

August 4, 1989

M E M O R A N D U M

TO: SENATOR DOLE
FROM: DENNIS SHEA
SUBJECT: SUPREME COURT CIVIL RIGHTS DECISIONS

The Supreme Court has issued four major civil rights rulings this term. The following is a brief description of these rulings.

I. PATTERSON V. MCLEAN CREDIT UNION

By a 9-0 vote, the Supreme Court reaffirmed Runyon v. McCrary, a 1976 decision interpreting an 1866 civil rights law that grants to every individual "the same right...to make and enforce contracts...as is enjoyed by white citizens." In Runyon, the Court ruled that the 1866 law barred a private school from refusing to admit black students.

Although the Patterson decision upheld Runyon's interpretation of the 1866 law, the Court also ruled by a 5-4 vote that the 1866 law may not be used as the basis for lawsuits alleging racial harassment in the workplace. The Court emphasized that lawsuits alleging racial harassment in the workplace may be brought under Title VII of the Civil Rights Act of 1964 rather than under the 1866 law.

II. MARTIN V. WILKS

In Martin v. Wilks, the Supreme Court ruled that court-approved affirmative action settlements were open to legal challenge by white workers who were not parties to the original settlements. To support this conclusion, the Court emphasized that "it is a principle of general application in anglo-American jurisprudence that one is not bound by a judgment...in a litigation in which he is not designated as a party or to which he has not been made a party by service of process."

The Wilks decision involved a claim by a group of white firemen in Birmingham, Alabama, that they were being denied promotions in favor of less qualified black applicants. The City of Birmingham admitted to making race-conscious employment decisions but insisted that these decisions were unassailable since they were made pursuant to a court-approved settlement.

As a result of the Wilks decision, court-approved affirmative action settlements are now subject to reverse discrimination lawsuits.

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III. WARDS COVE PACKING CO. V. ATONIO

In Wards Cove Packing Co. v. Atonio, the Supreme Court altered traditional Title VII analysis by relieving employers of the burden of justifying, on the grounds of "business necessity," those practices that are shown to have a disparate impact on a minority group. The decision now requires a Title VII plaintiff to prove -- at the outset -- that a hiring practice not only has a disparate impact but also has no legitimate business justification.

Wards Cove involved a claim by native Filipinos and Eskimos that a salmon-packing company located in northern Alaska had engaged in racially discriminatory hiring practices more than 15 years ago.

IV. CITY OF RICHMOND V. CROSON

In City of Richmond v. Croson, the Supreme Court struck down Richmond's minority set-aside program as a violation of the Equal Protection Clause of the Fourteenth Amendment. In Croson, the Court emphasized that the set-aside program was not justified since the trial record revealed no prior discrimination by the City of Richmond in awarding construction contracts.

JUSTICE KENNEDY

Justice Kennedy has voted in the majority in all four decisions. He also written the majority opinion in the Patterson case. As a result, observers of the Supreme Court no longer doubt that Kennedy is a conservative jurist.

REACTIONS

Not surprisingly, the civil rights establishment is up-in-arms about the recent Supreme Court decisions. Ben Hooks and Ralph Neas, for example, have publicly stated that "the recent Supreme Court term has been a disaster for all those committed to equal employment opportunity."

Senators Metzenbaum and Jeffords have introduced legislation designed to overturn the Wards Cove decision. Senator Simon has introduced legislation designed to overturn the City of Richmond v. Croson decision.

MEMORANDUM

TO: SENATOR DOLE
FROM: MIRA BARATTA
SUBJECT: YOUR TRIP TO KANSAS

Attached are talking points and background materials on defense issues. I have included your statements on your National Guard and Reserve amendment and on the B-2 bomber.

During your luncheon with the veterans, you will probably be asked about the cutbacks in VA funding for medical benefits. I have attached a copy of the form letter this office sends out to veterans who have written to you about this problem. A VA emergency supplemental appropriations bill was passed in June (P.L. 101-45) and has helped the problem somewhat (also attached). The House and Senate could not reach agreement on another emergency supplemental appropriations bill introduced in June.

In addition, I have attached two resolutions you sponsored on POW/MIA Recognition Day and POW/MIA flag in Rotunda.

TALKING POINTS ON DEFENSE

STATUS OF DEFENSE AUTHORIZATION BILL:

*THIS WEEK THE CONGRESS FINISHED ACTION ON THE DEFENSE AUTHORIZATION BILL; THE SENATE SUPPORTED THE PRESIDENT'S DEFENSE REQUEST AND THE HOUSE GUTTED IT:

--THE CONGRESS ASKED THE PRESIDENT TO MAKE SOME TOUGH BUDGET CHOICES AND HE DID.

--THE PRESIDENT KNEW HE COULDN'T HAVE EVERYTHING HE WANTED, SO HE DECIDED TO MOVE FORWARD WITH SOME WEAPONS PROGRAMS, AND NOT WITH OTHERS.

--THE SENATE MADE FEW CHANGES IN THE PRESIDENT'S REQUEST, OTHER THAN RETAINING SOME FUNDING FOR PROMISING TECHNOLOGIES LIKE THE V-22 OSPREY (THERE COULD BE WORK ON THIS IN KANSAS IN THE FUTURE); RESEARCH AND DEVELOPMENT WILL CONTINUE AND WILL BE REVIEWED BY THE SENATE ARMED SERVICES COMMITTEE NEXT YEAR).

--IN THE AREA OF STRATEGIC MODERNIZATION, THE PRESIDENT SENT UP A "PACKAGE" CONSISTING OF TWO ICBMs (THE MX AND MIDGETMAN), THE TRIDENT D-5 SUBMARINE-LAUNCHED BALLISTIC MISSILE (SLBM), THE B-2 STEALTH BOMBER (SOME MINOR SUBCONTRACTING WORK FOR THIS IS DONE IN KANSAS), AND SDI.

--THE SENATE LEADERSHIP AND SENATE ARMED SERVICES COMMITTEED FOUGHT HARD AGAINST ATTEMPTS TO MOVE FUNDS OUT OF THE PRESIDENT'S PROGRAMS LIKE SDI AND B-2 INTO OTHER AREAS.

--THE SENATE, WITH MINOR CHANGES, SUPPORTED THIS PACKAGE.

--THE HOUSE ELIMINATED FUNDING FOR MOST OF THE PACKAGE, INCLUDING SDI (CUT BY \$2 BILLION), AND USED THE FUNDS FOR TERMINATED PROGRAMS.

--THIS IS A TIME OF LIMITED RESOURCES. THE PRESIDENT HAS STUDIED AMERICA'S DEFENSE NEEDS AND MADE WHAT HE BELIEVES ARE THE BEST CHOICES FOR THE MONEY. THEREFORE, HE SHOULD BE SUPPORTED. THE SENATE WILL TAKE THIS POSITION IN CONFERENCE WITH THE HOUSE.

DOLE AMENDMENTS TO DOD BILL:

--SENSE OF CONGRESS COMMENDING THE NATIONAL GUARD AND RESERVE (YOUR REMARKS ATTACHED).

--PRESIDENTIAL REPORT ON MOBILE ICBM VERIFICATION IN START: THE SOVIETS HAVE 2 MOBILE ICBMs; WE WILL BE BUILDING THE MX AND MIDGETMAN; IT LOOKS LIKE MOBILES WILL BE ALLOWED IN A START TREATY, SO WE HAVE TO KNOW HOW TO VERIFY THEM.

--SENSE OF SENATE ON NOT INCLUDING NONNUCLEAR CRUISE MISSILES IN START: THE FOCUS OF START IS THE REDUCTION OF NUCLEAR WEAPONS; THE SOVIETS KEEP TRYING TO LIMIT OUR CRUISE MISSILES; NONNUCLEAR CRUISE MISSILE TECHNOLOGY IS ONE OF THE MOST PROMISING CONVENTIONAL TECHNOLOGIES WE HAVE.

SENATOR DOLE

ITEM #: 112 ()
va medical care non-service vets f.vejh004

TOP/SUBTOPIC (1): veterans/nonservice vet med care
TYPE OF DOC.: issue
CREATE DATE: APR-03-89
UPDATE DATE: JUL-17-89
AIDE: JH PCD: KY

Thank you for your correspondence regarding issues affecting our nation's veterans. I appreciate having your views.

As a disabled veteran, I have a special understanding of the needs of my fellow veterans and am deeply concerned that all veterans are provided with the best possible health care and benefits. I am committed to making certain that the Department of Veterans Affairs (DVA) meets the needs of all veterans, especially those suffering from service-related disabilities or illnesses.

Like you, I am deeply concerned that the current budget shortfall has made it necessary for the DVA to cut back on the level of services provided to veterans with non service-related disabilities or illnesses. This year's financial crunch, however, should be eased shortly. The President just signed into law a bill providing \$340 million in supplemental appropriations for veterans medical care through the end of FY 1989.

In addition, Congress has already passed the Concurrent Resolution on the Budget for FY 1990, which recommends spending limits for the different functions of the budget. I was pleased to see that budget authority for veterans benefits and services was increased from \$29.7 billion for FY 1989 to \$31.1 billion for FY 1990 and \$32.2 billion for FY 1991.

Our nation must never forget the tremendous debt it owes to the brave men and women who so valiantly served our country. I will continue to do all that I can to see that our government provides for the legitimate needs of every veteran. Again, thank you for sharing your thoughts with me on this important issue.

101ST CONGRESS
1ST SESSION

S. CON. RES. 5

IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 1989

Referred to the Committee on House Administration

CONCURRENT RESOLUTION

Whereas America can never forget the sacrifices of our brave servicemen still missing in action, nor the heroic suffering of our prisoners of war;

Whereas the families of Americans missing in Southeast Asia, having suffered greatly themselves, joined together in 1970 as the National League of Families to facilitate and promote the fullest possible accounting for POW/MIAs;

Whereas the official National League of Families POW/MIA flag symbolizes the nationwide recognition that is justly deserved by the missing and unaccounted for servicemen of all armed conflicts; and

Whereas the POW/MIA flag is an effective means of further raising public consciousness on this key American issue:
Now, therefore, be it

- 1 *Resolved by the Senate (the House of Representatives*
- 2 *concurring), That the rotunda of the Capitol may be used on*
- 3 Thursday, March 9, 1989, at 3 p.m., for ceremonies to ob-

1 serve the unveiling of the National League of Families
2 POW/MIA flag which shall be displayed in the Capitol Ro-
3 tunda until a satisfactory accounting of all America's POW/
4 MIA's has taken place. The POW/MIA flag so displayed
5 shall be in such size and at such place as the Architect of the
6 Capitol, the Speaker and the Minority Leader of the United
7 States House of Representatives, and the Majority and Mi-
8 nority Leaders of the United States Senate shall designate.

9 SEC. 2. The Architect of the Capitol may prescribe con-
10 ditions for physical preparations with respect to the use of the
11 rotunda authorized by the first section.

Passed the Senate January 25 (legislative day, Janu-
ary 3), 1989.

Attest:

WALTER J. STEWART,

Secretary.

1A

101ST CONGRESS
1ST SESSION

S. J. RES. 129

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1989

Referred to the Committee on Post Office and Civil Service

JOINT RESOLUTION

To provide for the designation of September 15, 1989, as
“National POW/MIA Recognition Day”.

Whereas the United States has fought in many wars;

Whereas thousands of Americans who served in those wars
were captured by the enemy or listed as missing in action;

Whereas many American prisoners of war were subjected to
brutal and inhuman treatment by their enemy captors in
violation of international codes and customs for the treat-
ment of prisoners of war, and many such prisoners of war
died from such treatment;

Whereas many of these Americans are still missing and unaccounted for, and the uncertainty surrounding their fates has caused their families to suffer acute hardship; and

Whereas the sacrifices of Americans still missing and unaccounted for and their families are deserving of national recognition and support for continued priority efforts to determine the fate of those missing Americans: Now, therefore, be it

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That September 15, 1989, is hereby designated as "National
4 POW/MIA Recognition Day". The President is authorized
5 and requested to issue a proclamation calling upon the people
6 of the United States to recognize that day with appropriate
7 ceremonies and activities.

Passed the Senate July 13 (legislative day, January 3),
1989.

Attest:

WALTER J. STEWART,

Secretary.

IB

101ST CONGRESS
1ST SESSION

H. R. 2402

IN THE HOUSE OF REPRESENTATIVES

MAY 18, 1989

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making supplemental appropriations for the Department of Veterans' Affairs for the fiscal year ending September 30, 1989, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the following sums are hereby appropriated, out of any
- 4 money in the Treasury not otherwise appropriated, to provide
- 5 supplemental appropriations for the Department of Veterans'
- 6 Affairs for the fiscal year ending September 30, 1989, and
- 7 for other purposes, namely:

Passed the Senate with amendments May 18, 1989.
five day, January 31, 1989.

Attest:

WALTER J. STEWART

2

1 DEPARTMENT OF VETERANS' AFFAIRS

2 VETERANS BENEFITS ADMINISTRATION

3 COMPENSATION AND PENSIONS

4 For an additional amount for "Compensation and pen-
5 sions", \$701,481,000, to remain available until expended.

6 READJUSTMENT BENEFITS

7 For an additional amount for "Readjustment benefits",
8 \$22,212,000, to remain available until expended.

9 LOAN GUARANTY REVOLVING FUND

10 For an additional amount for "Loan Guaranty Re-
11 volving Fund", \$120,100,000, to remain available until
12 expended.

13 VETERANS HEALTH SERVICE AND RESEARCH

14 ADMINISTRATION

15 MEDICAL CARE

16 For an additional amount for "Medical care",
17 \$340,125,000: *Provided*, That of the sums appropriated
18 under this heading in fiscal year 1989, not less than
19 \$6,800,000,000 shall be available only for expenses in the
20 personnel compensation and benefits object classifications.

3

1 DEPARTMENTAL ADMINISTRATION

2 GENERAL OPERATING EXPENSES

3 (INCLUDING TRANSFER OF FUNDS)

4 For an additional amount for "General operating ex-
5 penses", \$24,900,000, of which \$15,000,000 shall be de-
6 rived by transfer from "Construction, minor projects": *Pro-*
7 *vided*, That in the appropriation language under this heading
8 in the Department of Housing and Urban Development-Inde-
9 pendent Agencies Appropriations Act, 1989, insert a period
10 after "\$774,316,000" and delete the language that follows.

11 ~~(1) No part of any appropriation contained in this Act~~
12 ~~shall remain available for obligation beyond the current fiscal~~
13 ~~year unless expressly so provided herein.~~

14 *Notwithstanding any other provision of this Act, no part*
15 *of any appropriation contained in this Act shall remain*
16 *available for obligation after June 15, 1989.*

Passed the House of Representatives May 18, 1989.

Attest: DONNARD K. ANDERSON,
Clerk.

By DALLAS L. DENDY, JR.,
Assistant to the Clerk.

Passed the Senate with amendments May 18 (legisla-
tive day, January 3), 1989.

Attest: WALTER J. STEWART,
Secretary.

REMARKS OF SENATOR BOB DOLE

NATIONAL GUARD AND RESERVE

EVERY YEAR THE CONGRESS SPENDS ABOUT TWO
WEEKS DEBATING THE DEFENSE AUTHORIZATION BILL.
MOST OF THAT TIME IS SPENT ARGUING FOR OR
AGAINST SOME WEAPONS PROGRAM.

-2-

NOW, PROVIDING THE RESOURCES FOR THE
DEFENSE OF THIS COUNTRY IS ONE OF THE GREATEST
RESPONSIBILITIES THE CONGRESS HAS. BUT, AS WE GET
DEEPLY INVOLVED IN THE PROS AND CONS OF SOME
FIGHTER PLANE OR BATTLESHIP, WE TEND TO FORGET
WHAT THE DEFENSE OF THIS COUNTRY REALLY RESTS
ON: OUR MEN AND WOMEN IN UNIFORM.

-3-

MOREOVER, WHEN WE DO THINK ABOUT OUR
MILITARY PERSONNEL, WE OFTEN OVERLOOK THE
CONTRIBUTION OF OUR CITIZEN-SOLDIERS IN THE
NATIONAL GUARD AND RESERVE.

-4-

SO, THIS TIME AROUND I OFFERED AN AMENDMENT
TO THE DEFENSE BILL TO REMIND US ALL OF THE GREAT
TRADITION OF THE NATIONAL GUARD AND RESERVE--A
TRADITION WHICH STARTED WITH THE BIRTH OF THIS
NATION. MORE IMPORTANTLY, THIS AMENDMENT
RECOGNIZES THE SIGNIFICANT CONTRIBUTION THE MEN
AND WOMEN WHO SERVE IN THE GUARD AND RESERVE
ARE MAKING TO THIS COUNTRY.

-5-

THE GUARD AND RESERVE ARE ESSENTIAL
ELEMENTS OF OUR NATIONAL DEFENSE. THE NATIONAL
GUARD AND RESERVE ENHANCE THE MILITARY
READINESS OF THE UNITED STATES. AND, THEY DO SO
IN A COST-EFFECTIVE WAY. THIS COST-EFFECTIVENESS
IS EVEN MORE IMPORTANT IN TIMES OF LIMITED
RESOURCES.

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I AM PLEASED THAT MY SENATE COLLEAGUES TOOK
A BREAK FROM THE DEBATE ON MILITARY HARDWARE
AND DEFENSE POLICIES TO JOIN ME IN
ACKNOWLEDGING THE VALUABLE CONTRIBUTION THAT
THESE MEN AND WOMEN ARE MAKING TO THE UNITED
STATES, AND TO THANK THEM FOR THEIR LOYALTY AND
SERVICE TO THIS COUNTRY.

REMARKS OF SENATOR BOB DOLE

JULY 25, 1989

THE B-2 BOMBER

MR PRESIDENT:

THE UNITED STATES HAS COME TO A CRITICAL
JUNCTURE. WE MUST DECIDE NOW HOW OUR
STRATEGIC FORCES WILL BE STRUCTURED OVER THE
NEXT SEVERAL DECADES.

THIS IS A TOUGH DECISION--NOT JUST BECAUSE OF
THE COSTS INVOLVED, BUT BECAUSE WE WILL HAVE TO
LIVE WITH OUR ACTIONS FOR SOME TIME TO COME.

FOR OVER FORTY YEARS, NUCLEAR DETERRENCE HAS
GUARANTEED THE SAFETY AND FREEDOM OF THIS
COUNTRY. FOR THE BETTER PART OF THAT TIME, OUR
NUCLEAR DETERRENCE HAS BEEN BASED ON THE
CONCEPT OF A NUCLEAR TRIAD.

I THINK WE'D ALL AGREE THAT THE TRIAD HAS
SERVED US WELL. I THINK THAT'S ALSO THE
PRESIDENT'S VIEW. THE TRIAD FIGURES PROMINENTLY
IN THE PRESIDENT'S STRATEGIC MODERNIZATION
PACKAGE.

NOW, I WANT TO EMPHASIZE THE WORD, "PACKAGE."
OUR BOMBERS, LAND-BASED ICBMs, AND OUR SLBM
FORCES ARE INDEPENDENT, BUT THEY WORK AS A
PACKAGE--THEY EACH HAVE THEIR PARTICULAR ROLE IN
DETERRENCE. I WOULD ALSO ADD THAT SDI IS A KEY
PART OF THAT MODERNIZATION PACKAGE.

THE PRESIDENT HAS SENT TO THE CONGRESS HIS
PLANS FOR MODERNIZING EACH LEG OF THE TRIAD. HE
HAS DECIDED TO MOVE FORWARD WITH TWO ICBMs, THE
D-5 SLBM, AND THE B-2.

NOW, I THINK WE ALL AGREE THAT OUR BOMBER
FORCES ARE NO LESS IMPORTANT IN THAT TRIAD THAN
OUR OTHER STRATEGIC FORCES. AND, I THINK WE ALL
AGREE THAT THEY NEED TO BE MODERNIZED.

SOME OF YOU WILL SAY, "YES, WE NEED
MODERNIZATION, BUT NOT AT THE B-2'S PRICE." I THINK
WE WERE ALL TAKEN ABACK THE FIRST TIME WE SAW
THE FIGURES. LET'S NOT FORGET, WE ARE BUYING THE
LATEST TECHNOLOGY--THE BEST AMERICA HAS TO
OFFER--AND WE NEED THE BEST BECAUSE IT WILL HAVE
TO LAST. WE ARE MAKING DECISIONS THAT WILL HAVE
CONSEQUENCES FOR OUR NATIONAL SECURITY FOR
YEARS TO COME.

THESE CONSEQUENCES ARE EVEN GREATER IF WE
REACH A START AGREEMENT WITH THE SOVIETS. A
MANNED PENETRATING BOMBER WILL BECOME EVEN
MORE IMPORTANT UNDER A START TREATY THAN IT WAS
OVER THE PAST FORTY YEARS. THE B-2 IS AT THE
CENTER OF U.S. STRATEGY FOR ACHIEVING STABILITY AT
REDUCED LEVELS.

NOW, IT SEEMS TO ME THAT THE ARMED SERVICES
COMMITTEE HAS GIVEN THIS PROGRAM THE SERIOUS
ATTENTION IT MERITS. THEY HAVE NOT ONLY
RECOGNIZED THE IMPORTANCE OF THE B-2 IN TERMS OF
OUR DETERRENCE STRATEGY AND ARMS CONTROL
STABILITY, BUT HAVE ALSO RECOGNIZED THAT A
PROGRAM WHICH INVOLVES SUCH SUBSTANTIAL
INVESTMENT DURING THESE TIMES OF TIGHT DOLLARS,
REQUIRES CLOSE MONITORING.

I COMMEND MY COLLEAGUES ON THE ARMED SERVICES COMMITTEE FOR TAKING A SOUND APPROACH TOWARD THIS PROGRAM. THE B-2 MEANS A LOT OF MONEY SPENT, BUT THANKS TO THE EFFORTS OF THE COMMITTEE IT WILL BE MONEY SPENT WISELY. I URGE THE SENATE TO SUPPORT THEIR APPROACH AND THIS AMENDMENT.

MR. PRESIDENT, I'D LIKE TO END MY REMARKS WITH
AN EXCERPT FROM AN ARTICLE WRITTEN IN 1953, IN
AVIATION WEEK, AT THE TIME THE UNITED STATES WAS
CONSIDERING THE B-52:

"FEELING IN SOME US AIR FORCE QUARTERS IS THAT
THE DIFFERENCE BETWEEN B-47 AND B-52
PERFORMANCE IS NOT WORTH THE COST OF THE
LATTER PROGRAM. STRATEGIC AIR COMMAND ALSO
ANTICIPATES GETTING SUPERSONIC BOMBERS SOON
ENOUGH TO MAKE THE B-52 STRICTLY A SHORT INTERIM
MEASURE."

AFTER THIRTY YEARS OF THE B-52 WE KNOW BETTER.

Drugs

BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE
AUGUST 4, 1989

CONTACT: WALT RIKER
(202) 224-5358

TIME FOR STREAMLINING THE WAR ON DRUGS;
DOLE CALLS FOR NEW SUPER CONGRESSIONAL
COMMITTEE ON DRUGS
SENATE REPUBLICAN LEADER BOB DOLE

MR. DOLE. MR. PRESIDENT, EACH AND EVERY DAY WE ARE REMINDED OF THE HORRORS OF AMERICA'S DRUG EPIDEMIC. EACH AND EVERY DAY THERE IS A NEW HEADLINE TELLING US OF THE TRAGIC LOSS OF LIFE FROM THE DRUG NIGHTMARE. AND EACH AND EVERY DAY WE DISCOVER ANEW HOW FAR WE HAVE TO GO IN THE WAR ON DRUGS.

JUST TODAY, THERE ARE FRONT PAGE STORIES REPORTING HOW DRUG GANGS FROM THE COASTS ARE EXPORTING THEIR TERROR AND THEIR DRUGS TO AMERICA'S HEARTLAND. IS THERE ANY QUESTION WE HAVE TO ACT -- NOW, NOT LATER.

FOR TOO LONG, THE WAR ON DRUGS WAS JUST A PHRASE. BUT LITTLE BY LITTLE, WE HAVE ADDED SOME MUSCLE AND MONEY TO THE NATIONWIDE CRUSADE TO WIPE OUT THE DRUG SCOURGE.

ON CAPITOL HILL, CONGRESS HAS ADOPTED ANTI-DRUG AND ANTI-CRIME LAWS. AND WE DID IT ALL WITH BI-PARTISAN SUPPORT, COMBINING THE BEST IDEAS ON BOTH SIDES OF THE AISLE INTO EFFECTIVE LEGISLATION. NO DOUBT ABOUT IT, HOWEVER, WE NEED TO DO MUCH, MUCH MORE -- AND THAT IS WHY I AM INTRODUCING A NEW CONCEPT TODAY TO THE WAR ON DRUGS, ONE THAT I BELIEVE IS CRITICAL TO MAXIMIZING CONGRESSIONAL EFFORTS TO GET THE JOB DONE.

TODAY I AM CALLING FOR THE ESTABLISHMENT OF A NEW COMMITTEE ON CAPITOL HILL -- A SUPER COMMITTEE ON DRUGS TO COORDINATE, FACILITATE AND STREAMLINE CONGRESSIONAL ACTIVITY.

MR. PRESIDENT, IN 1982, CONGRESSIONAL DEMOCRATS HAD A GOOD IDEA. THEY CALLED FOR THE CREATION OF A SO-CALLED DRUG CZAR, A CABINET-LEVEL DIRECTOR WHO COULD CUT THROUGH THE DUPLICATION, THE BUREAUCRACY AND THE POLITICS TO MAXIMIZE AMERICA'S ANTI-DRUG EFFORTS. NOW, I'LL ADMIT, THE PREVIOUS ADMINISTRATION DID NOT AGREE WITH THAT CONCEPT -- AND IT BLOCKED IT.

BUT A GOOD IDEA IS HARD TO BEAT AND NOW, WITH A NEW PRESIDENT AND A NEW TEAM IN PLACE, THE DRUG CZAR IS NO LONGER A CONCEPT -- HE IS A REALITY; AND HIS NAME IS BILL BENNETT.

I APPLAUD THE DEMOCRATS FOR THIS INITIATIVE. TODAY, IN THE FORM OF THE OUTSTANDING LEADERSHIP OF MR. BENNETT, WE ARE SEEING THE FRUITS OF THEIR VISION.

BUT NOW THERE IS A NEW PROBLEM -- AND THE PROBLEM IS "US". DESPITE ALL OF OUR GOOD EFFORT HERE, THERE ARE SIMPLY TOO MANY COOKS IN THE KITCHEN. WHAT OUR NEWLY-APPOINTED DRUG CZAR NEEDS FROM CONGRESS IS MORE ORGANIZATION.

(MORE)

A REPORT FROM THE CONGRESSIONAL RESEARCH SERVICE IDENTIFIES 54 HOUSE COMMITTEES AND SUBCOMMITTEES IN THE SENATE COMMITTEES AND SUBCOMMITTEES WHICH COULD, AND HAVE, ASSERTED JURISDICTION OVER SOME PART OF THE WAR ON DRUGS. WHILE THIS TOTAL OF 75 MAY INDICATE THAT CONGRESS CONSIDERS DRUGS TO BE A REAL PROBLEM DEMANDING ANSWERS, IT ALSO POINTS TO THE NEED TO INSTALL SOME COORDINATION IN THE CONGRESS.

EVEN THE NUMBER SUPPLIED BY THE CRS IS LOW, SINCE IT DOES NOT INCLUDE THE COMMITTEES ON APPROPRIATIONS AND THEIR SUBCOMMITTEES, OR ANY COMMITTEE OR SUBCOMMITTEE WITH ONLY OVERSIGHT RESPONSIBILITIES.

IF A COORDINATED APPROACH IS GOOD FOR THE EXECUTIVE, AND I BELIEVE IT IS, A COORDINATED APPROACH IS GOOD FOR THE CONGRESS.

INTRODUCTION OF THREE RESOLUTIONS

TODAY, I AM INTRODUCING THREE RESOLUTIONS REPRESENTING THREE DIFFERENT WAYS TO ACHIEVE REORGANIZING CONGRESS TO ANSWER THE DEMAND BY THE PUBLIC FOR PROGRESS IN THE WAR ON DRUGS.

THE FIRST CONCURRENT RESOLUTION WOULD ESTABLISH COMMITTEES ON NATIONAL DRUG CONTROL POLICY IN BOTH THE SENATE AND HOUSE. ALL LEGISLATION ON THE SUBJECT OF ILLICIT NARCOTICS WOULD BE REFERRED TO THESE COMMITTEES, BUT COMMITTEES OF EXISTING JURISDICTION COULD MAKE RECOMMENDATIONS TO THE DRUG COMMITTEES, WHICH WILL TAKE ADVANTAGE OF EXPERTISE THAT HAS BEEN DEVELOPED OVER THE YEARS.

MEMBERSHIP OF THE COMMITTEE IN THE SENATE WOULD INCLUDE THE MAJORITY AND MINORITY LEADERS, AND THE CHAIRMAN AND RANKING MINORITY MEMBERS OF THE FOLLOWING COMMITTEES:

APPROPRIATIONS, ARMED SERVICES, BUDGET, COMMERCE, FINANCE, FOREIGN RELATIONS, INTELLIGENCE, JUDICIARY, AND LABOR.

IN THE HOUSE, MEMBERSHIP WOULD BE THE SPEAKER, THE MINORITY LEADER AND THE CHAIRMAN AND RANKING MINORITY MEMBERS OF THE COMMITTEES ON:

APPROPRIATIONS, ARMED SERVICES, BUDGET, ENERGY AND COMMERCE, MERCHANT MARINE, WAYS AND MEANS, FOREIGN AFFAIRS, INTELLIGENCE, JUDICIARY, AND EDUCATION AND LABOR. THESE COMMITTEES REPRESENT THOSE WITH MAJOR DRUG JURISDICTION. INCLUDING THE LEADERSHIP WILL PROVIDE THE NEW COMMITTEES WITH AN ASSURANCE THAT ITS RECOMMENDATIONS WILL BE GIVEN PRIORITY IN SCHEDULING BEFORE THE HOUSE AND SENATE, AND THAT THE CONGRESS IS SERIOUS ABOUT FINDING CONCRETE SOLUTIONS TO THE SCOURGE OF DRUGS.

SENATE COMMITTEE

MR. PRESIDENT, I AM AWARE OF THE SENSITIVITY OF THE INDEPENDENCE OF THE TWO HOUSES OF CONGRESS. GENERALLY NEITHER TRIES TO MANDATE THE OTHER INTO TAKING AN ACTION WHICH ONLY AFFECTS THE OTHER BODY.

EVEN THOUGH I STRONGLY BELIEVE THAT BOTH THE HOUSE AND THE SENATE SHOULD ESTABLISH COMMITTEES, I AM ALSO INTRODUCING A SENATE RESOLUTION WHICH WOULD CREATE ONLY A SENATE COMMITTEE, LEAVING TO THE HOUSE THE DECISION ON WHETHER TO CREATE ITS OWN COMMITTEE AND HOUSE IT SHOULD BE CONSTITUTED.

JOINT COMMITTEE

THE THIRD RESOLUTION, A CONCURRENT RESOLUTION LIKE THE FIRST, WOULD CREATE A JOINT COMMITTEE OF BOTH HOUSES. LIKE THE FIRST CONCURRENT RESOLUTION, THIS WOULD ESTABLISH A PRIMARY COMMITTEE FOR BOTH BODIES. BUT, RATHER THAN HAVING TWO COMMITTEES, ONE COMMITTEE SERVING BOTH BODIES WOULD BE CREATED. THIS FOLLOWS THE PRECEDENT ESTABLISHED BY THE JOINT COMMITTEE ON ATOMIC ENERGY. DUE TO SIZE LIMITATIONS, THE MEMBERSHIP HAS BEEN REDUCED TO INCLUDE:

THE MAJORITY AND MINORITY LEADERS OF THE SENATE AND TWO DESIGNEES OF EACH, AND THE CHAIRMEN AND RANKING MEMBERS OF THE COMMITTEES ON JUDICIARY, FOREIGN RELATIONS AND LABOR AND HUMAN RESOURCES. IN THE HOUSE, MEMBERSHIP WOULD BE THE SPEAKER AND MINORITY LEADER AND ONE DESIGNEE OF EACH, AND THE CHAIRMEN AND RANKING MINORITY MEMBERS OF THE COMMITTEES ON JUDICIARY, FOREIGN AFFAIRS, ENERGY AND COMMERCE, EDUCATION AND LABOR.

SUMMARY

WHATEVER APPROACH IS TAKEN, IT IS CLEAR THAT CONGRESS MUST RESTRUCTURE ITSELF TO FULLY ADDRESS THE PETITION BY THE PEOPLE TO STOP DRUG ABUSE AND ABUSE BY DRUG ADDICTS AND DEALERS ON OUR SOCIETY.

THE TIME TO ACT IS UPON US, SINCE THE FIRST NATIONAL STRATEGY WILL BE BEFORE US WHEN WE RETURN FROM THE AUGUST RECESS. AT THAT TIME, WE WILL BE CONFRONTED WITH A CHOICE OF MOVING FORWARD WITH THE RECOMMENDATIONS OF THE DRUG CZAR, OR DELAYING TO AWAIT SCORES OF SUBCOMMITTEE HEARINGS AND LOSING THE WAR ON DRUGS.

Drought



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE
AUGUST 4, 1989

CONTACT: WALT RIKER
(202) 224-5358

DOLE HELPS SECURE DROUGHT RELIEF PACKAGE.
HOUSE AGREES TO SENATE'S TARGETTED RELIEF FOR WINTER WHEAT
AND PROGRAM CROPS.
0/92 ALSO INCLUDED

MR. DOLE. MR. PRESIDENT, I'M PLEASED THAT THE HOUSE AND SENATE HAVE FINALLY AGREED ON A DROUGHT RELIEF/DISASTER PACKAGE. IT IS BASICALLY THE SENATE PROPOSAL - THAT IS IMPORTANT, BECAUSE ONLY OUR PACKAGE RECOGNIZED THAT THERE WERE PRIORITY NEEDS ON THE DISASTER FRONT, ESPECIALLY FOR WINTER WHEAT PRODUCERS. WE DIDN'T OPEN THE TREASURY GATES FOR EVERY CROP IN AMERICA.

WE SAID LOUD AND CLEAR THAT FARMERS WHO WERE CLOBBERED BY DROUGHT OR FLOOD; WHO PRODUCED PROGRAM CROPS AND PUT UP WITH GOVERNMENT RED TAPE; AND PRODUCERS WHO SIGNED-UP IN THE CROP INSURANCE PROGRAM -- THESE ARE THE PRODUCERS WHO DESERVE PRIORITY ATTENTION -- AND THEY'RE GETTING IT.

NO DOUBT ABOUT IT, WINTER WHEAT FARMERS WILL BE PLEASED TO KNOW THE SPECIFICS OF DISASTER RELIEF BECAUSE THEY WILL BE BACK IN THE FIELD PLANTING NEXT MONTH.

DISTINCTIONS

LET ME REITERATE THE THREE POINTS THAT I SEE ARE THE CLEAR MERITS OF THE DISASTER RELIEF BILL. AS I HAVE STATED, WE HAVE PROVIDED SOME MUCH DESERVED DISTINCTIONS BASED ON BURDEN SHARING AND CROP INSURANCE: WINTER WHEAT FARMERS AND OTHER PROGRAM PARTICIPANTS WITH CROP INSURANCE WILL GET LAST YEAR'S RATE OF 35/65. OTHER PROGRAM CROP PARTICIPANTS WILL GET 40/65. SOYBEANS AND OTHER OILSEEDS WILL GET A 45/65 FORMULA AND FINALLY, NONPROGRAM CROPS AND NON-PARTICIPANTS WILL BE LIMITED TO A 50/65 RATE.

SECOND, WE HAVE DRAMATICALLY SCALED BACK THE NUMBER OF NON-PROGRAM CROPS ELIGIBLE BY REQUIRING A 50% LOSS THRESHOLD BEFORE THEY QUALIFY AND THIRD, WE HAVE MET THE ADMINISTRATION'S BUDGET TARGET OF \$900 MILLION.

WE HAVE ALSO KEPT IN THE BILL A SENATE PROVISION I BELIEVE IS FAIR AND EXTREMELY SIGNIFICANT FOR KANSAS PRODUCERS - THAT IS THE SO-CALLED "0/92" OPTION.

THE FINAL BILL DOES CONTAIN A HOUSE PROVISION REQUIRING PRODUCERS WITH A 65% LOSS WHO GET DISASTER BENEFITS TO BUY CROP INSURANCE THE FOLLOWING YEAR. THERE IS SOME FLEXIBILITY FOR WAIVERS BASED IN PART ON THE COST OF THE INSURANCE PREMIUM AND A DETERMINATION BY THE COUNTY COMMITTEE AS TO ECONOMIC HARDSHIP. I SIMPLY NOTE FOR THE RECORD THAT SOME MEMBERS HAVE A PROBLEM WITH THIS MANDATED APPROACH BECAUSE THEY FEEL YOU ARE FORCING PEOPLE TO PARTICIPATE IN A PROGRAM THAT HAS SIGNIFICANT PROBLEMS AND THAT IT WOULD BE BETTER TO WAIT UNTIL REFORMS ARE MADE. REFORMING CROP INSURANCE WILL BE A KEY ISSUE NEXT YEAR.

UNDOUBTEDLY, THERE ARE OTHER IDEAS THAT MANY OF US WOULD HAVE LIKED INCLUDED. BUT WE HAD LIMITED MONEY THIS YEAR AND DIFFICULT CHOICES. AND I BELIEVE OUR PLAN WILL PROVIDE ENOUGH ASSISTANCE TO HELP MOST FARMERS HANG ON ANOTHER YEAR.

CONCLUSION

I COMMEND MY COLLEAGUES, SENATORS LEAHY, LUGAR, COCHRAN, BOREN AND OTHERS WHO SPENT A LOT OF TIME ON THIS ISSUE AND I URGE ADOPTION OF THE MEASURE.

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(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510-1601



FOR IMMEDIATE RELEASE
WEDNESDAY, AUGUST 2, 1989

CONTACT: WALT RIKER
(202) 224-5358

SENATE AGREEMENT ON DROUGHT/DISASTER PACKAGE.
DOLE WINS TARGETED RELIEF FOR WINTER WHEAT & PROGRAM CROPS;
HOUSE BILL BAIL-OUT FOR 600 CROPS ALONG WITH ITS SKY HIGH COSTS
DRASTICALLY REDUCED -- 27 CENTS MORE PER BUSHEL FOR WHEAT
DOLE ALSO WINS "0/92" COVERAGE

WASHINGTON -- SENATE REPUBLICAN LEADER BOB DOLE ANNOUNCED LATE TODAY THAT WINTER WHEAT PRODUCERS AND OTHER PROGRAM CROP GROWERS WILL BE ELIGIBLE FOR PRIORITY ATTENTION UNDER A DISASTER ASSISTANCE PACKAGE THAT PASSED THE SENATE WEDNESDAY EVENING.

"THIS IS NOT THE BEST BILL, NOR IS IT THE KIND OF RELIEF WINTER WHEAT PRODUCERS AND OTHER PROGRAM CROPS DESERVE," DOLE SAID. "BUT IT IS FAR BETTER THAN THE BUDGET BUSTING HOUSE BILL WHICH PROMISED FEDERAL RELIEF TO EVERY CROP IN AMERICA.

"IT IS UNFORTUNATE THAT PARTISAN POLITICS HAS PREVENTED US FROM SENDING A FULL MEASURE OF ASSISTANCE TO FARMERS WHO NEED IT THE MOST.

"STILL, WE HAVE SECURED PRIORITY RELIEF AND HIGHER PAYMENTS FOR PROGRAM CROP PRODUCERS WHO ARE ENROLLED IN THE FEDERAL CROP INSURANCE PROGRAM -- THAT'S FAIR, AND THAT'S WHY WE HELD OUR GROUND IN THE FACE OF ALL THOSE WHO WANTED TO GIVE AWAY THE STORE TO ALL COMERS.

"I AM ALSO PLEASED THAT NON-PROGRAM CROP ASSISTANCE HAS BEEN DRAMATICALLY SCALED BACK ON THE ASSISTANCE FRONT, SO THAT NOW ONLY ABOUT 50 WILL QUALIFY UNDER THE SENATE BILL, INSTEAD OF THE MORE THAN 600 THE HOUSE BILL WANTED TO PROTECT."

ACCORDING TO DOLE, WINTER WHEAT PRODUCERS WILL GET APPROXIMATELY 27 CENTS MORE PER BUSHEL UNDER THE SENATE RELIEF PLAN, BASED ON A TYPICAL 1,000 ACRE OPERATION EXPERIENCING A 50% LOSS AND COVERED BY CROP INSURANCE. CORN GROWERS, MEANWHILE, WITH A 50% LOSS ON A 200 ACRE FARM ENROLLED IN THE INSURANCE PROGRAM, WILL GET ABOUT 19 CENTS MORE PER BUSHEL UNDER THE NEW SENATE PACKAGE.

ALSO IMPORTANT TO KANSAS FARMERS, ONLY THE SENATE BILL CONTAINS A DOLE PROVISION THAT GIVES DISASTER-WRACKED PRODUCERS THE OPTION OF RECEIVING DISASTER PAYMENTS IF THEY WERE FORCED INTO "0/92" BECAUSE OF FAILED ACRES. THIS PROVISION WILL MEAN SEVERAL THOUSAND DOLLARS WORTH OF EXTRA BENEFITS TO INDIVIDUAL QUALIFYING PRODUCERS.

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(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510



FOR IMMEDIATE RELEASE
JULY 29, 1989

CONTACT: WALT RIKER
(202) 224-5358

NATIONAL FARM ORGANIZATIONS SUPPORT DOLE
WHEAT GROWERS, CORN GROWERS SAY HIS APPROACH
TO DISASTER AID MORE REASONABLE

WASHINGTON -- Both the National Association of Wheat Growers (NAWG) and the National Corn Growers Association (NCGA) have written Senator Bob Dole (R-Kan) urging more favorable treatment for program crops than contained in the current Democratic proposal.

"Its clear our position is gaining momentum at the grassroots level. Most family farmers who comply with numerous ASCS regulations and restrictions believe they should have priority attention in receiving disaster aid since program crops like wheat and cotton are funding the disaster relief effort from unspent deficiency payments," said Dole.

The letters were sent to Dole after Senate Ag Committee Democrats voted Tuesday, 10-9 along party lines, against a Republican effort led by Senators Richard Lugar (R-Ind) and Dole to provide program crop producers payments at last year's rates with payments made to other crop farmers from a re-estimate of additional budget savings this fall.

In responding to the Democratic proposal, NAWG stated, "In endeavoring to cover all crops which might be subject to a loss, the measure cuts the amount of assistance available to program crops with known disasters...we feel strongly that wheat growers as well as producers of other program crops should be eligible for the same level of assistance that was made available in 1988."

"We strongly believe that there is a clear difference between program and non-program crops which is magnified by the finite amount of funding (\$870 million) that is available. Producers of non-program crops, by definition, are not subject to the rules and reporting requirements that growers of program crops must meet," stated the NAWG letter.

The Corn Grower letter added, "with respect to non-participating crops, there are just simply too many such crops -- some estimate well over 600 in the United States -- over which available funds would be spread for any appreciable disaster assistance....program crops suffering from demonstrable loss and damage such as wheat and cotton should have first priority on the receipt of the bulk of these funds."

"We believe the disaster assistance circumstances in 1989 fully justify the proposals offered by you and Senator Lugar," concluded the Corn Grower's letter.

Dole had argued that the winter wheat losses were already documented and that Kansas farmers and their bankers needed help as soon as possible. Committee Democrats instead opted to send the full Senate a disaster package that drastically reduces payments to program crop participants in favor of spreading assistance to over 600 crops.

Yesterday Dole outlined a compromise proposal to restore last year's funding rates to program crop producers enrolled in crop insurance while scaling back assistance to nonprogram crops. Dole's package would allow a 1000 acre wheat farm with crop insurance to receive 27 cents/bushel more on a 50% loss and a 200 acre corn farm to receive 19 cents per bushel on a 50% loss.

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ESOP

8/4/89

ESOPS

- ONE DEFICIT REDUCTION PROPOSAL WHICH I HAVE SPONSORED IS THE ELIMINATION OF ONE OF THE MANY TAX INCENTIVES FOR THE FORMATION OF EMPLOYEE STOCK OWNERSHIP PLANS OR ESOPS. MY PROPOSAL WOULD REPEAL THE EXCLUSION FOR 50% OF THE INTEREST RECEIVED BY A BANK OR INSURANCE COMPANY ON LOANS MADE TO AN ESOP -- A PROVISION WHICH MANY ECONOMISTS BELIEVE BENEFITS THESE LENDERS AT LEAST AS MUCH AS IT BENEFITS THE ESOPS AND THEIR BENEFICIARIES.
- IN FACT, ALTHOUGH THIS PROPOSAL RAISES OVER \$1 BILLION OF NEEDED REVENUE PER YEAR, THE WALL STREET JOURNAL HAS ESTIMATED THAT LESS THAN 5% OF THE TOTAL VOLUME OF ESOP FINANCING WILL BE AFFECTED. IN OTHER WORDS, 95% OF ALL ESOP TRANSACTIONS WILL GO FORWARD NOTWITHSTANDING THIS LEGISLATION.
- I AM NOT AN OPPONENT OF ESOPS. HOWEVER, I BELIEVE THAT THE IDEAL OF WORKER PARTICIPATION IN MANAGEMENT THROUGH ESOPS IS LARGELY AN ILLUSION. MOST ESOPS PROMOTE THE INTERESTS OF MANAGEMENT, ENTRENCHED MANAGEMENT, BY PROVIDING LOWER TAXES, ACCESS TO FINANCING AND FRIENDLY SHAREHOLDERS TO DETER OR DEFEAT A TAKEOVER.
- AND TO PROTECT THOSE FEW ESOPS WHICH DO GIVE EMPLOYEES A REAL MANAGEMENT ROLE, I HAVE INDICATED THAT I WILL SUPPORT RETENTION OF THE LENDER INTEREST EXCLUSION FOR ESOPS WHICH HAVE OR OBTAIN VOTING CONTROL OF THE BUSINESS.

FLAG

August 4, 1989

M E M O R A N D U M

TO: SENATOR DOLE
FROM: DENNIS SHEA
SUBJECT: JUDICIARY COMMITTEE HEARINGS ON FLAG AMENDMENT

The following witnesses testified at the first Judiciary Committee hearing on flag desecration:

Statute Proponents

Erwin Griswold -- former Solicitor General and former Dean of Harvard Law School

Laurence Tribe -- professor at Harvard Law School

Constitutional Amendment Proponents

Senator Thurmond

Robert Bork

Charles Cooper -- former Reagan Justice Department official and currently a partner at McGuire, Woods, Battle & Boothe

William Barr -- Assistant Attorney General in the Justice Department's Office of Legal Policy

Do-Nothing Approach

Senator Charles Mathias

Future Senate Action

The Senate Judiciary Committee will hold three additional hearings on the constitutional amendment and the Biden bill. Under the unanimous consent agreement with Senator Mitchell, the Senate Judiciary Committee must report out both the constitutional amendment and the Biden bill by September 22. A vote on the Biden bill will occur on October 6. The constitutional amendment will then be taken up on October 16.

House Action

As you know, the House Judiciary Committee reported out a bill that would amend the federal flag desecration statute. It is my understanding that the bill is scheduled for a floor vote in September under a suspension of the rules. A suspension of the rules would allow only 40 minutes of debate, equally divided, and would prohibit the offering of any amendments.

August 4, 1989

CONSTITUTIONAL AMENDMENT ON FLAG DESECRATION

I. THE TEXAS V. JOHNSON CASE

Facts: During the 1984 Republican National Convention, a young man named Gregory Johnson participated in a political demonstration to protest the policies of the Reagan Administration. After a march through the city streets, Johnson burned an American flag while protestors chanted, "America, the red, white, and blue, we spit on you." Although several witnesses were seriously offended by the flag-burning, no one was physically injured or threatened with injury.

Court's Analysis: The Court concluded that the flag-burning possessed "sufficient communicative elements" to constitute speech protected by the First Amendment. The Court also rejected the two justifications offered by the State of Texas for its flag-burning statute: 1) that the statute was necessary to prevent breaches of the peace, and 2) that the statute was necessary to preserve the flag as a symbol of nationhood and national unity.

Effect of the Decision: The decision puts into question the continued constitutionality of the federal flag desecration statute and the flag desecration statutes enacted by 48 of the 50 states. Only Alaska and Wyoming do not have flag desecration statutes.

II. CONSTITUTIONAL AMENDMENT

The amendment reads as follows: "The Congress and the States shall have power to prohibit the physical desecration of the flag of the United States." If ratified, the flag amendment will be the 27th Amendment to the Constitution.

- 0 In the past, constitutional amendments have been introduced in response to Supreme Court decisions. The 16th Amendment, for example, gives Congress the power to lay and collect income taxes without apportionment among the States. The amendment was a direct response to the Supreme Court's decision in Pollock v. Farmers' Loan and Trust Co., which held that the federal income tax was unconstitutional unless apportioned among the States.
- 0 The text of the amendment is not perfect. No one -- not even our leading constitutional scholars -- can draft a perfect amendment. But as President Bush said on Friday, the text of the amendment is starkly simple and straightforward. Its message is clear and unequivocal.

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- 0 Some people may wonder what the phrase "physical desecration of the Flag" really means. "Physical desecration of the Flag" is like pornography: You know it when you see it. The vast majority of Americans know physical desecration of the Flag when they see it -- they know that it is not an act of endearment to burn Old Glory while chanting "America, the red, white, and blue, we spit on you."
- 0 But to relieve any doubts about the meaning of the phrase "physical desecration," the preamble to the amendment defines the phrase in the following way: "Physical desecration may include, but is not limited to, such as acts as burning, mutilating, defacing, defiling or trampling on the Flag, or displaying the Flag in a contemptuous manner."

III. CONSTITUTIONAL AMENDMENT PROCESS

For a constitutional amendment to be valid, it must receive the votes of two-thirds of those in Congress and it must be ratified by three-fourths -- or 38 -- of the state legislatures. The amendment must also be ratified within seven years of the date Congress submits the amendment to the States for ratification.

An Historical Note: The Equal Rights Amendment failed because it was ratified by only 35 states during the seven-year ratification period.

- 0 In their wisdom, the Framers intentionally made the amendment process long and difficult. This is to ensure that frivolous -- or meritless -- amendments are not made part of our Constitution. Like the ERA, the flag amendment will have to survive this process. If the American people don't want the flag amendment -- if it fails to receive the necessary votes in Congress or in the state legislatures, then so be it -- the process will have worked.

IV. CRITICS OF THE AMENDMENT

- 0 To those members of Congress and to those state legislators who may not like the amendment -- who may think it is unnecessary -- I simply say this: Vote against the amendment. Voice your opposition. That's part of the amendment process. And it's part of the wonderful process we call democracy.
- 0 Some critics say we are wrong on this one -- that this is a freedom-of-speech issue. Well, they're right. Americans are speaking out in every corner of the country -- and what they are saying is this: Keep your hands off Old Glory.

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- O Some critics -- mostly lawyers and law professors -- like to talk about "slippery slopes." In fact, these critics say that this amendment is a slippery slope and that the First Amendment is sliding all the way down the hill. Well, these critics are wrong. Their claims are grossly exaggerated. Recognizing that the Flag is the living symbol of our nation, the amendment will simply allow Congress and the States to prohibit acts of flag desecration. It will not prohibit anyone from speaking out against their country, their government, or their Flag.

V. RELATIONSHIP WITH RECENT CIVIL RIGHTS CASES

Last July, Attorney General Thornburgh stated that the Bush Administration would not pursue legislation to overturn the recent Supreme Court decisions on civil rights.

- O For the most part, the recent Supreme Court decisions on civil rights turn on interpretations of statutes enacted by Congress. The Wards Cove decision, for example, involved an interpretation of Title VII of the Civil Rights Act of 1964. The Patterson decision involved an interpretation of Section 1981, a law enacted by Congress in 1866. Some Members of Congress -- Senators Kennedy and Metzenbaum, for example -- do not like these decisions and they have introduced legislation to overturn them. That's their prerogative. That's Congress' prerogative.
- O The Texas v. Johnson case -- on the other hand -- involved an interpretation of the First Amendment -- an interpretation that I and many others believe was dead wrong. Congress -- fortunately -- cannot simply pass a law to overturn a Constitutional ruling by the Supreme Court. An amendment to the Constitution is the only way that the people's voice can be heard in this situation.
- O I remain committed to the vigorous enforcement of our civil rights laws. Discrimination -- in all its forms -- must never be tolerated.

FLAG COSPONSORS

- | | |
|---------------|-----------------|
| 1) ARMSTRONG | 26) THURMOND |
| 2) BOND | 27) WILSON |
| 3) BURNS | 28) BOSCHWITZ |
| 4) COATS | 29) GORTON |
| 5) COCHRAN | 30) GRASSLEY |
| 6) D'AMATO | 31) MCCAIN |
| 7) DANFORTH | 32) MACK |
| 8) DECONCINI | 33) DOMENICI |
| 9) DIXON | 34) SHELBY |
| 10) DOLE | 35) COHEN |
| 11) GARN | 36) EXON |
| 12) GRAMM | 37) WARNER |
| 13) HATCH | 38) REID |
| 14) HEFLIN | 39) ROBB |
| 15) HEINZ | 40) MURKOWSKI |
| 16) KASSEBAUM | 41) HOLLINGS |
| 17) KASTEN | 42) HELMS |
| 18) LOTT | 43) NUNN |
| 19) MCCLURE | 44) PRESSLER |
| 20) MCCONNELL | 45) STEVENS |
| 21) NICKLES | 46) WALLOP |
| 22) ROTH | 47) BREAU |
| 23) RUDMAN | 48) BRYAN |
| 24) SIMPSON | 49) ROCKEFELLER |
| 25) SYMMS | 50) BENTSEN |
| | 51) FORD |
| | 52) BYRD |
| | 53) BURDICK |

PROBLEMS WITH THE BIDEN FLAG BILL

THE FEDERAL FLAG DESECRATION STATUTE

The federal flag desecration statute reads as follows: "Whoever knowingly casts contempt upon any flag of the United States by publicly mutilating, defacing, defiling, burning, or trampling upon it shall be fined not more than \$1,000 or imprisoned for not more than one year, or both." The Dole/Dixon bill -- passed by the Senate last March -- added "displaying the flag on the floor or ground" to the list of activities proscribed by the statute.

THE BIDEN BILL

The Biden bill amends the federal flag desecration statute to read as follows: "Whoever knowingly mutilates, defaces, burns, displays on the floor or ground, or tramples upon any flag of the United States shall be fined not more than \$1,000 or imprisoned for not more than one year, or both."

The Biden bill attempts to amend the federal flag desecration statute so that the statute simply proscribes conduct rather than speech. To achieve this goal, the bill specifically deletes the words "casts contempt upon," "publicly," and "defiling" from the statute.

PROBLEMS WITH THE BIDEN BILL

1. Although Sen. Biden contends that his bill is constitutional under the Texas v. Johnson decision, there is absolutely no guarantee that his bill would indeed "constitutionalize" the federal flag desecration statute.
2. The Biden bill does nothing to ensure the constitutionality of the 48 state statutes that prohibit flag desecration. The President's constitutional amendment, on the other hand, would accomplish this goal.
3. The Biden bill is a defensive response to Texas v. Johnson. Why should Congress amend the federal flag desecration statute to comply with a Supreme Court decision that just about everyone in Congress believes was wrongly decided? 97 Senators, for example, voted in favor of a "sense of the Senate" resolution expressing "profound disappointment" with the Johnson decision.
4. By deleting the word "publicly" from the federal flag desecration statute, the Biden bill appears to prohibit the mutilation, defacement, and burning of the flag that occurs in the privacy of one's home.

The President's constitutional amendment, on the other hand, simply allows Congress and the States to prohibit the physical desecration of the flag. The word "desecration" connotes a public act. Webster's Dictionary, for example, defines "desecration" as follows: "to treat irreverently or contemptuously often to provoke outrage on the part of others."

101ST CONGRESS
1ST SESSION

S. J. RES. 180

Proposing an amendment to the Constitution of the United States authorizing the Congress and the States to prohibit the physical desecration of the flag of the United States.

IN THE SENATE OF THE UNITED STATES

JULY 18 (legislative day, JANUARY 3), 1989

Mr. DOLE (for himself, Mr. DIXON, Mr. THURMOND, Mr. HEFLIN, Mr. WILSON, Mr. GRASSLEY, Mr. HATCH, Mr. ARMSTRONG, Mr. BENTSEN, Mr. BOND, Mr. BOSCHWITZ, Mr. BREAUX, Mr. BRYAN, Mr. BURDICK, Mr. BURNS, Mr. BYRD, Mr. COATS, Mr. COCHRAN, Mr. COHEN, Mr. D'AMATO, Mr. DANFORTH, Mr. DeCONCINI, Mr. DOMENICI, Mr. EXON, Mr. FORD, Mr. GARN, Mr. GORTON, Mr. GRAMM, Mr. HEINZ, Mr. HELMS, Mr. HOLLINGS, Mrs. KASSEBAUM, Mr. KASTEN, Mr. LOTT, Mr. MACK, Mr. MCCAIN, Mr. McCLURE, Mr. McCONNELL, Mr. MURKOWSKI, Mr. NICKLES, Mr. NUNN, Mr. PRESSLER, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. ROTH, Mr. RUDMAN, Mr. SHELBY, Mr. SIMPSON, Mr. STEVENS, Mr. SYMMS, Mr. WALLOP, and Mr. WARNER) introduced the following joint resolution; which was read twice and referred to the Committee on the Judiciary

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States authorizing the Congress and the States to prohibit the physical desecration of the flag of the United States.

Whereas the Flag of the United States of America is a national symbol of such stature that it must be kept inviolate;

Whereas the physical desecration of the Flag should not be considered constitutionally protected speech; and

Whereas physical desecration may include, but is not limited to, such acts as burning, mutilating, defacing, defiling or trampling on the Flag, or displaying the Flag in a contemptuous manner: Now, therefore, be it

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled*
3 *(two-thirds of each House concurring therein),* That the fol-
4 lowing article is proposed as an amendment to the Constitu-
5 tion of the United States, which shall be valid to all intents
6 and purposes as part of the Constitution when ratified by the
7 legislatures of three-fourths of the several States within
8 seven years after the date of its submission for ratification:

9 “ARTICLE —

10 “The Congress and the States shall have power to pro-
11 hibit the physical desecration of the Flag of the United
12 States.”.



JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States authorizing the Congress and the States to prohibit the physical desecration of the flag of the United States.

Whereas the flag of the United States of America is a national symbol of such nature that it must be kept inviolate:

Whereas the physical desecration of the flag should not be considered constitutionally protected speech and

Israel/hostage

SENATOR:

Re: questions from Brinkley:

1. CONSULTATIONS. Kissinger set up a straw man and then knocked it down. No one suggests the Israelis have any obligation to consult with us on every action they take in defense of their own national security, or that we want them to -- even when those actions have some direct relevance to our national security interests; sometimes it is in our interest for them to do something without any of our fingerprints on it. For example, they can bomb nuclear plants in Iraq, rescue their own hostages at Entebbe, conduct military raids in Southern Lebanon, and attack terrorist groups holding Israeli hostages -- no one suggests they need coordinate such actions with us, even though some of those actions can and sometimes do have an impact on American national interests.

But...when they undertake an action which they know, or should know if they thought about it, will have an inevitable, direct and serious impact on vital American interests or the lives of American citizens -- especially, as in this case, when it was obvious the impact on us could easily be greater than on them -- then, yes, in those cases they do have an obligation to consult, or at a bare minimum to inform us, to make sure we are contemplating something that could complicate both of our initiatives.

What is the alternative? Would Kissinger really want to take the position that we prefer to leave it up to the Israelis to take unilateral action that directly and dramatically affects our national interest, without consulting or even informing us? Does he really want to put that unilateral authority in the hands of the Israelis? Does Kissinger really mean that we shouldn't want any say, for example, in an Israeli decision to bomb Damascus, with the potential for re-igniting an open Middle East War and maybe even generating a U.S.-Soviet nuclear confrontation? Do we give that kind of independent authority to anyone else -- the British, the West Germans, the Japanese?

Conversely, do the Israelis concede that we have that unilateral authority in our hands, too -- to take independent action which can devastate their national interest? Put a different spin on what happened last week. What if we had unilaterally gone in to rescue Higgins, and the result had been Higgins was freed but the two or three Israelis the group held would then have been executed -- what would we be hearing from our Israeli friends, our

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Jewish American friends, Kissinger and the American media now? Or consider the case of our dialogue with the PLO -- did the Israelis sit quietly by, just saying that it was up to us, since we were just advancing our own national interest -- or did they scream and do they now pout that we are not giving sufficient priority to Israel's interests?

Kissinger is just dead wrong -- and I think you should stick by your guns.

2. ARE THE HOSTAGES EXPENDABLE? The real answer, of course, is yes, in certain circumstances -- but you can't say that flat out.

Mitchell had part of the answer -- there are no "no risk" alternatives. Any course of action we take can either jeopardize the existing hostages, or encourage new hostage taking.

I think the way to lay out this answer is as follows:

- o WE MUST GIVE VERY HIGH PRIORITY TO TRYING TO SAVE THE LIVES OF AMERICANS HELD HOSTAGE.

- o BUT THE ONE THING WE CANNOT HAVE HAPPEN IS TO HAVE OUR COUNTRY HELD HOSTAGE TO THE THREATS AND DEMANDS OF HOSTAGE-TAKERS.

- o OUR NATIONAL PRIORITIES, IN ORDER, SHOULD BE:

- 1. DO NOTHING THAT ENCOURAGES TERRORISM, INCLUDING HOSTAGE-TAKING; TAKE NO ACTION THAT IN THE FUTURE PUTS ANY AMERICANS IN GREATER DANGER OF BEING TAKEN HOSTAGE; THAT MEANS, NO NEGOTIATIONS WITH TERRORISTS, NO GIVING IN TO TERRORIST DEMANDS.

- 2. DO EVERYTHING POSSIBLE TO FREE AMERICAN HOSTAGES, THAT IS NOT INCONSISTENT WITH #1.

AL

M E M O R A N D U M

August 4, 1989

To: SENATOR DOLE
From: AL LEHN
Subject: BRINKLEY SHOW

The questioners will press you to be critical of Israel. I would suggest sticking by your basic criticism of Israel, in the context of your MacNeil-Lehrer comments and the talking points I prepared for your Kansas trip and Rose interview (copy attached). At the same time, I would also suggest you try to get away from Israel and focus your comments on themes like the following (with key points, and one or two possible news pegs, underlined):

- o The need for us, the Israelis and our other allies to maintain a united front against terrorism; that means adherence to the same basic policies, close consultation, taking each other's interests into account.

- o Call for a special Alliance Summit on:
(1) terrorism and (2) coordinating changing relationships with states like Iran and Syria.

- o The options for dealing with hostage situations: the key is flexibility, using whichever options make the most sense in the particular circumstances which exist -- but, in no case, do we ever bargain, quid pro quo, for hostages.

- o Retaliation -- when you can locate and isolate the perpetrators.

- Can be either military strikes or attempting to obtain counter-leverage (though, as the Israeli example makes clear, this can be hazardous).

- o Political pressure -- such as we are now using with some success, through the Soviet Union, Iran, etc.

- o Economic sanctions -- relevant only to terrorist states, not groups like those in Lebanon.

- o If all else fails, patience -- there may be no choice but to wait them out, which is a terrible option but better than caving in to terrorists' demands.

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o The changes that may be taking place in the Persian Gulf/Middle East, especially in Iran. The exact nature of those changes are not clear, but there is some reason to hope that -- in its own interest -- Iran may be prepared, at long last, to moderate its policies. We should test their intentions.

-- The President indicated in his Inaugural Address we would respond positively to positive steps by Iran. Obviously the first place for Iran to start is on the hostages.

o The President is playing his cards just right.

o Commend Mitchell for joining with you in strong support of the President.

o To maximize options, must have:

o Good intelligence.

o Quick reaction military forces.

o Strong retaliatory forces.

o Mitchell, I and others in the Congressional Leadership have had briefings on the best and latest intelligence available. Without being critical of any specific organization or individuals, I must say that I have been surprised and disappointed at the lack of information that is available to us.

o I hope we will give absolutely top priority to enhance both our human source and technical intelligence capabilities in the Persian Gulf/Middle East and on the general subject of terrorism.

o Congress may not be without blame: must provide enough resources, and must not be so intrusive in sensitive, covert intelligence operations that we disrupt them.

o On a related subject, you may want to mention the President's Executive Order on Pan Am 103, again referring to your cooperation with Mitchell.

o Would make one special note, relevant to families of tragedies like Pan Am 103 and families of hostages:

-3-

they must never feel they are being taken for granted by our Government.

o I know many Pan Am 103 families rightly feel that way, and Robin Higgins -- who is not a complainer -- also indicated some dissatisfaction on that score. We have to do better by these people.

SENATOR:

Attached are basic talking points on Israel/hostages --
for use in Kansas, including in the Rose interview.



AL

Talking points: Israel/hostages

o THE TERRORISTS MURDERED HIGGINS -- THE BLOOD IS ON THEIR HANDS, AND THEIR HANDS ALONE.

o I HAVE ALWAYS BEEN ONE OF THE STRONGEST SUPPORTERS OF ISRAEL IN THE U.S. CONGRESS. I STILL AM. THAT HASN'T CHANGED, AND WON'T. WE SHARE THE SAME ESSENTIAL VALUES AND INTERESTS. THAT HASN'T CHANGED, AND WON'T, EITHER.

o ISRAEL DID MAKE A BIG MISTAKE -- THE MISTAKE WAS NOT IN HAVING THE GUTS TO STRIKE BACK AGAINST TERRORISTS; I APPLAUD THAT.

o THE MISTAKE WAS IN FREE-LANCING; IN UNDERTAKING THIS KIND OF ACTION WITH NO CONSULTATION WITH US, OR REGARD FOR OUR VITAL INTERESTS.

-- RABIN EXPLICITLY ADMITTED IT.

o IT IS THAT KIND OF FREE-LANCING THAT CAN CREATE A WEDGE BETWEEN THE U.S. AND ISRAEL. I DON'T WANT THAT TO HAPPEN. THAT'S WHY I'VE RAISED A YELLOW CAUTION FLAG ON THIS ISSUE.

o IT HAPPENS THAT I HAD BEEN IN TOUCH WITH COL. HIGGINS WIFE (ROBIN) AND LAWYER FOR SOME TIME. WE HAD BEEN WORKING ON SOME QUIET APPROACHES -- AT THE U.N., AND IN DAMASCUS AND BEIRUT -- THAT MIGHT HAVE OFFERED SOME HOPE OF GAINING RELIABLE INFORMATION ON COL. HIGGINS. THE VERY DAY THIS CRISIS BLEW UP, MRS. HIGGINS' LAWYER PLANNED TO GO TO DAMASCUS AND BEIRUT. THE CRISIS INTERVENED, AND THAT EFFORT WAS SCRUBBED. THAT'S ONE REASON I WAS SO DISAPPOINTED.

o THE PRESIDENT IS ON THE RIGHT TRACK, IN HIS DEALINGS WITH IRAN AND SYRIA. LET'S SEE WHAT HAPPENS; HOPEFULLY, THESE SIGNS WE SEE WILL TURN OUT TO BE REAL.

o WE'RE ON THE RIGHT TRACK NOW WITH ISRAEL, TOO. WE'RE IN THIS TOGETHER. WE HAVE TO WORK TOGETHER. IT'S AS SIMPLE AS THAT.

o LET'S BOTH STICK TO THE SAME BASIC THREE POINT POLICY:

-- KEEP EACH OTHER INFORMED, OR AT LEAST KEEP EACH OTHER'S VITAL INTERESTS IN MIND.

-- NO DEALS WITH TERRORISTS.

-- WHEN WE CAN LOCATE AND ISOLATE THEM, STRIKE BACK.

-2-

o (What should the Israelis do with Shaik Obeid?) THEY'RE GETTING WHAT THEY APPEAR TO THINK IS GOOD INTELLIGENCE. AND THEY'VE ALSO GOT SOME LEVERAGE. I HOPE IT WILL BE USED FOR THE RIGHT PURPOSE -- GETTING ALL THE HOSTAGES OUT: THEIRS, OURS, AND THE OTHERS.

o (Extradition?) I DON'T SEE THAT AS IN OUR INTEREST. THE ISRAELIS CAN PROBABLY MAKE A BETTER LEGAL CASE AGAINST HIM FOR TERRORISM AND MURDER THAN WE COULD -- ESPECIALLY SINCE IT'S NOT CLEAR WHETHER HIGGINS WAS MURDERED BEFORE OBEID WAS CAPTURED. THE OTHER FACTOR IS: IF WE HAD OBEID, I BET WE'D SEE SOME OTHER AMERICANS, SOMEWHERE, GET SNATCHED -- TO GIVE THE TERRORISTS LEVERAGE OVER US TO RELEASE OBEID. THAT'S THE FUNDAMENTAL PROBLEM WITH THESE EFFORTS TO GET "BARGAINING CHIPS" BY KIDNAPPING -- THEY BREED A RESPONSE IN KIND.

SENATOR:

Attached are basic talking points on Israel/hostages --
for use in Kansas, including in the Rose interview.

Am

AL

Mr. Javier Perez de Cuellar
July 27, 1989
Page 2

If there is any way that you believe we might be of assistance to you in working for Colonel Higgins' release, we stand ready to work with you--privately or publicly--to achieve Colonel Higgins' freedom.

Bob Dole

Bob Dole

Sincerely,

George J. Mitchell

George J. Mitchell

BOB DOLE
KANSAS

United States Senate

OFFICE OF THE REPUBLICAN LEADER
WASHINGTON, DC 20510

July 27, 1989

Mr. Nabih Berri
Beirut, Lebanon

Dear Mr. Berri:

In the past, you have worked successfully to achieve the release of innocent American hostages held in Lebanon. For that reason, I am writing to you now, on a purely humanitarian basis, in the hope that you might be in a position to assist in obtaining information on the condition of, and securing the release of, Colonel William Richard Higgins of the U.S. Marine Corps. As you know, Colonel Higgins was kidnapped in Southern Lebanon in February 1988, while serving as a member of the United Nations Truce Supervision Organization.

Colonel Higgins' family understandably is extremely anguished. They have had no direct word from him, nor reliable information about him, since he was kidnapped. Indeed, they do not even know if he is alive.

Colonel Higgins' family attorney, Gregory Craig, will be travelling to Damascus shortly, to meet with Jamil Said Mohamed and others, in an effort to obtain reliable information about Colonel Higgins' status. Any assistance which could be provided to Mr. Craig in this effort would be specifically appreciated.

More generally, I want to assure you that I would be personally grateful, and I am confident the American people would be grateful, for any assistance you can provide in securing the release of this innocent American.

Sincerely yours,

BOB DOLE
United States Senate

News from Senator

BOB DOLE



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

FOR IMMEDIATE RELEASE
AUGUST 3, 1989

CONTACT: WALT RIKER
(202) 224-5358

DOLE-MITCHELL RESOLUTION SENDS MESSAGE TO TERRORISTS THREATENING
HOSTAGE JOSEPH CICIPPIO -- SENATE BACKS RETALIATORY ACTION

WASHINGTON --THE FOLLOWING IS THE TEXT OF SENATOR DOLE'S
FLOOR STATEMENT ON THE FATE OF AMERICAN HOSTAGE JOSEPH CICIPPIO
AND THE DOLE-MITCHELL RESOLUTION:

WE OFTEN CALL THE MATTERS WE DEAL WITH IN THE SENATE
"URGENT." I DON'T THINK WE WILL EVER DEAL WITH A MATTER MORE
URGENT THAN THIS ONE. SO I WILL BE VERY BRIEF.

TERRORISTS HOLDING AMERICAN CITIZEN JOSEPH CICIPPIO HAVE SET
3:00 PM TODAY, OUR TIME, AS A DEADLINE. THEY HAVE THREATENED TO
EXECUTE JOSEPH CICIPPIO IF THEIR DEMANDS ARE NOT MET BY THAT
TIME.

I'M UNDER NO ILLUSION THAT SENATE PASSAGE OF THIS RESOLUTION
WILL MAKE A DECISIVE DIFFERENCE. BUT I DO KNOW THAT WE MUST
SPEAK OUT -- ALL CIVILIZED PEOPLE MUST SPEAK OUT.

WE MUST SPEAK OUT ON BEHALF OF JOSEPH CICIPPIO -- AN INNOCENT
AND THREATENED AMERICAN.

WE MUST SPEAK OUT ON BEHALF OF THE OTHER SEVEN AMERICANS
STILL KNOWN TO BE HELD HOSTAGE; AND ON BEHALF OF THE OTHER
INNOCENT PEOPLE HELD HOSTAGE IN LEBANON.

WE MUST SPEAK OUT ON BEHALF OF MAJOR ROBIN HIGGINS, WHO STILL
WAITS, TORMENTED, FOR WORD ON HER HUSBAND, LT. COL. WILLIAM
HIGGINS; WHO STILL DOESN'T KNOW IF HE IS ALIVE OR DEAD.

WE MUST SPEAK OUT, FINALLY, TO THE HOSTAGE-HOLDERS, AND TO
THE NATIONS LIKE IRAN AND SYRIA WHICH EITHER SUPPORT THEM OR
TOLERATE THEIR ACTIVITIES.

THIS RESOLUTION SPEAKS OUT, ON BEHALF OF THE SENATE BUT --
FAR MORE IMPORTANT -- ON BEHALF OF ALL AMERICANS.

MR. PRESIDENT, WE LOOK AT THE CLOCK, WITH APPREHENSION, WITH
HOPE. WE LOOK AT THE CLOCK, AND WE KNOW THIS ABOVE ALL -- THAT
WE MUST SPEAK OUT NOW.

(Resolution on Reverse Side)

S. RES.

RESOLUTION ON HOSTAGES

Whereas an organization calling itself the Organization of the Oppressed of the Earth claims to have recently executed Lt. Col. William Higgins, an American citizen seconded to the United Nations Truce Support Organization in Southern Lebanon;

Whereas there is no proof as to whether Lt. Col. Higgins is alive or dead;

Whereas eight other Americans, as well as other foreign nationals, are also being held hostage in Lebanon;

Whereas the captors of one of the American hostages, Joseph Cicippio, have threatened to execute him today;

Whereas it is believed that Iran and Syria have influence with the group which claims to have executed Lt. Col. Higgins and the group which is believed to hold Joseph Cicippio.

Now therefore be it Resolved, that it is the sense of the Senate that:

1. The captors of Joseph Cicippio must not execute this innocent man, and should cease making threats to kill him or setting deadlines for carrying out any such execution.
2. Iran, Syria and all other governments and parties with influence on the groups which hold Joseph Cicippio and which claim to have executed Lt. Col. Higgins should urgently work to:
 - (a) Prevent the execution of Joseph Cicippio.
 - (b) Obtain proof as to whether Lt. Col. Higgins is alive or dead, immediately so inform his family, and -- if he is dead -- insure that his body is immediately returned to his family.
3. Should any further executions of Americans held hostage occur, the Senate will support an appropriate retaliatory action.
4. All groups or individuals holding Americans or other foreign hostages in Lebanon should release those hostages immediately, without precondition.

BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE
AUGUST 1, 1989

CONTACT: WALT RIKER
(202) 224-5358

TERRORISTS DRAW A LINE IN THE SAND TIME FOR ALLIES TO END "FREELANCING" ON HOSTAGE FRONT

MR. PRESIDENT:

THE TERRIBLE EVENTS OF YESTERDAY IN LEBANON REMIND US ANEW THAT A LINE HAS BEEN DRAWN IN THE SAND.

IT IS NOT A LINE BETWEEN THE UNITED STATES AND ITS ALLIES -- THOUGH MANY WOULD RELISH LAYING DOWN THAT KIND OF LINE.

MORE SPECIFICALLY, IT IS NOT A LINE BETWEEN THE UNITED STATES AND ISRAEL -- THOUGH THERE ARE MANY WHOSE ENTERPRISE WOULD PROFIT WERE THAT LINE DRAWN.

IT IS A MUCH CLEARER, AND MORE PERMANENT, LINE.

IT IS A LINE BETWEEN THOSE WHO PRACTICE, AND PROFIT FROM, TERRORISM -- AND THOSE WHO ARE ITS VICTIMS.

A LINE BETWEEN THOSE WHO ASCRIBE TO THE PROPOSITION THAT INDIVIDUAL HUMAN BEINGS HAVE UNIQUE AND INESTIMABLE VALUE -- AND THOSE WHO SEE HUMAN BEINGS AS VALUABLE ONLY BECAUSE OF THE POLITICAL ADVANTAGE THEIR LIFELESS BODIES CAN BUY.

WE ARE ON ONE SIDE OF THAT LINE -- AND THE MURDERERS OF COLONEL WILLIAM HIGGINS ARE ON THE OTHER.

WE ARE ON ONE SIDE OF THAT LINE; AND IN OUR COMPANY ARE OUR CLOSEST ALLIES -- ISRAEL, NATO, JAPAN, AND THE OTHER CIVILIZED NATIONS OF THE WORLD.

AND ON THE OTHER ARE THE IRANS, THE LIBYAS, THE HEZBOLLAHS, THE, QUOTE, ORGANIZATIONS OF THE OPPRESSED OF THE EARTH, UNQUOTE -- ON THE OTHER SIDE ARE THOSE WHO SEE HUMAN BEINGS AS "CHIPS" IN SOME LETHAL AND IMMORAL POKER GAME.

MR. PRESIDENT: IT IS NOT A LINE OF DIFFERENCE IN POLICY OR EVEN NATIONAL INTEREST. IT IS A LINE OF DIFFERENCE IN PRINCIPLE; IN MORALITY; IN VALUES.

IT IS A DEFINING LINE. AND WHAT IT DEFINES, MOST OF ALL, IS THE DIFFERENCE BETWEEN CIVILIZATION AND BARBARISM.

MR. PRESIDENT: WE CONFUSE THAT LINE, OR IGNORE IT, AT THE PERIL OF THE CIVILIZATION WHICH DEFINES US.

THAT DOESN'T MEAN THOSE OF US -- THOSE NATIONS -- ON OUR SIDE OF THE LINE; IT DOESN'T MEAN THAT WE DON'T MAKE MISTAKES. IT DOESN'T MEAN, IN PARTICULAR, THAT WE DON'T MAKE MISTAKES IN DEALING WITH THOSE ON THE OTHER SIDE OF THE LINE.

WE DO MAKE THOSE MISTAKES.

THIS NATION MADE A DOOZY OF A MISTAKE IN THE IRAN-CONTRA AFFAIR. WE TRIED TO DEAL -- QUID PRO QUO -- WITH TERRORISTS. WE TRIED TO DEFINE, AND ADD UP, THE VALUE OF HUMAN LIFE IN HAWK MISSILES.

WE WILL PAY FOR THAT TERRIBLE MISTAKE FOR A LONG TIME.

AND IT GIVES ME NO COMFORT THAT OTHERS ON OUR SIDE OF THE LINE HAVE MADE EQUALLY TERRIBLE MISTAKES. IT GIVES ME NO COMFORT THAT SOME OF OUR CLOSEST ALLIES HAVE BARGAINED FOR THE RELEASE OF THEIR HOSTAGES, EVEN THOUGH THAT VERY ACT OF BARGAINING COMPROMISED OUR COMMON FRONT AGAINST TERRORISM.

(MORE)

-2-

IT GIVES ME NO COMFORT THAT THE WEST GERMANS MAY HAVE MADE SOME MISTAKES; AND THE FRENCH; AND THE BRITISH; AND ALMOST EVERYONE ELSE WITHIN THE ALLIANCE.

AND, TODAY, I AM NOT HAPPY THAT ONE OF OUR CLOSEST AND MOST IMPORTANT ALLIES, ISRAEL, HAS ALSO STRUCK OUT ALONE, FREE-LANCING, APPARENTLY IN THE INTEREST OF GAINING LEVERAGE TO WIN THE RELEASE OF SOME OF ITS CITIZENS HELD HOSTAGE.

I NOTE IN THIS MORNING'S WASHINGTON POST THAT ISRAELI DEFENSE MINISTER RABIN ACKNOWLEDGED THAT ISRAELI ACTIONS HAD THREATENED WESTERN HOSTAGES. HE IS ALSO QUOTED IN THE POST AS SAYING THAT ISRAEL'S ABDUCTION OF OBEID WAS CARRIED OUT "IN ACCORDANCE WITH AN ISRAELI DECISION, WITH ISRAELI CONSIDERATIONS, AND FOR THE ISRAELI CAPTIVES -- AND WITHOUT BRINGING ANY OTHER ELEMENTS INTO THE PICTURE."

I CAN UNDERSTAND, AS A HUMAN BEING, HOW THE ISRAELI GOVERNMENT WOULD BE TEMPTED TO TAKE UNILATERAL ACTION TO WIN SOME "BARGAINING CHIPS" IN ITS EFFORTS TO WIN THE RELEASE OF ITS OWN CITIZENS FROM BARBARIC CAPTURE.

BUT I CANNOT CONDONE, AS A THINKING PERSON, HOW ANY GOVERNMENT -- OURS, THE ISRAELI GOVERNMENT, OR ANY OTHER CIVILIZED GOVERNMENT -- COULD EMBARK ON THIS UNILATERAL, FREE-LANCING COURSE, WITHOUT REGARD TO THE EFFECT ON INNOCENT CITIZENS OF OTHER FRIENDLY COUNTRIES;

WITHOUT REGARD TO OUR COMMON FRONT AGAINST TERRORISM. I CANNOT CONDONE IT, ANY MORE THAN -- IN RETROSPECT -- I CAN CONDONE WHAT SOME IN OUR GOVERNMENT MAY HAVE DONE IN THE IRAN-CONTRA AFFAIR; OR THOSE IN OTHER WESTERN GOVERNMENTS MAY HAVE DONE IN OTHER SITUATIONS.

IT IS ONE OF THOSE CIRCUMSTANCES THAT CAN EASILY BE UNDERSTOOD FROM A HUMAN STANDPOINT; BUT MUST BE VIGOROUSLY DEPLORED FROM A REALISTIC STANDPOINT.

BUT WHAT IS IMPORTANT, IN ANY CASE, IS NOT WHETHER AN ACTION IS ABHORRED OR CONDONED; BUT WHETHER ALL OF US LEARN SOME LESSON FROM THE MISTAKES THAT ONE OF US HAS MADE.

WE ARE IN THIS TOGETHER. THE LINE IS BETWEEN US AND THEM; NOT US AND US.

LET US KEEP THAT LINE DISTINCT. LET US KEEP THAT LINE CLEAR IN OUR OWN MINDS.

AND LET US DEDICATE OURSELVES ANEW TO FORGE A COMMON FRONT; A COMMON, REALISTIC, TOUGH, EFFECTIVE STANCE AGAINST INTERNATIONAL TERRORISM.

LET US MAKE THIS -- NOT JUST ONE ITEM -- BUT THE TOP ITEM IN OUR CONSULTATIONS WITHIN THE ALLIANCE.

LET US MAKE THIS AGENDA ITEM NUMBER ONE AT THE NEXT ALLIANCE SUMMIT -- A SUMMIT THAT, FOR THIS DISCUSSION, AT LEAST, OUGHT TO INCLUDE ALL OF OUR ALLIES AND FRIENDS, LIKE ISRAEL, THAT ENJOY A SPECIAL PLACE IN OUR COMMON STRUGGLE AGAINST THE SCOURGE OF TERRORISM.

MR. PRESIDENT: I PRAY THAT I AM WRONG, BUT I FEAR THAT I AM RIGHT. I BELIEVE THAT COLONEL WILLIAM HIGGINS HAS BEEN MURDERED. HIS MURDER -- HIS BLOOD -- IS ON THE HANDS OF HIS ASSASSINS; THESE LUNATICS WHO HIDE BEHIND THE TITLE OF "OPPRESSED ON EARTH." THEY ARE TO BLAME FOR WILLIAM HIGGINS DEATH -- NO ONE ELSE. AND THEY SHOULD BE BROUGHT TO JUSTICE AND PUNISHED.

BUT WILLIAM HIGGINS DEATH, IF IT HAS OCCURRED, IS NOT THE END OF THE STORY. IT IS ONLY ANOTHER CHAPTER -- ANOTHER LESSON.

A LESSON THAT WILL HAVE VALUE ONLY IF IT IS LEARNED, BY ALL OF US ON OUR SIDE OF THE LINE. A LESSON THAT THERE IS A LINE DRAWN IN THE SAND -- A LINE BETWEEN CIVILIZED CONDUCT, AND BARBARISM.

A LINE THAT WE MUST UNDERSTAND, AND ACT ON -- IF THE CIVILIZATION THAT ALL OF US ON OUR SIDE OF THE LINE HOLD DEAR IS TO BE PRESERVED.

News from Senator

BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510-1601

FOR IMMEDIATE RELEASE
MONDAY, JULY 31, 1989

CONTACT: WALT RIKER
(202) 224-5358

DOLE: NO SAFE HAVEN FOR THOSE WHO MURDER AMERICANS
CALLS FOR U.S. RESPONSE IF HIGGINS REPORTS ARE TRUE

WASHINGTON -- THE FOLLOWING ARE THE COMMENTS OF SENATE REPUBLICAN LEADER BOB DOLE, MADE ON THE FLOOR OF THE SENATE THIS MORNING, IN REACTION TO REPORTS THAT U.S. MARINE LT. COL. WILLIAM R. HIGGINS WAS HANGED BY PRO-IRANIAN SHIITE MOSLEM CAPTORS:

...THERE ARE REPORTS FROM LEBANON THIS MORNING THAT COLONEL RICHARD HIGGINS HAS BEEN MURDERED BY HIS CAPTORS, A RADICAL MUSLIM GROUP THAT KIDNAPPED HIM IN FEBRUARY 1988.

OUR FIRST THOUGHTS AND OUR PRAYERS THIS MORNING ARE OF COLONEL HIGGINS FAMILY, ESPECIALLY HIS WIFE ROBIN, WHO IS ALSO AN ACTIVE DUTY MEMBER OF THE U.S. MARINES. THEY HAVE SUFFERED SO MUCH, FOR SO LONG. AND NOW THEY FACE THIS TERRIBLE MOMENT OF ANGUISH.

IN RECENT MONTHS MY OFFICE, IN COORDINATION WITH THE OFFICE OF THE DISTINGUISHED MAJORITY LEADER, SENATOR MITCHELL, HAS BEEN IN TOUCH WITH ROBIN HIGGINS AND HER REPRESENTATIVES, QUIETLY TRYING TO FIND WAYS TO WIN COLONEL HIGGINS' RELEASE. WE HAD SOME REASON TO HOPE THAT WE MIGHT AT LEAST CONFIRM THAT COL. HIGGINS WAS ALIVE, AND OBTAIN SOME INFORMATION ON HIS CONDITION AND WHEREABOUTS IN THE COURSE OF THIS WEEK. AS I'VE INDICATED, EVENTS BEYOND OUR CONTROL INTERVEANED.

MR. PRESIDENT, AS FAR AS I AM CONCERNED, THERE CAN BE NO SAFE HAVEN FOR THOSE WHO MURDER INNOCENT AMERICANS. THERE CAN BE NO SAFE HAVEN FOR THOSE WHO RESPOND TO WHAT THEY SEE AS THE OFFENSE OF OTHERS BY KILLING AMERICANS SIMPLY BECAUSE THEY SEE US AS THE MOST ATTRACTIVE TARGET, OR THE TARGET THAT CAN WIN THEM THE MOST POLITICAL ATTENTION, OR MEDIA ATTENTION, OR LEVERAGE.

MR. PRESIDENT, IF WE CAN FIND OUT WHO DID THIS, AND LOCATE AND ISOLATE THEM, WE OUGHT TO MAKE THEM PAY. WE OUGHT TO MAKE SURE THEY ARE NEVER AGAIN IN A POSITION TO HARM ANOTHER AMERICAN.

I AM CERTAIN WE ALL HOPE AND PRAY THAT IT IS NOT AN ACCURATE REPORT. BUT IF IT IS AN ACCURATE REPORT, THEN I HOPE THE ADMINISTRATION WILL HAVE AN APPROPRIATE RESPONSE.

(MORE)

- 2 -

THEY INDICATED YESTERDAY, THROUGH THE SECRETARY OF STATE, THERE WOULD BE AN APPROPRIATE RESPONSE. I AM NOT CERTAIN WHAT AN APPROPRIATE RESPONSE WOULD BE. BUT I AM CERTAIN THERE SHOULD BE A RESPONSE. IF IN FACT THIS DASTARDLY DEED HAS BEEN DONE, IT IS ANOTHER INDICATION OF THE FANATICISM OF THE HEZBOLLAH AND OTHERS WHO MAY HOLD OTHER AMERICANS CAPTIVE.

COL. HIGGINS WAS PART OF A U.N. PEACEKEEPING GROUP, NOT A SPY. HE WAS A 44-YEAR-OLD COLONEL FROM DANVILLE, KENTUCKY.

AND IF THE REUTERS REPORT IS TRUE...THEN I WOULD HOPE THE ISRAELIES WOULD TAKE ANOTHER LOOK AT SOME OF THEIR ACTIONS, WHICH THEY MUST KNOW IN ADVANCE, WILL ENDANGER AMERICAN LIVES. WE CAN'T CONTINUALLY APOLOGIZE FOR ISRAELI ACTIONS IN THIS COUNTRY WHEN IT ENDANGERS THE LIVES OF AMERICANS IN SOME FAR-OFF COUNTRY. PERHAPS A LITTLE MORE RESPONSIBILITY ON THE PART OF THE ISRAELIES WOULD BE REFRESHING

IF THE FACTS TURN OUT TO BE FACTUAL, I BELIEVE THIS ADMINISTRATION, PRESIDENT BUSH, AND OTHERS RESPONSIBLE FOR OUR POLICY, IN ADDITION TO THE RESPONSE, BETTER HAVE SOME UNDERSTANDING WITH THE ISRAELIES ABOUT FUTURE CONDUCT...THAT WOULD ENDANGER THE LIVES OF AMERICANS.

I KNOW THE ISRAELIES HAVE, PERHAPS, GOOD MOTIVES. THEY WERE TRYING TO FREE THREE ISRAELI SOLDIERS. BUT CERTAINLY THEY KNOW WHERE THE LEVERAGE IS. THE LEVERAGE IS WITH THE UNITED STATES. AND WHEN THESE FANATICS WANT A RESPONSE, THEY'RE GOING TO ATTACK AN AMERICAN, OR THREATEN AN AMERICAN, OR KILL AN AMERICAN.

SO I GUESS WE DO WAIT AND SEE WHAT THE FINAL OFFICIAL REPORT WILL BE. BUT I BELIEVE THAT ALL MY COLLEAGUES WILL SHARE THEIR REVULSION IF THE REUTERS REPORT IS ACCURATE.

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Lucas



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE
AUGUST 1, 1989

CONTACT: WALT RIKER
(202) 224-5358

DOLE BLASTS "CRASS PARTISANSHIP" OF LUCAS VOTE IN COMMITTEE:
CALLS ON PRESIDENT BUSH TO MAKE LUCAS A RECESS APPOINTMENT

MR. PRESIDENT, THE SENATE JUDICIARY COMMITTEE HAS HAD A LONG-STANDING COMMITMENT TO THE PRINCIPLE OF EQUALITY OF OPPORTUNITY. APPARENTLY, THE JUDICIARY COMMITTEE ABANDONED THIS COMMITMENT WHEN IT CAME TO EQUAL OPPORTUNITY FOR BILL LUCAS, PRESIDENT BUSH'S OUTSTANDING CHOICE TO LEAD THE JUSTICE DEPARTMENT'S CIVIL RIGHTS DIVISION.

THE JUDICIARY COMMITTEE VOTE

EARLIER THIS MORNING, THE JUDICIARY COMMITTEE FAILED TO ENDORSE THE LUCAS NOMINATION. THE VOTE IN COMMITTEE WAS CLOSE -- A 7 TO 7 TIE. BY A 7 TO 7 VOTE, THE COMMITTEE ALSO REFUSED -- REFUSED -- TO REPORT OUT THE NOMINATION. IT REFUSED -- IN OTHER WORDS -- TO GIVE BILL LUCAS HIS DAY IN COURT -- TO ALLOW HIM TO COME BEFORE THE FULL SENATE AND MAKE HIS CASE.

CRASS POLITICAL PARTISANSHIP

MR. PRESIDENT, I AM DISAPPOINTED. I KNOW THAT THE PRESIDENT AND THE ATTORNEY GENERAL ARE DISAPPOINTED. AND THE AMERICAN PEOPLE ARE DISAPPOINTED -- DISAPPOINTED BECAUSE CRASS POLITICAL PARTISANSHIP HAS TAKEN OVER -- AND TWISTED -- THE NOMINATIONS PROCESS.

RECESS APPOINTMENT

NOW, THE JUDICIARY COMMITTEE VOTE IS NOT THE END FOR BILL LUCAS. BILL LUCAS IS TOO STRONG A PERSON. HE HAS MASTERED EVERY OTHER CHALLENGE IN HIS LIFE -- HIS STRUGGLE TO GET OUT OF THE GHETTO, GO TO COLLEGE, AND BECOME A POLICEMAN, A LAWYER, AN FBI AGENT, AND FINALLY AN ELECTED SHERIFF AND COUNTY EXECUTIVE. AND I AM SURE THAT BILL LUCAS WILL CARRY ON AND LIVE A LIFE A FURTHER DISTINCTION AND ACHIEVEMENT.

BUT I ALSO HOPE THAT THE JUDICIARY COMMITTEE VOTE IS NOT THE END OF THE LUCAS NOMINATION. IT SHOULD NOT BE THE END OF THE NOMINATION. SO I WOULD URGE THE PRESIDENT TO MAKE A RECESS APPOINTMENT -- TO APPOINT BILL LUCAS TO THE ASSISTANT ATTORNEY GENERAL POST DURING THE UPCOMING AUGUST RECESS. A RECESS APPOINTMENT WOULD ALLOW BILL LUCAS -- UNTIL THE END OF THE YEAR -- TO DISPROVE HIS CRITICS -- TO SHOW THAT HE INDEED HAS THE TECHNICAL QUALIFICATIONS -- AND THE COMMITMENT -- TO BE A TOUGH ENFORCER OF OUR CIVIL RIGHTS LAWS.

IF THE SENATE -- AND THE SENATE JUDICIARY COMMITTEE -- WILL NOT GIVE BILL LUCAS THIS OPPORTUNITY, IF THEY WILL NOT GIVE HIM A SIMPLE CHANCE TO MAKE HIS CASE, THEN THE PRESIDENT SHOULD DO SO WITH A RECESS APPOINTMENT.

Minimum Wage

August 4, 1989

M E M O R A N D U M

TO: SENATOR DOLE
FROM: DENNIS SHEA
SUBJECT: MINIMUM WAGE

On Wednesday, the Labor Committee adopted by voice vote the minimum wage conference agreement previously vetoed by President Bush. There was virtually no discussion about the conference agreement at the Labor Committee mark-up.

MINIMUM WAGE RATE

The conference agreement would increase the minimum wage to \$3.85 an hour by October 1, 1989, \$4.25 an hour by October 1, 1990, and \$4.55 an hour by October 1, 1991.

TRAINING WAGE

The conference agreement would allow employers to pay a training wage of \$3.35 an hour during the year beginning October 1, 1989. It would also allow employers to pay a training wage equal to 85 percent of the prevailing minimum beginning on October 1, 1990.

Duration. Would extend for only 60 days.

Training. Would require employers to provide knowledge, technical skills, and personal skills to workers employed at the training wage.

Scope. Would limit use of the training wage to one-fourth of an employer's workforce.

MINIMUM WAGE COMMISSION

The conference agreement provides for the establishment of a 5-member Minimum Wage Commission. The Commission would examine the need to increase the minimum wage after 1992.

CIVIL PENALTIES

The conference agreement incorporates your amendment creating civil money penalties for violations of the minimum wage and overtime provisions of the Fair Labor Standards Act.

Oliver North

August 4, 1989

COLONEL OLIVER NORTH'S PENSION

Last May, Col. Oliver North was convicted in the United States District Court for the District of Columbia of violating 18 U.S.C. Section 2071(b). Section 2071(b) provides that "[w]hoever, having the custody of any [document of the United States], willfully and unlawfully conceals, removes, mutilates, obliterates, falsifies, or destroys the same, shall be fined not more than \$2,000 or imprisoned not more than three years, or both; and shall forfeit his office and be disqualified from holding any office under the United States."

There was some question as to whether a retired regular officer -- like Oliver North -- holds an "office" for purposes of section 2071(b). Last month, the Secretary of the Navy solicited the views of the Comptroller General on this issue.

COMPTROLLER GENERAL'S DECISION

The Comptroller General concluded that "there is serious doubt that a retired regular officer convicted of violating subsection 2071(b) continues to be entitled to retired pay." The rationale for the decision: Retired regular officers do not receive a pension for prior service as do retired reserve officers or civilian officials. Instead, they receive reduced pay in return for current reduced responsibilities, including possible recall to full active duty under certain circumstances.

As a result, a retired regular officer continues to hold an "office" for purposes of Section 2071(b).

SENATE ACTION

In response to the Comptroller General's opinion, the Senate adopted an amendment to the Department of Defense Authorization bill directing the Judiciary Committee to analyze the opinion and issue a report by November 1.

TALKING POINTS

- Colonel North and his family have suffered enough. And they will continue to suffer if Colonel North's retirement pay is permanently suspended.
- Last month, I wrote a letter to the Comptroller General urging him not to tamper with Colonel North's military pension. In this letter, I noted that the statute giving the Comptroller General authority over this issue does not specify any criteria that should guide his decision. So -- in my letter -- I felt comfortable suggesting to the Comptroller General two criteria that should guide his decision: Colonel North's past service to this country and simple old-fashioned fairness.

-2-

- We all know Colonel North's record of service to this country. It is a record of great distinction. It is a record that spans more than twenty years -- twenty years of service in the jungles of Vietnam, as a Marine instructor at Quantico, and as a staff officer in the White House.
- And Colonel North's military service -- and military achievements -- have been well-recognized. He has received the Silver Star, the Bronze Star, the Purple Heart, the Meritorious Service Medal, the Navy Commendation Medal, the Navy Achievement Medal, the Vietnamese Cross of Gallantry. And the list goes on.
- Unfortunately, the Comptroller General has recommended the suspension of Colonel North's retirement pay. I know that the Comptroller General thought long and hard before making this decision -- and I respect it.
- But even the Comptroller General himself has admitted that this case is one of first impression -- that his opinion could have gone either way. In my view, the Comptroller General went the wrong way on this one -- and I support the Senate's decision to take a close look at the Comptroller General's opinion.

PAN AM 103

News from Senator

BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510-1601

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 4, 1989

CONTACT: WALT RIKER
(202) 224-5358

DOLE: PAN AM 103 COMMISSION THE RIGHT MOVE

WASHINGTON -- THE FOLLOWING IS THE TEXT OF SENATE REPUBLICAN LEADER BOB DOLE'S FLOOR STATEMENT ON THE PRESIDENT'S COMMISSION ON AVIATION SECURITY AND TERRORISM:

TODAY, WITH THE MAJORITY LEADER, I AM PLEASED TO ANNOUNCE THAT PRESIDENT BUSH HAS SIGNED AN EXECUTIVE ORDER TO CREATE A COMMISSION TO INVESTIGATE THE SECURITY FAILURE WHICH LED TO THE BOMBING OF PAN AM FLIGHT 103 ON DECEMBER 21, 1988, AS WELL THE SAFETY FROM TERRORISM OF COMMERCIAL AIR TRAVEL.

THE COMMISSION WILL BE COMPOSED OF SEVEN MEMBERS, WITH ONE REPUBLICAN AND ONE DEMOCRAT FROM BOTH THE SENATE AND THE HOUSE, IN ADDITION TO THREE OTHER MEMBERS APPOINTED BY THE PRESIDENT.

IT WILL, WITHIN SIX MONTHS, REPORT TO THE PRESIDENT AND TO THE AMERICAN PEOPLE ON WHAT HAPPENED TO THE FLIGHT OF PAN AM 103, AS WELL AS REVIEW PAST AND CURRENT SECURITY PROCEDURES AND RECOMMEND ADDITIONAL STEPS WHICH MIGHT BE TAKEN TO REDUCE THE RISK OF A SIMILAR BOMBING FROM EVER OCCURRING AGAIN.

I COMMEND PRESIDENT BUSH FOR THIS INITIATIVE. THE MAJORITY LEADER AND I HAVE BEEN WORKING WITH THE ADMINISTRATION AND MEMBERS OF THE FAMILIES OF THE VICTIMS OF FLIGHT 103 FOR SEVERAL MONTHS TO REACH THIS POINT.

MR. PRESIDENT, I WANT TO MAKE CLEAR THAT WE HAVE NO INTENTION OF JEOPARDIZING THE ONGOING CRIMINAL INVESTIGATION OR TO COMPROMISE ANY INTELLIGENCE SOURCES OR METHODS. I CAN ASSURE MY COLLEAGUES, HOWEVER, THAT THE INVESTIGATION IS MOVING FORWARD, AND THE ADMINISTRATION DOES EXPECT TO FIND THOSE RESPONSIBLE FOR THIS DEPLORABLE ACTION.

THE FLYING PUBLIC SHOULD BE ASSURED OF THEIR SAFETY FROM TERRORISM, AND I BELIEVE THIS COMMISSION WILL GO A LONG WAY TOWARD MEETING THAT ASSURANCE.

###

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 4, 1989

EXECUTIVE ORDER

PRESIDENT'S COMMISSION ON
AVIATION SECURITY AND TERRORISM

By the authority vested in me as President by the Constitution and laws of the United States of America, and in order to establish a Commission on Aviation Security and Terrorism, it is hereby ordered as follows:

Section 1. Establishment. (a) There is established the President's Commission on Aviation Security and Terrorism to review and evaluate policy options in connection with aviation security, with particular reference to the destruction on December 21, 1988, of Pan American World Airways Flight 103. The Commission shall consist of seven members appointed by the President. Two members shall be Senators, and two shall be Members of the House of Representatives; they shall represent both parties equally. The President shall consult with the Majority and Republican Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives in making appointments from the Senate and House of Representatives, respectively.

(b) The President shall designate a Chairman from among the members of the Commission.

Sec. 2. Functions. (a) The Commission shall conduct a comprehensive study and appraisal of practices and policy options with respect to preventing terrorist acts involving aviation. In conducting this effort, the Commission shall evaluate the adequacy of existing procedures for aviation security, compliance therewith, and enforcement thereof. The Commission also shall review options for handling terrorist threats, including prior notification to the public. Further, the Commission shall investigate practices, policies, and laws with respect to the treatment of families of victims of terrorist acts.

(b) Within 6 months of the date of this order, the Commission shall submit a report to the President, which shall be classified if necessary, containing findings and recommendations. If the Commission's report is classified, an unclassified version shall be prepared for public distribution.

Sec. 3. Administration. (a) To the extent permitted by law and fully protecting intelligence sources and methods and the ongoing investigations into the destruction of Pan American World Airways Flight 103 of December 21, 1988, the heads of executive departments, agencies, and independent instrumentalities shall provide the Commission, upon request, with such information as it may require for purposes of carrying out its functions.

more

(OVER)

(b) Members of the Commission appointed from among private citizens may receive compensation for their work on the Commission at the daily rate specified for GS-18 of the General Schedule. While engaged in the work of the Commission, members appointed from among private citizens of the United States may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service (5 U.S.C. 5701-5707).

(c) To the extent permitted by law and subject to the availability of appropriations, the Department of Transportation shall, among other Administrative functions, provide the Commission with administrative services, funds, facilities, staff, and other support services necessary for the performance of its functions, and the Secretary of Transportation shall perform the functions of the President under the Federal Advisory Committee Act, as amended (5 U.S.C. App. 2), except that of reporting to the Congress, in accordance with the guidelines and procedures established by the Administrator of General Services.

(d) The Commission shall adhere to the requirements set forth in the Federal Advisory Committee Act, as amended. All executive branch officials assigned duties by the Federal Advisory Committee Act shall comply with its requirements with respect to this Commission.

Sec. 4. General Provision. The Commission shall terminate 30 days after submitting its report to the President.

GEORGE BUSH

THE WHITE HOUSE,

August 4, 1989.

STATEMENT OF SENATOR BOB DOLE

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- 6 -

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THAT ASSURANCE.

Physician Reimb.

July 17, 1989

M E M O R A N D U M

TO: SENATOR DOLE
FROM: SHEILA BURKE
SUBJECT: PHYSICIAN REIMBURSEMENT REFORM

The long awaited plan to reform the way we pay physicians has finally arrived and it is about that plan that Senator Durenberger wants to talk with you.

Essentially what has been proposed by the Administration and endorsed in large part by the Ways and Means Committee is a three part plan.

1. Part I calls for implementing a new method of paying physicians that takes into account the relative value of one physician service versus another. This new system is called the Resource Based-Relative Value Schedule (RB-RVS). To put it simply, this new system is designed to place a higher "value" on the physicians who spend time with patients, like internists, as compared to those who do things -- like surgeons. You have supported the development of such a system for some time. While there are some disputes as to how quickly the system can be put into place and about some of the details as to how best to construct the relative value schedule, there is a general consensus among the members that the basic concept is a good one. I believe its one you should support.

The impact on Kansas will be mixed. The new system is designed to be budget neutral so there will be winners and losers. The big winners generally are the family physicians, and the losers are thoracic surgery and pathology. The letters we have received from Kansas physicians are generally supportive as the anticipated impact statewide is about even with 48 percent of the physicians experiencing a gain in medicare charges of 10 percent or more. However the story is quite different in Texas and Oregon where a large number of

physicians will experience a loss in charges greater than 10 percent. Senator Packwood is supportive, however, while Senator Bentsen is still undecided.

2. Part II of the plan is designed to provide protection to beneficiaries against excessive billing. The proposal basically places a limit on how much above what medicare pays a physician can bill a patient. The proposal is not inconsistent with what occurs today under current law. Frankly, the provision in current law was originally designed to help hold off attempts at mandatory assignment. The argument that was made was that as long as there was some overall limit/protection for the beneficiary on how much could be charged, there was no need for mandating physicians to take assignment. Your instinctive reaction might be that the government has no business limiting what a private physician charges a patient -- in fact, that is the position taken by Senator Packwood who strongly opposes this aspect of the proposal. The argument is a fair one though I think the threat of mandatory assignment is a bigger problem. This issue may be contentious.
3. Finally, Part III is the so-called ET proposal -- ET stands for expenditure targets. Under the proposal a target level of total expenditures for physicians services would be set each year. The target is a national target and is supposed to reflect anticipated changes in the medical economic index (medical CPI), the growth in the number of beneficiaries and utilization factors. The Secretary of HHS makes a recommendation as to what the target should be which becomes the actual target minus 2 percentage points if Congress fails to enact their own target. Should expenditures exceed the target, adjustments are to be made in the following year's payment rates.
4. Again, as with the target, the Secretary makes a recommendation as to the actual medicare physician fee increase each year which becomes law unless Congress acts.

Discussion of ET

The Administration, and the Ways and Means Committee have both endorsed an ET although the proposals differ somewhat. The House Commerce Committee did not endorse the proposal although they did put forward an RBRVS (relative value fee schedule) proposal.

The Administration argues strongly that the only way they can support implementation of a new method of payment based on the RVS is if there is some mechanism to control overall costs. They are concerned that given the expected winners and losers under the new system, the losers will try to make up in volume what they lose in the price per procedure which will result in even higher medicare costs.

There is no question that there is a serious problem with the escalation in the cost of Part B of medicare, but I do not believe this regulatory mechanism is one particularly a Republican administration should support.

I have briefly noted what I believe to be the pros and cons of the proposal. In anticipation of Wednesday's members meeting, I am preparing a series of questions for you to ask. The purpose of the meeting will be for the Administration to present its case for their proposal. Another meeting will be scheduled with the physician groups.

Pro ET Arguments

1. Given that the fall back formula is written into law -- there is some predictability to what physicians will be paid.
2. It is assumed there will be a reduction in the rate of expenditure growth as physicians change their behavior to avoid fee reductions.
3. Because physicians will be judged as a group, there will be increased peer pressure to hold down unnecessary services.

Con

1. There is no geographic adjustment anticipated so physicians in low cost areas will be punished along with those in high costs areas.

To date, we have no information on what the impact will be from state to state.

2. Congress has determined the level of fee growth for the past five years -- why will putting a regulatory mechanism into place make a difference?
3. The ET target, along with the controls on physician billing to patients, is not unlike the caps on hospital expenditures posed by the Carter Administration -- its one more step down Senator Kennedy's road of a regulated expenditure system where the Federal Government determines in advance how much we are going to spend.
4. There is no question that certain specialties tend to be excessive in their charges as compared to others. While the proposal envisions possibly setting different targets for different procedures and different specialties -- we do not yet have sufficient data to broadly make such adjustments. We should wait until we do and then give the information to Congress and let them decide.

July 20, 1989

M E M O R A N D U M

TO: SENATOR DOLE
FROM: SHEILA BURKE
SUBJECT: PHYSICIAN REIMBURSEMENT

The purpose of today's Finance Committee meeting is to provide the Administration with the opportunity to present their case for expenditure limits on physician services. Expected to attend are: Dick Darman, Secretary Sullivan and Bill Roper. Given attendance at yesterday's meeting, I would expect most of the Committee to attend.

In summary the Administration supports a three part reform package:

1. Implementation of a Relative Value Schedule Fee proposal.
2. A system of limits on how much physicians can charge above what medicare pays.
3. An overall limit on how much medicare physician expenditures can increase each year. (Expenditure Targets)

It is this third section that is the most controversial.

Expenditure Targets:

1. How They Work:

- a. In year one, the Secretary and or the Congress, determine through some formula, how much physician spending should grow in year two.

The formula could include price inflation, population growth, and some adjustment for volume. Clearly what the Administration has in mind is ratcheting down this number each year.

- b. In subsequent years to the extent the target is exceeded -- the Administration proposes that physician fee levels are reduced.

They argue that while the target and the penalty will be national at first -- we can refine it over time and may be do specialty or statewide targets and provide for an opt-out. Of course, they never envision an individual physician opt-out.

Comments/Question:

1. Expenditure targets do nothing to alter the financial incentives for individual physicians. All physicians would be penalized if the target was exceeded.
 - o Do you ever envision permitting individual physicians to opt-out?
 - o How quickly can we expect to be able to examine physician behavior by specialty or by service?
2. We clearly need to increase research on effectiveness of care and development and dissemination of practice guidelines.
 - o Shouldn't this be the basis upon which we determine what is appropriate vs. inappropriate care? Targets do nothing to address quality issues.
3. The new fee schedule will contribute to a reduction in inappropriate care through a more rational set of incentives.
 - o Why also impose an overall limit before we see the outcome of the new payment model?
4. The point of the Durenberger/Rockefeller proposal as I understand it, is to give Congress sufficient information to make rational/policy driven decisions regarding fee updates.

Congress has made these decisions in recent years.

 - o Why do we need a so-called default target if its our intention that congress make this decision?
5. Based on some very rough estimates put together by CRS, I understand that there is enormous variation among states as well as specialties with respect to expenditures on physician services.
 - o What state-by-state data and specialty data do you currently have available regarding the possible impact of expenditure limits?

BENTSEN-DOLE

SUMMARY OF EQUITY FOR RURAL HOSPITALS ACT OF 1989

Section 1: Short Title

The short title of the bill is "The Equity for Rural Hospitals Act of 1989."

Section 2: Elimination of Average Standardized Amounts for Hospitals in Different Areas and Creation of Severity Adjustment

The Secretary of HHS would be required to design a legislative proposal to eliminate Medicare's current differential between payment rates for hospitals in rural, large urban and other urban areas. The proposal would include a four-year transition to a single national rate beginning on October 1, 1991, with a single national rate fully in effect by October 1, 1994.

The Secretary would be required to include recommendations for any changes in Medicare's current special treatment of teaching hospitals, rural referral centers, sole community hospitals, disproportionate share hospitals and outlier cases. The Secretary would be required to recommend a severity adjustment to reflect differences in severity among cases in the same diagnosis-related group, and any other adjustments he or she deems appropriate (including changes in the treatment of hospitals exempt from PPS). The Secretary's report, which would include extensive impact analyses of the effects of the proposal on different types of hospitals, would be due to Congress on October 1, 1990.

The Secretary's report would be reviewed by both the Prospective Payment Assessment Commission and the Congressional Budget Office. Each will submit a report and impact analysis to Congress by April 1, 1991.

Section 3: Interim Provision to Ensure Adequate Payments for Inpatient Hospital Services furnished by Medicare-dependent, Small, Rural Hospitals

For a two-year period (FY90-91) rural hospitals with 100 or fewer beds and dependent on Medicare for more than 70% of inpatient hospital services, would receive an additional payment to ensure that total payments for inpatient hospital services would be at least equal to the reasonable costs of those services for Medicare patients. In defining reasonable costs, the Secretary could not impose limits based on the average costs incurred by hospitals (formerly known as Section 223 limits). Hospitals receiving these payments would remain on the prospective payment system, and any periodic interim payments made to them would reflect an estimate of additional payment amounts.

Section 4: Modifications with Respect to Sole Community Hospitals

Beginning October 1, 1989, Medicare payments to sole community hospitals would be changed. Under current law, SCHs are paid three-fourths on a basis which reflects their own hospital-specific costs in a base year, trended forward, and one fourth on the basis of the applicable regional PPS rate. Under the legislation, the three-fourths hospital-specific cost basis would be updated by the Secretary of HHS using more recent information on the SCH's cost per case; however, SCHs would be held harmless from any reductions below their current hospital-specific costs. Further, under the bill, a SCH's one-fourth PPS rate would be based on the higher of the applicable national and regional PPS rate.

The Secretary would also be required, in setting criteria for qualification as an SCH, to take into account travel time to the nearest available source of appropriate inpatient care. (Current criteria take into account only the travel distance). Also, if the Secretary chose to use criteria related to an SCH's market share, he or she would be required to take into account the extent to which patients go outside the local market area to seek unavailable services. (Current criteria do not always allow for this factor to be taken into account).

Section 5. Establishment of Medicare Geographical Classification Review Board

The Secretary of HHS would be required to appoint a five-member Medicare Geographical Classification Review Board within 60 days of enactment. Two of the five members would be required to represent rural hospitals. One member would be a PROPAC member and one would be an expert in the field of hospital cost analysis.

The Board would consider applications from rural hospitals to be reclassified into a particular urban area. Applications would be due by January 31 of each calendar year, with a Board decision by June 1. Hospitals that are dissatisfied with the Board's decision could file an appeal with the Secretary. The appeals would be required to be filed by July 1, and the Secretary would be required to issue a final decision by September 1. There would be no judicial review. The Secretary could waive these deadlines in the case of extreme hardship. If the Board finds that a rural hospital should be reclassified, that hospital will be paid as though it were located in the applicable urban area, and will be treated as an urban hospital for the purposes of inpatients hospital services and periodic interim payments.

The Secretary would be required to issue guidelines to be used by the Board in its deliberations by July 1, 1989. These criteria must include a comparison of wages between the applying hospital and hospital wages in the applicable urban area, a consideration

of the effects on access to care by Medicare beneficiaries, and changes in the status of the county in which the rural hospital is located since the last decennial Census which might now qualify it for inclusion in an urban area.

Section 6: Modifications in Grant Program for Rural Health Care Transition

Under the bill, the FY90 authorization for rural health care transition grants authorized by Section 4005 of the Omnibus Budget Reconciliation Act of 1987 would be increased from \$15 million to \$25 million, and would be extended for FY91 and FY92 at the \$25 million level. OBRA's limit of \$50,000 per grant per year would be waivable by the Secretary of HHS if he or she determines that a larger grant is required to implement a transition project. Also, hospital applications for transition grants would no longer be submitted through the Governor's office, although a copy of this application would continue to be submitted to the Governor.

Section 7. Increase in Rural Health Medical Education Demonstration Projects

The bill would expand the demonstration program created by Section 4038 of the Omnibus Budget Reconciliation Act of 1987, which increased Medicare payments to teaching hospitals for the costs of allowing resident physicians to develop field clinical experience in rural areas. Under the bill, an additional 10 sponsoring teaching hospitals would be added to the four sites created by OBRA, for a period of three years.

Section 8. Treatment of Certain Nursing Education Programs

Under this provision, hospitals could qualify on a demonstration basis for expanded Medicare payments for training undergraduate (baccalaureate) nurses, where the hospital cooperates with a school of nursing by providing a setting for clinical training. (Medicare currently does not ordinarily recognize such cooperative arrangements and will pay nurse education costs only if the hospital is the sole operator of the training program). This provision, which builds on demonstrations of expanding graduate nurse training required by the Technical and Miscellaneous Revenue Act of 1988, would require a demonstration at five sites for five years, with a limit of \$200,000 annually at each site. Demonstration funds would be available for the medical education costs ordinarily recognized by Medicare (stipends, supervision, classroom costs) and only for years during or after which clinical training begins.

-1-

of the office of access to care by Medicare beneficiaries, and changes in the status of the county in which the rural hospital is located. It is in the interest of the community which now is in an urban area.

Rural sum

Section 5. Hospitalization in Grant Program for Rural Health Care Transition

Under the bill, the FY80 authorization for rural health care transition grants authorized by Section 4002 of the Omnibus Budget Reconciliation Act of 1975 would be increased from \$15 million to \$25 million, and would be extended for FY81 and FY82 to the \$25 million level. The bill of \$20,000 per grant per year would be available by the beginning of FY81 if the bill is enacted. A larger grant is required to implement a transition program. Also, hospital applications for transition grants would no longer be submitted through the Governor's office, although a copy of this application would continue to be submitted to the Governor.

Section 6. Increase in Rural Health Medical Education Demonstration Projects

The bill would expand the demonstration program created by Section 4030 of the Omnibus Budget Reconciliation Act of 1975, which authorized medical education grants to teaching hospitals for the purpose of allowing resident physicians to develop field clinical experience in rural areas. Under the bill, an additional 10 approved teaching hospitals would be added to the four already created by OHA, for a total of seven hospitals.

Section 7. Treatment of Certain Training Education Programs

Under this provision, hospitals would qualify on a demonstration basis for expanded medical education grants for training undergraduate (premedical), nursing, and medical education centers with a history of providing training for clinical training. Hospitals currently have not ordinarily received such cooperative arrangements and will have medical education centers only if the hospital is the sole provider of the training program. This provision, which builds on the demonstration of expanding medical education training reported by the technical and legislative committees, would provide a demonstration project for five years, with a limit of \$100,000 annually at each site. Demonstration funds would be available for the period during which the training is provided by Medicare (patients, supervised, education costs) and only for years during or after which clinical training begins.

August 5, 1989

S&L TALKING POINTS

PRESIDENTIAL INITIATIVE:

- O PRESIDENT BUSH TOOK THE INITIATIVE ON THE SAVINGS & LOAN CRISIS. HE INTRODUCED A COMPREHENSIVE S&L PROPOSAL WITHIN DAYS OF HIS INAUGURATION THAT LAID THE GROUNDWORK FOR THE BILL THAT PASSED THE HOUSE AND SENATE ON FRIDAY. HE GAVE CONGRESS A 45 DAY DEADLINE TO PASS THIS LEGISLATION; IT TOOK 176.
- O IT HAS TAKEN SIX MONTHS FOR CONGRESS TO PASS WHAT IS, BY AND LARGE, THE PRESIDENT'S PLAN. WE MOVED QUICKLY IN THE SENATE, PASSING THE BILL IN APRIL, BUT THE HOUSE DRAGGED THE BILL THROUGH A MAZE OF CONGRESSIONAL COMMITTEES FOR FOUR MONTHS WHILE THE LOSSES IN THE INDUSTRY CONTINUED TO PILE UP AT THE RATE OF \$20 MILLION PER DAY.

POSITIVE FEATURES:

- O THE MEMBERS OF THE HOUSE AND SENATE CONFERENCE WHO PUT TOGETHER THE S&L PLAN MADE SOME DIFFICULT DECISIONS. THE BEST WERE KEEPING TOUGH CAPITAL STANDARDS IN THE BILL AND KEEPING SPECIAL INTEREST AMENDMENTS OUT OF THE BILL.
- O THERE WERE A LOT OF SENATORS AND CONGRESSMEN WHO VOTED AGAINST THIS BILL. IT'S TOUGH TO TAKE RESPONSIBILITY FOR A PROBLEM THAT WILL COST ROUGHLY \$166 BILLION OVER THE NEXT TEN YEARS. BUT, THE ALTERNATIVE WAS TO LET THE LOSSES CONTINUE TO PILE UP AT THE RATE OF 20 MILLION DOLLARS PER DAY. TO ME, FURTHER DELAY WAS AN UNACCEPTABLE ALTERNATIVE.

PROBLEMS:

- O THERE WERE A LOT OF HOUSE MEMBERS ARGUING ABOUT SAVING THE TAXPAYERS MONEY WITH THIS LEGISLATION. I SUGGEST THEY READ THE PROVISIONS THAT THE HOUSE PUT INTO THIS BILL. BY GIVING HOUSING AGENCIES THE RIGHT OF FIRST REFUSAL ON THE ASSETS IN THE RESOLUTION TRUST CORPORATION SOME HAVE SUGGESTED THAT THEY ADD \$10 BILLION TO THE COST OF THE BAILOUT. ON TOP OF THAT THE HOUSE VOTED TO STICK A \$150 MILLION A YEAR HOUSING SUBSIDY PROGRAM -- PAID FOR WITH INDUSTRY FUNDS RATHER THAN USING THAT SAME MONEY TO REDUCE TAXPAYER COSTS.

RESERVATIONS:

- O THERE ARE SOME SERIOUS QUESTIONS THAT REMAIN UNANSWERED. ONE OF MY BIGGEST CONCERNS IS HOW THE RESOLUTION TRUST CORPORATION AND THE FDIC PLAN TO DISPOSE OF THE \$400 BILLION IN ASSETS THAT WILL COME UNDER THEIR JURISDICTION WHEN THE PRESIDENT SIGNS THIS LEGISLATION. THE RETURNS ON THESE ASSETS WILL HAVE A TREMENDOUS IMPACT ON THE ULTIMATE COST OF THIS PROBLEM.

2 OF 2

- O THE FEDERAL GOVERNMENT HASN'T SEEN THIS MUCH REAL ESTATE SINCE THE LOUISIANA PURCHASE.
- O I HOPE THAT WE DON'T SEE ANY MORE FIRE-SALES OR END-OF-YEAR CLOSEOUTS ON TROUBLED S&LS. I HAVE DISCUSSED THIS WITH TREASURY SECRETARY BRADY AND HE ASSURES ME THAT THE TREASURY DEPARTMENT THE FDIC AND THE BANK BOARD ARE IN THE PROCESS OF DEVELOPING A LONG-TERM STRATEGY FOR WORKING THROUGH THEIR CASELOAD OF TROUBLED THRIFTS.

NOTE: THE S&L CONFERENCE REPORT PASSED THE HOUSE 201-175 WITH BIPARTISAN SUPPORT.

THE WHITE HOUSE
WASHINGTON

August 4, 1989

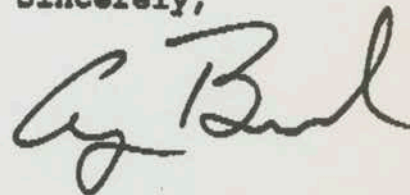
Dear Bob:

Last night the savings and loan conferees reached a compromise on the financing plan included in the savings and loan legislation. The compromise avoids any amendment of the Gramm-Rudman-Hollings budget process, while including both the Administration's approach to financing and direct Treasury borrowing.

The conferees deserve our thanks and our congratulations. They have worked diligently to fashion a strong and responsible bill to deal with this extraordinarily serious problem. Importantly, the bill includes tough and sensible new capital and accounting standards. Final passage remains critical to the stability and solvency of our financial system.

This legislation has been developed in a bipartisan process. It is badly needed, and must be enacted without further delay. Consequently, I ask that the House and Senate approve this legislation today, and that we pledge to maintain our commitment to resolve this problem.

Sincerely,



The Honorable Robert Dole
Senate Republican Leader
United States Senate
Washington, D.C. 20510

August 3, 1989

TO: SENATOR DOLE
FROM: DAVID TAYLOR
SUBJECT: Conference Reaches Agreement on Funding Plan

After approximately two hours of debate, the second S&L Conference reached a compromise on the funding plan over the objections of Ways & Means Chairman Dan Rostenkowski. Treasury Secretary Nick Brady and OMB Director Dick Darman both attended the conference; they both endorsed the plan before the conference adjourned at 9:40PM.

The outline of the compromise plan submitted by Senator Riegle with the support of the Senate conferees is as follows: \$20 billion will be put on-budget in FY89. The remaining \$30 billion will be placed off-budget in FY90 and FY91 and spread over the two years.

The two chairmen agreed that the Senate would act first on this conference report. Senator Riegle pledged that he would bring the bill to the Senate floor "first thing tomorrow morning."

Advantages:

No G-R-H exemption will be required under the compromise plan. Because of the timing involved, the \$20 billion can be placed on-budget and avoid being counted toward the G-R-H deficit targets.

The RTC and the FDIC can begin to stop the losses in the industry on date of enactment because the on-budget funds will be transferred immediately.

Darman and Brady will recommend that the President sign the version of the S&L Conference Report that contains the compromise funding plan.

Disadvantages:

The biggest potential problem with the proposal is that the FDIC and the RTC may not be able to spend the full \$20 billion before the end of the 1989 fiscal year. Darman, Brady and the minority staff on the Senate Budget Committee would have preferred a smaller number -- \$15 billion. They conditioned their support on FDIC's assurance that all of the money could be spent before FY90.

The precedent of back-loading \$20 billion into the budget to avoid the G-R-H targets sets a bad precedent. Senator Gramm will likely vote against the compromise (but I have been assured by staff that he will not openly fight the proposal).

g of S&L clean-up?

Derailing GRH limits

As if the tab for the savings and loan mess weren't high enough already, members of the U.S. House of Representatives crafted a funding plan that could kill the Gramm-Rudman-Hollings deficit reduction law, the revolutionary savings measure that has already trimmed about \$100 billion off the federal deficit since its enactment.

Once again, the losers will be the taxpayers in the version that came out of the House.

Robert Dole, Kansas Republican, is the Senate minority leader.

Taxpayers should know that there is a critical difference between the funding plan adopted in the House of Representatives and the one endorsed in the Senate and backed by the Bush administration. Both provide the troubled thrift industry with the cash necessary to start shutting down the country's troubled S&Ls. In both cases, the cash is backed by \$50 billion in bonds.

The House version guts GRH and derail our efforts to reach a balanced budget by 1993.

The big spenders on Capitol Hill loathe GRH because it tells them that if they don't meet required budget limits, automatic across-the-board spending cuts will go into effect.

The House-backed funding plan sounds good. Its proponents claim that by placing the \$50 billion bond issue "on budget," they are being honest with the American people

and saving them money at the same time. They also say that, by moving some of the costs of its funding plan "off budget," the administration is trying to shirk some of the responsibility for the S&L mess.

The administration plan does move some costs off budget. The basis for this decision is a fundamental distinction between payments from the Treasury and those made by the thrift industry. The administration plan counts every dollar that the U.S. government spends on the bonds in the federal budget and holds every dollar paid by the S&L industry off the budget.

This is an honest approach, because all of the on-budget items will count toward the calculation of the deficit under the GRH law. There is no exemption from GRH, not this year, not next year, not any year.


As an additional benefit, this funding plan locks the S&L industry into paying its fair share of the costs of the crisis, now, and in the future.

The so-called "on-budget" plan that originated in the House Ways and Means Committee was adopted by members of the House and Senate conference, and passed the full House, guts the GRH law with a multibillion-dollar exemption from the calculation of the deficit. Those who back the House plan argue that this is a one-time exemption, but don't believe it. This is a direct frontal assault on budget discipline in the short and long term. Recognizing this, President Bush has announced his intention to veto the S&L package if it contains the House funding plan.

The important issue here is the precedent. If we allow one exemption, we open the floodgates for exemptions for a host of big-ticket items — catastrophic health insurance, nuclear waste disposal, big government programs and the usual menu of pork-barrel projects members dream up.

Removing this statutory budget discipline can only result in higher spending, higher taxes and higher interest rates.

Backers of the House funding plan claim that their proposal minimizes the taxpayer cost of the S&L bailout. But, if savings were the real issue, the House leadership would not have dragged the S&L bill through a congressional congressional committees (five in all) for four months while the losses in the



CONGRESS PREPARES
TO CLEAN UP THE S&L
MESS... WITH A LITTLE
HELP FROM THE U.S.
TAXPAYER.

Times 814

DOLE

From page F1

The fact that the House voted to stick a \$150 million-a-year housing subsidy program — paid for with industry funds rather than using that same money to reduce taxpayer costs — in the original House bill is further evidence that cost containment was not the driving force behind the "on-budget" plan.

Those who supported the House funding set the stage for a tough fight from Senate Republicans. Sen. Phil Gramm, Texas Republican, has circulated a letter signed by 41 senators opposing the GRH exemption. Under the Senate rules, a 60-vote budget waiver is required for legislation containing a GRH exemption to pass the full Senate.

*These alleged savings
are loose change
compared to spending
under an impotent
GRH.*

Those who back the "on-budget" plan have been able to control the debate on this issue by narrowing their focus on costs to this one bill. Their proposal promises nominal savings on borrowing costs, but these alleged savings are nothing but loose change when compared to the price tag for unbridled congressional spending under an impotent GRH act.

Times 8/4
p.2

Section 89

SECTION 89

- AS YOU PROBABLY KNOW, THE SENATE HAS NOW PASSED LEGISLATION WHICH RADICALLY SIMPLIFIES THE NON-DISCRIMINATION RULES FOR HEALTH AND WELFARE BENEFIT PLANS CONTAINED IN SECTION 89. SIMILAR LEGISLATION HAS BEEN INTRODUCED IN THE HOUSE WAYS AND MEANS COMMITTEE BY ITS DEMOCRATIC CHAIRMAN, WHO WAS ONCE A STAUNCH DEFENDER OF SECTION 89.
- I HAVE SPENT MANY MONTHS WORKING TO SIMPLIFY SECTION 89, BEGINNING WITH LAST YEAR'S TECHNICAL CORRECTIONS LEGISLATION. WHEN IT BECAME CLEAR THAT THAT LEGISLATION WAS NOT ENOUGH, I JOINED WITH SENATOR SYMMS AND OTHERS ON THE FIRST LEGISLATIVE DAY OF THIS YEAR, TO INTRODUCE LEGISLATION CALLING FOR A ONE-YEAR DELAY OF THESE RULES. THIS BILL HELPED TO PERSUADE TREASURY TO POSTPONE IMPLEMENTATION OF SECTION 89 UNTIL OCTOBER 1, SO THAT CONGRESS WOULD HAVE TIME TO PASS CORRECTIVE LEGISLATION.
- THE LEGISLATION PASSED BY THE SENATE DELAYS SECTION 89 COMPLIANCE UNTIL 1990 FOR ALL BUSINESSES, AND UNTIL 1991 FOR BUSINESSES WITH NO MORE THAN 20 EMPLOYEES. IN ADDITION, IT FOCUSES ON THE AVAILABILITY OF COVERAGE -- WHAT THE EMPLOYER OFFERS, RATHER THAN WHAT EACH EMPLOYEE CHOOSES -- AS THE BASIC TEST FOR NON-DISCRIMINATION. AND IT SPECIFICALLY ADDRESSES THE PROBLEMS OF INADVERTENT OR MINIMAL NONCOMPLIANCE, THE TREATMENT OF SALARY REDUCTION PLANS AND THE SPECIAL NEEDS OF SMALL BUSINESSES.

- THE AIM OF SECTION 89 -- TO DENY A FEDERAL TAX SUBSIDY TO DISCRIMINATORY BENEFIT PLANS -- IS VALID. HOWEVER, THE PRICE OF THE CURRENT RULES IN TERMS OF COMPLEXITY AND BURDENS ON AMERICAN BUSINESS WAS CLEARLY TOO HIGH. I BELIEVE THE PENDING SENATE AND HOUSE PROPOSALS WILL PROVIDE A FRAMEWORK FOR THE FINAL RESOLUTION OF THIS ISSUE.

Stripper Wells

BOB DOLE

KANSAS

141 SENATE HART BUILDING
(202) 224-6521

COMMITTEES:

AGRICULTURE, NUTRITION, AND FORESTRY

FINANCE

RULES

United States Senate

WASHINGTON, DC 20510

AUGUST 7, 1989

Ronald A. Pearlman,
Chief of Staff,
Joint Committee on Taxation
1015 Longworth House Office Building
Washington, D.C. 20515

Dear Ron:

Would you please ask your staff to estimate the revenue impact of the attached bill which I introduced on Friday, August 4, 1989. The bill removes percentage depletion on marginal or "stripper" wells as an item of tax preference under the alternative minimum tax. It also repeals the so-called "transfer rule," the net income limitations (per property and per taxpayer) and the 1000 barrel limitation for stripper production.

I am enclosing a revenue analysis of this bill prepared by the Independent Petroleum Association for your information in responding to this request. I would appreciate your answer before the end of the August recess, if possible.

Thank you very much.

Sincerely,


BOB DOLE

STRIPPER WELLS

- LAST WEEK, I INTRODUCED LEGISLATION DESIGNED TO STEM THE DECLINE OF INDEPENDENT OIL AND GAS PRODUCTION WHICH IS THREATENING OUR ENERGY SECURITY.
- IN 1988, CRUDE OIL PRODUCTION IN THE LOWER 48 STATES SANK TO ITS LOWEST LEVEL IN 30 YEARS. THIS DECLINE IS ATTRIBUTABLE PRIMARILY TO DECLINES IN INDEPENDENT PRODUCTION. WORSE YET, OVER 1800 WELLS WERE ABANDONED -- MORE THAN THREE TIMES THE PREVIOUS YEAR'S TOTAL. AND ONCE A WELL IS ABANDONED, IT IS FOREVER LOST.
- MY BILL WOULD REMOVE SEVERAL LIMITATIONS WHICH EFFECTIVELY PRECLUDE INDEPENDENT PRODUCERS FROM UTILIZING TAX INCENTIVES DESIGNED TO ENCOURAGE MARGINAL PRODUCTION. IT WOULD ELIMINATE PERCENTAGE DEPLETION FROM SO-CALLED STRIPPER WELLS AS A PREFERENCE ITEM UNDER THE ALTERNATIVE MINIMUM TAX. IT REPEALS THE "TRANSFER RULE" WHICH NOW PREVENTS INDEPENDENT PRODUCERS FROM PURCHASING AND EXTENDING THE USEFUL LIFE OF MARGINAL WELLS, WHICH WOULD OTHERWISE BE ABANDONED BY INTEGRATED PRODUCERS.

- IN ADDITION, THE BILL REMOVES THE NET INCOME LIMITATIONS (BOTH PER TAXPAYER AND PER PROPERTY) WHICH FURTHER PRECLUDE THE USE OF PERCENTAGE DEPLETION DURING ECONOMIC DOWNTURNS. FINALLY, IT ELIMINATES THE 1000 BARREL CAP ON PERCENTAGE DEPLETION FROM MARGINAL WELLS WHICH NOW DISCOURAGES INCREASED PRODUCTION BY LARGER INDEPENDENT PRODUCERS.

- I BELIEVE THAT IT IS TIME FOR EVERYONE, INCLUDING THE PRESIDENT OF THE UNITED STATES, TO STOP TALKING ABOUT THE NEED FOR ENERGY INCENTIVES AND BEGIN TO ENACT THEM.

UBIT

UBIT

- O FOR OVER TWO YEARS, THE OVERSIGHT SUBCOMMITTEE OF THE HOUSE WAYS AND MEANS COMMITTEE HAS BEEN WORKING ON PROPOSALS TO REFORM THE UNRELATED BUSINESS INCOME TAX ("UBIT"), ALLEGEDLY TO ELIMINATE UNFAIR COMPETITION BETWEEN TAX-EXEMPT AND FOR-PROFIT BUSINESSES ENGAGED IN SIMILAR ENDEAVORS.
- O THE PROPOSALS UNDER CONSIDERATION SO FAR HAVE BEEN VERY CONTROVERSIAL AND HAVE NOT GAINED THE SUPPORT OF A MAJORITY OF THE SUBCOMMITTEE MEMBERS. AT A MEETING LAST WEEK BEFORE THE CONGRESSIONAL RECESS, THE SUBCOMMITTEE AGAIN FAILED TO REPORT OUT ANY RECOMMENDATIONS. AND THE SENATE FINANCE COMMITTEE DOES NOT PLAN TO TAKE UP UBIT REFORM UNTIL THE WAYS AND MEANS COMMITTEE COMPLETES ITS WORK.
- O THE DISPUTED PROPOSALS INCLUDE 1) TAXING GROSS ADVERTISING REVENUES FROM EXEMPT ORGANIZATION PUBLICATIONS WITHOUT PERMITTING THE OFFSET OF ANY PUBLICATION EXPENSES (SUCH AS PRINTING, EDITORIAL COSTS, ETC.) 2) TAXING ROYALTY INCOME FROM PROPERTY (INCLUDING TECHNOLOGY) DEVELOPED BY AN EXEMPT ORGANIZATION AND FROM ARRANGEMENTS, SUCH AS AFFINITY CREDIT CARDS, WHICH EXPLOIT THE ORGANIZATION'S NAME AND GOODWILL, AND 3) REQUIRING AGGREGATION OF THE ACTIVITIES OF ALL CONTROLLED SUBSIDIARIES, EVEN FULLY TAXABLE ENTITIES, WITH THOSE OF AN EXEMPT PARENT IN DETERMINING WHETHER THE PURPOSE OF THE ORGANIZATION IS PRIMARILY CHARITABLE.

O FOLLOWING LAST WEEK'S INCONCLUSIVE MEETING, CONGRESSMAN SCHULZE, THE RANKING REPUBLICAN MEMBER OF THE OVERSIGHT SUBCOMMITTEE, PROPOSED MODIFICATIONS WHICH WOULD LIBERALIZE THE PROPOSALS ON ADVERTISING AND ROYALTY INCOME AND PERMIT EACH EXEMPT ORGANIZATION TO FORM ONE CONTROLLED SUBSIDIARY WITHOUT AGGREGATION. HOWEVER, TIME WOULD NOT SEEM TO PERMIT RESOLUTION OF THESE ISSUES BY THE SUBCOMMITTEE IN TIME FOR INCLUSION IN THIS YEAR'S BUDGET RECONCILIATION PROCESS.

U.S. Senate Republican Policy Committee

William L. Armstrong, *Chairman*

August 4, 1989

ECONOMIC UPDATE

JOBS!

The civilian unemployment rate declined from 5.3% to 5.2% in July. The jobless rate has held steady within this range over the last 4 months. [Labor Dept.]

The civilian unemployment rate at 5.2%, is lower than the annual averages over the last 15 years. [Labor Dept.]

Nonagricultural payroll employment (business survey) rose by 170,000 in July. Jobs in the private sector increased by 195,000. [Labor Dept.]

Job growth in June was stronger than originally reported. Employment growth actually rose by 250,000 rather than 180,000. The figures for May were also revised upward from 101,000 to 207,000. [Labor Dept.]

Over the past year, payroll employment has grown by 2.9 million jobs. [Labor Dept.]

53 million American families had at least 1 employed member in the second quarter of 1989. This is an increase of 800,000 from a year earlier. [Labor Dept.]

84% of American families have at least 1 member in the labor force. Of the remainder, three-fifths of them were 60 years or older. [Labor Dept.]

After little change in the prior 2 months, construction employment rose by 37,000 jobs in July. [Labor Dept.]

The average workweek for production or nonsupervisory workers on private nonagricultural payrolls increased 0.3 hours to 34.9 hours in July. [Labor Dept.]

Average hourly earnings of private production or nonsupervisory workers increased 0.8% in July and average weekly earnings rose by 1.7%. [Labor Dept.]

The proportion of the working-age population employed was 63% in July. This is near the record level set earlier this year. [Labor Dept.]

During this economic expansion 20 million new jobs have been added to business payrolls. [Labor Dept.]

Staff contact: Kevin Holsclaw, 224-2946

V F W



James N. Magill
Director, National
Legislative Service

VFW Speaks Out on Bills

Recently, the Veterans of Foreign Wars was asked to testify at several hearings on many bills of interest to veterans. Highlights of those presentations follow:

Before the U.S. House of Representatives: Legislation Relating to Establishment of a World War II Memorial.

In your letter of invitation to appear before this subcommittee, we were asked to comment on a proposal offered by Rep. Marcy Kaptur that would provide for the establishment of a memorial to honor members of the armed forces who served in World War II. Also, to express the sense of Congress concerning the United States' participation in that conflict.

Mr. Chairman, in 1991, we will commemorate the 50th anniversary of the United States' entry into World War II. Over 16 million Americans served in this nation's armed forces during that conflict and over 400,000 made the ultimate sacrifice in defense of freedom around the world.

World War II involved almost every country on the face of the earth. After considering the number of lives lost and the utter destruction, WWII is acknowledged as the most devastating war in history.

It began in 1939 as a European conflict but soon escalated to include most of the nations of the world. The United States officially

joined the fight and declared war as a direct result of the Dec. 7, 1941, Japanese attack on Pearl Harbor.

From that day forward, the United States was fully committed to ending the war. The war effort involved the commitment of this nation's entire human and economic resources, combatants and non-combatants worked together, determined to fight to the finish. The war ended in 1945 and resulted in a new world.

The cost of the war was beyond the imagination and must never be forgotten: • three-fourths of the world's population took part in WWII (1.7 billion people); • 110 million persons worldwide were mobilized for military service; and • more than 45 million people were killed (25 million military personnel and 20 million civilians).

Today, there is no single monument that expresses the contributions to freedom made by America's 16 million WWII veterans. The VFW commends Rep. Kaptur for her initiative in sponsoring legislation which would establish this long-overdue memorial — we strongly support its enactment.

Before the Senate Veterans' Affairs Committee: Veterans Education and Benefits Legislation.

In your letter of invitation, you requested the VFW's views on Title I of S. 13, a bill introduced by you

which would amend title 38, United States Code, to increase the rates of disability compensation and dependency and indemnity compensation for veterans and their survivors.

Also, to increase the allowances paid to disabled veterans pursuing rehabilitation programs and other purposes.

Specifically, S. 13 would provide, effective Dec. 1, 1989, a cost-of-living adjustment (COLA), equivalent to the COLA provided for social security beneficiaries, in VA compensation paid to veterans with service connected disabilities.

It also applies to disability and indemnity compensation paid to certain survivors of such veterans. Since this increase would be at least commensurate with the Consumer Price Index, the VFW supports this increase.

In the area of compensation, I would like to take this opportunity to address an Administration proposal which would in our opinion, adversely impact the Department of Veterans Affairs compensation program.

I am referring to the indexing of compensation benefits to the annual change in the Consumer Price Index. We believe such an action would result in reduced congressional review of the compensation program.

In the past, Congress has been fair and compassionate in addressing the needs of our nation's service

connected disabled. We foresee no effort to veterans in substituting an automatic process for the personal attention of your committee and, for that matter, the entire Congress.

S. 13 would also provide a 13.8% COLA in the allowances paid to certain service connected disabled veterans' dependents or survivors pursuing educational programs under chapter 35 of title 38.

It also provides an equal increase in the allowances paid to service connected disabled veterans participating in programs of rehabilitation under chapter 31 of title 38. The VFW supports these increases.

We also support expanding the annual clothing allowance provided to veterans so as to include cases in which veterans with certain service connected skin conditions use medications which stain their clothing.

The next provision of S. 13 would provide that monthly pension payments to hospitalized veterans with dependents could not be reduced until the veteran has been hospitalized for eight months.

S. 13 would also raise the limit on such reduced pension payments from \$60 to \$105. The VFW is aware of certain circumstances where veterans suffer hardships when their pension is reduced — specifically, paying rent to maintain an apartment and other financial obligations.

While we have no objection to this provision, we would prefer to see the reduction eliminated. VA statistics show more than 600,000 veterans receiving an average of approximately \$320 per month in non-service connected pension payments.

While we recognize the potential exists for significant costs associated with elimination of the reduction, we believe the number of veterans who benefit is extremely

low.

S. 13 extends the Veterans' Readjustment Appointment Authority (VRAA) for civil service appointments for two years through Dec. 31, 1991. This extension is for Vietnam Era veterans who have a service connected disability or served in the Vietnam theater of operations.

The VFW views the VRAA program as highly successful. While we support the extension, we would recommend that this program be made permanent.

We also recommend the program be opened to all veterans discharged under conditions other than dishonorable. Special emphasis should be placed on combat and service connected disabled veterans.

S. 564, introduced by Sen. Matsunaga as well as Sens. Cranston, Murkowski, Mitchell, DeConcini and Inouye, would provide for an assistant secretary of veterans affairs. That person would be responsible for monitoring and promoting the access of members of minority groups — including women — to services and benefits furnished by the VA.

Mr. Chairman, the VFW is very cognizant of the needs of minority veterans and the degree to which their needs are met by the Department of Veterans Affairs.

While we believe no distinctions should be made between veterans as to their ethnic backgrounds, we also acknowledge that, in certain circumstances, such situations do exist.

Therefore, we will not oppose the intent of the bill and defer to the wisdom of Congress as to the necessity of its enactment. We do not, however, support increasing the number assistant secretaries at this time.

The next bill under consideration is S. 563, introduced by Sen. Matsunaga. This bill would amend

title 38, USC, permitting certain service connected disabled veterans who are retired members of the armed forces to receive retired pay concurrently with disability compensation after a percentage reduction in the amount of retired pay.

The VFW has long supported legislation that would eliminate the present dollar-for-dollar offset of military retired pay when the retiree is also receiving VA disability compensation. Proposed legislation to correct this inequity is now pending in both chambers.

Mr. Chairman, it is an unfortunate but generally known fact that a large number of this nation's retired military veterans are deprived of a portion of their retirement pay.

This is due to the existence of a 19th century law that still bars concurrent receipt of military retired pay based on length of service and veteran's disability compensation.

A 1944 law does permit retirees to receive tax-free compensation if they forfeit the equal amount of taxable retired pay.

Military retirees, however, comprise the only group of retirees subject to such a forfeiture or offset of retired pay.

A civil service retiree or private sector retiree can collect the full amount of his retirement annuity and disability compensation without reduction in either.

Granted, this law came into existence in a period when retirement was an all-too-seldom realized privilege for those members of the armed forces who were both sufficiently hearty and fortunate to serve long enough to qualify for Old Age Retirement.

When VA compensation was created, it was the basic means by which persons could receive disability benefits if they had served fewer than 20 years in the military service.

It was also the only means by

which enlisted men could receive disability benefits if they were discharged from military service prior to completing 20 years of service.

In fact, it was not until well after World War II that legislation was approved to permit enlisted men to retire from military service because of disability.

So even though we may not agree with the structure and intent of this law pertaining to military retired pay and disability compensation as it was originally formulated many years ago, we at least recognize that it was in accordance with the standards.

In this day and age, when retirement and early retirement systems have become commonplace, the prohibition against the concurrent receipt of military retirement and VA compensation is an outdated inequity.

Further, we must not forget that VA compensation is afforded to veterans for disabilities they have incurred in the service of their nation.

In effect, imposing an offset on that portion of military retirement pay which is equal to a veteran's VA disability compensation is a blatant insult.

These individuals are being told that the pain, suffering and loss of earning power they have suffered are neither recognized nor valued by society.

One additional thought. We wonder whether Congress has ever considered that the Department of Defense realizes a windfall profit each time a military retiree elects to receive VA compensation.

The elimination of this inequitable and insulting treatment of the nation's retired military veterans is a long-standing goal of the Veterans of Foreign Wars.

The voting delegates to the 89th National Convention of the Veterans of Foreign Wars passed Resolution No. 613, entitled "Oppose

Waiver of Military Retired Pay."

This VFW resolution resolves that: "... veterans who receive military retirement pay be granted the full amount of disability compensation from the Veterans Administration to which they are entitled without waiving any portion of their retirement pay."

Mr. Chairman, while the VFW commends the senator from Hawaii for introducing S. 563, the VFW is mandated by resolution to seek the total repeal of the dollar-for-dollar offset.

We look forward to working with Sen. Matsunaga and the entire committee in resolving this long-overdue inequity.

Agent Orange Legislation

Mr. Chairman, we will now address a subject which is a long-standing and very serious concern of the Veterans of Foreign Wars.

I am speaking, of course, about veterans who suffer from Agent Orange or other herbicide-related disabilities.

VFW has once again made the resolution of the herbicide exposure issue a priority goal, actively supporting liberalizing the criteria to establish as service connected any disability associated with herbicide exposure.

Under discussion today is **S. 1153**, legislation introduced by Sen. Daschle together with Sens. Kerry, Cranston, Jeffords, DeConcini, Matsunaga, Rockefeller, Spector, Bradley, Simon, Wirth, Pell, Kerrey, Burdick, Harkins, Gore, Bingaman, Kohl, Moynihan, Biden, Pressler and Chafee.

This legislation, entitled the Veterans' Agent Orange Exposure and Vietnam Service Benefits Act of 1989, would provide interim disability benefits for Vietnam veterans suffering from non-Hodgkins lymphoma and soft-tissue sarcoma. In addition, it would provide survivors benefits for their spouses through

April 15, 1992.

The bill would also provide for House and Senate votes after Jan. 1, 1992, under expedited procedures on a resolution to extend or make permanent those benefits.

It would also establish a permanent presumption of service connection for chloracne which became manifest within one year of a veteran's service in Vietnam.

The legislation would provide a mechanism whereby the VA must determine, based largely on biennial independent scientific reviews covering all relevant evidence, whether permanent disability benefits should be given.

This would apply to veterans with non-Hodgkin's lymphoma, soft-tissue sarcoma or any other disease determined to have a positive association with exposure to Agent Orange or other toxic chemicals in Vietnam.

The Department of Veterans Affairs would also be required to:

- Report on a continuing basis on clinical data from health records of veterans examined or treated for disabilities related to dioxin or other toxic agents in herbicides or Vietnam service in general.

- Establish a tissue archiving system of voluntarily contributed blood and tissue samples to facilitate future research.

- Fund appropriate independent pilot studies to determine whether or not future scientific research on Vietnam service-related disabilities is feasible.

This legislation would extend a veteran's eligibility for free medical care based on Agent Orange or ionizing radiation exposure through Dec. 31, 1993.

Additionally, the secretary of health and human services would be required to submit a report on research being conducted to identify and develop treatment for ex-

posure to dioxin and other toxic agents in herbicides.

inally, increased emphasis would be placed on VA outreach services related to Agent Orange as well as reporting procedures related to the Air Force's "Ranch Hand Study."

As has already been mentioned, the VFW has made the resolution of the Agent Orange situation a top priority for many years. It was gratified to play a role in the formulation of this particular legislative initiative both as it was introduced in the waning days of the 100th Congress and in its current manifestation as S. 1153.

Although we strongly contend that much remains to be done with respect to this issue, we also believe that this particular legislative initiative is an important step in the resolution of the herbicide tragedy.

Thus on behalf of our entire membership we once again thank all of those involved in the creation and introduction of this bill in the Senate and give it our support.

(Continued from page 3)

continue to work after age 65, it will pay you to look into the implications of your Medicare coverage.

To be on the safe side, make a call to your local social security office. At the very least, it could prevent unnecessary delay in payment of your medical bills.

(Continued from page 7)

nation has known. I have been blessed to serve together with a wonderful, dedicated and loyal professional staff in the VFW's Washington Office as well as the staff in our Kansas City Headquarters.

I would make special mention of all of our Past Commanders-in-Chief, all dedicated to our nation and its veterans.

Further, I would mention the great pride and satisfaction I have experienced in serving with the various Councils of Administration and National Officers of our Ladies Auxiliary.

Also, all the State Commanders and their staffs, all the State Auxiliary Presidents and their staffs and, what is most important, the grassroots members who made it all possible for me and who comprise the very spirit and substance of our great organization — the Veterans of Foreign Wars.

I am so very proud to have served with you all.

Although little space remains, I would be remiss if I did not briefly mention some of those outside of the VFW with whom I have worked.

(Continued on back page)

President Signs \$1.2 Billion Emergency VA Funding Bill

Following months of political wrangling in Congress, President Bush signed a long-awaited \$1.2 billion emergency supplemental funding package that will fund veterans programs through September.

Commander-in-Chief Rivers said, "The measure will provide immediate relief to the crisis situation facing veterans, but what about next year and the year after? 'Without adequate funding the quality of health care veterans receive will be jeopardized. I assure you this budget issue will be a hotly discussed topic at our upcoming National Convention this August.'"

Officials at the Department of Veterans Affairs announced that with the additional funding, a month-old ban on treatment for veterans with non-service connected disabilities who have incomes above \$16,567 could be lifted.

Also, some \$345 million of the supplemental funding will be used to support additional outpatient visits, to restore personnel levels at VA facilities and to purchase drugs, supplies and prosthetic devices.

VFW Seeks State and Political Party Positions on Flag Amendment

Commander-in-Chief Larry W. Rivers asked for comments from state governments and the chairmen of the Republican and Democratic National Committees on the issue of a constitutional amendment to prohibit Flag desecration.

In letters to the governors and the political party chiefs, Chief Rivers said, "The great majority of the VFW is unalterably opposed to the Supreme Court's decision and is interested in your position on this vital issue."

The Chief asked the governors if they would support a Flag desecration amendment in their states and encourage their legislators to do the same.

In writing to the chairmen of the Republican and Democratic National Committees, he said, "It is important that our membership know the position to be taken by the committees of our two major political parties."

The Supreme Court ruling and the issue of a constitutional amendment to prohibit Flag desecration are expected to be major discussion topics at the 90th National Convention in Las Vegas.

If the flood of letters received at National Headquarters is an indication, delegates to the National Convention will pass strongly worded resolutions on this issue.

Members have expressed their desire for the organization to work diligently on behalf of legislation to protect the U.S. Flag — the symbol of everything the VFW stands for.

Blast idles 380 workers without pay

The Associated Press

PARSONS, Kan. — About 380 employees were out of work Thursday after an explosion at the Kansas Army Ammunition Plant a day earlier killed two persons, officials said.

Plant Manager Carl Wilson of Day & Zimmermann Inc., the private contractor operating the factory, said the cause of the explosion remained unknown.

"All of us hope we can find the exact cause of the detonation," he said.

The U.S. Army, which owns the 1,400-employee plant, and Day & Zimmermann were investigating the explosion.

Production has been suspended on the line where the explosion occurred. About 380 of the 411 employees who worked the line will not return until the investigation is complete, Wilson said through an assistant. They will not receive pay during the layoff, said the assistant, who asked not to be identified.

The explosion Wednesday afternoon occurred on a production line for an Air Force cluster bomb.

The victims were identified Thursday as Shirley Lever, 36, of Parsons, and Gerald Jenkinson, 26, of Girard. The company said those were the first fatalities since the plant opened in the early 1940s.

Four workers were treated at a Parsons hospital, but only George Bartholomew, 29, was admitted. He was listed as stable Thursday afternoon and was expected to be released soon.

The explosion occurred in a building where the small bomblets, similar to grenades, are assembled for use with the CEM, or combined-effects munition. The bomb contains 202 of the 4-inch-high bomblets, each of which is supposed to be capable of penetrating 5 inches of steel.

Bartholomew said he saw an "orange ball of fire in front of my eyes just like a can of gas being thrown on a fire."

KC Times

7/28/89

p. D-7

PARSONS, KANSAS 67357 THURSDAY, JULY 27, 1989

Ammunition plant blast kills two workers

Others injured when 'bomblet' explodes

By RAY NOLTING
of The Sun Staff

A Parsons woman and a Girard man died Wednesday when a component of a cluster bomb exploded, spreading shrapnel and flames through their work area at the Kansas Army Ammunition Plant.

Plant officials identified the dead as Shirley Lever, 53, and Gerald Jenkinson, 26.

Four other workers in the 1100 area were treated for injuries at Labette County Medical Center. More workers received minor injuries but sought treatment at the plant or refused medical treatment, witnesses said. Some workers had their hearing impaired from the noise of the blast.

This was the first fatality accident at the plant since it opened in the early 1940s, officials said.

The explosion occurred at about 4:30 p.m. in one of three bays of the 1113 building, where "bomblets" are assembled for use with the CEM, or combined-effects munition. Normally 14 people work in each of the bays, about half on each side of a steel barricade, according to an employee in the building, who spoke on condition of anonymity. Two of the 14 employees float between bay areas in a supervisory capacity.

The CEM, a type of cluster bomb, contains 202 of the 4-inch-high bomblets, roughly comparable to grenades. Each bomblet, when detonated, is supposed to penetrate 5 inches of steel, the employee said.

Plant officials said the cause of the blast has not been determined. The incident is under investigation by an Army team from Rock Island, Ill., and the ammunition plant's contract operator, Day & Zimmermann. About 1,400 people work at the plant, about 400 in the 1100 area, the officials said.

An employee working in the 1100 area said witnesses to the explosion

'I saw this orange ball of fire in front of my eyes, just like a can of gas being thrown on fire.'

— G. 'Martin' Bartholomew, injured KAAP worker

heard a boom and then saw a flash of fire.

"It was very loud. Everybody was just scrambling for the doors."

G. "Martin" Bartholomew, 29, of Parsons was admitted to LCMC with multiple abrasions and puncture wounds from shrapnel on his arms, torso and face, said Dr. B.L. Hulsman, who initially treated Bartholomew. Bartholomew was listed in good condition today.

Darlene Banks and Laura Hall, both of Parsons, and Armenda Scaletta of Chanute were treated at

LCMC for minor abrasions and released, Hulsman said.

Mrs. Banks said she was standing at a desk, several feet from where Bartholomew was working, finishing some paper work when the explosion occurred. She said she was hit in her back, the back of her head and her left arm with shrapnel and debris. Something also scratched her left eye, she said.

She said the explosion occurred in Bartholomew's work area, the part of the bay in which four torque machines are located. Mrs. Banks said her back was turned to the area.

Torque machines screw fuses onto the bomblets, using air pressure.

"I was shocked. I just wasn't expecting anything like that," said Mrs. Banks, a 22-year employee at KAAP.

"There's no way of explaining it. It's just something you hope you'll never hear again," she said of the explosion.

The bay area's sprinkler system went off after the blast. Plant officials said there was no structural damage to the building.

Bartholomew said after the blast all he saw was an "orange ball of fire," a lot of smoke and "a lot of my blood."

"I was just working on a bomb and put it down on the line. I saw this orange ball of fire in front of my eyes just like a can of gas being thrown on fire," Bartholomew said.

"I saw all the blood and just took See "KAAP" on Page 12.

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off walking. Someone put me in an ambulance," he said.

When something on the line explodes, he said, "all you can think of is getting away from it, if you're able."

Bartholomew said Mrs. Lever and then Jenkinson, in that order, were working at torque machines in front of him. Bartholomew was working on the last station. He said he thought one of Jenkinson's bomblets exploded.

Bartholomew's wife, Marcia, 27, who works on the same production line, said two weeks ago a defective bomb was detonated in place, after sandbags were placed around it. The line was closed for about a week afterward, she said, and the area was modified to make it safer.

"It has been scary here recently," she said. "There have been a lot of mistakes."

Production was halted after the explosion, but most of the plant reopened at 6:45 a.m. today. The 1100 line will remain closed indefinitely pending investigations, plant officials said.

In the bay where the explosion

occurred, employees first stuff a hollow 4-inch shell — cylindrical in shape, tapering toward the top with about a 2-inch opening at the peak — with a ring-like sponge and another component, an employee said.

The sponge, about 1 inch in diameter and three-quarters of an inch wide, is very sensitive to heat and when triggered will ignite into a huge ring of fire, the employee said.

After this step, the shell moves down the production line to the torque machines.

The fuse has several safety devices to keep it from accidentally becoming armed on the production line, including an about 2-inch-long safety pin, like a bobby pin. Pulling the safety pin would have the same effect as pulling a pin on a hand grenade, the employee said.

If the safety pin were damaged, or missing from the fuse, any vibration during the torquing operation could have set the bomblet off, the employee said.

The service for Mrs. Lever will be at 10 a.m. Saturday at St. Mary's Catholic Church. The service for Jenkinson will be at 10:30 a.m. Saturday at the Smith-Carson-Wall Funeral Home in Girard.

Further obituary details for Jenkinson and for Mrs. Lever are on Page 4.

