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ABC

This Week With David Brinkley Topic: The Clinton economic plan. Guests: Treasury Secretary Lloyd Bentsen and Sen. Bob Dole, R-Kansas, Minority Leader.

NBC

Meet the Press Topic: The Clinton economic plan. Guests: PRESS RETURN TO CONTINUE OR ENTER A REQUEST.

Office of Management and Budget Director Leon Panetta and Rep. Newt Gingrich, R-Ga., Republican Whip

CBS

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Face the Nation Topic: The Clinton economic plan. Guests: George Fisher, chairman and CEO, Motorola Corporation, and chairman of the Competetiveness Council; Lester Thurow, dean, Sloan School of Management, MIT; Kansas City Mayor Emanuel Cleaver; Kathleen Hall Jamieson, dean, Annenberg School for Communication, University of Pennsylvania; and Howard Kurtz of the Washington Post.

CNN

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Newsmaker Sunday with Frank Sesno To be announced.

BRINKLEY SHOW SUNDAY, FEBRUARY 21, 1993 10:30-11:30 AM

ABC is sending a car to pick you up at the Watergate at 9:45AM

You have the first half (at least 10 minutes); Bentsen has the second

CONTACT: Veronique Rodman

887-7977

weekend 887-7300 home 363-7159

TOPIC: CLINTONOMICS; ECONOMY; DEFICIT

Clarkson will meet you there

MEMORANDUM

February 20, 1993

TO: FROM: SUBJECT: SENATOR DOLE JIM WHITTINGHILL BRINKLEY SHOW

A suggestion for the inevitable question about your proposals for additional spending reductions --

I don't know, I'm not sure he has the votes of enough Democratic Senators to get his third of a trillion dollar tax package out the Committee, let alone the full Senate.

So, if he can't get the biggest part of his package through -- the increased taxes -- then he'll have to find a more credible package somehow.

Next time he might want to talk to Republicans, or maybe he'll just talk to Democrats again. At this point is doesn't really matter.

But Sam, you're a pretty popular guy around here, maybe you could call the Senators on the Committee and find out how they will vote and let the President know. That way we could probably save a month or two, and come up with a new package now instead of waiting.

ARE YOU SAYING THE PACKAGE IS DEAD ON ARRIVAL?

Not at all. I just don't think the President has enough votes in the Senate Finance Committee to pass the tax increases he is suggesting. Changes will have to be made. My guess is he will have to come up with more spending cuts, so we'll wait to see what he proposes. As before, Republicans stand ready to help the President if that's what he wants. But every time the phone rings, it's the American people calling to let us know what they think -- it's not the President calling to ask for help.

This document is from the collections at the Dole Archives. University of Kansas

http://dolearchives.ku.edu (Deficit impact in \$ billions from uncapped baseline)

February 19, 1993

Source: Senate Budget Committee Minority Staff 1993-1997 1997 1996 1993 1994 1995 -34.9-57.5 -125.6-12.0-21.2PROPOSED DEFENSE CUTS -50.0 -20.0-9.5 -15.2Defense Cuts Already Approved by Congress -5.3-75.5 -19.7-37.4-6.7 -11.7New "Clinton" Defense Cuts NON-DEFENSE DISCRETIONARY: -48.5 -9.8 -14.9 -19.7-4.1 Proposed Spending Reductions 0.4 14.3 0.8 5.9 2.1 Increased Spending for "Stimulus" 5.1 88.3 28.6 36.4 5.4 17.9 Increased Spending for "Investment" --54.1 14.5 17.1 7.2 10.2 5.1 Net Non-Defense Discretionary Spending ENTITLEMENT/MANDATORY: -51.7-5.3-9.5 -14.1 -22.8 Proposed Spending Reductions 3.2 3.2 Increased Spending for "Stimulus" 3.0 11.4 2.0 3.0 Increased Spending for "Investment" 3.4 ---37.1 -7.5 -11.1 -19.83.2 -1.9Net Change in Mandatory Spending -4.8 -15.2-8.2 -0.8 -1.4OFFSETTING RECEIPTS -123.8-68.4 -36.38.3 -7.5 -19.9TOTAL SPENDING CUTS CLAIMED BY CLINTON -50.0-15.2-20.0 -5.3 -9.5 Bush Cuts Already Approved by Congress -82.1 -10.4-21.1 -48.4 -2.2 New "Clinton" Spending Cuts REVENUES: a/ -270.5 -56.4 -72.6 -89.7 -48.9 -2.9 Tax Increases 66.4 14.8 6.4 12.8 17.1 15.3 Tax Expenditures for "Stimulus" -23.9-2.9 -7.1 -13.80.3 -0.4DEBT SERVICE SAVINGS -11.5 -3.3 -3.9-1.6 -2.7--OTHER INTEREST SAVINGS -104.5 -45.6 -64.8 -160.5-363.312.1 TOTAL DEFICIT IMPACT

a/ Revenue increases are shown as negative as they reduce the deficit. Details may not add to totals due to rounding.

BRINKLEY SPIN:

AS YOU DID IN YOUR MONDAY NIGHT TV RESPONSE, STRESS THAT REPUBLICANS WANT TO WORK WITH THE AMERICAN PEOPLE, TO HELP PRESIDENT CLINTON HEAR THEIR VOICE IN DEALING WITH DEFICIT REDUCTION.

STAY AWAY FROM SENATE INSIDE BASEBALL. REMIND PEOPLE YOU'RE DOING WHAT THE 57% WHO DIDN'T VOTE FOR CLINTON EXPECT -- OPPOSING BIG TAXES AND LAME SPENDING CUTS. CLAIM THAT MANY IN THE 43% WHO DID VOTE FOR CLINTON FEEL A LITTLE BETRAYED, AND WANT SOMEBODY TO STAND UP FOR THEM, TOO.

WHILE EARLY POLLS MAY INDICATE AMERICANS SUPPORT THE CONCEPT OF "FAIRNESS" IN DEFICIT REDUCTION, THE ACTUAL PLAN AND ITS DETAILS WILL BE UNPOPULAR. IF YOU ASK THE AMERICAN PEOPLE IF THEY WANT TO SHELL OUT THREE TAX DOLLARS FOR ONE DOLLAR IN SPENDING CUTS, THEY'LL TELL YOU THAT'S NOT FAIR.

IT'S NOT JUST A BUNCH OF REPUBLICAN "OBSTRUCTIONISTS"
POURING COLD WATER ON THE CLINTON PLAN -- THE MORE THE AMERICAN
PEOPLE SEE OF THE CLINTON PLAN, THE MORE SKEPTICAL THEY GET.

THIS IS PRESIDENT CLINTON'S PLAN. IT'S NOT WHAT HE PROMISED THE PEOPLE DURING THE CAMPAIGN, AND REPUBLICANS WEREN'T INVOLVED. REPUBLICANS ARE READY TO MAKE THE TOUGH VOTES, BUT THERE'S A BIG DIFFERENCE BETWEEN A TOUGH VOTE AND A BAD VOTE.

WEDNESDAY NIGHT, WE HEARD THE "STATE OF THE UNION" MESSAGE. AND ON THURSDAY, WE HEARD THE "MISTAKE OF THE UNION MESSAGE" -- A \$175 BILLION MISTAKE (NOT COUNTING THE NEW SPENDING AND TAX BREAKS) THAT EXPOSED THE PACKAGE FOR WHAT IT IS.

THE CLINTON ADMINISTRATION SAYS THIS IS "HONEST" BUDGETING FOR A CHANGE. THE ONLY CHANGE WE'VE SEEN IS THE BOOKS ARE BEING COOKED AT A HIGHER TEMPERATURE THAN EVER BEFORE. AND THEY HAVEN'T JUST COOKED THE BOOKS -- THEY'VE BOILED THEM AND BAKED THEM.

MAJOR SPENDING INCREASES IN PRESIDENT CLINTON'S BUDGET PLAN

(\$ IN BILLIONS)

PROGRAM	FY93 TO FY98
Head Start	13.846
AIDS Initiative	12.433
Food Stamps	12.000
Federal Aid Highway Program	9.801
National Service	9.430
Education Reform	9.235
Dislocated Worker Assistance	6.598
Clean Water State Revolving Funds	4.366
WIC	3.634
National Science Foundation	3.397
Government Automation	3.384
VA Medical Care	3.336
Crime Initiative	3.216
JTPA Summer Youth	2.662
CDBG	2.536

THE CLINTON BUDGET PLAN HONEST BUDGETING OR PHONY BASELINES? TAKING CREDIT FOR PREVIOUSLY ENACTED DEFICIT REDUCTION

Deficit reduction plans are most frequently judged on the amount they cut from the current-law deficit "baseline". When President Clinton presented his budget plan, he utilized a phony "uncapped" baseline created by CBO. The Clinton uncapped baseline assumes that the discretionary spending caps, enacted in 1990 and the law of the land until FY 1997, no longer exist.

Why would President Clinton choose to use a baseline which doesn't reflect current law?

If you compare the Clinton uncapped baseline with CBO's current-law January 1993 baseline, you will see that President Clinton is trying to claim credit for \$101 billion in spending reductions already locked in by the 1990 Budget Agreement.

·	1993	1994	1995	1996	1997	1998	93-98
CLINTON "UNCAPPED" DEFICIT BASELINE CBO JANUARY 1993 DEFICIT BASELINE	319 310	301 291	296 284	297 287	346 319	390	1,949 1,848
DEFICIT REDUCTION LOCKED IN BY THE 1990 BUDGET AGREEMENT	(9)	(10)	(12)	(10)	(27)	(33)	(101)
DEFICIT REDUCTION CLAIMED BY THE CLINTON BUDGET PLAN	13	(39)	(54)	(92)	(140)	(148)	(460)
DEFICIT REDUCTION REALIZED BY THE CLINTON BUDGET PLAN	22	(29)	(42)	(82)	(113)	(115)	(359)

Prepared by the Office of U.S. Senator Don Nickles on 18-Feb-93

February 19, 1993

Source: Senate Budget Committee Minority Staff

	1993	1994	1995	1996	1997	1993-1997	
PROPOSED DEFENSE CUTS		-12.0	-21.2	-34.9	-57.5	-125.6	
Defense Cuts Already Approved by Congress		-5.3	-9.5	-15.2	-20.0	-50.0	
New "Clinton" Defense Cuts		-6.7	-11.7	-19.7	-37.4	-75.5	DEFENSE
NON-DEFENSE DISCRETIONARY:							
Proposed Spending Reductions		-4.1	-9.8	-14.9	-19.7	-48.5	
Increased Spending for "Stimulus"	5.1	5.9	2.1	0.8	0.4	14.3	
Increased Spending for "Investment"		5.4	17.9	28.6	36.4	88.3	NOW BÉFE
Net Non-Defense Discretionary Spending	5.1	7.2	10.2	14.5	17.1	54.1	INCREAS
ENTITLEMENT/MANDATORY:							
Proposed Spending Reductions		-5.3	-9.5	-14.1	-22.8	-51.7	
Increased Spending for "Stimulus"	3.2		/-			3.2	
Increased Spending for "Investment"	4-2	3.4	2.0	3.0	3.0	11.4	
Net Change in Mandatory Spending	3.2	-1.9	-7.5	-11.1	-19.8	-37.1	MANDATO
OFFSETTING RECEIPTS		-0.8	-1.4	-4.8	-8.2	-15.2	
TOTAL SPENDING CUTS CLAIMED BY CLINTON	8.3	-7.5	-19.9	-36.3	-68.4	-123.8	
Bush Cuts Already Approved by Congress		-5.3	-9.5	-15.2	-20.0	-50.0	
New "Clinton" Spending Cuts	[F	-2.2	-10.4	-21.1	-48.4	-82.1	TOTAL
REVENUES: a/							CUTS
Tax Increases	-2.9	-48.9	-56.4	-72.6	-89.7	-270.5	TOTAL
Tax Expenditures for "Stimulus"	6.4	12.8	17.1	14.8	15.3	66.4	TAX
Subtotal	3.5	-36.1	-39.3	-57.8	-74.4	-204.1	INCORA
DEBT SERVICE SAVINGS	0.3	-0.4	-2.9	-7.1	-13.8	-23.9	
OTHER INTEREST SAVINGS		-1.6	-2.7	-3.3	-3.9	-11.5	
TOTAL DEFICIT REDUCTION	12.1	-45.6	-64.8	-104.5	-160.5	-363.3	

Details may not add to totals due to rounding. a/ Revenue increases are shown as negative as they reduce the deficit.

POSSIBLE TACTIC

Round up conservatively-oriented Democrats to agree to something like the attached, which has the virtue of:

- (1) being fiscally responsible;
- (2) being consistent with the President's alleged interest in truth-inbudgeting;
- (3) being consistent with the Governors', the financial markets', and much of the public's interest in serious spending control;
- (4) being "specific" by holding the President to some of his own words and tests.

At the same time, the attached would:

- (1) be unattractive to most Democratic appropriators;
- (2) expose the fraud in the President's claim that he will use health savings for both comprehensive universal coverage and deficit reduction;
- (3) radically increase the Leader's leverage if a working Senate majority could agree to the attached elements.

TRUTH IN BUDGETING

(1) Baselines

Whereas the President says that he wishes to base his budget on CBO numbers (not those of OMB, and not a combination fabricated for political convenience), and whereas the President proposes measures he says will reduce the deficit by \$145 billion in fiscal year 1997 . . .

- o The deficit target for 1987 shall not exceed \$174 billion (the CBO baseline deficit of \$319 billion minus the President's proposed \$145 billion savings).
- No discretionary "savings" will be scored as savings except to the extent that total discretionary spending is capped at a level below the CBO baseline level (as published in January 1993).

(2) Health

Whereas the President has stated that achieving health cost savings is the single most important key to deficit reduction and economic growth, and whereas the President's budget projections assume health cost savings will be dedicated to deficit reduction ("Vision," page 119), and whereas the President has stated his intention to deliver his health plan prior to final action on the budget resolution . . .

- o No health plan shall be considered in order under the budget resolution unless:
 - (a) <u>at least half of its gross cost-saving measures are dedicated to deficit reduction; and</u>
 - (b) the net effect of the plan is to decrease the deficit in accordance with the projections on page 119 of the President's "Vision of Change" (2/17/93).

(3) Balance

Whereas the President's advisers, in their confirmation hearings, have said that two dollars in spending should be saved for every dollar raised in new taxes, and whereas the Nation's Governors have established a higher target ratio, and whereas the President has said that he wishes to save a dollar in spending for every dollar in increased taxes . . .

No tax increase proposal shall be in order unless the Congress shall first have enacted at least [1.5 times] that amount in spending reduction.

(NOTE: The savings shall be scored by CBO; calculated prior to debt service savings; and calculated on the basis of traditional scoring conventions, which treat taxes on Social Security earnings (for example) as taxes!).

This document is from the collections at the Dole Archives, University of Kansas http://dolearchives.ku.edu

PROJECTED CONGRESSIONAL BUDGET OFFICE REVENUES, OUTLAYS, AND DEFICITS: 1993-2003 (in billions of dollars)

	<u>1993</u>	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Revenues	1,143	1,215	1,291	1,356	1,414	1,482	1,540	1,600	1,664	1,733	1,804
Selected spending											
Social Security	302	319	335	351	368	385	403	420	439	459	480
Medicare	146	167	188	211	234	259	286	316	350	389	432
Medicaid	80	92	105	118	131	146	162	179	198	219	240
Other retirement	61	64	67	71	75	79	82	85	89	93	97
Net interest	198	211	231	250	270	292	314	339	368	400	437
Total selected spending	788	852	926	1,000	1,078	1,161	1,251	1,340	1,444	1,560	1,686
Total spending	1,453	1,507	1,575	1,643	1,733	1,839	1,943	2,055	2,178	2,312	2,458
Selected spending as a % of total spending	54%	57%	59%	61%	62%	63%	64%	65%	66%	68%	69%
Deficit	310	291	284	287	319	357	404	455	513	579	653

Source: The Economic and Budget Outlook, Congressional Budget Office, January 1993.

2/19/93 10:SOAM

CLINTON ECONOMIC PLAN TALKING POINTS FOR BRINKLEY SHOW

- o The initial reaction to the President's speech was fairly positive. It was a good, slick, political speech with more goodies than specifics.
- o But, as the American people have learned more about the details of what is actually in the plan, they have gotten a little more skeptical about it. [See call information]

A FEW IMPORTANT FACTS ABOUT THE CLINTON PLAN

- o The President's numbers don't add up. He claims to produce \$140 billion in deficit reduction by 1997 with a balance of tax increases and spending cuts. But there is no balance.
 - -- By 1997, President Clinton's plan will raise \$271 billion in taxes. Include the tax incentives for stimulus and the tax increases still total \$204 billion.
 - -- After you take away all the spending increase for socalled "Investment", the plan cuts less than \$74 billion in spending by 1997. I'm no budget technician, but compare that to the tax increases and you come up with a ratio of almost three dollars in new taxes for every dollar of spending cuts.
 - -- And, all of the real cuts between now and 1997 come out of defense. President Clinton's plan cuts an additional \$75.5 billion out of defense. That's in addition to \$50 billion in cuts that President Bush and Congress already approved last year.
- o The truth is that a lot of these tax increases and some of the defense cuts are being used to finance more government spending -- not deficit reduction.
- o Take away all of the smoke and mirrors and the picture gets even worse. Once we have a chance to look at the details more closely, I think we are going to find that this plan will raise four or five dollars in taxes for every dollar in real spending cuts.

THE TAX INCREASES ARE NOT JUST HITTING THE RICH

- o Most of the so-called rich who are getting hit with this new 36 percent tax bracket are not even individuals. They are small businesses.
- o President Clinton claims he wants to keep the economy moving

and create more jobs, but he is raising taxes on the small businesses who create 60 percent of all the new jobs in this country.

- O He talks about creating jobs with this package, but he failed to include the repeal of the luxury tax. As we have come to know, the "so-called" luxury tax doesn't soak the rich, it's a jobs issue -- particularly for our aircraft industry. We need to repeal this tax to help put Kansans back to work.
- o Ross Perot said that a lot of middle class consumers are going to see prices going up on a lot of products as businesses try to pass on these higher taxes. He is absolutely right about that.
- o Take the BTU tax. Businesses need energy to produce their goods -- that tax increase will show up in the price of those goods.
- o He talks about global competitiveness but some of our exporters -- particularly our farmers -- will be sensitive to the BTU tax. It will make them less competitive in the world market.

THE CLINTON BUDGET PLAN: NEW TAXES & PHANTOM SAVINGS

DEFICIT REDUCTION CATEGORY	FY 1993 to FY 1998	As a % of	Total.
New Taxes *	\$360	68%	
User Fees & Other Receipts	\$36	7%	
Tax Cuts	(\$83)	-16%	
NET NEW REVENUES	\$313		59%
	Juge		
DEFENSE CUTS	(76 mar \$187	,)	35%
	1/2	8/	
Domestic Cuts	\$ \$71	13%	
Entitlement Cuts	** \$78	15%	
New Domestic Spending	(\$144)	-27%	
New Entitlement Spending	(\$18)	<u>-3%</u>	
NET NEW DOMESTIC SPENDING	(\$13)		-2%
DEBT SERVICE SAVINGS	\$46		9%
TOTAL DESIGN DEDUCES.			
TOTAL DEFICIT REDUCTION	\$533		100%

^{* =} Includes increased taxes on Social Security.

Items represent change from CBO's uncapped baseline.

Items which increase the deficit are shown in (parenthesis).

Data provided by Senate Budget Committee minority staff, and compiled by the Office of U.S. Senator Don Nickles.

February 19, 1993

TO:

SENATOR DOLE

FROM:

John Mugler

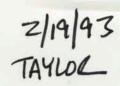
SUBJECT: Calls Regarding Clinton's New Tax Proposal

DATE:	ATE: OFFICE:		FOR:	AGAINST:
TUES.	16	HART OFFICE	26	334
TUES.	16	KANSAS OFFICES	15	356
WED.	17	HART OFFICE	24	609
WED.	17	KANSAS OFFICES	7	144
SUB-TO	OTAL		72	1443

TOTAL:			FOR:	AGAINST:
SUB-TO	TAL:		1351	1917
FRI: (5	19 :00	KANSAS OFFICES pm)	126	$\begin{array}{c} 442 \\ 228 \end{array} \begin{array}{c} 2 \text{ to 1} \\ AGAINST$
FRI:	19	HART OFFICE	201	442 2 401
THUR:	18	KANSAS OFFICES	609	555
THUR:	18	HART OFFICE KS. Residents Out of State	69 346	130 562
*****	****	**************************************	ST SPEECH****	******

1423

3360



CLINTON ECONOMIC PLAN TALKING POINTS FOR BRINKLEY SHOW

- o The initial reaction to the President's speech was fairly positive. It was a good, slick, political speech with more goodies than specifics.
- o But, as the American people have learned more about the details of what is actually in the plan, they have gotten a little more skeptical about it.
- o In testimony before the Senate Budget Committee last week, Treasury Secretary Bentsen said, "This is an honest budget... [that] will stand the light of day, from Main Street to Wall Street."
- o The sun must shine a little differently on Main Street in Russell, Kansas because, as far as I can tell, the President's numbers just don't add up.

A FEW IMPORTANT FACTS ABOUT THE CLINTON PLAN

- o He claims that his plan will reduce the deficit by \$140 billion in 1997 with a balance of tax increases and spending cuts. But there is no balance.
 - -- By 1997, President Clinton's plan will raise \$271 billion in taxes. New tax expenditures for "stimulus" and "investment" total \$66.4 billion.
 - -- After you take away all the spending increase for socalled "stimulus" and "investment", the plan cuts just over \$82 billion in spending by 1997. I'm no budget technician, but compare that to \$271 billion in tax increases and you come up with a ratio of more than three dollars in new taxes for every dollar of real spending cuts.
 - -- And, 92 percent of the real cuts the President is proposing between now and 1997 come out of defense. President Clinton's plan cuts \$75.5 billion out of defense. That's in addition to \$50 billion in cuts that President Bush and Congress already approved last year.
- o The truth is that a lot of these tax increases are being used to finance more government spending -- not deficit reduction.
- o Take away all of the smoke and mirrors and the picture gets even worse. Once we have a chance to look at the details more closely, I think we are going to find that this plan will raise four, five, or six dollars in taxes for every dollar in real spending cuts.

THE TAX INCREASES ARE NOT JUST HITTING THE RICH

- Most of the so-called wealthy who are getting hit with this new 36 percent individual income tax bracket are not even individuals. They are small businesses.
- o President Clinton wants to keep the economy moving and create more jobs, but he is raising taxes on the small businesses who create 60 percent of all the new jobs in this country.
- o Ross Perot said that a lot of middle class consumers are going to see prices going up on a lot of products as large and small businesses try to pass on these higher taxes. He is absolutely right about that.

GREENSPAN "ENDORSES" CLINTON PLAN

o Wire stories suggest that Fed Chairman Alan Greenspan endorsed President Clinton's economic program during testimony before the Senate Banking Committee "as a serious and credible effort to combat the deficit." Bentsen will undoubtedly cite this as an important endorsement.

There are two points you can make in response:

- -- During the same hearing, Greenspan admitted that after the short-term stimulus is spent, Clinton's plan "could act as a drag on the economy".
- -- Second, Chairman Greenspan made it clear he favored relying almost exclusively on spending cuts rather than tax increases to reduce the deficit.

WHAT ABOUT A REPUBLICAN RESPONSE?

We are still trying to cut through the rhetoric and find out what is really in this plan.

IS THIS PLAN DEAD?

- o It is too early to say for sure, but it has a lot of problems.
- o The President is out on the road pressing the flesh to sell his package. No doubt about it, Bill Clinton is a good campaigner. But when it comes time to cast the votes, members of Congress will be taking their cues from their constituents, not the White House. And from what I've seen, the more people outside Washington learn about this plan, the less they like it.

This document is from the collections at the Dole Archives, University of Kansas http://dolearchives.ku.edu



EWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER



FOR IMMEDIATE RELEASE FEBRUARY 18, 1993

CONTACT: WALT RIKER (202) 224-5358

A LESSON IN CLINTONOMICS

THE CLINTON PLAN'S HIGH-STAKES NUMBERS GAMES:
MORE TAXES, FEWER CUTS, LESS DEFICIT REDUCTION;
TAX HIKES FAR OUTWEIGH BUDGET CUTS

WE HAVEN'T SEEN MANY OF THE DETAILS ON PRESIDENT CLINTON'S ECONOMIC PLAN. THE FINE PRINT MAY NOT BE AVAILABLE UNTIL LATE MARCH, BUT WE HAVE LEARNED A FEW THINGS SINCE LAST NIGHT THAT THE AMERICAN PEOPLE OUGHT TO KNOW.

NEW TERMINOLOGY

FIRST, THE PRESIDENT AND THE PROPONENTS OF HIS PLAN HAVE REDEFINED SEVERAL WORDS, GIVING THEM TROUBLING NEW MEANINGS:

INVESTMENT NOW MEANS MORE GOVERNMENT SPENDING.

SACRIFICE NOW MEANS HIGHER TAXES, BIGGER GOVERNMENT AND MORE

MANDATES.

CONTRIBUTION NOW MEANS HIGHER TAXES, AND

PATRIOTISM IS NOW DEFINED BY WHETHER OR NOT AN INDIVIDUAL SUPPORTS THE PRESIDENT'S PROGRAM.

WHAT THE PRESIDENT DIDN'T SAY

THE PRESIDENT SAID HIS PLAN STRUCK A BALANCE BETWEEN MORE REVENUES AND TOUGH SPENDING CUTS. HE CLAIMS THAT HIS BUDGET CONTAINS 150 PROPOSALS TO CUT GOVERNMENT SPENDING. BUT, HE DIDN'T SAY WHERE THEY WERE.

THE PRESIDENT DIDN'T TELL THE AMERICAN PEOPLE THE WHOLE STORY ABOUT THE TAX INCREASES IN HIS PLAN. BY MY COUNT, IF YOU ADD ALL THE TAX INCREASES TOGETHER, THE TOTAL COMES TO \$361

BILLION BY 1998 -- \$271 BILLION BY 1997.

HE CLAIMED THAT THE PLAN WAS FAIR AND WOULD CREATE JOBS.
BUT, HE DIDN'T TELL YOU THAT THE NEW 36 PERCENT TAX BRACKET HITS
AMERICAN SMALL BUSINESSES -- THE ONES WHO CREATE 60 PERCENT OF
ALL NEW JOBS -- SQUARE IN THE TEETH. HE DIDN'T TELL US THAT THE
TOP TAX BRACKET WILL INCREASE FROM 31 PERCENT TO 46 PERCENT. HE
DIDN'T TELL US THAT HIGHER CORPORATE TAX RATES WILL BE PASSED ON
TO MIDDLE CLASS CONSUMERS THROUGH HIGHER PRICES FOR ALL KINDS OF
PRODUCTS.

THE PRESIDENT DID TELL US THAT UNLESS WE ACT NOW TO REDUCE THE BLOATED FEDERAL DEFICIT, PAYING OFF THE INTEREST ON THE DEBT WILL BECOME THE COSTLIEST GOVERNMENT PROGRAM IN 10 YEARS.

REPUBLICANS AGREE THAT A RESPONSIBLE DEFICIT REDUCTION PACKAGE WILL LOWER INTEREST RATES -- FOR HOME-BUYERS, CONSUMERS AND BUSINESSES. IT WILL IMPROVE OUR GLOBAL ECONOMIC COMPETITIVENESS. IT WILL CREATE MILLIONS OF NEW JOBS, INCREASE THE AMERICAN STANDARD OF LIVING, AND ALLOW US TO PASS ON THE AMERICAN DREAM TO OUR CHILDREN AND OUR GRANDCHILDREN.

BUT, THE PRESIDENT FAILED TO CONVINCE US THAT A TAX-HEAVY PACKAGE THAT FAILS TO MAKE THE TOUGH CHOICES ON SPENDING CONTROLS

CAN ACCOMPLISH THIS GOAL.

THE SECOND PART OF THE BASELINE GAME IS THE DISAPPEARING

SPENDING CAPS.

THE CAPS ON DISCRETIONARY SPENDING ARE TO REMAIN IN PLACE THROUGH 1995 -- THAT'S THE LAW. BUT, THE PRESIDENT'S BUDGET APPEARS TO ASSUME THAT THESE SPENDING CAPS WILL DISAPPEAR IN 1994, AND THAT DISCRETIONARY SPENDING WILL GROW AT THE RATE OF INFLATION. MORE SPENDING MEANS HIGHER DEFICITS.

BASED ON CONGRESSIONAL BUDGET OFFICE FIGURES, REMOVING THE CAPS IN 1994 WILL INCREASE SPENDING BY \$123 BILLION BY 1/98.

GAME #2 -- THE PRESIDENT'S 4-YEAR DEFICIT REDUCTION GOAT

THE PRESIDENT BLAMES HIS INABILITY TO FOLLOW THROUGH ON HIS PROMISE TO CUT THE DEFICIT IN HALF IN 4 YEARS ON HIGHER THAN EXPECTED DEFICITS -- \$50 BILLION PER YEAR. BUT, EVERYONE KNEW BACK IN AUGUST THAT THE DEFICIT PICTURE WAS GETTING WORSE.

HIS NEW GOAL IS TO CUT \$140 BILLION FROM THE DEFICIT.
ONLY HAS HE GIVEN UP ON CUTTING THE DEFICIT IN HALF. IT'S
BEEN STRETCHED FROM A 4-YEAR GOAL TO A 5-YEAR GOAL. IT'S NOW

GAME #3 -- DOUBLE-COUNTING THE BUSH DEFENSE CUTS:
DEFENSE PROVIDES THE MON'S SHARE OF THE PRESIDENT'S PROPOSED SPENDING CUTS. THE DEFENSE CUTS APPROVED BY PRESIDENT BUSH AND CONGRESS LAST YEAR WILL PRODUCE \$74.8 BILLION IN SAVINGS BY 1998. A CLOSER LOOK AT THE PRESIDENT'S NUMBERS SUGGESTS THAT HIS PLAN INCLUDES THE DEFENSE COTS ALREADY APPROVED LAST YEAR BY PRESIDENT BUSH AND CONGRESS. PRESIDENT CLIMTON SHOULD NOT COUNT THESE SAVINGS AS PART OF HIS OWN PACKAGE, GAME #4 -- UNDERSTATING THE TAX INCREASE:

WHEN IS A TAX INCREASE A SPENDING OUT? PRESIDENT CLINTON TRIED TO TELL US LAST NIGHT. THE PRESIDENT SUPPORTS HIGHER TAXES ON MIDDLE INCOME SOCIAL SECURITY BENE ICIARIES, BUT HIS PLAN APPEARS TO COUNT THIS \$32 BILLION TAX INCREASE AS A SPENDING CUT. SECRETARY BENTSEN AND DEPUTY OMB DIRECTOR RIVLIN ADMITTED AS MUCH THIS MORNING. TELL THAT TO AMERICA'S SENTORS WHEN THEY FILL OUT THEIR TAX RETURNS AFTER THIS CHANGE GOES INTO EFFECT.

THE PLAN ALSO APPEARS TO INCLUDE \$6 BILLION IN USER FEE

INCREASES AS SPENDING CUTS.

WHERE'S THE BALANCE?

WE ARE LOOKING AT A RECORD -- MORE THAN \$360 BILLION IN HIGHER TAXES BY 1998 -- THE BIGGEST TAX HIKE EVER.

DURING THEIR CONFIRMATION HEARINGS LEON PANETTA AND LLOYD BENTSEN ARGUED THAT DEFIGIT REDUCTION SHOULD INCLUDE TWO DOLLARS IN SPENDING CUTS FOR EVERY DOLLAR IN NEW TAXES.

THE BIPARTISAN NATIONAL GOVERNORS ASSOCIATION UNCED THE PRESIDENT TO GO EVEN FURTHER ON THE SPENDING SIDE AND CUT \$2.75

IN GOVERNMENT SPENDING FOR EVERY \$1 IN NEW TAXES.

THE PRESIDENT'S PLAN FAILS THE BALANCE TEST. THE PRESIDENT CLAIMED LAST NIGHT THAT HIS ECONOMIC PLAN CUTS SPENDING BY \$246 BILLION. BUT, HIS NUMBERS DON'T ADD UP.

COUNT THE JOCIAL SECURITY TAX HIKE AS A TAX INCREASE -A SPENDING CUT REMOVE THE BUSH DEFENSE CUTS, BALANCE THEM AGAINST THE STENDING INCREASES FOR "STIMULUS" AND "INVESTMENT, AND HE ENDS P WITH A TOTAL OF \$123.2 BILLION IN SPENDING CUTS. I'M NO BUDGET TECHNICIAN, BUT THAT'S NOT BALANCE.

EVEN IF YOU INCLUDE THE TAX CUTS IN THE PRESIDENT'S PLAN USING HIS OWN NUMBERS, THE NET TAX INCREASE STANDS AT \$276.9 BILLION. COMPARE THAT TO \$123.2 BILLION IN SPENDING CUTS AND THAT'S 44 CENTS IN SPENDING CUTS FOR EVERY DOLLAR IN HIGHER

CLUAR AWAY THE SMOKE AND MIRRORS, AND THE PICTURE GETS EVEN

This document is from the collections at the Dole Archives, University of Kansas

What the Candidate Promised; What the President Proposed

A then-and-now look at what candidate Clinton promised and what President Clinton proposed Wednesday.

INCOME TAX RATES

- THEN: Raise marginal rate from 31% to 36% for joint filers with adjusted gross incomes of \$200,000 or more and individuals at \$150,000.
- NOW: Raise marginal rate to 36% for joint filers with a gross income of about \$180,000 or more, single taxpayers with gross income above about \$140,000.

The new rate would apply only to taxable income—the income left after subtracting exemptions and deductions—of \$140,000 for couples and \$115,000 for individuals.

MIDDLE-CLASS TAX RELIEF

- THEN: For households with adjusted gross incomes under about \$80,000, a \$300-per-child tax credit or, for childless couples, a tax reduction worth \$300, providing \$60 billion in middle-class tax relief.
- NOW: No children's tax credit or middle-class tax relief.

TAX SURCHARGE

- THEN: Impose a 10% surcharge on taxable income in excess of \$1 million.
- NOW: Impose a 10% surcharge on taxable income in excess of \$250,000.

EARNED INCOME TAX CREDIT

- THEN: Expand the earned income tax credit for the working poor "to make up the difference between a family's earnings and the poverty level." The tax credit currently applies to families making under \$22.370 who have children.
- NOW: Expand the earned income tax credit to families with household incomes up to \$30,000.

CORPORATE TAX RATES

- THEN: No talk of an increase in corporate tax rates.
- NOW: Increase corporate tax rate from 34% to 36% for taxable income above \$10 million.

CORPORATE LOOPHOLES

- THEN: Limit corporate deductions at \$1 million for CEOs; eliminate tax deduction for lobbying expenses.
- NOW: Deny deductions for corporate pay over \$1 million; eliminate tax deductions for lobbying expenses; reduce deductible portion of business meals and entertainment from 80% to \$50%; deny deduction for club dues.

SOCIAL SECURITY

- THEN: Steered clear of talk about increasing the portion of Social Security benefits that are subject to taxation but acknowledged it might have to be considered.
- NOW: Increase to 85% the portion of Social Security benefits subject to taxation for retired couples earning over \$32,000 a year or individuals earning over \$25,000. Currently, taxes are levied on 50% of such benefits.

DEFICIT REDUCTION

■ THEN: Cut the deficit in half over four years, reducing the projected deficit from \$296 billion in 1993 to \$141 billion by 1996.

4479

■ NOW: Cut the deficit by \$140 billion, or 40%, in fiscal 1997 from a projected level of \$346 billion. That would still leave the deficit around \$205 billion in 1997. The White house said that represents a halving of the deficit as a percent of the gross domestic product, from 5.4% in 1993 to 2.7% in 1997.

SOURCE: LA TIMES

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REPUBLICANS SEEK ECONOMIC GROWTH, DEFICIT REDUCTION

BY RESTRAINING GOVERNMENT, NOT PEOPLE

REPUBLICANS WANT STRONG AND SUSTAINED ECONOMIC GROWTH:

Republicans stand ready to work with President Clinton and assist him in developing a me economic plan. That's why Republicans support efforts to:

- Keep the economy moving. We hope to sustain the current expanding economy th: of the country and bring it to those areas of the nation still mired by slow growth. million new jobs created during the past year.
- Create millions of good new jobs that will last. We seek to build new jobs for the fu government make-work jobs. We promote policies which will allow technology flourish. To ensure America can continue competing in a global marketplace. stifling regulations or burdensome new taxes that hinder new job creation.
- Help President Clinton keep his promise of cutting the deficit in half during the next four years. Republicans have always been on the side of deficit reduction. Multi-billion dollar deficits threaten America's long-term growth and hinder job-creation. We owe it to this and future generations of Americans to get a hold on government spending and deficit growth.
 - President Clinton said he would halve the deficit in four years. We are prepared to help him honor that pledge. We will work for a "real" deficit reduction package that emphasizes real cuts in government spending. But symbolic cuts and multi-billion dollar tax increases won't do the job.

MORE GOVERNMENT IS NOT THE ANSWER:

Republicans are committed to passing a long-term, enforceable deficit reduction plan that spurs economic growth and creates good jobs for working Americans. We agree on some basic principles which will guide us to that goal:

- "Sacrifice" should not be a code word for higher taxes, higher spending, and more government mandates.
- Increasing the tax burden on working Americans is not the answer. It will not create jobs. An effective deficit reduction package must focus on restraining the growth in government spending, not imposing increased taxes upon America's middle-class.
- Spending restraint is the key to deficit reduction. The Administration's original deficit reduction plan called for two dollars in spending cuts for every one dollar in tax increases. The nation's governors urged the Administration to cut even further. But the Administration now appears to be struggling to come up with even a one-to-one ratio. IN FACT, THE PLAN APPEARS TO RAISE TAXES +1 FOL EVERY 30 CENTE IN SPENDING CUTS.
 - Short-term stimulus is not the answer. Government make-work jobs will not prepare Americans for the 1 future.
 - Changing our tax system to encourage savings and investment will help us achieve real economic growth and job creation.
 - Barriers to economic and job growth should be removed by reducing regulatory burdens and mandates, 1 and increasing access to affordable capital.

A TRADITIONAL TAX AND SPEND STIMULUS:

- It's unlikely that a \$31 billion stimulus can do much to help a \$6 trillion economy. But one thing's for certain: it will add to our \$320 billion deficit.
- It's hard to call \$15 billion in tax incentives a stimulus when, at the same time, President Clinton is asking for a \$250 billion tax hike.

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REPUBLICANS SEEK ECONOMIC GROWTH, DEFICIT REDUCTION BY RESTRAINING GOVERNMENT, NOT PEOPLE

REPUBLICANS WANT STRONG AND SUSTAINED ECONOMIC GROWTH:

Republicans stand ready to work with President Clinton and assist him in developing a meaningful, long-term economic plan. That's why Republicans support efforts to:

- Keep the economy moving. We hope to sustain the current expanding economy that has touched most of the country and bring it to those areas of the nation still mired by slow growth. To build on the 1.5 million new jobs created during the past year.
- Create millions of good new jobs that will last. We seek to build new jobs for the future, not temporary government make-work jobs. We promote policies which will allow technology and innovation to flourish. To ensure America can continue competing in a global marketplace. And to remove any stifling regulations or burdensome new taxes that hinder new job creation.
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REPUBLICANS SEEK ECONOMIC GROWTH, DEFICIT REDUCTION BY RESTRAINING GOVERNMENT, NOT PEOPLE

IT AIN'T BROKE; DON'T FIX IT:

- After several quarters of sluggish growth, our economy is picking up steam. This is no false dawn. Economists agree, America has broken out of the global recession and our economy is recovering.
- Growth was up 3.8 percent in the fourth quarter of 1992 -- the <u>largest</u> increase in four years and the seventh consecutive quarterly gain.
- Productivity of American workers jumped 2.7-percent in 1992 -- the greatest annual increase in twenty years!
- The Bush recovery produced 1.5 million new jobs in 1992.
- J U.S. economic growth was the highest of any major industrial nation in 1992.

\$		
	Real GDP Growth in 1992	
	(Annual Percentage Change)	
U.S.	Japan <u>Germany</u> <u>E.C.</u>	Canada
2.1%	1.6% 1.5% 1.1%	1%

- / American car sales hit a two-year high.
- Last week Mortgage rates dropped to a 20-year low and single family unit starts are now at the highest level since 1987.

STIMULUS FOR WHO?:

- An ill-conceived "stimulus package" could undermine the momentum that is building in the economy.
- A token stimulus will simply add \$30 billion to the deficit.
- If it is not part of a long-term plan to control government spending and reduce the deficit, a stimulus could hurt America's ability to create good, high-wage jobs in the long run. Higher taxes and more government mandates will not create jobs.
- It is unlikely that a "stimulus package" -- whether it's \$15 billion or \$31 billion -- will do much to help a \$6 trillion economy. But one thing is for certain: it will add to our \$300 billion deficit.
- Republicans look to create real, long-term growth and high-wage jobs with a future not temporary government jobs. President Clinton claims his \$31 billion stimulus package will create 500,000 jobs over the next two years. That's \$62,000 per job!

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- J Bill Clinton has proposed cutting our military forces by 200,000 people most of whom will be too young to retire and out of work. That's not counting the thousands of civilian workers who will lose their jobs due to procurement cuts.
- We've tried this before. It didn't work then. Remember the failed Comprehensive Employment and Training Act (CFTA) of the 1970s. The federal government spent millions on an ill-conceived "jobs" program which trained few and educated even fewer. The program was deemed a failure and abolished.
- This is a "political" stimulus. It will give the appearance of movement and allow the Administration to take credit for an already improving economy.

TAXES, TAXES, TAXES:

- Severe tax increases could snuff the recovery. Republicans haven't been consulted, but reports are President Clinton will propose to increase taxes by \$250 billion. Such dramatic tax increases could cheke economic growth and new job creation.
- This PLAN CONTAINS THE A \$250 billion tax increase would be the largest five year tax increase in U.S. history... *361 BILLION BY 1998.
- Small and start-up businesses, which create the bulk of jobs in our economy, would suffer disproportionately from such increased taxes. In 1991, some 670,000 small businesses including farmers, mom and pop grocers, and tradesmen filed as individuals. They make up 61-percent of taxpayers in the top bracket and will be forced to pay the higher rate.

CLINTON'S PLAN PUTS GOVERNMENT FIRST, NOT PEOPLE:

President Clinton has called for sacrifice - he's right. Honest, long-term deficit reduction will require sacrifice. But there's a fundamental difference in the approach he is taking and the one Republicans prefer. President Clinton and the Democrats say people must sacrifice for government. Republicans believe government must sacrifice for the people.

PERSONAL RATE

- President Clinton came to office describing himself as a "new Democrat." But he's barely been in office a month before he's pushing for new taxes. There's nothing "new" about tax and spend - for the Democrats, its business as usual.
- Republicans want to work with the President on an enforceable, long-term deficit reduction plan. But the emphasis must be on spending cuts; not tax increases. We must take steps to curtail mushrooming growth in government programs. Because the people aren't taxed too little; government spends too much.
- Republicans believe a budget package must focus on restraining federal spending. Spending is the problem. Comparing the 1980s to the 1970s, spending as a share of the Gross Domestic Product (less interest costs) rose twice as fast a revenues. More importantly, spending is projected to rise even faster in coming years.

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WHAT ABOUT THE SPENDING SIDE OF THE EQUATION?

- Administration officials including Budget Director Panetta have said their plan will be based on a two to one ratio two dollars in spending cuts for every dollar in new or increased taxes. The bipartisan National Governors Association has urged the President to go even further on the spending side. But, thus far, most of what we've heard proposed are new or increased taxes. That won't solve our deficit problem, it won't bring economic growth, and it won't create new jobs.
 - "Candidate" Clinton lamented the plight of "middle-class Americans who pay mere taxes to the government and get less in return." He promised a "middle-class tax cut" and said he would not raise taxes on middle-class Americans to pay for his programs. Yet, President Clinton's first significant budget proposal is centered around a major tax increase for the middle class.
 - We should not be looking to reduce the deficit and balance the federal budget on the backs of the working men and women in this country who have had a tough enough time making ends meet during this period of transition.
 - For years, Republicans have been pressing the Democratic Congress to cut non-Social Security spending. Long before government goes back to working Americans seeking new or increased taxes, it should cut spending. Government must sacrifice before the people. Republicans put people first. Bill Clinton and the Democrats are putting government first.

COME ON, THE CAMPAIGN'S OVER:

- In his book "Putting People First," Bill Clinton noted: "Americans are tired of blame. They are ready for leaders willing to take responsibility." Now, he's in office facing difficult problems and he's playing the "blame game" pointing the finger at Republicans (ignoring Democratic control of the Congress). With all due respect, it's time to lead, not point
- Americans deserve a real budget not phony savings and symbolic gestures. We hope the Administration will present an honest budget based on real numbers: Not one filled with exaggerated assumptions, "smoke and mirrors" trickery, magic asterisks, cooked numbers, or future savings down the road.
- Candidate Chiton told people what they wanted to hear. As President, we hope he hope he has the courage to tell the American people what they need to know.
- Republicans have repeatedly signaled their desire to aid President Clinton in cutting the deficit. But he hasn't talked to Republicans or solicited their support. Perhaps that's why his budget proposal resembles past Democratic "tax and spend" plans.

HESTILL HASN'T AGREED TO MEET WITH US!

- PRELIMINARY -

** FOR YOUR INFORMATION **

Bill Hoagland prepared the attached document on a "freeze" budget. This is actually a little deeper than a freeze because the defense cuts approved by Congress last year are locked in for deficit reduction.

SINCE I DO NOT KNOW IF HE SUCCESSFULLY EXEMPTED LOW INCOME PEOPLE, YOU SHOULD NOT USE ANY NUMBERS IN THIS DOCUMENT. I WILL GET YOU MORE DETAIL ON THIS LATER IN THE WEEK.

FREEZE BUDGET

	(Outla	ays in \$ billi	ons)			
	1994	1995	1996	1997	1998	1994-98
Discretionary:						740
Defense (Bush)	-5.3	-9.5	-15.2	-20.0	-24.8	-74.8 -7.6
International	-0.5	-1.0	-1.5	-2.1	-2.5	
Domestic	$\frac{-4.4}{-10.2}$	$\frac{-10.5}{-21.0}$	-16.9	$\frac{-23.6}{-45.7}$	$\frac{-30.7}{50.0}$	$\frac{-86.1}{-168.5}$
Total discretionary	-10.2	-21.0	-33.6	-45.7	-58.0	-108.5
Mandatory:					.0.7	40.4
Retirement COLAs	-6.9	-10.5	-10.9	-10.7	-10.5	-49.4
Medicare:			70 m			150
Prospective payment rates	-2.1	-2.9	-3.2	-3.5	-3.8	-15.3
SMI reimbursement rates	$\frac{-1.3}{-10.2}$	$\frac{-2.8}{-16.2}$	$\frac{-3.6}{-17.6}$	$\frac{-4.0}{-18.1}$	$\frac{-4.4}{-18.6}$	$\frac{-16.1}{-80.7}$
Total mandatory	-10.2	-16.2	-17.6	-18.1	-18.6	-80.7
Interest savings	-0.6	-2.3	-5.2	-9.0	-13.9	-31.0
Total savings	-21.0	-39.4	-56.4	-72.8	-90.6	-280.2

Freeze assumptions:

- o Bush defense savings.
- o Five-year freeze of international and domestic programs at 1993 level.
- o One-year freeze on retirement COLAs and medicare rates.
- o Based on CBO estimates.

BY 1997 THIS PLAN WOULD SQUE:

TOTAL DISCRETIONARY - \$110.5 BILLION

TOTAL MANDATORY - 62.1 BILLION

INTEREST SAVINGS - 17.1 BILLION

TOTAL SAVINGS: \$189.7 BILLION

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STIMULUS PACKAGE

TALKING POINTS ON THE SUPPLEMENTAL/STIMULUS PACKAGE

- O PRESIDENT CLINTON HAS CHALLENGED REPUBLICANS TO PUT FORWARD ADDITIONAL SPENDING CUTS. WELL, WE'D LIKE TO START BY ELIMINATING ALL THE EXTRA SPENDING CLINTON HAS INCLUDED TO SWEETEN HIS BUDGET PACKAGE.
- THE PRESIDENT'S SO-CALLED "ECONOMIC STIMULUS" PACKAGE, WHICH CONGRESS WILL DEBATE OVER THE NEXT FEW WEEKS, INCLUDES \$19 BILLION IN NEW SPENDING. NO ONE REALLY EXPECTS THAT A PACKAGE OF THIS SIZE WILL HAVE MUCH OF AN EFFECT ON A 6 TRILLION DOLLAR ECONOMY.
- O AND YET, IT WILL BE TOUGH TO VOTE AGAINST ADDING FUNDS TO POPULAR PROGRAMS, LIKE HIGHWAY CONSTRUCTION, HEAD START AND CHILDHOOD IMMUNIZATION. REPUBLICANS SUPPORT MANY OF THESE PROGRAMS, BUT THE DIFFERENCE IS WE THINK ANY ADDED SPENDING SHOULD BE PAID FOR WITH SPENDING CUTS, NOT NEW TAXES.
- MANY OF THE PROGRAMS IN THE CLINTON STIMULUS PACKAGE RECEIVED SIGNIFICANT INCREASES UNDER PRESIDENT BUSH. HEAD START, FOR EXAMPLE, WENT FROM \$1.2 BILLION IN 1989 TO \$2.7 BILLION IN 1993 -- A 125% INCREASE. ACCORDING TO A NEW INSPECTOR GENERAL REPORT CITED IN THE WASHINGTON POST, SOME HEAD START CENTERS HAVE BEEN GIVEN MONEY SO FAST THAT THEY CAN'T SPEND IT.
- O PRESIDENT CLINTON IN HIS RUSH TO PAY OFF HIS CAMPAIGN SUPPORTERS -- THE BIG CITY MAYORS, THE UNIONS, THE LIBERAL WING OF HIS PARTY -- HAS FAILED TO EXERCISE ANY DISCIPLINE OVER THE SPENDING SIDE OF THE BUDGET.

As Politicians Expand Head Start, Experts Question Worth, Efficiency

By Mary Jordan Washington Post Staff Writer

Extolled by Republicans and Democrats alike, Head Start is America's favorite program for preschoolers. But as President Clinton pledges to more than double to \$6 billion the funding for Head Start—essentially making it an entitlement for poor children—academics are increasingly questioning its claims and worth.

Others, including the founder of Head Start, warn that it may be expanded too fast and that one in three of the preschool centers is so poorly run it is a waste of money.

"Politicians always seem to be the last people to catch on to academic trends," said John Hood, author of a 1992 Cato Institute study that showed that new research is "raising doubts about the efficacy of Head Start." "Even boosters of the program grant that by itself it will not create huge benefits," he said.

Several recent studies dispute the long-held assertion that \$1 invested in Head Start saves many dollars later in health, education, even criminal justice bills. They contend that Head Start, a program born in the Great Society to provide schooling, food and health services to poor 3- and 4-year-olds, has immediate benefits, but that they often wear off as early as the second grade.

TODAY IN CONGRESS

SENATE

Not in session.

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Committees:
Banking, Housing & Urban
Affalrs—10 a.m. Federal Reserve's semiannual Humphrey-Hawkins report to Congress on monetary policy.
Federal Reserve Board Chairman Alan Greenspan testifies. G-50 Dirksen Office Bldg

Office Bldg.

Budget—9 a.m. President's economic proposals. Office of Management & Budget Director Leon Panetta testifies.

608 DOB.

Governmental Affairs—9:30 a.m. Government information & regulation subc. Contracting problems at Resolution Trust Corp. 342 DOB.

HOUSE

Not in session. Committees: none. Edward Zigler, the Yale professor who founded Head Start during the Johnson administration, believes the concept is still a good one but recommended against putting more money into it unless it is improved.

He cited a new report by the Health and Human Service Department inspector general that calls many of the programs poorly administered and unsuccessful in giving youngsters even basic care. "If 30 percent closed down, there would be no great loss," Zigler said.

"Why put a lot of kids in a program that is no good?" he said. "Until the program has reached a certain miminum level of quality, they shouldn't put one more kid in it." He estimated that 35 to 40 percent of the Head Start centers are "high quality."

Because so many people desperately want to help poor children and Head Start has shown more promise than many other anti-poverty programs, it has been a popular political cause. But an increasing number of critics say the program was expanded fast without quality control.

The number of youngsters the programs serves has doubled in the past few years. It now serves 800,000 preschoolers.

Last year, then-President George Bush approved a \$600 million increase bringing the total annual cost to \$2.8 billion.

According to those familiar with the new inspector general report, some centers have been given so much money so fast that they cannot spend it. They have not been able to recruit enough new students and teachers. Also, because 47 percent of the teachers are paid only \$10,000 a year, it has been difficult to recruit a quality staff.

This week, Clinton pledged an additional \$514 million infusion to continue Head Start programs this

SMUGGLERS'
AUCTION

local & federal agencies, abandoned safe

summer. He also proposed adding another \$785 million next year and wants to double Head Start's budget to nearly \$6 billion by 1997.

"We all know that Head Start, a program that prepares children for school, is a success story," Clinton said during his televised address to Congress Wednesday night. "We all know that it saves money, but today it just reaches barely over a third of all the eligible children. Under this plan every eligible child will be able to get a head start."

"This is not just the right thing to do; it is the smart thing."

However, Republicans like Rep. Bill Archer (R-Tex.) aren't so sure.

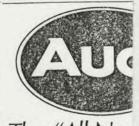
"There is clearly no definitive, conclusive study on the cost-benefit of the program over the long term," he said. "But there are some studies that show a high degree of fade-out" of the program's benefits if there is no follow-through.

Some studies have shown that Head Start raises a child's standardized test scores and increases the likelihood that the student will not be placed in expensive special education programs.

But even supporters agree that some of the program's benefits can disappear shortly after the program ends. They argue that Head Start is well worth its price tag but good follow-through programs are essential.

Common sense, Zigler said, tells people it is a good idea to give disadvantaged preschoolers vaccinations, food and phonics lessons. But, Zigler added, "any honest person is saying let's do this carefully and not throw our money away."

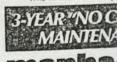




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THE 3-Y TEST DI

This special low price i geous V-6 power w/4-st transmission; safety air bag air conditioning; power wir locks & mirrors; sunroof, cassette w/antitheft; & split seats. Choose from severe 90S's at this reduced mc w/a cap cost reduction of j This limited offer expi



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36 mo test drive applies to new '93 / Total of pymts 10,404. No assignm and 300 refundable sec dep due at i Option to purchase at conclusion of





February 19, 1993

MEMORANDUM

TO:

SENATOR DOLE

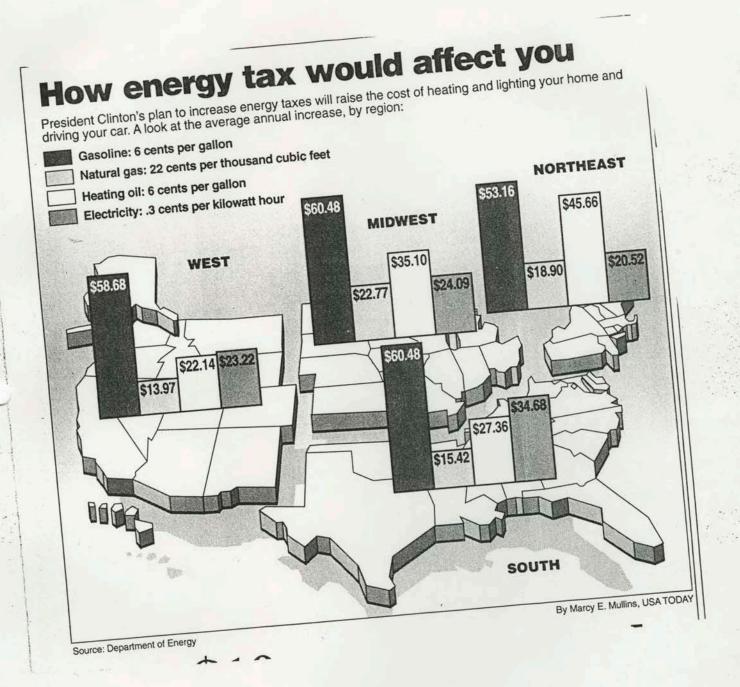
FROM:

NINA OVIEDO

SUBJECT: ENERGY TAX (BTU TAX) TALKING POINTS

- AS WITH MOST CONSUMPTION TAXES, THE PRESIDENT'S BTU TAX WILL AFFECT ALL SEGMENTS OF OUR ECONOMY -- DOMESTICALLY AND INTERNATIONALLY. GENERALLY, THERE ARE THREE SIGNIFICANT ISSUES.
- FIRST AND ON THE DOMESTIC FRONT, CONSUMPTION TAXES ARE REGRESSIVE. THEY HAVE A GREATER IMPACT ON LOW AND MIDDLE INCOME HOUSEHOLDS.
- ENERGY IS A SIGNIFICANT PORTION OF BUSINESS COSTS. THOSE COSTS WILL BE PASSED ON TO CONSUMER THROUGH HIGHER PRICES FOR ALL KINDS OF PRODUCTS.
- AND ALTHOUGH THE PRESIDENT THINKS FAMILIES CAN GIVE UP \$200
 PER YEAR FOR AN ENERGY TAX, MANY FAMILIES LIVE PAY-CHECK TO
 PAY-CHECK -- THEY'VE ALLOCATED ALL THEIR RESOURCES. THEY
 CANNOT BE TAXED ANYMORE.
- SECOND, TO THE EXTENT THAT THE BTU ADDS TO THE PRICE OF CONSUMER GOODS, WE CAN EXPECT TO SEE INCREASED INFLATION.
- THE SAME CAN BE SAID ABOUT THE INCREASES IN THE CORPORATE TAX RATE.
- FINALLY, THE PRESIDENT'S BTU TAX WON'T HELP OUR GLOBAL ECONOMIC COMPETITIVENESS. INCREASING THE COST OF OUR EXPORTERS' PRODUCTS WILL MAKE THEM LESS COMPETITIVE IN THE WORLD MARKET.
- I MIGHT SUGGEST A BTU TAX REBATE FOR OUR U.S. EXPORTS. I'M SURPRISED THE PRESIDENT HAS NOT THOUGHT OF THIS.

(S:\PUBLIC\CLINTAX.PTS)



FEBRUARY 19, 1993

TO: FROM: SENATOR DOLE DAN STANLEY

SUBJECT:

CLINTON DEFENSE PLAN -- TALKING POINTS

- -- LAST YEAR, THE DEMOCRATS (THEN CONGRESSMAN ASPIN) ATTACKED THE BUSH DEFENSE PLAN AND GENERAL POWELL'S "BASE FORCE" CONCEPT AS MERELY SHRINKING THE FORCE RATHER THAN RETHINKING IT. THEY (ASPIN) ARGUED THAT THE DEFENSE BUDGET SHOULD BE DETERMINED FROM A BOTTOM UP REVIEW.
- -- BUT THAT REVIEW HASN'T HAPPENED AND ALREADY WE HAVE A DECISION TO SLASH \$173 BILLION OVER THE NEXT 4 YEARS.
- -- WE DON'T KNOW HOW MANY SOLDIERS, OR CARRIERS, OR FIGHTER WINGS, OR TANKS ARE NECESSARY. BUT WE DO KNOW HOW MUCH MONEY CLINTON WANTS TO TAKE OUT OF THE DEFENSE BUDGET IN ORDER TO PAY FOR HIS PROGRAMS.
- -- THIS IS BACKWARDS. AND SECRETARY ASPIN KNOWS IT. I'M SURE HE WILL EVENTUALLY COME UP WITH A PLAN, BUT THE POINT IS, THE PLAN SHOULD COME FIRST. AS IT STANDS, HE WILL BE JUSTIFYING A TARGET NUMBER RATHER THAN ANY RETHINKING OF OUR DEFENSE NEEDS.
- -- HOW MANY PEOPLE ARE GOING TO BE PUT OUT OF WORK BECAUSE OF THESE CUTS? ACCORDING TO THE CBO, CUTS OF THIS MAGNITUDE WILL COST AMERICA 1.3 MILLION JOBS. I THOUGHT WE WERE TRYING TO CREATE JOBS.
- -- SOMETHING IS OUT OF WHACK HERE. CLINTON PROPOSES TO SLASH DEFENSE BY AN ADDITIONAL \$173 BILLION OVER PRESIDENT BUSH'S PLAN, HE WILL LAYOFF OVER A MILLION WORKERS, DEVASTATE MANY MORE COMMUNITIES WITH ADDITIONAL BASE CLOSURES, TO PAY FOR AN ECONOMIC STIMULUS PACKAGE
- -- THEY (MR. ASPIN) TELLS US THAT A NUMBER OF WEAPONS SYSTEMS WERE UNDERFUNDED BY THE BUSH PLAN. IT SEEMS TO ME THAT CUTTING MORE ONLY COMPOUNDS THE PROBLEM.

Health-Care Goals Take a Back Seat To Driving Down the Deficit for Now

By HILARY STOUT

Staff Reporter of THE WALL STREET JOURNAL WASHINGTON — President Clinton's economic package puts deficit reduction ahead of universal health-care coverage for now.

The plan unveiled by Mr. Clinton yesterday proposes more than \$38 billion of savings from projected federal health expenditures over the next four fiscal years, including reductions in annual increases in payments to doctors and hospitals under the Medicare program for the elderly and disabled.

But the savings would go toward shrinking the budget deficit, not toward helping finance Mr. Clinton's goal of overhauling the health-care system to cover the 37 million Americans now uninsured.

Task Has Been Complicated

The president has promised to submit to Congress by May 1 a plan to provide health insurance to all Americans and curb the sharp rise in medical costs. The Clinton administration has a task force of six cabinet secretaries and top domestic policy advisers, along with a working group of about 300 government officials and outside health experts, working on the package. But the use of Medicare and Medicaid savings, which were painfully eked out from some 31 parts of those programs, for deficit reduction will make their job much more difficult and make it all the more likely that a new round of tax increases will be needed to finance the health system's overhaul.

In her confirmation hearing before the Senate Finance Committee, Health and Human Services Secretary Donna Shalala said Mr. Clinton had indicated he wanted to use Medicare savings to fund expansion of health coverage. But briefing reporters yesterday on the health provisions in the economic plan, Ms. Shalala disputed the notion that using Medicare savings for deficit reduction will impede efforts to come up with a health-care reform plan.

"I consider these unfortunate but necessary," Ms. Shalala said. "I don't believe they tie our hands" in achieving the goal of universal coverage.

Despite the curbs in Medicare and Medicaid, the federal-state health program for poor people, the administration is proposing to pump more money into preventive health programs. The aim is to reduce future health costs "by investing in prevention very early," Ms. Shalala said.

Mr. Clinton unveiled a proposal to

Mr. Clinton unveiled a proposal to spend an additional \$26 billion over the next four years on public health programs, including an extra \$8.2 billion on AIDS

prevention, immunizations, women's health research and other initiatives. He also proposed spending an extra \$46 million next year and \$1.5 billion over four years on substance-abuse prevention and treatment efforts.

The president also plans to request an additional \$200 million in the current fiscal year for the Ryan White AIDS program to help state and local governments care for patients with the disease. That is in addition to the \$342 million already appropriated for the effort. Then, over the next four years, he plans to ask for an extra \$949 million for the program, living up to his pledge to fund the program up to the level at which it was authorized.

Ms. Shalala said repeatedly that Medicare and Medicaid beneficiaries won't be hurt by the spending reductions. "This will not change in any significant way the quality of their care or what they pay for their care," she said.

But the biggest savings the administration is proposing is the elimination of a federal requirement that state Medicaid programs have to pay for home health care. Ending that mandate is projected to save the federal government, which contributes to state Medicaid programs, \$4.1 billion over four years. Many patients find home care preferable to a hospital stay and consequently are likely to be upset by the new measure.

Hospitals to Bear Brunt

The administration intends to make doctors and hospitals bear most of the savings, with hospitals suffering a far larger blow. The annual increase in Medicare doctors fees would be reduced in 1994. Subsidies to teaching hospitals also would be reduced, as would reimbursements for hospital outpatient services. The increase in hospital inpatient payments would be curbed. And payments to medical laboratories would be reduced.

Frederick Graefe, a lobbyist for hospitals, contended that the Medicare limits will force institutions to raise their prices for everyone outside the Medicare program. "These Medicare budget cuts without comprehensive health-care reform will unfortunately exacerbate the existing cost shift and lead inevitably to across-the-board price controls for the health-care industry," he charged.

Administration officials disagreed. They emphasized that the cuts will take place as the administration moves to restructure the entire health system and eliminate the ability of health providers to shift costs.

TRADE

- -- The Clinton budget for USDA appears to shift funds to rural development and domestic food assistance programs and away from commodity programs and foreign food aid while aiming for a smaller USDA. The Foreign Agricultural Service is cut by \$10 million (about 10 percent) which could hurt us in foreign markets since this is the agency that promotes farm exports and negotiates trade agreements.
- -- The energy tax could have a hidden cost on American exports where commodities are particularly energy dependent such as fertilizer, glassware and farm products. Agriculture takes a double hit because of its need for fuel and fertilizer. Agriculture exports earn the US a \$20 billion trade surplus annually and, overall, exports have been one of the bright spots in the US economy. With the trade deficit growing, a fuel tax could eliminate the margin of competitiveness for some of our companies in foreign markets which would translate into jobs lost.
- -- The Administration has still not sent up nominations for key sub-cabinet positions in USTR, Commerce, State and USDA. These are the people who drive the policy and get things done. GATT, NAFTA, and the Russian debt need urgent attention.
- -- The Administration is still considering a 1000 percent increase in the import tariff on multipurpose vehicles. If they go through with it and allow domestic producers to increase prices, this will be another hit on families, workers, schools, church groups, medical assistance groups and other who depend on these vehicles for transportation. Meanwhile, the AFL-CIO called for the current voluntary import quota on foreign cars to be cut in half -- between 800,000 and one million vehicles -- this would mean another price rise and another hit which would fall hardest on the lowest income families.

'P'DAY, FEBRUARY 19, 1993

U.S. Trade Deficit Grew 29% in 1992

By KEITH BRADSHER

Special to The New York Times

WASHINGTON, Feb. 18 — The nation's trade deficit widened last year as the economic recovery revived Americans' appetite for imports and as economic stagnation in Japan and Western Europe dampened demand for American goods there, the Commerce Department said today.

The amount of merchandise imported into the United States exceeded the amount exported by \$84.34 billion, a 29 percent increase from \$65.40 billion in 1991. The deterioration in the overall trade balance followed four years of steady improvement from a trade deficit of \$152.12 billion in 1987.

"It basically shows us how much our recovery depends on recovery in our major trading partners," Robert D. Hormats, a vice chairman of Goldman Sachs International, said. Rising exports accounted for half the economic growth during the Bush Administration, while weak demand

oroad is hurting the American econ-

Administration Response

Mickey Kantor, the United States trade representative, issued a statement saying the trade imbalance shows how real President Clinton's concerns about the economy are. "As long as we invest too little, as long as we neglect the budget deficit, as long as we fail to stimulate the natural creative energy of this country, we will continue to suffer trade deficits and leave Americans idle," Mr. Kantor said.

Stephen L. Cooney Jr., the senior policy director for international investment and finance at the National Association of Manufacturers, said he expects the trade deficit to widen in 1993, as the American economy continues to pick up steam and foreign markets languish. After four

years of trade surpluses with the European Community, the United States had trade deficits with the community in November and December, he pointed out.

The seasonally adjusted trade deficit for December narrowed slightly to \$6.95 billion from \$7.35 billion in November, the Commerce Department also said today. Exports rose by 4 percent in December, to \$39.73 billion, while imports increased by 2.5 percent, to \$46.69 billion.

Total merchandise trade exports last year were \$448.16 billion, while imports totaled \$532.50 billion, the Commerce Department said. Critics have suggested that the figures may be misleading because the exports tend to be underreported and because the merchandise trade figures do not include trade in services, like insurance. The United States consistently runs a small trade surplus in services. Overall trade figures, including services, will be published later this winter.

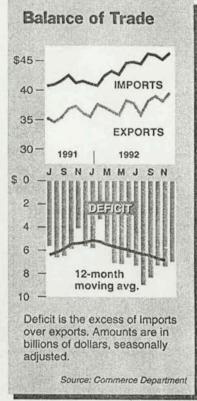
As other industrialized economies remain mired in recession, American businesses have been shifting their sights to the developing world. Almost all of the nation's growth in exports last year came from sales to poor and middle-income countries, which rose 13.6 percent.

Accounting for much of the increase, exports to Mexico rose to \$40.60 billion, from \$33.28 billion in

Fewer Exports to Japan

Exports to other developed countries rose only 1.7 percent last year, and exports to Japan dipped by three-quarters of a percentage point. The trade deficit with Japan widened to \$5.09 billion in December, the largest monthly deficit since \$5.21 billion in October 1988.

Japan's Finance Ministry announced on Tuesday that the Japanese trade surplus with all countries, including the United States, widened



The New York Time

in January to a seasonally adjusted figure of \$9.82 billion from \$9.48 billion in December.

Most of the increase in the American trade deficit last year came in consumer goods other than automobiles. Imports of cotton apparel showed the biggest increase, surging by \$3.09 billion, to \$13.80 billion. Imports of toys, games and sporting goods rose to \$11.35 billion, a \$1.94 billion increase.

By contrast, the nation's trade deficit in automobiles was virtually unchanged at \$44.86 billion.

A Welfare Deal for Auto Makers NTT

Trucks carry cargo. Cars carry passengers. The distinction is obvious to everyone - except Detroit auto makers. They're pressuring the Clinton Administration to reclassify Japanese minivans and sports utility vehicles as trucks.

The Big Three aren't confused, just greedy. Once minivans are mislabeled as trucks, tariffs would automatically rise from 2.5 percent to a

whopping 25 percent.

The Big Three defend the tariff hike by noting that minivans are classified as trucks under environmental laws and should, for the sake or regulatory consistency, be similarly classified under trade law. But the two laws have different purposes, so different classifications aren't necessarily inappropriate. Besides, Detroit's claim is galling. It was the Big Three that lobbied Congress to grant the easier environmental standards - a political victory it intends to doubly exploit by driving out Japanese sompetition.

The tariff hike would drive Japanese minivans out of the U.S. market and provide cover for the Big Three to jack up minivan prices by \$1,500 or more - a blow to the middle-class families President

Clinton swore to protect.

If that's not bad enough, there are two other reasons to oppose the tariff hike. It would not create many jobs for auto workers. Detroit already controls over 90 percent of the minivan market and thus wouldn't reap many additional sales as the Japanese drop out, especially if minivan prices soar. And reclassification would likely be deemed to be in violation of international trade rules, leading

to Japanese retaliation against imports from the United States.

Three strikes, but Mr. Clinton will probably grant Detroit's wish anyway. He promised as much during the Presidential election campaign. To woo Michigan voters he attacked the Bush Administration's decision to keep minivans classified as cars accusing President Bush of giving the Japanese "an unfair advantage over our trucks and our workers." Coming off his economic speech, in which he proposed tax hikes on the middle class, the President is unlikely to renege on another campaign pledge.

But there's a middle ground, proposed by Representative Charles Schumer of New York. He calls on Mr. Clinton, if he goes ahead with reclassification, to tie the tariff hike to a pledge by the Big Three that they will not increase minivan prices faster than inflation. Should they try, the tariff would come tumbling back down.

The pledge would provide a measure of protection for consumers. But it isn't a perfect solution. Who will check that Detroit doesn't try to get around the pledge by imposing hidden price hikes for example, by removing expensive accessories

from its minivans?

Yet Mr. Schumer's two-sided bargain fits well with Mr. Clinton's campaign theme of a "new covenant" between citizens and government. If reciprocal obligations make sense for welfare-seeking families, why shouldn't the President demand no less from welfare-seeking corporations?



TALKING POINTS ON NICKLES AMENDMENT ON AIDS AND IMMIGRATION

- ◆ DURING THE PRESIDENTIAL CAMPAIGN, BILL CLINTON PROMISED, THROUGH EXECUTIVE ORDER, TO LIFT THE CURRENT BAN ON TRAVEL AND IMMIGRATION TO THE UNITED STATES BY FOREIGN NATIONALS WHO ARE H.I.V. POSITIVE.
- THE BAN WAS FIRST PUT INTO PLACE BY CONGRESS IN 1987. THE SENATE VOTED IN FAVOR OF IT, NINETY-SIX TO ZERO, AND THE HOUSE ACCEPTED THE PROVISION WITHOUT A VOTE.
- THE NICKLES AMENDMENT WOULD PLACE IN STATUTE THE BAN ON THE IMMIGRATION OF INDIVIDUALS WHO TEST POSITIVE FOR H.I.V. IF THE BAN WERE TO BE LIFTED NOW, IT WOULD REQUIRE LEGISLATION TO DO SO.
- THE AMENDMENT ALSO REQUIRES THE PRESIDENT TO SUBMIT A REPORT BY SEPTEMBER 1, 1993, DEALING WITH THE ANTICIPATED COSTS OF LIFTING THE BAN TO THE FEDERAL, STATE, AND LOCAL GOVERNMENTS AND TO THE PRIVATE SECTOR.
- ♦ UNDER THE PROVISIONS OF THE AMENDMENT, INDIVIDUALS WHO ARE H.I.V. POSITIVE WOULD STILL BE PERMITTED TO ENTER THE U.S. ON A SHORT-TERM BASIS FOR HUMANITARIAN PURPOSES, TO RECEIVE MEDICAL TREATMENT, OR TO ATTEND AN EDUCATIONAL PURPOSES.
- THE AMENDMENT PASSED BY AN OVERWHELMING MARGIN OF SEVENTY-SIX TO TWENTY-THREE, WHICH IS CONSISTENT WITH THE OPINIONS EXPRESSED BY THE MAJORITY OF CALLERS TO SENATE OFFICES DURING THIS DEBATE.
- ♦ I WANT TO EMPHASIZE THAT THE DEBATE OVER THIS ISSUE IS NOT A BATTLE ABOUT WHO CARES MORE ABOUT PEOPLE WHO ARE SICK. AND IT IS NOT ABOUT CALLOUSNESS OR HEARTLESS. IT IS NOT AN ANTI-IMMIGRATION ISSUE. IT IS NOT A GAY ISSUE. THIS IS A PUBLIC HEALTH ISSUE AND AN ECONOMIC HEALTH ISSUE. THERE IS NOTHING CALLOUS OR HEARTLESS ABOUT PROTECTING THE PHYSICAL AND FINANCIAL HEALTH OF THE AMERICAN PEOPLE.
- ♦ I BELIEVE THAT OUT OF FAIRNESS TO THE AMERICAN PEOPLE, WHO ARE ALREADY -- AND RIGHTLY SO -- DEMANDING A MORE EQUITABLE AND AFFORDABLE HEALTH CARE SYSTEM -- LIFTING THE BAN AT THIS TIME WOULD APPEAR UNWISE UNTIL A NUMBER OF ISSUES ARE THOROUGHLY ADDRESSED.
- ♦ BY SOME ESTIMATES, THE COST OF CARING FOR AN A.I.D.S. PATIENT CAN WELL EXCEED \$100,000 PER CASE. I DO NOT BELIEVE THAT ALL IMMIGRANTS WHO ARE H.I.V. POSITIVE WILL BE ABLE TO AFFORD THESE ASTRONOMICAL EXPENSES. EVENTUALLY, MANY WILL LIKELY FALL ONTO THE PUBLIC ROLLS.

- ♦ WOULD THE AMERICAN TAXPAYER BE FORCED TO PAY THESE ASTRONOMICAL EXPENSES? WHAT WILL BE THE EFFECT ON OUR ALREADY STRAINED HEALTH CARE SYSTEM?
- ON TOP OF THE BILLIONS OF DOLLARS WE HAVE SPENT ON AIDS RESEARCH AND TREATMENT, WE HAVE SPENT UNTOLD MILLIONS TO EDUCATE THE PUBLIC ABOUT THE SPREAD OF THE A.I.D.S. VIRUS. WOULD THE AMERICAN TAXPAYER HAVE TO PAY TO EDUCATE THESE EMIGRES, OR ARE WE WILLING TO TAKE OUR CHANCES THAT THESE INDIVIDUALS WILL ACT RESPONSIBLY?
- ◆ CURRENTLY, WE DO NOT HAVE ADEQUATE ANSWERS TO THESE QUESTIONS. BUT, WE, IN CONGRESS, DO HAVE AN OBLIGATION TO ENSURE THAT NO POLICY CHANGES ARE ENACTED THAT WILL IN ANY WAY COMPROMISE THE FINANCIAL AND PHYSICAL HEALTH OF THE AMERICAN TAXPAYER. AT THIS TIME, OUR INFORMATION AVAILABLE ON THE IMPLICATIONS OF LIFTING THE BAN IS NOT ADEQUATE TO MAKE THIS DECISION.

: MEETTHE

NOTES ON "MEET THE PRESS," SUNDAY, FEBRUARY 21, 1992

GUESTS: BUDGET DIRECTOR LEON PANETTA

Q: WHAT ARE THE CHANCE OF THIS PLAN PASSING IN ITS ENTIRETY ?

A: GOOD CHANCE OF PASSING HOUSE, TOUGHER ON SENATE SIDE...THERE WILL BE SOME CHANGES...POPULAR SUPORT

Q: LET'S TALK ABOUT PROCESS..WHERE GOING IN NEXT FEW MONTHS

A: BASICIS SCHEDULE TO MOVE ON TWO TRAKCS - STIMULUS PACKAGE FIRST, THEN BUDGET LIKE TO DO IT BY EASTER BREAK

Q: NO TAX INCREASES WITHOUT SPENDING CUTS?

A: THINK WE SHOULD VOTE ON THEM AT THE SAME TIME - TO SHOW VOTERS WE'RE SERIOUS

Q: WHAT IS OPEN FOR NEGOTIATION - COLAS, LIKE SEN. DOLE MENTIONED?

A: THERE ARE ALWAYS THOSE WHO SAY THERE IS SOMEPLACE ELSE TO GO FOR SPENDING CUTS...HAVE \$76 BILLION IN ENTITLEMENTS BY 1997...IF THERE ARE OTHER IDEAS OUT THERE, I'M MORE THAN HAPPY TO LISTEN TO THEM

- Q: YOU WOULD BE OPEN TO MORE SPENDING CUTS, IF SPECIFIC?
- A: IF SPECIFIC, BUT NO GIMMICKS, NO SPENDING CAPS
- Q: IF THEY DID PUT COLAS ON SOCIAL SECURITY BACK ON TABLE, YOU'D LOOK AT IT?
- A: IF THEY SAY IT CAN GET THROUGH CONGRESS, WE'LL LOOK AT IT
- Q: GINGRICH HAS TALKED ABOUT REDUCED BENEFITS FOR WEALTHY ELDERLY YOU'D CONSIDER?
- A: HAPPY TO CONSIDER IF CONGREEMAN WILL CONTINUE SUPPORT THROUGH VOTING PROCESS
- Q: YOUR PLAN WOULD HAVE DEFICIT AT \$200 BILLION IN FOURTH YEAR OF CLINTON ADMINISTRATION - IS THAT THE BEST YOU CAN DO?
- A: WE'RE STARTING WITH SUCH A BIG DEFICIT ... WANT TO BRING DOWN DEFICIT-TO-GEP RATIO
- Q: YOU SAID YOU WANTED TO ELIMINATE DEFICIT IN FIVE YEARS WHAT HAPPENED TO THAT?
- A: NUMBERS HAVE CHANGED ...

- Q:BUT THIS WAS IN SEPTEMBER, YOU KNEW THE RECENT CBO NUMBERS THEN
- A: HAVE TO DEAL WITH DIFFERENT APPROACHES IN CONGRESS
- Q: SO YOU COULD ELMINATE DEFICIT, BUT POLITICAL COSTS TOO HIGH?
- A: NEED TO HAVE PLAN THAT WOULD GET THROUGH CONGRESS
- Q: YOU TALKED OF REDUCING MEDICARE COST BY MAKE DOCTORS AND HOSPITALS PAY MORE...YOU DEMS USED TO SAY THAT WAS JUST SHIFTING COSTS
- A: HAVE TO LOOK AT COST CONTROL ... HAVE TO CONTROL COSTS ON THE PART OF THE **PROVIDERS**
- Q: ANYTHING IN PROPOSAL TO PREVENT SHIFTING OF COSTS?
- A: THAT IS A CONCERN, BUT WHEN WE MAKE PROPOSAL IN NEXT FEW MONTHS, WE'LL TRY TO PREVENT THAT
- Q: BUT RIGHT NOW, THEERE'S NOTHING TO PREVENT THAT
- A: MY VIEW IS THAT HEALTH CARE REFORM WILL PUT IN CONSTRAINTS THAT WILL PREVENT THAT...CAN'T SAY YOU WON'T DEAL WITH MEDICARE SAVINGS WHILE YOU'RE WAITING FOR THE LARGER HEALTH PROPOSAL TO COME IN.

COMMERCIAL

- Q: WHEN YOU WERE BEFORE SENATE FOR CONFIRMATION, YOU TALKED ABOUT TWO DOLLAR SPENDING CUT FOR EVERY DOLLAR RAISED IN TAXES - LOOKS LIKE YOU'RE DOING THE OPPOSITE NOW
- A: NOT TRUE...HAVE TO LOOK AT PLAN OVER THE WHOLE FOUR YEARS...SINCE SPENDING CUTS ARE PERMENATE, YOU'LL SEE GREATER GROW ING SPENDING CUTS
- Q: SO-CALLED SPENDING CUT ON SOCIAL SECURITY BENEFITS IS REALLY TAX, ISN'T IT
- A: YOU CAN CALL IT WHAT YOU WANT. . KEY IS THAT YOU STILL WANT BALANCE BETWEEN SPENDING CUTS AND REVENUE INCREASES
- Q: YOU'VE TALKED ABOUT SIN TAX, PRESIDENT HAS TALKED ABOUT POSSIBLE NATIONAL SALES TAX - HAVE YOU EVER CONSIDERED A CEILING ON HOW MUCH YOU'LL TAX AMERICANS?
- A: WERE CERTAIN DECISIONS MADE....DECIDED TO MAKE THOSE AT TOP LEVELS PAY THE MOST
- Q: BUT THERE ARE SO MANY TAXES GOING UP IS THERE ANY TOP LEVEL ON HOW MUCH TAXES CAN BE RAISED?
- A: EACH HAS TO BE APPROACHED ON ITS OWN MERIT...AND ALL APART OF OVERALL

02/21/93 ITEM# 1

: MEETTHE

CONT...

ECONOMIC PLAN

- Q: ARE YOU CONCERNED THAT THIS NEW-DEMOCRAT PRESIDENT IS PUTTING FORTH PACKAGE
 THAT IS VERY TRADITIONAL DEMOCRATIC APROACH
- A; HAVE TO LOOK AT MESSAGE IN THE ELECTION...REPUBLICANS RAISED DEFICIT, TAXES
 ...OUR PACKAGE SHIFTS TAXES BURDEN AND ENCOURAGES INVESTMENT
- Q: WILL WE HAVE MEANINGFUL DEFICIT REDUCTION PACKAGE BY END OF YEAR?
- A: I BELIEVE SO, BECAUSE EVERYONE KNOWS WE CAN'T CONTINUE ON AS WE HAVE

END INTERVIEW, GINGRICH NEXT

COMMERCIAL

INTERVIEW WITH REP. NEWT GINGRICH, R-GA

- Q: WHAT ARE CHANCES OF CLINTON PROGRAM GETTING THROUGH CONGRESS THIS YEAR UNTOUCHED
- A: PRACTICALLY NIL...OUTCRY FROM PUBLIC WILL BE SO MUCH THAT HE'LL ONLY GET A FEW THINGS THROUGH

- Q: WILL YOU REPUBLICANS VOTE FOR ANY TAX INCREASES?
- A: NO, DON'T THINK WE SHOULD ASK FAMILIES TO TIGHTEN BELTS BECAUSE GOVT CAN'T TIGHTEN THERE'S
- A: WHAT KIND OF CUT?
- A: THINK WE SHOULD BRING IN DOWNSIZERS FROM GM AND FORD AND HELP US DONW-SIZE GOVT...WOULD HAVE TO PROVIDE HELP FOR DISPLACED FEDERAL WORKERS...ALSO COULD EXPAND SUMMER JOBS PROGRAM IF WE INCLUDED PRIVATE SECTOR
- Q: THE PROGRAMS YOU'RE TALKING ABOUT ARE ON THE MARGIN WHAT REAL CUTS WOULD YOU MAKE TO REDUCE DEIFICT
- A: ON MEDICARE, PANETTA DESCRIBED NON-SPECIFIC CAPS FOR MEDICARE...THEYT'RE PLAYING FAST AND LOOSE WITH FACTS...IN DEFENSE BUDGET, WE COULD CUT MIDDLE MANAGEMENT THERE
- Q: YOU WANT MORE THAN CLINTON CUTS IN DEFENSE?
- A: EVEN SAM NUNN SAYS HE DOESN'T UNDERSTAND WHAT CUTS ARE, I'D BE FOR REDUCING PENTAGON STAFF...ALSO, LET'S GET RID OF NEW SPENDING HIDDEN IN THIS PACKAGE

02/21/93 ITEM# 1 OTHER

: MEETTHE

CONT...

- Q: SO YOU'D CUT HEAD START?
- A: EVEN MAN WHO FOUNDED HEAD START SAID THERE'S WASTE IN THAT PROGRAM
- Q: AND SUMMER JOBS?
- A: I'D PRIVATIZE THAT PROGRAM
- Q: AND SUBDIDIES FOR PEANUT FARMERS IN GEORGIA?
- A: LIKE TO MENTION THAT THIS IS VERY ANTI-RURAL PACKAGE
- Q: BUT WHAT SPEICIFIC CUTS?
- A: NEW TECHNOLOGIES TO CLEAN UP NUKE WASTE... IF WE USE THAT, COULD SAVE MONEY THERE.
- Q: YOU STILL BELIEVE THAT DEFICIT CAN BE CUT WITHOUT TOUCHING MEDICARE AND SOCIAL SECURITY ?
- A: SOCIAL SECURITY IS GOOD SOCIAL CONTRACT THAT PEOPLE BELIEVE IN SHOULDN'T MESS WITH THAT...BUT THERE ARE OTHER PLACES TO SAVE MONEY
- Q: SO YOU WILL PRESENT A PACKAGE OF SPECIFIC CUTS?

- A: WE WILL PRESENT THEM, IF WE'RE ALLOWED TO PRESENT THEM ON FLOOR
- Q: BUT GOP HAS OFTEN BEEN ALLOWED TO PRESENT PRESIDENT'S PACKAGES IN PAST, AND DIDN'T VOTE FOR THEM
- Q: PANETTA SAID THAT THESE ISSUES SOLVED BY THE ELECTION LIKE REAGAN SAID, WHY DON'T YOU PERMIT PUBLIC DESIRE FOR CHANGE?
- A: THIS PRESIDENT HAS NO POPULAR MANDATE LIKE REAGAN...NO EVIDENCE THAT CLINTON MADE CLEAR HIS OBJECTIVES BEFORE ELECTION
- Q: SO VIEW OF HOUSE REPUBLICANS IS THAT CLINTON HAS NO CLAIM TO BE PRESIDENT?
- A: HE CAN CLAIM TO BE JUST WHAT HE IS PRESIDENT, BUT NO POPULAR MANDATE. THEIR GOAL RIGHT NOW IS TO PASS BUDGET CLOSER TO MCGOVERN THAN WHAT PEOPLE WANT ... THAN CLOSER TO PEROT
- Q: TOM BROKAW ASKED PEROT IF BUSH WOULD EVER PASS SUCH A BUDGET?
- A: BUT THIS BUDGET IS NOT LIKE PEROT
- Q: SO GOP HAS NO ACCOUNTABILITY FOR BUDGET DEIFICT?
- A: YES, BUT WE DIDN'T PASS ALL OF REAGAN'S PLAN, COULD HAVE HELPED DEFICIT

- Q: YOU WENT ON RADIO YESTERDAY AND PROMOTED WORKFARE THERE ARE COSTS INCLUDED
- IN THAT WHERE DOES MONEY COME FROM
- A: IT'S WORKING IN SEVERAL STATES.
- Q: BUT ALL OF AFDC IS ONLY \$14 BILLION THAT'S A DROP IN THE BUCKET
- A: WELFARE IS MORE THAN AFDC ... WE CAN MAKE THIS WORK.
- Q: APART FOR IDEOLOGY, WHAT DO YOU THINK OF CLINTON
- A: I PERSONALLY AM VERY WORRIED. HE HAS ENORMOUS POLITICAL SKILLS, BUT I HAVE
- NO IDEA AS A CITIZEN WHAT TO EXPECT FROM HIM
- Q: BUT YOU STILL SEE HIM AS FORMIDIABLE POLITICAL OPPONENT
- A: NOT OPPONENT, HE'S PRESIDENT
- Q: BUT YOU SAY HE'S A PRESIDENT WITH NO MANDATE
- A: CLINTON DIDN'T CAMPAIGN ON GAYS IN THE MILITARY, OR INCREASED TAXES, DON'T KNOW WHAT'S HE'S FOR. SINCE WE CAN'T VOTE HIM OUT FOR THREE YEARS, HAVE TO JUST HOPE HE SETTLES DOWN SOME AND DOES WHAT'S BEST FOR COUNTRY.

END INTERVIEW.

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! AP NEWSMINUTE !

Clinton Takes Sales Pitch On The Road...Deportees Change Positions

(Washington) -- President Clinton leaves Washington today for California, where he'll pitch his economic package. He's scheduled to appear at Santa Monica Community College and then will head north to California's Silicon Valley.

(Damascus, Syria) -- As Secretary of State Warren Christopher meets with Syria's leaders, the state-run media is calling for more action by the U-S to get the peace talks going again. A Syrian newspaper says the U-S should lean on Israel to get the Jewish state to take back its deported Palestinians.

(Marj Al-Zohour, Lebanon) -- Palestinians stranded in Lebanon say they'll accept a timetable for their return if Israel pledges to renounce deportations. Previously, the deportees had rejected Israel's offer to return about 100 of them immediately and the rest in the next year.

(Aberdeen, Scotland) -- Coast Guard officials say helicopters are heading to a floating housing unit on the North Sea, off the Scottish coast, to mount a rescue effort. The choppers will remove more than 400 oil rig workers, who are stranded because of high seas and strong winds.

(Mogadishu, Somalia) -- A draft report for the United Nations says Somalia needs at least 253 (M) million dollars in aid this year. A copy of the study obtained by The Associated Press says most of the money is needed to help refugees, and another big chunk should be earmarked for food.

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SUMMARY

NEWS

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- ** Pres Clinton's heading for California this morning to sell his economic plan... and there will be welcome news when he arrives. An L.A. Times poll out this morning says 60 percent of Americans support his economic blueprint. Polls in Time and Newsweek yielded nearly identical results.
- ** Sec'y State Warren Christopher met with Syria's Pres Assad this morning in his continuing struggle to get the Middle East peace talks moving again.
- ** Meanwhile, the Palestinian deportees apparently reversed their position today... and announced that they would accept a timetable for their return to Israel... if Israel pledges to renounce deportation.
 - ** The Azerbaijani who hijacked a Russian airliner to Stockholm... and his wife, who has reportedly confessed to helping him plan the hijacking... are to appear later today in a Stockholm court. It's not clear whether they'll be extradited for tial in Russia or be prosecuted in Sweden.
 - ** Bosnian Serb forces today lifted their blockade of a U.N. aid convoy taking food and supplies to starving Moslems in the east.

And Bosnia's President called off a contrversial boycott of U.N. relief supplies... and ordered Bosnian troops to cease fire on all fronts in the civil war.

- ** Gerhard Gesell, the judge of Watergate and Iran-Contra fame, is dead of liver cancer at 82.
- ** In the Philippines, tons of lava

rumbled down the slopes of the Mayon volcano. That triggered a tree-minute-long earthquake, but no casualties were reported.

- ** Stormy weather's plaguing the western U.S. Three feet of snow fell in Aspen yesterday, triggering avalanches that cut off the city's water supply -- meaning the posh resort could be out of drinking water at noon tomorrow. Seven Colorado mountain passes were shut down because of the weather.
- ** Nearly 500 workers are trapped
 aboard a floating platform which had
 cut its anchors and was battered by a
 storm in the North Sea. It's basically
 a floating hotal for workers
 constructing a gas rig. They're not in
 any immediate danger, and when the
 whether gets better, the Royal Air
 Force will use helicopters to get the
 workers off the "flotel."
- ** The the woman believed to be the world's oldest living person turned 118 today in an old people's home in Arles, France. Jeanne Calment, who knew the painter Vincent van Gogh in her youth and who gave up smoking last year, got a lot of bouquets and telegrams.

MENINGITIS This document is from the collections at the Dole Archives, University of Kar http://dolearchives.ku.edu USER: ELDRIDGE PRINTED: 02/21/93 06:16 WIRE CATALOG PRIORTY WORDS DATE SEQ SLUG TIME _______

52426 AP-MeningitisOutbrea APR GENERAL NEWS RUSH 205 02/21/93 04:00:22 AP-Meningitis Outbreak (Tops)

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(1292v1nt--ar014NY)

! GENERAL NEWS !

_______ Meningitis Outbreak At L-A County Jail Kills One, Forces Quarantine

(Santa Clarita, California) -- The chief physician at the Los Angeles County Jail says two-thousand inmates and 200 staff members have been exposed to an outbreak of bacterial meningitis that's

claimed one prisoner's life.

Authorities have ordered 92-hundred inmates quarantined and

canceled family visits in an effort to stop the spread of the disease at the jail complex north of L-A.

The death occurred Thursday. Sergeant Ron Spear says two others prisoners are critically ill and a fourth is in stable condition with a ''possible'' case of meningitis.

Two inmates at the Central Jail in downtown L-A also took ill

but have recovered.

A sheriff's officer says the department's medical team will administer an antibiotic to all those who have been exposed.

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53124 AP-10thNewsMinute APR HEADLINES RUSH 334 02/21/93 09:43:19 AP-10th NewsMinute

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! AP NEWSMINUTE ! ______

Clinton Travels To California...Search For Skiers In Colorado _______

(Washington) -- President Clinton is off to California today to sell his economic program in a state hit hard by defense cuts. Clinton's package includes (B) billions of dollars of new cuts in defense spending -- but he's hoping to win support by discussing ways the government can help laid-off defense workers find new jobs.

(Damascus, Syria) -- Secretary of State Warren Christopher is meeting with Syrian leaders in what could be a crucial step to getting Mideast peace talks restarted. Syria was making some headway in trying to recover the Golan Heights before talks broke off in December, and Christopher hopes Syria's incentive to resume will sweep the Palestinians along.

(Liverpool, England) -- British Prime Minister John Major is calling for harsher penalties against youths who, in his words, ''offend, re-offend and offend.'' His comments in a London newspaper come a day after authorities charged two ten-year-olds with murdering a toddler in Liverpool. The crime has shocked Britain.

(Aspen, Colorado) -- Rescue teams in Aspen, Colorado, are mapping out a strategy to find five cross-country skiers who are missing in an area blocked by avalanches. The skiers were on the slopes when a series of avalanches hit the area, cutting off the city's water supply, closing roads and trapping dozens of people in their homes.

(Washington) -- The Reverend Jesse Jackson is calling on America's religious leaders to hold a day of fasting and prayer for the people of Haiti. The civil rights leader says he's extending his week-long hunger strike indefinitely, to bring attention to the plight of the Haitian people.

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53079 AP-Clinton AP-Clinton

02-21 APR WASHINGTON

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! GENERAL NEWS !

Clinton Takes Economic Show On The Road Again

(Washington) -- President Clinton will focus on high-technology as he begins a two-day West Coast swing today to sell his economic package of tax hikes, spending cuts and new spending.

Clinton heads first to Southern California, where he'll speak at a college in Santa Monica. Later he flies to San Jose, for a private dinner with about 30 business leaders in Silicon Valley. He'll tour Silicon Graphics in Santa Clara tomorrow before flying to a Boeing plant in Seattle.

California has been hurt by defense cutbacks, and Boeing last week announced massive job cuts. Clinton's economic package includes about 76 (B) billion dollars in defense spending cuts.

The president is calling for new partnerships between government and industry to convert lost defense jobs into civilian employment.

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52712 AP-Clinton-Polls APR GENERAL NEWS RUSH 193 02/21/93 06:32:11 AP-Clinton-Polls

(1326v1nt--ar014NY)

! GENERAL NEWS !

Polls Say Most Americans Approve Of Economic Plan

(New York) -- Three new polls say most Americans support

President Clinton's economic program.

A ''Time'' magazine-C-N-N poll, a ''Newsweek'' survey and one by the ''Los Angeles Times'' all find that about six out of ten people support the plan. The newspaper survey says 62 percent are willing to accept the tax increases and spending cuts to improve the nation's economy.

Two-thirds of those in the L-A Times survey say they believe the

plan is mostly fair to them.

While those questioned say they're willing to 'share the pain, " about three-quarters of the Newsweek respondents feel the wealthy will find loopholes to beat high taxes.

The surveys have margins of error of between three and four

percentage points.

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51179 AP-Clinton-Cheney APR GENERAL NEWS RUSH 177 02/20/93 23:44:21 AP-Clinton-Cheney

(1211v1nt--ar014NY)

! GENERAL NEWS !

._____ Cheney Says Clinton's Plan Has Priorities Wrong

(Albuquerque, New Mexico) -- Former Defense Secretary Dick Cheney says President Clinton's economic plan puts an undue burden on the military.

Speaking to reporters before a Republican dinner in New Mexico, Cheney said the plan, which calls for 76 (B) billion dollars in

defense cuts, has its priorities wrong.

He said Clinton's plan could hurt defense-dependent New Mexico and its national laboratories -- Sandia, Los Alamos and Phillips.

He said those labs remain vital, even though the Cold War has ended.

Flanking Cheney when he spoke were Senator Pete Domenici (doh-mehn'-nah-chee) and Representative Steve Schiff, both New Mexico Republicans.

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CLINTON URGES U.S.-CENTRAL AMERICAN UNITY IN DRUG WAR@

BELIZE CITY, Belize, Reuter - In a letter to five Central American leaders, President Clinton called Saturday for unity and cooperation with Central American countries in the fight

against drugs.

''Only working together -- sharing information and knowledge, cooperating in the application of the law and working to reduce demand -- can our countries effectively combat this threat, '' Clinton told the leaders, who attended a drug summit

Clinton offered no specifics in his letter, but has said that in contrast to the Bush administration's focus on eradicating drug supplies, he would put more emphasis on reducing demand.

The drug summit, which began Friday, was attended by the leaders of Belize, El Salvador, Nicaragua, Panama and Honduras. They signed a declaration Saturday calling for a joint

commission, to be created in the next 90 days, to coordinate the

region's battle against the growing plague of drugs.
According to regional law enforcement agencies, Central America has become a major transit point for drugs shipped to the United States and Europe. Estimates are that at least 300 tonnes of cocaine and thousands of tonnes of marijuana are shipped annually through the region.

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AM-CLINTON-CRITICS@ (0649areut LOBBYING GROUPS CHARGE CLINTON PLAN IS TOO RELIANT ON TAXES@ WASHINGTON, Reuter - Officials of two powerful lobbying groups charged Saturday that President Clinton's economic proposals rely too much on tax increases, too little on spending cuts and will cost the country jobs in the long run.

Speaking on CNN's 'Newsmaker Saturday' program, the president of the National Association of Manufacturers, Jerry Jasinowski, said there were about \$3 in tax increases on businesses for every \$1 in tax breaks.

The proposals made public Wednesday by Clinton offer a

The proposals made public Wednesday by Clinton offer a series of tax rises and spending cuts aimed at stimulating the economy in the short term and cutting the federal deficit in the longer term.

Despite public opinion polls indicating a majority of average Americans support Clinton's proposals, Jasinowski said his members of his organization, which includes major American corporations, had a different view.

Jasinowski said he was 'really flabbergasted' to find after Clinton's speech that most businessmen do not support the

proposals and he asked them why.

'Almost uniformly they said it's because the tax increases are greater than the tax cuts, " Jasinowski said. "I don't think President Clinton realizes that some aspects of this program actually tax small business more than it gives them a cut.''

On the same program, a spokesman for the American Petroleum Institute, which represents major oil companies, said Clinton's proposed energy tax would add 10 cents a gallon to gasoline and penalize lower-income Americans excessively.

In addition, it will cost U.S. corporations more to make their products and potentially induce them to move operations

out of the United States to cheaper-cost locations.

'They're going to move to Mexico, for example, as they are currently doing,' said the spokesman, Charles DiBona. 'So it will reduce employment by about 600,000 people,' he added.

Senate Finance Committee chairman Daniel Moynihan, appearing on CNN's 'Evans and Novak' program, was asked whether there

was a risk that the slow-paced recovery could be futher dampened by Clinton's proposals.

Moynihan did not not deny there was a risk but suggested that the support the proposals received from Federal Reserve

Board Chairman Alan Greenspan made it worth trying.

'With Alan Greenspan on board, that is an acceptable risk,' Moynihan said, 'The alternative is just to drift into disaster.''

Greenspan told Congress Friday that he considered Clinton's proposals 'a very positive force for the American economy' and 'a serious proposal.'

The Clinton administration had actively sought to involve the central bank chairman in the introduction of the economic proposals, even inviting Greenspan to sit beside First Lady

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Hillary Rodham Clinton when the president unveiled his plans in a televised address to Congress.

Greenspan's supportive comments before Congress Friday were interpreted by some observers as an indication that the Federal Reserve would consider lowering interest rates if Clinton's proposals became a drag on growth

proposals became a drag on growth.

Greenspan said the central bank would 'certainly need to take into account' cuts in the government's deficit and the impact on the economy when it considered whether to adjust rates.

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