS. THAT IS AN IMPORTANT POINT FOR EVERYONE TO KEEP IN MIND.
- O A LOT OF PEOPLE ARE CONCERNED ABOUT WHERE ALL THIS MONEY IS GOING. FEDERAL DEPOSIT INSURANCE WAS ESTABLISHED TO PROTECT DEPOSITORS, NOT SHAREHOLDERS, OR MANAGERS.

FRAUD & MISMANAGEMENT

- O I WAS PLEASED TO SEE THAT THE PRESIDENT'S PLAN INCLUDES \$50 MILLION FOR THE JUSTICE DEPARTMENT TO HELP THEM FERRET OUT AND PROSECUTE FRAUD WITHIN THE SAVINGS & LOAN INDUSTRY. THOSE THAT TOOK ADVANTAGE OF THE SYSTEM SHOULD BE PROSECUTED TO THE FULLEST EXTENT OF THE LAW. WE DON'T WANT TAX DOLLARS GOING TO LINE THE POCKETS OF CRIMINALS.

THE FDIC FUND

- O THE PRESIDENT'S PLAN DOES CALL FOR INCREASED PREMIUMS IN 1990 AND AGAIN IN 1991. THEY ARE GOING TO STRENGTHEN THE FUND THAT INSURES BANK DEPOSITS. THE FDIC IS SOLVENT, BUT EVENTS OVER THE PAST YEAR HAVE WEAKENED ITS FINANCIAL BASE AND FURTHER STRAINS ARE EXPECTED. IT IS IMPORTANT FOR US TO MOVE NOW TO ENSURE THE CONTINUED SAFETY AND SOUNDNESS OF THE COMMERCIAL BANKING INDUSTRY.
- O WHILE THE BUSH PLAN CALLS FOR AN ADMINISTRATIVE MERGER OF THE TWO FUNDS, LET THERE BE NO MISTAKE. THE INSURANCE FUNDS FOR THE BANKING AND THRIFT INDUSTRIES WILL REMAIN SEPARATE. FDIC FUNDS WILL NOT BE USED TO "BAIL OUT" THE THRIFT INDUSTRY.

CENTRAL
AMERICA

-4-

WHAT WE LEARN FROM THIS PIECE OF THE PAST IS THAT THOSE WHO SELL AMERICA SHORT, ALSO SELL THE POOR AND POWERLESS OF THE WORLD SHORT. WE LEARN, TOO, WHAT WITHOUT AN AMERICA CONFIDENT ENOUGH TO SHOULDER THE BURDEN, THE WORLD WILL WITNESS LOUD AND BLOODY REVOLUTIONS THAT LEAD TO TYRANNY AND BACKWARDNESS, RATHER THAN QUIET ONES THAT LEAD TO DEVELOPMENT AND FULFILLMENT.

HISTORY HAS MANY OBJECT LESSONS FOR US AS WE TALK ABOUT THE FUTURE OF DEMOCRACY. IT SHOWS US WHAT CAN HAPPEN WHEN AMERICA STANDS FAST. IT ALSO SHOWS WHAT HAPPENS WHEN WE DOUBT OURSELVES, AS WE DID AFTER VIETNAM, AND AS WE CONTINUED TO DO, AGAIN AND AGAIN, UNTIL RONALD REAGAN LED US BACK TO OUR OWN HERITAGE. IN THE DECADE OF THE 80'S, AS THE REAGAN DOCTRINE PICKED UP WHERE THE TRUMAN DOCTRINE LEFT OFF, WE HAVE BEGUN TO TEST BOTH POSSIBILITIES FORESEEN BY GEORGE KENNAN 45 YEARS AGO -- THE BREAKUP OF SOVIET POWER AND THE MELLOWING OF THE SOVIET STATE.

HISTORY, FINALLY, SHOWS US THIS -- OR AT LEAST IT SHOULD: THAT WHILE WE HAVE ACCOMPLISHED A GREAT DEAL, THE JOB IS FAR FROM DONE. AND IF WE DON'T FINISH IT -- IF WE DON'T LIVE UP TO OUR HISTORY AND RHETORIC; IF WE DON'T DO WHAT IS RIGHT, IN ITS OWN RIGHT -- THEN IT IS NOT JUST FREEDOM, IN THE BROAD SENSE, THAT WILL LOSE; BUT IT IS AMERICA THAT WILL LOSE, TOO.

THE JOB IS FAR FROM OVER.

WE CANNOT ABANDON THE FREEDOM FIGHTERS IN ANGOLA, UNTIL TRUE NATIONAL RECONCILIATION IS ACCOMPLISHED IN THAT COUNTRY.

WE CANNOT PERMIT THE ROLLBACK OF VIETNAMESE POWER IN KAMPUCHEA TO BE REPLACED BY A NEW GROWTH OF THE KILLING FIELDS OF KHMER ROUGE BARBARISM.

WE CANNOT TURN OUR BACKS ON THE CUBAN PEOPLE, IN THE INTEREST OF REACHING SOME KIND OF POLITICAL ACCOMODATION WITH ONE OF THE COMMUNIST WORLD'S LAST TRUE STALINISTS.

AND -- PERHAPS MOST URGENT OF ALL -- WE CANNOT EXPECT TO JUST PULL THE PLUG ON THE NICARAGUAN FREEDOM FIGHTERS, WITHOUT PAYING A PROFOUND PRICE. A PRICE NOT ONLY IN THE CONTINUED REPRESSION OF MILLIONS OF NICARAGUANS, BUT A PRICE, TOO, IN AMERICAN HONOR, AMERICAN PRESTIGE, AND AMERICA'S NATIONAL SECURITY INTERESTS IN CENTRAL AMERICA.

TODAY'S HEADLINES TELL OF A NEW "PEACE PLAN," COOKED UP BY ORTEGA AND ARIAS, AND SIGNED OFF ON BY THE OTHER CENTRAL AMERICAN PRESIDENTS. WELL, I'M ALL FOR PEACE, TOO. BUT WHAT I WOULD LIKE TO SEE IS NOT JUST A "PEACE PLAN," BUT A "PEACE WITH FREEDOM" PLAN. THE KIND THAT WOULD INCLUDE REAL ELECTIONS, TO PUT ORTEGA OUT OF BUSINESS; THE KIND THAT WOULD REALLY ALLOW THE FREEDOM FIGHTERS TO DISBAND AND GO HOME, BECAUSE THEIR CAUSE WAS WON; THE KIND THAT WOULD REALLY DESERVE A NOBEL PRIZE.

NICARAGUA, ANGOLA, CUBA AND THE REST -- THEY ARE THE CHALLENGES OF TODAY; THERE WILL BE MORE TOMORROW. THAT IS THE NATURE OF THE WORLD; THAT IS THE BURDEN OF LEADERSHIP; THAT IS THE COST OF FREEDOM.

THE REAGAN DOCTRINE SAYS, QUITE SIMPLY, THAT FREEDOM IS WORTH IT. I BELIEVE THAT. IT IS MY RESPONSIBILITY, AND YOURS, TO SEE THAT AMERICAN POLICY ALWAYS REFLECTS THAT PROFOUND TRUTH.

-30-

News from Senator

BOB DOLE



(R - Kansas) SH 141 Hart Building, Washington, D.C. 20510-1601

FOR IMMEDIATE RELEASE
FEBRUARY 15, 1989

CONTACT: WALT RIKER, DALE TATE
(202) 224-5358

Remarks of Senator Bob Dole
National Forum Foundation Seminar
on the Reagan Doctrine

THE WONDERFUL EPIDEMIC OF FREEDOM

I WANT TO BEGIN BY SAYING FOUR WORDS TO SOMEONE NOT HERE IN PERSON TODAY, BUT VERY MUCH HERE IN SPIRIT; FOUR WORDS THAT I KNOW ARE DEEPLY FELT BY EVERYONE SITTING BEFORE ME.

PRESIDENT REAGAN, THANK YOU.

WITHOUT RONALD REAGAN, WE MIGHT WELL ALL BE HERE TODAY, TALKING ABOUT FREEDOM. BUT OUR WORDS WOULD BE VERY DIFFERENT, AND OUR SPIRITS VERY MUCH LOWER.

ONLY A FEW YEARS AGO, WHEN RONALD REAGAN WAS SWORN IN AS PRESIDENT, DEMOCRACY SEEMED TO MANY A SHRINKING ISLAND, BATTERED BY SWELLING SEAS OF TOTALITARIANISM. THE SOVIET EMPIRE WAS ON THE MOVE, SWALLOWING UP NEIGHBORS LIKE AFGHANISTAN, AND GREEDILY ACQUIRING CLIENTS IN SOUTHEAST ASIA, THE MIDDLE EAST, THE HORN OF AFRICA. AND IT WAS NOT JUST SOVIET EXPANSION THAT WAS THE PROBLEM. IT WAS OUR OWN MORAL PARALYSIS; OUR LACK OF FAITH IN AMERICA'S WILL TO ACT, AND POWER TO DO GOOD IN THE WORLD.

TODAY, SUCH DOUBTS SEEM FAR AWAY. DEMOCRACY IS THE WATCHWORD ALL OVER THE GLOBE -- FROM EASTERN EUROPE TO ASIA, FROM SOUTH AMERICA TO THE INDIAN SUB-CONTINENT. LITERALLY AND FIGURATIVELY, PEOPLE EVERYWHERE ARE DYING FOR DEMOCRACY.

THIRTY YEARS AGO KHRUSCHEV BOASTED THAT COMMUNISM WOULD BURY US. TODAY THE FREE WORLD POURS OUT AID TO HELP GORBAHCEV RESCUE SURVIVORS FROM THE RUBBLE OF NATURAL DISASTERS WHICH OVERWHELM THE CAPACITIES OF THE SOVIET STATE.

JUST LAST WEEK, IN MY OFFICE, I HEARD FROM A GROUP OF LATVIAN AMERICANS ABOUT THE TRAGEDY OF THEIR HOMELAND -- ITS ECONOMIC RESOURCES HAVE BEEN SIPHONED OFF TO SERVE THE SOVIET STATE; ITS CITIZENRY FORCED TO WEAR GAS-MASKS TO ESCAPE THE POLLUTION OF CRUDE INDUSTRIAL DEVELOPMENT; ITS NEW-BORN BABIES -- 40% OF THEM; 40% -- AFFLICTED WITH BIRTH DEFECTS, BECAUSE OF THE ABYSMAL STATE OF THE ENVIRONMENT, AND THE INADEQUACIES OF SOCIALIST HEALTH CARE.

TODAY WE SEE MANY THINGS MORE CLEARLY THAN WE DID A FEW YEARS AGO. WE SEE THAT DEMOCRACY IS NOT ONLY ALIVE, BUT WELL AND THRIVING. WE SEE THAT THE FUTURE BELONGS NOT TO THE BOLSHIEVIK

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REVOLUTION, BUT TO OUR OWN. WE SEE THAT THE TRUE PROPHETS WERE NOT MARX AND LENIN AND STALIN; BUT WASHINGTON AND JEFFERSON AND LINCOLN; AND THAT THE TRUE PROPHECY IS SUMMED UP IN THESE WORDS: THAT ALL MEN ARE CREATED EQUAL, AND ARE ENDOWED BY THEIR CREATOR WITH CERTAIN INALIENABLE RIGHTS -- LIFE, LIBERTY, AND THE PURSUIT OF HAPPINESS.

HOW DID WE GET HERE? WHY WAS THERE THIS AMAZING TURNAROUND IN OUR ATTITUDE TOWARD FREEDOM, AND IN THE FORTUNES OF FREEDOM ITSELF? THOSE WHO STILL DENY THE POWER OF THE AMERICAN EXAMPLE, AND THE IMPORTANCE OF AMERICAN POWER, WOULD SAY THAT WE HAD LITTLE TO DO WITH IT. FOR THEM, HISTORY IS INERTIAL; DEMOCRACY IS ON THE RISE ONLY BECAUSE OF SOME INEXPLICABLE SHIFT IN THE PENDULUM; THE SOVIET EMPIRE HAS GROUND TO A HALT ONLY BECAUSE OF THE HEAVY GRAVITY OF ITS OWN INCOMPETENCE.

WE KNOW BETTER. HISTORY IS MORAL RATHER THAN MECHANICAL. WE HAVE SUCCEEDED IN EXPORTING FREEDOM PRECISELY BECAUSE WE HAVE RECOVERED OUR FAITH IN OURSELVES, AS A NATION FOUNDED ON PRINCIPLES THAT APPLY EQUALLY TO ALL HUMAN BEINGS.

THE RECENT ROLLBACK IN TOTALITARIANISM HAS OCCURRED NOT JUST BECAUSE OF ITS OWN INNER CONTRADICTIONS -- BUT BECAUSE WE AGAIN ASSUMED OUR RESPONSIBILITY NOT JUST TO DEFEND OUR OWN FREEDOM, BUT TO ADVANCE ITS FRONTIERS. AS WE STOPPED SURRENDERING TO HOT FLASHES OF AMERICAN MALAISE AND ANXIETY, FREEDOM BEGAN TO FLOURISH ONCE AGAIN AROUND THE WORLD.

TODAY -- FEBRUARY 15 -- IS A MOMENTOUS DAY FOR FREEDOM; THE DAY ON WHICH THE SOVIET UNION IS TO REMOVE ITS LAST FORCES FROM AFGHANISTAN. THE FIRST DAY IN ALL OF HISTORY WHEN THE BORDERS OF SOVIET TYRANNY WILL BE SMALLER AT NIGHTFALL, THAN THEY WERE AT DAYBREAK.

TEN YEARS AGO, THE SOVIETS INVADED AFGHANISTAN. A THIRD OF THE AFGHAN POPULATION WAS DRIVEN FROM ITS HOME. MORE THAN A MILLION AFGHANS WERE KILLED. YET NOW IT IS THE MIGHTY CASEY HIMSELF WHO HAS STRUCK OUT; IT IS THE MIGHTY SOVIET RED ARMY WHICH HAS PACKED ITS BAGS AND GONE HOME. WHY? NOT BECAUSE OF SOME IRRESISTIBLE LAW OF "IMPERIAL OVERSTRETCH;" BUT BECAUSE AMERICA FINALLY DID SOMETHING MORE THAN PAY LIP-SERVICE TO ROLLING BACK SOVIET TYRANNY.

THE REPERCUSSIONS OF THIS DAY, AND WHAT LED UP TO IT, HAVE ONLY JUST BEGUN TO REVERBERATE. THE THING ABOUT FREEDOM AND INDEPENDENCE IS -- THEY'RE CONTAGIOUS. THE GERM IS SPREADING LIKE WILDFIRE; THE EPIDEMIC IS ALREADY UNDERWAY.

THOUSANDS OF MEN, AND WOMEN, AND CHILDREN ARE AFFLICTED IN LATVIA, AND ESTONIA AND LITHUANIA -- NATIONS BURIED FOR HALF A CENTURY UNDER THE PERMAFROST OF THE SOVIET GULAG, AND JUST NOW BEGINNING TO SENSE THE POSSIBILITY OF A NEW SPRING. THE PEOPLE THERE TALK AGAIN OF NATIONHOOD, AND SING THEIR NATIONAL ANTHEMS.

THE EPIDEMIC PERMEATES EASTERN EUROPE, WHERE THE SPOILS OF YALTA BEGIN TO SLIP FROM SOVIET HANDS, AND THE IDEA OF A MIDDLE EUROPE WITH PROFOUND AND RECIPROCAL CONNECTIONS TO THE WEST IS REBORN.

THE EPIDEMIC INVADES KAMPUCHEA, AND ETHIOPIA, AND ANGOLA -- WHERE NATIONAL LIBERATION MOVEMENTS STRUGGLE ON, THEIR FUTURES UNCERTAIN, BUT THEIR HOPES STILL HIGH, AND THEIR SPIRITS UNQUENCHABLE.

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-3-

THIS WONDERFUL EPIDEMIC -- ITS "GERMS" CULTURED IN THE LABORATORIES OF INDEPENDENCE HALL IN PHILADELPHIA; ITS "DISEASE" SPREAD BY AGENTS LIKE RADIO FREE EUROPE AND RADIO MARTI -- THIS WONDERFUL EPIDEMIC SPREADS RELENTLESSLY AROUND THE WORLD.

AND THE MOST WONDERFUL THING OF ALL IS THAT THE SOVIET ANTIDOTE -- MORE TYRANNY, LESS FREEDOM -- JUST MAKES THE "GERM" ALL THE MORE POTENT, THE EPIDEMIC ALL THE MORE PERVASIVE.

THAT IS WHY WE MEET TODAY WITH SO MUCH HOPE. BUT WE MEET TODAY, TOO, AT A TIME OF TRANSITION. AT A TIME WHEN WE MUST DECIDE, AS A NATION, WHETHER TO CONTINUE CARRYING FORWARD AGGRESSIVELY THE TORCH OF FREEDOM; OR, INSTEAD, TO SET IT DOWN FOR A MOMENT, TO CONTEMPLATE WHETHER THE DANGERS FROM TYRANNY ARE RECEDING, IN FAVOR OF SOMETHING CALLED "GLASNOST."

45 YEARS AGO, GEORGE KENNAN WROTE THAT THE UNITED STATES "HAD IT IN ITS POWER TO INCREASE ENORMOUSLY THE STRAINS UNDER WHICH SOVIET POLICY OPERATES" AND TO PROMOTE "EITHER THE BREAK UP OR THE GRADUAL MELLOWING OF SOVIET POWER." THIS STRATEGY, WHICH BECAME KNOWN AS "CONTAINMENT," WAS IMPLEMENTED IN THE TRUMAN DOCTRINE -- THE CORNERSTONE OF AMERICAN POLICY DURING THE DARKEST DAYS OF THE COLD WAR. PRESIDENT TRUMAN MADE ITS OUTLINES CLEAR IN WORDS THAT WERE AS SIMPLE AS THEY WERE COURAGEOUS: "WE MUST ASSIST FREE PEOPLES TO WORK OUT THEIR OWN DESTINIES IN THEIR OWN WAY."

I REMEMBER THAT STATEMENT VERY WELL. AT THE TIME, I WAS A YOUNG MAN, WITH THE MARKS OF MY OWN MILITARY SERVICE STILL UPON ME. I REMEMBER HOW HARRY TRUMAN'S BRAVE WORDS WERE CONDEMNED -- AS TOO STRONG, BY THOSE WHO STILL SAW STALIN AS A WARTIME ALLY; AS TOO BOLD, BY THOSE WHO WANTED AMERICA TO CLOSE ITS DOORS AROUND OUR DEMOCRACY, AND LET THE REST OF THE WORLD FEND FOR ITSELF.

BUT MANY OF MY GENERATION, MEN AND WOMEN WHO HAD DEFENDED FREEDOM IN EUROPE AND IN THE PACIFIC, HAD LEARNED THAT STRENGTH IS THE ONLY REAL SECURITY, AND THAT IDEALISM ABOUT DEMOCRACY WAS THE TRUEST REALISM THERE WAS. WE UNDERSTOOD THAT CONTAINMENT MEANT THE WILLINGNESS TO TAKE THE RISKS OF VIGOROUSLY DEFENDING FREEDOM, EVEN ON THE BORDERS OF THE SOVIET EMPIRE.

WHAT WERE THE FRUITS OF THIS COMMITMENT? WESTERN EUROPE -- LIBERATED BY AMERICAN ARMIES, AND THEN SAVED FROM SOVIET TYRANNY BY AMERICA'S PRESENCE -- WESTERN EUROPE PROSPERED, WHILE EASTERN EUROPE SLIPPED TRAGICALLY INTO DARKNESS AND DESPAIR. IN ASIA, NATIONS LIKE SOUTH KOREA, TAIWAN AND THAILAND -- AMONG THE MOST BACKWARD COUNTRIES IN THE WORLD IN 1950 -- DEVELOPED INTO SOME OF THE MOST ADVANCED; WHILE STATES LIKE CHINA HAVE FOUNDERED, AND OTHERS LIKE VIETNAM HAVE TURNED INTO BASKET CASES.

WERE THE RISKS WE TOOK, THE SACRIFICES WE MADE -- WERE THEY WORTH IT? VISIT WEST BERLIN, AND THEN CROSS INTO EAST BERLIN, AND YOU'LL HAVE THE ANSWER. HELICOPTER FROM SEOUL, KOREA, UP TO THE DMZ, AS I HAVE -- AND YOU'LL HAVE THE ANSWER. COUNT UP THE NUMBER OF REQUESTS YOU GET FROM PEOPLE BEHIND THE IRON CURTAIN, WHO WANT TO COME TO AMERICA, AND THEN COUNT UP THOSE YOU GET FROM AMERICANS WHO WANT TO GO LIVE SOMEWHERE ELSE -- AND YOU'LL HAVE THE ANSWER.

OF COURSE IT WAS WORTH IT. FREEDOM IS WORTH IT.

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SEN SAM NUNN WASHINGTON OFFICE

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FOR IMMEDIATE RELEASE

FEBRUARY 15, 1989

STATEMENT OF SENATOR SAM NUNN ON TOWER NOMINATION

In response to a question from the media today in Rome, Georgia, as to whether a closed session of the Senate will be necessary to consider the nomination of Senator John Tower to be Secretary of Defense, Senator Sam Nunn (D-GA) stated:

"I hope not, but it depends on the type of questions posed on the Senate floor by Senators who are not members of the Armed Services Committee. If an accurate answer to these questions includes personal information, I would recommend that a limited closed session be held to answer these questions and only these questions. I emphasize that the leadership of the Senate will make this decision, not the Armed Services Committee or its Chairman."

Kelly

WHY CONGRESS NEEDS TO COME TO THE BARGAINING TABLE

Legislative Concerns:

- We need to have an agreement on a budget resolution, so the Appropriations Committees can begin their work and complete thirteen separate appropriations bills on time (House must report appropriations bills by June 10). Otherwise, we are likely to face another "take it or leave it" Continuing Resolution sometime around Christmas.
- Important deadlines are looming: the Senate Budget Committee is required to report a budget resolution by April 1, but since the spring recess occurs at the end of March, work on the resolution must be completed by March 17. That gives us only four weeks to come up with an agreement.
- Squabbling over the budget prevents us from tackling a host of pressing problems from the savings and loan crisis to health care for the uninsured. I am sure the President does not want to see his legislative agenda held hostage by the budget process for most of his first year in office.

Economic Concerns:

- After six years of solid, low-inflation economic growth, many are taking a "don't worry, be happy" approach to the deficit. Well, inflation is not dead, it's alive and kicking. Last month producer prices jumped by 1% -- the highest level in three years. One percent growth may not sound like much, but if prices keep growing at this rate we could end up with an annual rate over 12%.
- Built in to President Bush's economic forecast is an assumption that we will move quickly to tackle the budget deficit, enabling the Federal Reserve to loosen its monetary policy and lower interest rates. Unfortunately, because of inaction on the budget, the opposite is now happening. The FED has continued to tighten, and banks are steadily raising their prime interest rate. In fact, the day after President Bush released his budget, banks raised their prime interest rates to 11 percent, the fifth consecutive increase in the last 12 months.
- Uncertainty about the budget has increased instability in the currency markets. While high U.S. interest rates continue to make dollars attractive to foreign investors, they remain wary that high budget and trade deficits could drive down the dollar, diluting the value of their investments.
- The skittishness of foreigner investors, along with recent increases in inflation and interest rates, have made the markets for stocks and bonds increasingly erratic. Concerns are mounting that the Japanese and Europeans could simply turn their backs on American financial markets, as they did with a recent issue of 30 year Treasury bonds, driving interest rates even higher.

- 3) "Preventing a recession and increasing investment in infrastructure and education are much more important than cutting the deficit, especially since the return from this type of investment will more than outweigh the costs of running large deficits."

As explained in 1), continuing to run deficits is more likely to cause a recession than to prevent one. In addition, if we were to fall into a recession our options would be very limited by large deficits. More specifically, it would be difficult to use a Keynesian type spending spree to pull our economy out of the doldrums with deficits at current levels.

There is also not much evidence that we have increased spending for public investment by running large deficits. In fact, large deficits seem to have constrained public investment.

- 4) Professor Robert Eisner poses the following very convoluted argument: if you add the surpluses of state and local governments to the federal deficit, stretch the cost of capital spending over a longer period of time, and adjusted the value of debt for inflation then you would find that we are actually running budget surpluses and not budget deficits.

The Economist trashes this one well: "Nice theory, but it still leaves the federal government having to raise cash in the markets and so absorb savings."

- 5) According to Milton Friedman, "You cannot reduce the deficit by raising taxes. Increasing taxes only results in more spending..." A more cynical interpretation of this strategy might be: Leaving the deficit at a very high level and not raising taxes, constrains public spending.

Admittedly, there probably is some truth to this argument. However, the question must be asked, is the cure worse than the disease? Whether you believe more strongly in the "hard landing" scenario or in the "recession-over-the-rest-of-time" scenario, your answer will probably be maintaining high deficits is a very dangerous way of constraining spending.

News Flash: On Friday the Commerce Department announced that the trade deficit improved slightly from November to December. The overall trade deficit for 1988 fell by 20%, the first annual decline since 1980.

MEMORANDUM

February 17, 1989

To: Senator Dole

From: Kathy

Subject: What the "Deficits-Don't-Matter" Crowd is saying and why they are wrong.

- 1) "Despite the warnings of deficit Pollyannas, the economy is booming. Growth in prices remains slow and unemployment has reached its lowest level in years."

Most economists believe that the effect of deficit will be cumulative and not immediately visible. Despite recent improvement in the budget, the deficit still absorbs half America's domestic savings. The crowding out of private investment caused by the deficit will likely contribute to an eventual decline in productivity growth. Some of this decline is already evident. Although productivity growth has recently improved in large part because of the decline in oil prices, productivity growth is still running well below the average rates in the 50's and 60's.

The bottom line is: Lower productivity growth translates into significantly lower living standards down the road. Or, as a recent Atlantic Monthly article explains, it is like "accepting a serious recession spread out over the rest of time."

Alternatively, Fred Bergsten argues that we risk a "hard landing" if foreigners lose confidence in our ability to cut the budget deficit and suddenly begin selling off their dollar denominated assets. The resulting plunge in the dollar would sharply increase inflation and interest rates, and throw the economy into a deep recession.

- 2) "Many foreign governments, Japan in particular, have deficits that are much larger than ours (as a percentage of GNP), and yet they are still able to maintain strong economic growth, high levels of investment and sizable trade surpluses."

Japan has a personal savings rate that is almost quadruple the U.S. rate, enabling it to finance its deficit and support private investment with funds from domestic sources. The U.S., on the other hand, must borrow around \$10 billion a month from private investors.

Why not, as some have argued, use tax breaks to encourage greater rates of saving? Believe it or not, there is little evidence to show that increasing the return on savings, increases the level of savings. In the 1980's, for example, savings rates have fallen in spite of high real interest rates, and changes to the tax code in the early eighties that lowered tax rates.