

**U.S. Senate
Republican Policy
Committee**

Don Nickles, Chairman
Kelly D. Johnston, Staff Director

Talking Points

February 3, 1993

LIFTING THE BAN ON HOMOSEXUALS IN THE MILITARY: WHAT MILITARY LEADERS SAY

In the debate on whether to allow the President's lifting of the ban on homosexuals in the military to stand, it is important to consider the opinion of current and former military commanders.



GENERAL H. NORMAN SCHWARZKOPF, U.S. CENTRAL COMMAND (Ret.)

"It has nothing to do with sexual preference. It has nothing to do with discrimination against someone because they're gay...[W]e learned a long time ago that when gays openly are in small organizations, it tends to polarize that organization completely. Yet, we know that when you go into battle, the most important thing that holds you is the cohesion in the unit, fighting for the buddy on your left or right. So, polarization in units is not in the best interests of the unit."

[Larry King, 9/30/92]

"The experience in the Army has been...when you have an open, out of the closet, gay or gays within your organization, and that freely admit that, within your organization it tends to break down the cohesion. So it is not a question of a personal sexual expression, it is a question of cohesion within the organization and that is what makes organizations fight."

[ABC, "20/20", 9/25/92]

"[W]hen men go into battle and fight, they don't fight for God, country, mom, and apple pie. That's maybe what got them into the battlefield, but generally, it is the unit cohesion, it's your buddy on your left and your right, and you're not wanting to let the unit down, that causes you to really end up fighting the enemy."

[ABC, "20/20", 9/25/92]

"We have always discriminated and surrendered civil rights as members of the armed forces...We discriminate on the basis of age and sex."

[Associated Press, 1/29/93]



GENERAL COLIN POWELL, CHAIRMAN, JOINT CHIEFS OF STAFF

"It's just my judgment, the judgment of the Chiefs, that homosexual behavior is inconsistent with maintaining good order and discipline."

"What do I mean by that? I mean that it's difficult in a military setting, where there is no privacy, where you don't get choice of association, where you don't get choice of where you live, to introduce a group of individuals who are proud, brave, loyal, good Americans but who favor a homosexual lifestyle and put them

in with heterosexuals who would prefer not to have somebody of the same sex find them sexually attractive, put them in close proximity, ask them to share the most private of their facilities together — the bedroom, the barracks, the latrines, the showers. I think it would be prejudicial to good order and discipline to try to integrate that into the current military structure, and I think that's the significance."

[Hearing of the House Budget Committee on the FY 1993 Budget, 2/5/92]

"Skin color is a benign, nonbehavioral characteristic. Sexual orientation is perhaps the most profound of human behavioral characteristics. Comparison of the two is a convenient but invalid argument."

[Text of letter to Representative Pat Schroeder, Reprinted in *Army Times*, 5/25/92]

"It is a very big problem for us, and it is not just the generals and the admirals who are saying it. We're hearing it throughout the force."

[*Washington Times*, 11/19/92, p. 3]

"Gays now exist in the military but they are not openly practicing — they're not openly gay. They have not come out of the closet and that's quite different from them being openly gay... With respect to gays — when you're putting two people who have different sexual orientations into that kind of close environment, can you make it, should you make it involuntary? And which case is that closer to? The racial case or the case of sexual difference?"

"I submit that it is somewhere closer to sexual difference and we have to think through very carefully the situation where you are going to place a heterosexual male or female serviceperson into an involuntary intimate arrangement, in terms of privacy, with somebody who is gay."

["Newsmaker Saturday", 12/5/92]

GENERAL CARL E. MUNDY, COMMANDANT, U.S. MARINES

"I do support the ban against homosexuals in the military... I believe that homosexual conduct, that the gay lifestyle, embodies those things that are contrary to good order and discipline in the military."

["This Week with David Brinkley", 12/6/92]

ADMIRAL FRANK KELSO, CHIEF OF NAVAL OPERATIONS

"I believe the current Department of Defense policy on homosexuality is best for the readiness of our Armed Forces."

[*LA Times*, 1/9/93]

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Bob Dole



NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
FEBRUARY 4, 1993

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GAYS IN MILITARY AMENDMENT

LISTEN TO THE EXPERTS: TIME OUT NEEDED ON CONTROVERSIAL ISSUE;
PRESIDENT CLINTON'S PREJUDGMENT A HUGE BLUNDER

THE PHONES ARE STILL RINGING OFF THE HOOK ON CAPITOL HILL. PRESIDENT CLINTON'S DETERMINATION TO LIFT THE BAN ON HOMOSEXUALS IN THE MILITARY HAS WHIPPED UP A FIRE STORM OF OUTRAGE -- AND THAT'S AN UNDERSTATEMENT. CALLS TO MY OFFICES ARE RUNNING TEN-TO-ONE AGAINST BILL CLINTON'S MISSION TO OPEN THE BARRACKS TO GAYS. I MUST CONFESS THAT I DON'T UNDERSTAND WHY THE PRESIDENT HAS CHOSEN THIS PARTICULAR MOMENT TO MAKE GOOD ON THIS PARTICULAR CAMPAIGN PROMISE, ESPECIALLY AFTER RENEGING ON SO MANY OTHERS, SUCH AS THE MIDDLE CLASS TAX CUT AND CUTTING THE DEFICIT IN HALF WITHIN FOUR YEARS.

WHOSE PRIORITY IS THIS?

WITH U.S. TROOPS IN SOMALIA -- WITH OUR FORCES ENGAGING A STILL DANGEROUS AND HOSTILE SADDAM HUSSEIN -- WITH THE POWDER KEG IN BOSNIA ABOUT TO EXPLODE -- AND WITH THOUSANDS OF MILITARY MEN AND WOMEN FACING THE UNEMPLOYMENT LINE BECAUSE OF DEFENSE CUTBACKS -- AMERICANS JUST DON'T GET IT: WHY HAS THE PRESIDENT MADE LIFTING THE BAN ON HOMOSEXUALS HIS TOP DEFENSE PRIORITY?

AMERICANS ARE ALSO WONDERING JUST WHO IS DEMANDING THIS IMMEDIATE CHANGE IN POLICY. OUTSIDE OF GAY ACTIVIST GROUPS, LIBERAL CHEERLEADERS IN THE MEDIA, AND ALL OF BILL CLINTON'S HOLLYWOOD ELITISTS WHO SHOWERED HIS CAMPAIGN WITH BIG TICKET CONTRIBUTIONS, MAINSTREAM AMERICA JUST DOESN'T UNDERSTAND THE RUSH.

MAINSTREAM AMERICA SAYS "BACK OFF"

BUT MAINSTREAM AMERICA DOES UNDERSTAND BAD POLICY. THAT'S WHY IN HISTORY-MAKING NUMBERS, AMERICANS ARE CALLING WASHINGTON TO TELL CONGRESS AND THE WHITE HOUSE TO BACK OFF.

AMERICANS ARE TELLING US THAT THEY DON'T CARE WHAT HAPPENS IN THE FRENCH ARMY. THEY DON'T CARE WHAT THE DUTCH OR ANY OTHER COUNTRY DOES WITH ITS ARMIES. BUT AMERICANS DO CARE ABOUT AMERICA'S ARMED FORCES. AND THEY TRUST GENERAL COLIN POWELL, AND GENERAL NORMAN SCHWARZKOPF, AND JUST ABOUT EVERY VETERANS GROUP WHEN THEY TELL US THAT GAYS IN THE MILITARY WILL COMPROMISE ESPRIT DE CORPS AND DISCIPLINE.

LET ME BE CLEAR. I RECOGNIZE THAT THIS IS A SENSITIVE ISSUE, BECAUSE WE ARE TALKING ABOUT HUMAN BEINGS AND REAL LIVES. AND NO ONE IS VERY COMFORTABLE DISCUSSING THE GAY ISSUE, BUT WE MUST. NOW, I CONDEMN DISCRIMINATION. I DON'T LIKE IT. IT IS WRONG. AND I CONDEMN VIOLENCE AGAINST GAYS, JUST AS I CONDEMN IT AGAINST ANY OTHER GROUP.

PRIVILEGE VS. RIGHT

BUT SERVING IN THE MILITARY IS NOT A RIGHT, IT IS A PRIVILEGE. EVERY DAY, AMERICANS ARE DENIED ENTRANCE BECAUSE OF HEIGHT, WEIGHT, AGE, AND PHYSICAL CONDITIONING, OR LACK THEREOF.

THEY CAN BE TURNED AWAY BECAUSE OF BEHAVIOR DEEMED TO BE A THREAT TO DISCIPLINE, INCLUDING PRIOR CRIMINAL RECORDS, BAD CREDIT, ALCOHOL AND DRUG ABUSE, AND OTHER KINDS OF POTENTIALLY DISRUPTIVE BEHAVIOR.

THOSE ARE THE REALITIES OF MILITARY SERVICE. SOME CRITICS MAY NOT LIKE IT, BUT THOSE ARE THE FACTS, AND THOSE ARE THE STANDARDS WHICH HAVE HELPED MAKE AMERICA'S ARMED FORCES SECOND TO NONE.

TIME TO LISTEN

SO WHEN I HEAR GENERAL POWELL AND THE SERVICE CHIEFS STATE THAT DROPPING THE BAN ON GAYS WILL DESTROY UNIT COHESION AND MORALE, IT'S TIME TO LISTEN.

WHEN I HEAR GENERAL NORMAN SCHWARZKOPF SAY THAT GAYS IN THE BARRACKS WILL CAUSE A BREAKDOWN IN ORDER, IT'S TIME TO LISTEN.

(MORE)

WHEN THE DISTINGUISHED CHAIRMAN OF THE ARMED SERVICES COMMITTEE SAYS SLOW DOWN, LET'S HAVE SOME HEARINGS PRESIDENT CLINTON, IT'S TIME TO LISTEN.

WHEN I GET A CALL FROM A SERGEANT IN KANSAS SAYING SHE WILL QUIT THE ARMY IF GAYS ARE WELCOMED INTO THE FORCE, THEN IT'S TIME TO LISTEN.

AND WHEN ALL THESE EXPERTS TELL US THAT THIS POLICY CHANGE COULD WELL HAVE A DRAMATIC IMPACT ON NATIONAL SECURITY, IT'S TIME TO CALL "TIME OUT".

PRESIDENT CLINTON'S HUGE BLUNDER

UNFORTUNATELY, THERE IS ONE PERSON WHO IS NOT AN EXPERT WHO DOESN'T WANT A TIME OUT. HE HAS DECIDED THAT THE POLICY ON GAYS MUST BE, AND WILL BE CHANGED. THAT NON-EXPERT IS THE PRESIDENT OF THE UNITED STATES. UNFORTUNATELY, BILL CLINTON HAS ALREADY MADE UP HIS MIND ON THIS ISSUE, BEFORE HE EVER CONSULTED WITH THE EXPERTS. IT HAS BEEN A HUGE BLUNDER. IF THE PRESIDENT IS LOOKING FOR BLAME, IF HE IS HAVING TROUBLE DEALING WITH THE NATIONAL OUTRAGE, THEN HE HAS NO ONE TO BLAME BUT HIMSELF. IF SPECIAL INTEREST GROUPS AND THE PRESIDENT'S HOLLYWOOD ELITE KNOW MORE ABOUT NATIONAL SECURITY THAN COLIN POWELL, NORMAN SCHWARZKOPF, THE JOINT CHIEFS, THE AMERICAN LEGION AND THE VFW, AND OUR MEN AND WOMEN IN UNIFORM, THEN THE PRESIDENT SHOULD EXPLAIN IT ALL TO THE AMERICAN PEOPLE.

GOP DID NOT FORCE ISSUE

LET'S ALSO SET THE RECORD STRAIGHT ON ANOTHER POINT. CONGRESS DID NOT SET THE TIMING OF THIS DEBATE. IT WASN'T REPUBLICANS, EITHER, DESPITE THE DESPERATE DAMAGE CONTROL BEING OFFERED UP IN THE WHITE HOUSE BRIEFING ROOM THESE DAYS. IT IS A CAMPAIGN PROMISE THAT HAS PUSHED ITS WAY RIGHT PAST THE DEFICIT, THE ECONOMY, HEALTH CARE AND JOBS. ALREADY IT IS TYING UP LEGISLATION. FOR SOME REASON, BILL CLINTON'S FIRST MAJOR INITIATIVE SINCE TAKING THE OATH OF OFFICE HAS TO BE OPENING THE BARRACKS TO GAYS. YES, HE IS THE COMMANDER-IN-CHIEF, BUT THE LAST TIME I CHECKED, THE CONSTITUTION CALLS FOR CHECKS AND BALANCES. THAT'S WHAT CONGRESS IS ALL ABOUT, AND ON THIS ISSUE, BILL CLINTON NEEDS CHECKS AND BALANCES.

THE CONCERNS OF AMERICAN VETERANS

I'M NOT CERTAIN WHO PRESIDENT CLINTON HAS BEEN CONSULTING ON THIS ISSUE, BUT I CAN TELL YOU SENATE REPUBLICANS HAD MEANINGFUL CONSULTATIONS WITH REPRESENTATIVES OF MORE THAN 25 VETERANS GROUPS, REPRESENTING MILLIONS OF AMERICAN MEN AND WOMEN. THEY RAISED SEVERAL LEGITIMATE CONCERNS, ISSUES THAT APPARENTLY THE PRESIDENT HASN'T FOCUSED ON. THESE ISSUES INCLUDE:

- ♦ G.I. BENEFITS: WE MUST ASK WILL GAY "SPOUSES" BE ENTITLED TO TAXPAYER-FUNDED HEALTH CARE BENEFITS, TAXPAYER-FUNDED MILITARY RETIREMENT BENEFITS, AND TAXPAYER-FUNDED HOUSING?
- ♦ GAY MARRIAGES: MILITARY CHAPLAINS ARE CONCERNED THEY MAY BE REQUIRED TO MARRY GAY COUPLES IN MILITARY CHAPELS.
- ♦ COMBAT WOUNDS AND AIDS: REMEMBER THAT ON THE FRONT LINES, THE BLOOD SUPPLY IS A WALKING BLOODBANK, WHERE BLOOD TRANSFUSIONS COME FROM YOUR FELLOW SOLDIERS.
- ♦ RECRUITING: WHAT WILL THE EFFECT WILL BE ON THE ALL-VOLUNTEER ARMY?
- ♦ RETENTION: WILL THERE BE A REVOLT IN THE RANKS? HOW MANY OTHER MEN & WOMEN IN UNIFORM WILL FEEL UNCOMFORTABLE REMAINING IN THE SERVICE.

AND THE LIST OF CONCERNS -- THE CONCERNS OF PEOPLE WHO ARE AND HAVE BEEN IN THE ARMED FORCES -- GOES ON AND ON.

SENATOR NUNN'S CONCERNS

IN HIS FLOOR SPEECH LAST TUESDAY, SENATOR NUNN OUTLINED THE MANY IMPORTANT CONSIDERATIONS THAT MUST PRECEDE ANY CHANGE IN POLICY. AND HE RIGHTLY NOTED THAT ARTICLE 1 SECTION 8 OF THE CONSTITUTION PLACES THIS RESPONSIBILITY WITH THE CONGRESS.

I APPLAUD SENATOR NUNN'S COMMITMENT TO HOLD HEARINGS ON THIS SUBJECT. AND I KNOW THAT HE AND THE ARMED SERVICES COMMITTEE WILL GIVE THIS MATTER THE FULL AND SERIOUS CONSIDERATION IT DESERVES.

(MORE)

CLINTON: SHOOT FIRST, ASK QUESTIONS LATER

BUT MY QUESTION, AND THE QUESTION THE AMERICAN PEOPLE ARE ASKING IS WHETHER THERE SHOULD BE ANY CHANGE IN THE POLICY OF THE DEPARTMENT OF DEFENSE REGARDING HOMOSEXUALS SERVING IN THE MILITARY BEFORE WE UNDERSTAND THE FULL IMPLICATIONS OF THIS ACTION. IT'S CLEAR THAT PRESIDENT CLINTON WANTS TO SHOOT FIRST AND ASK QUESTIONS LATER. BUT I BELIEVE THAT WE SHOULD STUDY THE FACTS AND THEN DECIDE. I BELIEVE THAT CONGRESS HAS AN IMPORTANT ROLE TO PLAY. AND SO, I OFFER THIS AMENDMENT WHICH IS DESIGNED TO DO THREE THINGS:

THE DOLE AMENDMENT

FIRST, IT DIRECTS THE CONGRESS TO CONDUCT A THOROUGH REVIEW OF ALL EXECUTIVE ORDERS, DEPARTMENT OF DEFENSE DIRECTIVES AND REGULATIONS CONCERNING THE APPOINTMENT, ENLISTMENT, AND INDUCTION, AND RETENTION OF HOMOSEXUALS IN THE ARMED FORCES FOR A PERIOD OF SIX MONTHS. I ACKNOWLEDGE THAT SENATOR NUNN HAS ALREADY ANNOUNCED HIS INTENTIONS TO CONDUCT HEARINGS TO STUDY THIS MATTER, AND I APPLAUD HIS INITIATIVE. HOWEVER, I BELIEVE THAT PLACING THIS INTO LAW SENDS THE RIGHT SIGNAL -- THAT CONGRESS VIEWS THIS MATTER SERIOUSLY AND IS FULLY COMMITTED TO A COMPLETE AND THOROUGH REVIEW.

SECONDLY, IT DIRECTS THAT THERE BE NO CHANGE IN THE POLICIES WHICH WERE IN EFFECT AS OF JANUARY 1, 1993 UNTIL CONGRESS HAS HAD THE OPPORTUNITY TO HAVE ITS SAY. SIMPLY PUT, THIS IS THE "TIME OUT" AMERICA IS CALLING FOR.

THIRDLY, THIS AMENDMENT CALLS FOR EXPEDITED ACTION ON CAPITOL HILL FOR ANY CHANGES THE PRESIDENT MAY RECOMMEND, WHICH WOULD BE SENT TO CONGRESS IN A LEGISLATIVE PACKAGE THAT WOULD BE VOTED ON WITHIN THREE DAYS UPON ARRIVAL.

IT WOULD BE MY PREFERENCE TO HAVE A SEPARATE BILL ON THIS ISSUE, SO THAT THE SENATE COULD HAVE A CLEAN UP-AND-DOWN VOTE AND NOT INTERFERE WITH THE PENDING LEGISLATION. WE HAVE ASKED FOR SUCH A FREE STANDING OPPORTUNITY, BUT WE COULD NOT GET UNANIMOUS CONSENT, SO THEREFORE I AM OFFERING THIS AMENDMENT.

RESTORE BALANCE

IT IS CLEAR THAT PRESIDENT CLINTON HAS ALREADY MADE UP HIS MIND. AND HE HAS ALREADY ACTED WITHOUT CONGRESSIONAL APPROVAL. I AM CONVINCED THAT HE WILL CONTINUE DOWN THIS ROAD, REGARDLESS OF THE EVIDENCE, REGARDLESS OF OUTCOME OF HEARINGS -- AND AGAINST THE ADVICE OF OUR MILITARY LEADERS. ONLY BY MAKING THIS A QUESTION OF LAW CAN THE CONGRESS ENSURE OUR ABILITY TO MEET OUR CONSTITUTIONAL RESPONSIBILITIES.

IN MY VIEW, THIS AMENDMENT PUTS THINGS BACK INTO BALANCE. THIS ISSUE THAT PRESIDENT CLINTON BELIEVES TO BE SO IMPORTANT WOULD GET THE ATTENTION IT DESERVES; THE PRESIDENT WOULD RECEIVE EXPEDITED PROCEDURES TO CHANGE THE POLICY; CONGRESS WOULD GET TO VOTE; AND THE AMERICAN PEOPLE WILL HAVE BROKEN THROUGH THE STEEL CURTAIN CURRENTLY SURROUNDING THE WHITE HOUSE ON THIS ISSUE.

A VOTE AGAINST AMENDMENT IS A VOTE FOR GAYS IN MILITARY

FINALLY, LET'S BE CLEAR ON TODAY'S VOTE. NO MATTER HOW ANYONE TRIES TO FUZZ IT UP, OR PUT SOME TEFLON ON ONE OF THE MOST CONTROVERSIAL ISSUES WE WILL DEBATE ALL YEAR, THE UNITED STATES SENATE WILL BE VOTING ON ONE SIMPLE AND INESCAPABLE QUESTION: SHOULD GAYS AND LESBIANS BE ALLOWED INTO THE ARMED FORCES OF THE UNITED STATES OF AMERICA? SO LET'S BE CLEAR, LET'S TELL IT LIKE IT IS: A VOTE AGAINST THIS AMENDMENT IS A VOTE TO PUT HOMOSEXUALS IN OUR MILITARY.

I THANK MY COLLEAGUES AND URGE THE ADOPTION OF THIS AMENDMENT.

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FOR IMMEDIATE RELEASE
FEBRUARY 3, 1993

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TALK SHOW DEMOCRACY

"P.C. POLICE" TRY TO DISCREDIT DEMOCRACY IN ACTION;
ANALYSIS OF CALLS TO HILL EXPOSES DOUBLE STANDARD

FOR THE PAST FEW WEEKS THE PHONES HAVE BEEN RINGING OFF THE HOOK ON CAPITOL HILL. AMERICANS IN RECORD NUMBERS HAVE TAKEN THE TIME AND TROUBLE -- AND DON'T FORGET, THE COST -- TO DIAL THEIR ELECTED REPRESENTATIVES TO LET US KNOW HOW THEY FEEL. MOST OF THE INCOMING FIRE HAS BEEN DIRECTED AT TWO CONTROVERSIAL ISSUES PRECIPITATED BY THE CLINTON ADMINISTRATION -- THE NOMINATION OF ZOE BAIRD AND GAYS IN THE MILITARY.

IN FACT, ON THOSE TWO HOT POTATO TOPICS, MY FOUR DISTRICT OFFICES IN KANSAS AND MY WASHINGTON OFFICE HAVE RECEIVED ABOUT 6,000 CALLS. NOW, THAT SOUNDS LIKE DEMOCRACY IN ACTION TO ME. BUT WAIT! THE "POLITICAL CORRECT" POLICE IN THE MEDIA HAVE DECIDED THAT IT ISN'T. IT'S NOT DEMOCRACY, IT'S A DISGRACE! AT LEAST THAT IS THE SPIN WE'RE HEARING THESE DAYS AS THE MEDIA COMES TO GRIP WITH SOME SURPRISINGLY TOUGH COMPETITION.

IT SEEMS THE NEW P.C. ANALYSIS IS THAT ALL THOSE AMERICANS CALLING IN WERE JUST FOLLOWING ORDERS; THAT THEY WERE FORCED TO PICK UP THE PHONE BECAUSE ALL THOSE RADIO TALK SHOW HOSTS MADE THEM DO IT. IN OTHER WORDS, PLEASE DISREGARD ALL INCOMING PHONE CALLS -- NO MATTER HOW MANY AND HOW OFTEN -- BECAUSE THEY ARE MERELY ORCHESTRATED HYSTERIA. INSTEAD, HANG UP AND JUST LISTEN TO US, YOUR FRIENDLY INSIDE-THE-BELTWAY, KNOW-IT-ALL MEDIA GODS.

THE NEW WAVE OF AMERICAN POLITICS

WELL, IT SEEMS TO ME THAT ONE OF THE MESSAGES OF THE 1992 PRESIDENTIAL CAMPAIGN IS THAT THE PEOPLE HAVE FINALLY FIGURED OUT A WAY TO PENETRATE THE STEEL CURTAIN THAT HAS FOR TOO LONG SURROUNDED PRESIDENTIAL CAMPAIGNS. VOTERS VOTED FOR ACCESS BY PICKING UP THE PHONE, TUNING IN THEIR RADIOS AND TV'S, AND, IN SOME CASES, TALKING DIRECTLY TO THE CANDIDATES.

WHEN THE TALK SHOWS WERE HELPING CATAPULT BILL CLINTON INTO THE WHITE HOUSE, THE TALK SHOW PHENOMENON WAS HAILED AS THE NEW WAVE OF AMERICAN POLITICS. IF VOTERS TALKED TO BILL CLINTON ON THE LARRY KING SHOW, IT WAS A HIGH-TECH BREAKTHROUGH. IF YOUNG AMERICANS WERE WOWED BY THE DEMOCRAT CANDIDATE ON MTV, THE MEDIA GODS TOLD US, THEN IT WAS TWENTY-FIRST CENTURY AMERICA IN ACTION. BUT NOW, A FEW MONTHS LATER, IF SOME TALK SHOW INFORMS ITS LISTENERS ABOUT THE LATEST CLINTON ADMINISTRATION CONTROVERSY, THEN IT'S JUST A BUNCH OF RADIO AND TV WIND BAGS RALLYING AN AUDIENCE OF KOOKS.

IT LOOKS LIKE A DOUBLE STANDARD TO ME. LOST IN ALL THE FOCUS ON PHONE CALLS IS SOMETHING OLD FASHIONED -- WRITING YOUR ELECTED REPRESENTATIVE. BELIEVE ME, WE STILL GET MAIL AND LOTS OF IT. MY OFFICE GETS ABOUT 10,000 CARDS AND LETTERS EVERY MONTH. WE READ IT ALL. TOGETHER WITH THE PHONE CALLS AND LETTERS, AND FACE-TO-FACE COMMENTS, I TRY TO MAKE THE BEST JUDGMENT I CAN ON THE ISSUES.

REAL CALLS, REAL PEOPLE

NOW, MY JUDGEMENT IS NOT ALWAYS GUIDED BY THE VOLUME OF CALLS AND LETTERS ON EITHER SIDE OF AN ISSUE. AFTER ALL, WE WERE ELECTED TO MAKE TOUGH DECISIONS, AND SOMETIMES THAT MEANS MAKING VOTES THAT AREN'T POPULAR. BUT WHEN SOMEONE TAKES THE TIME AND SPENDS THE MONEY TO CALL MY OFFICE, I TAKE THAT CALL SERIOUSLY -- EACH AND EVERY ONE -- AND SO SHOULD THE WHITE HOUSE. SOME MAY TRY TO DISCREDIT THE CALLS AS MEANINGLESS STATISTICS, BUT NO ELECTED OFFICIAL OR MEDIA PUNDIT SHOULD LOSE SIGHT OF THE FACT THAT BEHIND EACH CALL IS A REAL PERSON.

SO LET'S CALM DOWN ABOUT TALK SHOW DEMOCRACY. THE "POLITICAL CORRECT" SQUAD DOESN'T LIKE IT TOO MUCH, BUT MAYBE THAT'S THE BEST ENDORSEMENT I'VE HEARD YET.

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Still Good for Sunday...

CLINTON: THE DRUG WAR & ROBERT RUBIN

WE'RE SEEING SOME TROUBLING SIGNS THAT PRESIDENT CLINTON IS CONTINUING TO MISPLACE HIS PRIORITIES. FIRST, IT WAS THE RUSH TO LIFT THE BAN ON GAYS IN THE MILITARY, AND NOW, TWO NEW SIGNS. FIRST, ACCORDING TO PUBLISHED REPORTS, PRESIDENT CLINTON IS CONSIDERING ABOLISHING THE POSITION OF "DRUG CZAR." I HOPE THAT IS NOT THE CASE.

WHEN WAS THE LAST TIME YOU HEARD BILL CLINTON SAY ANYTHING ABOUT AMERICA'S DRUG PROBLEM? JUST ASK ANYONE IN MAJOR CITIES AND RURAL AMERICA ALIKE, AND THEY'LL TELL YOU CRIME AND DRUGS ARE AMONG THEIR TOP CONCERNS.

YES, WE HAVE MADE PROGRESS IN AMERICA'S WAR ON DRUGS, BUT THE BATTLE IS NOT YET WON. LET'S HOPE PRESIDENT CLINTON WILL "JUST SAY YES" TO THIS URGENT NATIONAL PRIORITY WHICH APPEARS TO BE GETTING SHORT SHRIFT FROM THE CLINTON ADMINISTRATION.

NEXT, I'M TROUBLED BY THE MESSAGE THE PRESIDENT'S TOP ECONOMIC ADVISOR ROBERT RUBIN IS SENDING WITH HIS LETTER TO FORMER CLIENTS. IT CERTAINLY CREATES THE APPEARANCE OF A CONFLICT OF INTEREST, ESPECIALLY WHEN HE TELLS HIS WALL STREET CLIENTS "I LOOK FORWARD TO CONTINUING TO WORK WITH YOU IN MY NEW CAPACITY." I'M NOT SURE THIS IS THE KIND OF "CHANGE" PRESIDENT CLINTON TOLD US WE COULD LOOK FORWARD TO.

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Also... keep up the good spin
you developed on DEMOCRAT DISARRAY
on Economics... jumping ship,
disagreeing = DEMOCRAT GRIDLOCK.

Top Economic Aide Tells Clients to Keep in Touch

Y. 5, 1993

Goldman
Sachs

Dear:

Though you no doubt have already heard of this from the press, I am writing because I wanted to tell you personally of my decision to join the Clinton Administration. I will be serving as Assistant to the President for Economic Affairs and will be coordinating the activities of the National Economic Council. I am honored by the privilege, and at the same time sobered by the gravity of the challenges facing the new Administration. I hope I can continue to rely on your interest and support as I move from Broad Street in New York to Pennsylvania Avenue in Washington, D.C., and would be grateful for whatever suggestions you would offer.

It is a source of both comfort and pride that Goldman Sachs is in the strongest and soundest position in its nearly 125-year history. Goldman Sachs has the personnel, the organization, the capital and the controls to perform at a level and consistency second to none. It is clear to me that the firm could not be better represented and led than it will be going forward under Steve Friedman, with whom I have had the pleasure of both a close friendship and working relationship for over twenty-five years, including most recently our co-chairmanship. I have the highest respect for the members of the firm and the ability to lead.

I also look forward to continuing to work with you in my new capacity.

Very truly yours,

Robert E. Rubin

By KEITH BRADSHAW

Special to The New York Times

WASHINGTON, Feb. 4 — Robert E. Rubin, a former co-chairman of Goldman, Sachs & Company who is President Clinton's top economics adviser, sent a letter in December to many of his clients urging them to continue doing business with the investment banking firm and to stay in touch with him at the White House.

A copy of one of the letters, on Goldman Sachs stationery and signed by Mr. Rubin, assures a Japanese client that Goldman Sachs can continue to work closely with the client despite his departure. "I am confident that Goldman Sachs will continue to work as well or even better with" the company, Mr. Rubin wrote, "given the strength of trust and the bond of mutual respect between our organizations."

The three-paragraph letter concludes with the sentence, "I also look forward to continuing to work with you in my new capacity."

Mr. Rubin said in an interview on Wednesday that he had sent "many" such letters, but he refused to provide a precise figure. He said the statements were social phrases intended to encourage cooperation between private industry and Government and were not intended to encourage any improper contacts or special pleading.

"What it meant was, it's in the interest of the U.S. Government to work constructively with everybody," Mr. Rubin said.

Dee Dee Myers, a White House spokeswoman, said the letter does not violate Federal ethics laws or regulations.

But the letter highlights the looseness of Government regulations on contacts between Administration officials and their former clients, said Charles R. E. Lewis, executive director of the Center for Public Integrity, a non-

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Clinton's Economic Adviser Renewed Link to Ex-Clients

Continued From Page A1

profit, research organization here. He said it created at least the appearance of a conflict of interest.

Mr. Rubin's correspondence also sheds some light on his extensive dealings in a rarefied circle of international business and finance. Mr. Rubin, the head of Mr. Clinton's new National Economic Council, is not subject to Senate confirmation. He has not yet filed his financial disclosure forms with the Federal Government but must do so by Feb. 19.

An adviser to the Japanese executive who received the letter provided a copy on condition that neither the executive nor his company be identified. The adviser said that as many as 1,000 Goldman Sachs clients in the United States, Japan, Europe and elsewhere received similar letters.

Mr. Rubin also said in the letter, "I hope I can continue to rely on your interest and support as I move from Broad Street in New York to Pennsylvania Avenue in Washington, D.C., and would be grateful for whatever suggestions you would offer."

A Federal lawyer who had read the letter and who spoke on the condition of anonymity, said, "It doesn't strike me that there's anything there that would raise any kind of specter of a violation of law or regulation."

Federal ethics regulations are mainly aimed at limiting contacts by former Administration officials with the agencies they have left. The rules require that officials not participate in decisions in which they have a financial interest and that officials not accept compensation from companies and firms. But the rules do not prohibit officials from maintaining contacts with their former clients.

'A Fascinating Letter'

Mr. Lewis of the Center for Public Integrity, who made his comments after a reporter read him the letter, said: "This is really a fascinating letter, because it's really an open door to contacts by his former clients. Lots of times in positions like this, people send letters saying, 'Don't contact me.'"

Mr. Lewis added, "You can't tell me that, as the economic czar of the new Administration, he won't be dealing with his former clients."

Mr. Rubin said he had severed his financial links to Goldman Sachs and that he was in the process of putting his investments in a blind trust fund over which he would have no control. He reportedly earned \$15 million in 1991 and has a net worth estimated at more than \$50 million.

Mr. Rubin said in the interview he would not participate in decisions that might involve Goldman Sachs



The New York Times

Robert E. Rubin

directly, but he did not rule out his participation in decisions that might affect the investment bank's clients.

"Goldman Sachs, of course, dealt with everybody," he said, pointing out the difficulty of removing himself from all issues that might affect one of the investment bank's clients.

Ms. Myers said that White House lawyers will review Mr. Rubin's past financial work to develop a list of issues in which he will not be allowed to participate. She said the final list will exclude him for one year from decisions that would directly affect some of the clients with whom he dealt personally.

While the list is being drafted, she said, Mr. Rubin "is dealing very, very cautiously with his former clients."

She added, "As the head of the National Economic Council, it is Mr. Rubin's responsibility to the President to work with business leaders around the world to present the President with the best advice available."

Mr. Rubin said that because his position does not require Senate confirmation he had not prepared a formal policy statement on when to remove himself from decisions in which he might face conflicts of interest.

A former Bush Administration ethics official who insisted on anonymity said that "assuming severance of all financial ties, there is no legal prohibition to dealing with former clients and employers, but we always tried to negotiate a grace period of a year or so," when such dealings were prohibited.

Mr. Lewis also said the letter could easily be construed by a recipient as encouragement to maintain a business relationship with Goldman Sachs, as a way to curry favor with a senior Federal official.

All's quiet on the president's drug-war front



By J. Scott Applewhite, AP
RANGEL: Drug problem is 'not going to simmer away.'

By Sam Vincent Meddis
USA TODAY

President Clinton's virtual silence on the drug war is raising concerns that the issue will receive reduced attention in his administration.

Among drug experts' fears: that the drug czar's office, a White House agency responsible for coordinating a wide array of anti-drug efforts, could be scrapped.

"The rumor out there is that (Clinton) wants to get rid of the drug czar's office as a way to cut his staff," says Michael Gimbel, director of the Baltimore County, Md., Office of

Substance Abuse.

But Sen. Joseph Biden Jr., D-Del., chairman of the Senate Judiciary Committee, says the reverse may be the case: Clinton may give the drug czar greater authority.

The White House has asked Biden to suggest changes for the office. Among recommendations Biden is considering are to make the office "leaner," with fewer personnel, but to give the drug czar:

- Cabinet-level rank, something the Reagan and Bush administrations refused to do.

- New authority to reassign different agencies' personnel.

- Greater power over the

drug-related budgets of numerous agencies, including the Justice Department and the CIA.

Other possible changes include spending a larger proportion of the anti-drug budget on treatment and education rather than overseas paramilitary ventures. Overall spending is not likely to increase.

Clinton has not said much about the drug war recently, Biden acknowledges, but only because he is carefully weighing the issue.

"He wants to get it right," Biden says.

Some see Clinton's reticence on the drug issue as a sign of indifference.

"It is clear this is very low on their priority list," says Peter Reuter of the Rand Corp., which studies policy issues.

The drug crisis, Reuter says, may come to be viewed as just another "center-city problem," a plague of the underclass along with other chronic social ills such as crime, poor housing, welfare and poverty.

But veteran drug fighters vow to oppose any move to put the issue on a back burner.

"There are some for whom it will be a big deal," says Rep. Charles Rangel, D-N.Y., an outspoken advocate of more action against drugs. "It's not going to simmer away."

CNN NEWSMAKER SUNDAY
TALKING POINTS ON BOSNIA-HERCEGOVINA

Events this week:

The Geneva talks were suspended and moved to the United Nations. All parties, including alleged war criminal Radovan Karadzic, turned up in New York. Karadzic appears to be moving toward acceptance of the plan, leaving the Bosnian government as the only party opposed (the Foreign Minister testified against the plan to the Helsinki Commission). The Clinton administration is waffling; it says it needs more time to review the options, but indications are that they are trying to fine-tune the Vance plan and are backing away from military options (presumably to include lifting the arms embargo).

There is no good estimate of the number of troops that would be required to implement the Vance plan in Bosnia. U.N. officials say that 20-30,000 would be required, however, at the same time they say, in response to Croatia's request for more troops, that five times as many as troops as are already deployed in Croatia (14,000) could be required to implement the Vance plan there. Bosnia's situation is much more complex -- so something here doesn't make sense. My sense from reading the plan is that 30,000 is a very low figure for Bosnia unless the U.N. takes a minimalist approach to enforcement (that's been the case in Croatia, hence the recent Croat offensive).

Talking Points:

Vance/Owen Plan:

WOULD LIKE TO SEE NEGOTIATIONS SUCCEED, BUT THE VANCE/OWEN PLAN IS SERIOUSLY FLAWED -- DOUBT THAT IT CAN BE FIXED WITH MINOR CHANGES -- A MAJOR OVERHAUL IS NEEDED; IT DOES NOT REVERSE ETHNIC CLEANSING AND IT LEGITIMIZES SERB TERRITORIAL GAINS. IT CALLS FOR THE DEMOCRATICALLY-ELECTED GOVERNMENT OF BOSNIA TO BE ABOLISHED AND REPLACED BY INTERIM COUNCIL APPOINTED BY BOSNIA'S PRESIDENT, THE CROAT LEADER AND ALLEGED WAR CRIMINAL KARADZIC. IN SUM THE VANCE PLAN IS UNDEMOCRATIC, UNWORKABLE AND UNJUST.

Clinton Administration Response to Vance/Owen plan:

UNDERSTAND THAT PRESIDENT WANTS TO REVIEW OPTIONS, BUT THE BOSNIAN ARE RUNNING OUT OF TIME. CONCERNED ABOUT REPORTS THAT MILITARY OPTIONS ARE BEING RULED OUT. AT THE VERY LEAST, THE ARMS EMBARGO SHOULD BE LIFTED -- THE BOSNIAN GOVERNMENT HAS THE RIGHT TO SELF-DEFENSE AND ITS NOT A FAIR FIGHT. AWARE THAT LIFTING THE ARMS EMBARGO IS OPPOSED BY THE BRITISH AND FRENCH WHO HAVE TROOPS THERE, BUT THEY COULD PULL THEM OUT -- ONLY MINIMAL AID IS BEING DELIVERED BY U.N. FORCES AT THIS POINT IN TIME.

U.N. Track Record on Bosnia:

THE U.N. HAS BEEN INEFFECTIVE IN THE BALKANS, UNLIKE IN THE CASE OF IRAQ; WITH IRAQ, IF A RESOLUTION OR AGREEMENT IS VIOLATED, IMMEDIATE ACTION IS TAKEN. WITH BOSNIA, RESOLUTIONS AND AGREEMENTS ARE CONSISTENTLY VIOLATED BY THE SERBS, YET NO ACTION

IS TAKEN. NOT EVEN THE RESOLUTION CALLING FOR THE USE OF ALL NECESSARY MEANS TO DELIVER HUMANITARIAN AID HAS BEEN IMPLEMENTED.

What are U.S. interests in Bosnia?

STRATEGIC INTEREST TO PREVENT THE SPREAD OF WAR INTO KOSOVA WHICH WILL SPARK A REGIONAL WAR INVOLVING ALBANIA, GREECE, TURKEY, ETC. MORAL INTEREST TO TRY TO END GENOCIDE AGAINST THE BOSNIAN PEOPLE THROUGH ETHNIC CLEANSING.

How to get the Serb forces to comply with U.N. resolutions?

THE ECONOMIC EMBARGO HAS NOT WORKED. IF THE SERBS STARTING PAYING A PRICE MILITARILY, THEY MAY BEGIN TO NEGOTIATE SERIOUSLY AND COME INTO COMPLIANCE WITH U.N. RESOLUTIONS AND AGREEMENTS. SERB FORCES SHOULD BE THREATENED WITH NATO AIR STRIKES AGAINST MILITARY TARGETS, IF THEY DO NOT COME INTO COMPLIANCE WITH U.N. RESOLUTIONS AND AGREEMENTS. THE BOSNIAN GOVERNMENT SHOULD BE ARMED AND THE U.S. SHOULD NOT SEND GROUND TROOPS -- THE BOSNIAN GOVERNMENT HAS STATED CLEARLY THAT IT DOES NOT WANT FOREIGN GROUND TROOPS. IF SOME COUNTRIES ARE CONCERNED ABOUT THE SAFETY OF THEIR PEACEKEEPING FORCES, THEY SHOULD PULL THEM OUT. IF PROVIDED WITH MILITARY ASSISTANCE, THE BOSNIAN GOVERNMENT WILL BE ABLE TO PROTECT ITS OWN CONVOYS.

February 5, 1993
9:00 p.m.

MEMORANDUM TO THE REPUBLICAN LEADER

FROM: David Taylor *David*

SUBJECT: Budget Observations

I urge you not to say anything about the budget games that Clinton could play with his stimulus package at this time. If he decides to proceed as I believe he will, the President may find that he has major problems on his own side of the aisle.

Background:

Last year, Congress cut defense well below the 1993 defense discretionary cap. The exact size of the cut is unknown. There is a gray area -- mostly for "conversion" -- where funds were provided if the Secretary of Defense agreed to release them for certain purposes. Cheney opposed most of these provisions. Aspin supports most of them. Defense spending is roughly \$15 billion below the 1993 cap.

Rather than moving directly to tear down the firewalls to finance his proposal, Clinton could accomplish the same thing by using the escape hatch that was built into the 1990 Budget Agreement -- and declaring an "emergency". This action would move the spending in the bill outside the spending caps.

I believe that Panetta will do this to avoid a 60-vote point of order in the Senate (I double-checked) and allow the President to claim that his package is responsible. He could argue that total government spending would remain within the spending caps set in the 1990 Budget Agreement.

Potential Problems with this Approach:

- o Once the President designates the package as an "emergency", his ability to restrain the Democrats greatly diminishes. There is a lot of pent up demand for more domestic spending.
- o Anyone opposing the package could argue that with 3.8 percent growth and a \$300 billion deficit, it is hard to justify an "emergency".
- o Combine this with Panetta's plan to get Congress to vote on a budget without the details, and you might see more than a few conservative Democrats up in arms.

February 5, 1993

MEMORANDUM

TO: SENATOR DOLE
FROM: NINA OVIEDO
SUBJECT: ECONOMIC/TAX TALKING POINTS

CLINTON'S STATE OF THE ECONOMY (WEDNESDAY, FEB. 17)

- WE HAVEN'T BEEN CONSULTED -- SO IT'S HARD TO SAY WHAT THE PRESIDENT WILL ACTUALLY PROPOSE.
- WE HEAR ITS A PACKAGE OF SOME \$30 BILLION -- HALF IN INCREASED SPENDING, HALF IN TAXES.
- WE HEAR THE SPENDING MAY BE USED FOR HIGHWAY CONSTRUCTION, A CHILDREN'S VACCINE PROGRAM OR SUMMER JOBS.
- ON TAXES -- WE HEAR A VARIETY OF THINGS: ITC, CAPITAL GAINS, PERSONAL AND CORPORATE TAX INCREASES, ESTATE TAX INCREASES, ALCOHOL AND TOBACCO EXCISE TAX INCREASES, GASOLINE TAXES -- EVERYTHING IS ON THE TABLE.

REPUBLICAN PRINCIPLES

- REGARDLESS OF WHO'S SAYINGS WHAT -- I THINK THAT REPUBLICANS IN THE SENATE HAVE AGREED ON SOME VERY BASIC PRINCIPLES TO JUDGE THE PRESIDENT'S PROPOSALS. IN FACT, WE'RE SENDING A LETTER TO THE PRESIDENT TODAY.
- FIRST, IF THE PRESIDENT WANTS REPUBLICAN SUPPORT, HE'S GOING TO HAVE TO TALK ABOUT SOME SPENDING CUTS. GOVERNMENT IS TOO BIG AND IT SPENDS TOO MUCH. IF YOU COMPARE THE 1980'S TO THE 1970'S, GOVERNMENT SPENDING AS A SHARE OF THE GDP WENT UP TWICE AS MUCH AS REVENUES. AND UNLESS THE PRESIDENT IS WILLING TO TAKE ACTION, GOVERNMENT SPENDING WILL RISE EVEN FASTER IN THE YEARS AHEAD.
- SO, WE BELIEVE THAT ANY BUDGET PACKAGE MUST EMPHASIZE TOUGH, ENFORCEABLE CONTROLS ON FEDERAL SPENDING.
- SECOND, I'M NOT SURE THAT A "STIMULUS PACKAGE" -- WHETHER IT'S TEN, TWENTY, OR THIRTY BILLION DOLLARS -- CAN HAVE ANY REAL IMPACT ON A SIX TRILLION DOLLAR ECONOMY.

- SO, IF THE PRESIDENT PROPOSES A SHORT-TERM STIMULUS PACKAGE IT MUST BE TIED TO A TOUGH, ENFORCEABLE LONG-TERM DEFICIT REDUCTION PLAN.
- THIRD, IF WE'RE GOING TO MAKE ANY TAX LAW CHANGES, REPUBLICANS BELIEVE THE CHANGES SHOULD ENCOURAGE MORE SAVINGS AND INVESTMENT.
- FOURTH, REPUBLICANS SUPPORT POLICIES THAT WILL CREATE NEW, HIGH-PAYING JOBS. MORE MANDATES AND GOVERNMENT RED TAPE ARE NOT THE ANSWER. THEY DESTROY JOBS.
 - OF COURSE LAST FRIDAY, THE PRESIDENT SIGNED A NEW MANDATE ON BUSINESSES [FAMILY AND MEDICAL LEAVE].
- FINALLY, WE SHOULD CONTINUE TO EXPAND MARKETS FOR OUR EXPORTS THROUGH OPEN AND FAIR TRADE POLICIES.

GENERAL

- PRESIDENT CLINTON MADE A LOT OF PROMISES ABOUT REDUCING THE DEFICIT. AND HE ALSO MADE A FEW PROMISES REGARDING NEW SPENDING PROGRAMS AND A MIDDLE CLASS TAX CUT.
- BUT REALITY IS SETTING IN, AND AS THE PRESIDENT SAID IN HIS INAUGURAL ADDRESS, HE REALIZES THAT HE CAN'T FULFILL THOSE PROMISES WITHOUT MAKING SOME VERY TOUGH, AND VERY PAINFUL DECISIONS.
- NO DOUBT THAT INCREASING TAXES -- ENOUGH TO REDUCE THE DEFICIT AND FINANCE HIS PROMISED SPENDING INCREASES -- WILL BE VERY PAINFUL, FOR HIM AND CONGRESS.

PERSONAL INCOME TAX

- PRESIDENT CLINTON PROMISED TO "LOWER THE TAX BURDEN ON MIDDLE CLASS AMERICANS BY FORCING THE RICH TO PAY THEIR FAIR SHARE."
- BY ALL ACCOUNTS IT LOOKS LIKE THE TOP INDIVIDUAL TAX RATE WILL CLIMB TO AT LEAST 36% AND MILLIONAIRES WILL FACE A SURTAX.
- THE CLINTON ADMINISTRATION MAY WANT YOU TO THINK THAT A TAX INCREASE WILL FORCE THE RICH TO "PAY THEIR FAIR SHARE" BUT THE INCREASE WOULD HIT TAXPAYERS WITH UNINCORPORATED BUSINESSES -- SOLE PROPRIETORS, PARTNERSHIPS, S CORPORATIONS -- AMERICAN'S SMALL BUSINESSES.

- INSTEAD OF BUYING NEW EQUIPMENT OR CREATING NEW JOBS, THESE BUSINESS OWNERS WILL PAY MORE TAXES.
- AT LEAST 60 PERCENT OF ALL JOBS CREATED ANNUALLY ARE CREATED BY SMALL BUSINESSES.

SOCIAL SECURITY COLAs (DAVID TAYLOR)

- IN THE EARLY 1980S, THE SOCIAL SECURITY SYSTEM TEETERED ON THE BRINK OF INSOLVENCY. IN 1983, WE TOOK BIPARTISAN ACTION TO FIX THE SYSTEM AND PUT IT ON A SOUND FINANCIAL FOOTING WELL INTO THE 21ST CENTURY.
- SOCIAL SECURITY IS NOT CONTRIBUTING TO THE DEFICIT NOW OR INTO THE FORESEEABLE FUTURE.
- I DON'T THINK YOU'LL FIND MANY REPUBLICANS WILLING TO CUT BENEFITS OR DELAY COLAs. IN FACT, IT SOUNDS LIKE THE PRESIDENT MAY RUN INTO SOME PROBLEMS IN HIS OWN PARTY ON THIS ONE. CHAIRMAN MOYNIHAN HAS DECLARED THE PROPOSAL "UNACCEPTABLE."

CORPORATE INCOME TAXES

- NOT MUCH HAS BEEN SAID ABOUT INCREASING THE CORPORATE RATE. BUT DON'T HOLD YOUR BREATH. IT'S HARD TO IMAGINE AN INDIVIDUAL RATE INCREASE WITHOUT A CORPORATE INCREASE.
- SENATOR MOYNIHAN HAS SAID IT'S INEVITABLE.
- I WONDER WHAT AN INCREASE WOULD DO TO OUR COMPETITIVENESS?, JOBS?, GROWTH?

ESTATE TAXES

- I AM PARTICULARLY CONCERNED OVER THE TALK OF INCREASING CERTAIN ESTATE TAX PROVISIONS. ONE SUGGESTION, ORIGINALLY MADE BY THE DEMOCRATS TO PAY FOR A HEALTH CARE BILL, WOULD REDUCE THE CURRENT ESTATE TAX EXEMPTION OF \$600,000 TO \$200,000.
- THIS PROPOSAL SAYS THAT YOU CAN PASS ON \$200,000 TO YOUR CHILDREN WITHOUT INVOLVING UNCLE SAM. IT SOUNDS LIKE A LOT OF MONEY. BUT, LET'S THINK ABOUT IT.
- THERE ARE CLOSE TO 2 MILLION FAMILY FARMS IN THIS COUNTRY WITH AN AVERAGE VALUE OF \$252,000. THAT PRETTY MUCH TAKES CARE OF THE EXEMPTION.

- AND IT'S NOT JUST FARMERS. WHAT ABOUT LANDLORDS? FOR INSTANCE, IN KANSAS, THE VALUE OF LAND RENTED BY FARMERS AVERAGES OVER \$400,000. THAT MEANS MANY LANDLORDS LIVING IN THE CITY HAVE A SIZEABLE INTEREST IN HOW ESTATE TAXES WILL AFFECT THE VALUE OF THAT LAND.
- SMALL BUSINESSES AND EVEN HOME OWNERS WOULD BE HIT. THE MEDIAN PRICE OF A HOME IN THE U.S. IS ABOUT \$104,000. THAT GET'S YOU HALF-WAY THERE WITHOUT EVEN TRYING.
- STILL ANOTHER PROPOSAL THESE DAYS IS A CAPITAL GAINS TAX AT DEATH -- PROVIDING AN ADDITIONAL TAX ON THE DIFFERENCE BETWEEN THE CURRENT VALUE OF YOUR PROPERTY AND ITS BASIS, THE AMOUNT YOU PAID TO ACQUIRE IT.
- MANY FAMILIES HAVE HOPES OF KEEPING THEIR PARENTS' OR GRANDPARENTS HOMES, FARMS OR BUSINESSES. IT'S A FAMILY TRADITION.
- WE CANNOT PENALIZE FAMILIES IN THIS MANNER.
- YOU KNOW, THERE ARE TWO THINGS CERTAIN IN LIFE -- DEATH AND TAXES. I GUESS PRESIDENT CLINTON IS TRYING TO COMBINE THEM.

ENERGY/CONSUMPTION TAXES

- THERE'S LOTS OF TALK ABOUT BROAD BASE ENERGY TAXES/ CONSUMPTION TAXES: GASOLINE TAXES, CARBON TAXES, OIL IMPORT FEES AND THE VAT.
- I DON'T NEED TO TELL YOU, BUT THESE ARE HARD DECISIONS. WE'RE NOT A SMALL COUNTRY -- THESE TAXES HIT DIFFERENTLY IN EACH REGION OF THE COUNTRY.
- TAKE THE GAS TAX. I UNDERSTAND THAT THE CHAIRMAN MOYNIHAN IS "WELL DISPOSED" TOWARDS A 25 CENT TAX INCREASE. LET'S SEE WHY...NEW YORKERS CONSUME ANNUALLY SOME 315 GALLONS PER CAPITA. IN KANSAS, WE CONSUME 462 GALLONS PER PERSON. THAT MEANS AT FOR A 10 CENT TAX INCREASE, NEW YORKERS WOULD PAY \$31.50 WHILE KANSANS WOULD PAY \$46.20. IN WYOMING, THEY WOULD PAY \$60 -- THE TAX IS REGIONALLY UNFAIR.
- BUT, IF YOU LOOK AT CARBON TAXES, BASICALLY A TAX ON COAL, KANSAS HAS VERY LITTLE COAL PRODUCTION AND RANKS 29TH IN COAL CONSUMPTION. MAYBE WE WOULDN'T SCREAM AS LOUDLY ABOUT THIS TAX AS SAY WEST VIRGINIANS.
- AS YOU MAY KNOW, ENERGY CHAIRMAN JOHNSTON HAS SPONSORED LEGISLATION CALLING FOR AN OIL IMPORT FEE. THE FEE COULD DO A NUMBER OF POSITIVE THINGS, BUT THERE ARE IMPORTANT TRADE IMPLICATIONS TO CONSIDER.

- AN OIL IMPORT FEE COULD RAISE SIGNIFICANT REVENUES -- AS MUCH AS \$35 BILLION OVER THREE YEARS FOR THE PROPOSED LEGISLATION -- AND IT WOULD BE QUITE FAVORABLE TO OUR DOMESTIC PRODUCERS -- WHO HAVE TAKEN IT ON THE CHIN FOR SO LONG.
- WHILE SOME WILL PROBABLY ARGUE THAT AN OIL IMPORT FEE IS GATT ILLEGAL, WE MAY BE ABLE TO DEFEND SUCH A FINDING ON THE GROUNDS THAT IT IS VITAL TO OUR NATIONAL SECURITY INTERESTS.
- ON THE OTHER HAND, NO DOUBT THAT WE WOULD BE CRITICIZED BY OUR TRADING PARTNERS FOR SPEAKING OUT OF BOTH SIDES OF OUR MOUTHS. HERE WE'RE TRYING TO CONVINCE OUR PARTNERS TO LOWER THEIR TRADING BARRIERS WHILE WE WOULD PUT ONE UP OURSELVES.
- THERE'S MORE AND MORE TALK ABOUT A VAT AND MAYBE IT'S SOMETHING THAT SHOULD BE CONSIDERED BUT, IT IS VIEWED AS A EXTRA PAINFUL POLITICAL DILEMMA AND WOULD APPEAR TO TAKE SOME TIME BEFORE A PROPOSAL IS FULLY DEVELOPED, DEBATED AND LEGISLATED. I DO KNOW THAT MEMBERS ON BOTH SIDE OF THE AISLE ARE LOOKING INTO A VAT WITH CONSIDERABLE MORE INTEREST THAN BEFORE. [SENATORS DANFORTH AND BOREN SEEM TO HAVE TAKEN A LEAD ON THE ISSUE.]
- IT MAY BE THAT THE ADMINISTRATION WILL GO FORWARD WITH A BROAD BASED ENERGY TAX OR SOME OTHER CONSUMPTION TAX -- BUT IT IS MY HOPE THAT THE PRESIDENT LOOKS HARD AT THE EFFECTS ON MANUFACTURING COSTS, CONSUMER PRICES, EXPORTS ... AND SUCH, BEFORE ENACTING LEGISLATION.

United States Senate
WASHINGTON, DC 20510

February 7, 1993

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

Dear Mr. President:

Republicans in the Senate applaud your commitment to deficit reduction. We look forward to working with you and your economic team in finding a way to reduce the projected deficits in half over the next four years.

As you make your final budget and economic policy decisions, however, we Republicans in the Senate have agreed on some basic principles we will use to judge your budget submission.

First, we believe your budget package must focus on restraining federal spending. Spending is the problem. Comparing the 1980's to the 1970's, spending as a share of the GDP (less interest costs) went up twice as much as revenues. More importantly, spending is projected to rise even faster in coming years.

Second, we fail to see how any short-term "stimulus" package of \$10 to \$30 billion can have any significant impact on our economy that is now experiencing a solid recovery. Republicans remain concerned that the economy already is experiencing a \$320 billion "stimulus" in the form of our annual deficit and such a package may simply add to that debt load. In any event, should you propose such a short-term stimulus package it must be tied to a real and enforceable long-term deficit reduction plan.

Third, Republicans believe that if our tax system is to be changed, it should move more toward encouraging savings and investment.

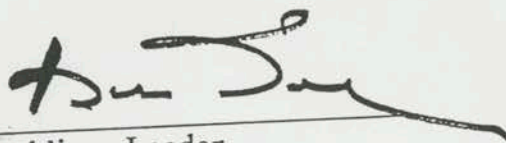
Fourth, Republicans believe that barriers to economic and job growth should be removed by reducing regulatory burdens and mandates, and increasing access to affordable capital.

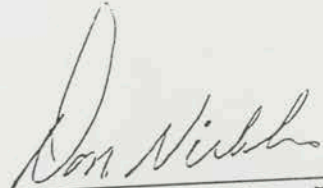
Finally, Republicans also believe the U.S. should continue to expand markets for our goods and services abroad through open and fair trade policies.

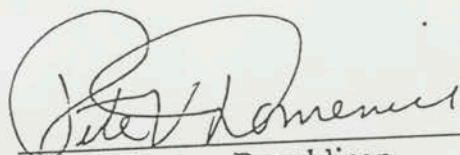
The President
Page Two


Again, we look forward to your economic and budget submission. The challenges are great, but working together they can be solved.

Sincerely,


Republican Leader


Chairman, Republican Policy
Committee


Co-Chairman, Republican
Economic Policy Task Force


Co-Chairman, Republican
Economic Policy Task Force

TALKING POINTS
FAMILY AND MEDICAL LEAVE
FEBRUARY 5, 1993

- ON FRIDAY MORNING PRESIDENT CLINTON SIGNED THE FAMILY AND MEDICAL LEAVE ACT.
- I AM ALL FOR FAMILY AND MEDICAL LEAVE. I JUST DON'T THINK CONGRESS SHOULD BE HANDING OUT THESE MANDATES AND TAXING BUSINESS TO PAY FOR THEIR GREAT IDEAS.
- UNFORTUNATELY, THE REPUBLICAN APPROACH, WHICH PROVIDED STRONG TAX INCENTIVES FOR BUSINESS TO PROVIDE FAMILY AND MEDICAL LEAVE, DID NOT PASS.
- THE REPUBLICAN ALTERNATIVE REACHED OUT TO ANY CORPORATION WITH FEWER THAN 500 EMPLOYEES. THE BILL SIGNED INTO LAW BY PRESIDENT CLINTON ONLY APPLIED TO COMPANIES WITH 50 OR MORE WORKERS. IT EXCLUDES 95% OF ALL EMPLOYERS AND AT LEAST 50% OF ALL WORKING AMERICANS.
- THE BILL OFFERED BY SENATOR CRAIG AND MYSELF WOULD HAVE COVERED 99% OF EMPLOYERS AND 80% OF THE WORKFORCE [NOTE: ASSUMING THOSE COMPANIES ELIGIBLE TO TAKE THE TAX CREDIT DO SO BY PROVIDING FAMILY LEAVE AND MEETING THE BILL'S STANDARDS.] [NOTE: IN KANSAS, THE DODD BILL EXCLUDED 43% OF THE WORKING PEOPLE.]
- THE DEMOCRAT BILL IS A JOB LOSER -- NOT A JOB CREATOR. IT PUTS ENORMOUS PRESSURE ON SMALLER COMPANIES -- PARTICULARLY THOSE IN THE 50 TO 60 PERSON RANGE -- TO CUT STAFF TO FALL BELOW THE MANDATE TRIGGER.
- KANSAS HAS ABOUT 580 COMPANIES WHICH EMPLOY BETWEEN 50 AND 60 EMPLOYEES AND ABOUT 71 COMPANIES THAT EMPLOY 50 WORKERS.
- WHILE THE NATIONAL EMPLOYMENT FIGURES ARE IMPROVING, LOTS OF STATES AND LOTS OF PEOPLE ARE STILL HURTING OUT THERE. IN MY STATE OF KANSAS, WE HAVE BIG PROBLEMS WITH RECENTLY ANNOUNCED JOB CUTS AT SEARS (1,700), BOEING (UP TO 6,000), AND BEECH AIRCRAFT (400). THE LAST THING THIS COUNTRY NEEDS IS FOR CONGRESS TO CREATE FURTHER INCENTIVES FOR BUSINESS TO SHRINK THE WORKFORCE OR PUT OFF EXPANSION PLANS.

TALKING POINTS ON
HEALTH CARE REFORM
FEBRUARY 5, 1993

- PRESIDENT CLINTON HAS SAID HE IS STRONGLY COMMITTED HIMSELF TO REFORMING AMERICA'S HEALTH CARE SYSTEM. HE WILL SUFFER NO SHORTAGE OF ADVICE IN THIS MISSION. LAST YEAR THERE WERE MORE THAN THIRTY HEALTH REFORM PROPOSALS IN CONGRESS, NONE OF THEM HAD ENOUGH SUPPORT NECESSARY TO PASS.
- NO DOUBT ABOUT IT HEALTH CARE IS AN ISSUE THAT CRIES OUT FOR A BIPARTISAN COOPERATION. IT WILL BE DIFFICULT TO PASS ANY MAJOR REFORM WITHOUT IT.
- THE ISSUES ARE NOT SIMPLE NOR INEXPENSIVE BUT THEY MUST BE ADDRESSED.
- FOR TOO LONG WE HAVE EXPENDED ENORMOUS RESOURCES TO BUILD THE FINEST HEALTH CARE DELIVERY SYSTEM IN THE WORLD -- UNFORTUNATELY, MANY IN OUR COUNTRY, OFTEN THOSE MOST IN NEED -- DO NOT HAVE ADEQUATE ACCESS TO THE SYSTEM.
- HOWEVER, WHILE ANXIOUS TO ADDRESS THE REAL PROBLEMS WITH THE SYSTEM, LET'S NOT DESTROY WHAT WE KNOW TO BE GOOD OR IGNORE THE REALITIES OF THE NEEDS OF A DIVERSE POPULATION IN A COUNTRY THE SIZE OF THE U.S.
- THE INABILITY TO REACH CONSENSUS SEEMS TO BE TRUE WITHIN THE PRESIDENT'S TEAM AS WELL. SO FAR, HIS HEALTH CARE ADVISORS HAVE NOT FOUND A RATIONAL AND AFFORDABLE WAY TO EXPAND HEALTH CARE COVERAGE TO ALL AMERICANS. SO HE HAS TURNED TO HIS WIFE, HILLARY, TO HELP DEVELOP A PLAN.
- AS A KEY ADVISOR ON HEALTH CARE, I AM HOPEFUL MRS. CLINTON WILL BE WILLING TO WORK WITH ME AND MY COLLEAGUES ON CAPITOL HILL. IF SHE IS WILLING TO MAKE HERSELF AVAILABLE TO US, THEN I AM HAPPY TO HAVE HER BECOME ACTIVE IN THE ISSUE AND I LOOK FORWARD TO WORKING WITH HER.
- SENATOR CHAFEE AND I HAD OUR FIRST MEETING WITH THE FIRST LADY THIS PAST THURSDAY. WE ALL EXPRESSED A WILLINGNESS TO WORK TO REACH A CONSENSUS SO THAT HEALTH CARE REFORM BECOMES A REALITY THIS YEAR RATHER THAN MERELY A CAMPAIGN TOOL AS IT WAS LAST YEAR.
- I EXPRESSED MY CONCERN TO THE FIRST LADY THAT MANY WITHIN AND OUTSIDE THE ADMINISTRATION ARE LARGELY FOCUSED ON THE NEEDS OF URBAN AREAS -- AND QUICKLY FORGET THE VERY SPECIAL CONCERNS OF RURAL FRONTIER COMMUNITIES.
- I ALSO EMPHASIZED THAT IN RURAL AREAS, HOSPITALS ARE MORE THAN JUST A PLACE TO GET CARE -- THEY OFTEN ARE THE FINANCIAL AND SPIRITUAL BACKBONE OF THE COMMUNITY.

- MY REPUBLICAN COLLEAGUES AND I HAVE WORKED ON THIS ISSUE FOR MANY YEARS. WE HAVE A NUMBER OF CONCRETE PROPOSALS AND SUGGESTIONS WHICH WE BELIEVE WILL IMPROVE THE SYSTEM. BUT, WE DO NOT HAVE ALL THE ANSWERS. ANYONE WHO HAS ATTEMPTED TO WORK THROUGH HEALTH CARE REFORM HAS QUICKLY COME TO REALIZE THE COMPLEXITY OF THIS ISSUE.
- THE CHALLENGE IS TO DEVELOP A FAIR AND EQUITABLE HEALTH CARE STRATEGY TO MAKE HEALTH CARE AVAILABLE TO ALL AMERICANS THROUGH A COMPETITIVE PRIVATE SECTOR HEALTH CARE SYSTEM -- WITH THE GOVERNMENT SERVING AS A BACK UP FOR THOSE WHO HAVE NO ACCESS TO PRIVATE INSURANCE.
- THIS MUST BE DONE WITHOUT RAVAGING THE ECONOMY -- WITHOUT HURTING SMALL BUSINESS -- AND WITHOUT FURTHER STRAINING OUR THINNING BUDGET. I BELIEVE THIS CAN BE DONE WITHOUT CREATING YET ANOTHER GOVERNMENT PROGRAM, HUGE DEFICITS, MORE REGULATIONS, OR MASSIVE TAX INCREASES ON THE AMERICAN PEOPLE.
- AS A GROUP, REPUBLICANS CONTINUE TO BE FULLY COMMITTED TO REFORMING OUR HEALTH CARE DELIVERY SYSTEM. WE CONTINUE TO MEET CONSISTENTLY ON A WEEKLY BASIS AND WILL WORK TO STRENGTHEN OUR PROPOSAL UNTIL HEALTH CARE COSTS ARE CONTAINED AND ALL AMERICANS HAVE ACCESS TO THE SYSTEM.

Israel

ISRAEL/PEACE TALKS:

-- The Arabs have backed away from scheduled talks to demonstrate opposition to the compromise in which Israel agreed to take back 100 of the 400 deportees and hold an appeals process on the rest. Secretary Christopher is leaving for the Middle East this month to try and revive the talks. The Arabs point to the U.N. Resolution calling for the immediate return of all deportees and accuse the U.S. of hypocrisy in seeking enforcement of UN Resolutions in Iraq and Somalia but not Israel.

BOB DOLE
KANSAS

United States Senate

OFFICE OF THE REPUBLICAN LEADER
WASHINGTON, DC 20510-7020

*Sheila will
for in talking
points.*

Social Security

MEMO

SUN PUBLICATIONS - 2-5-93

The man says hands off Social Security!

Three cheers for Senator Daniel Moynihan.



Stan
Rose
Publisher

At last, a leading member of Congress has told it like it is and told it loud and clear:

Social Security is not one of the entitlements, it's a right that more than pays for its part of the federal budget.

It's a group of trust funds made possible by special employment taxes levied for the sole purpose of providing insurance benefits to eligible persons. Social Security

is the only federal benefit that more than pays its own way.

It is not, as too many politicians and media members seem to believe, intended to be

a storehouse of funds that can be "borrowed" by the federal government and thrown into the federal budget for general expenditures.

By law, Social Security trust funds can be used only to pay benefits, the cost of rehabilitation services, and Social Security administrative expenses.

For umpteen years, the federal government has violated the intent of the law and raided Social Security trust funds, included them in the general budget and then howled that Social Security is helping to swell the federal deficit. Despite this, the trust funds are well in the black.

Some members of Congress and some advisers in the administrative branch have been deaf, dumb and blind to this form of highway robbery.

Many Americans have been deceived into believing that unless Social Security bene-

fits, including COLAS (cost of living increases), are sharply reduced the deficit can never be reduced.

Many young Americans wrongly believe that when they reach 65, the Social Security system will be broke. Statistics show that could only happen if the federal government continues to tap the trust funds and divert the money to other purposes. The media should wake up and alert the nation to that danger.

Sen. Moynihan, chairman of the Senate finance committee, said this week recent studies reveal that people going on Social Security will never receive in benefits as much as they and their employers have paid in Social Security taxes.

If that's true, it further strengthens Moynihan's argument that Social Security benefits should not be cut in the important effort to reduce the federal budget.

TRADE:

-- GATT/URUGUAY ROUND: Time is running out for fast track authority which expires June 1. The Administration would have to notify Congress of an agreement by March 1 and a GATT agreement within the next month is virtually impossible. There seems to be a general consensus on the Finance Committee for authorization of a "two-tier" fast track -- six months for GATT/Uruguay Round and two years for other trade negotiations such as a Free Trade Agreement with Chile.

-- NAFTA: President Clinton intends to negotiate three side agreements covering environment, worker training and import surges to go with the already completed NAFTA agreement. USTR Kantor says he won't reopen the basic NAFTA text. We will have to wait several months for the NAFTA package -- with side agreements -- to be submitted to Congress.

-- Russia/Grain Credits: The new Administration will have to make the economies of Russia and the NIS an urgent priority. The first default on grain credits was paid out this week -- \$350,000 -- but we need to find ways to revive the Russian economy and insure a stable and open market for US exports.