



*The Declaration of Independence* (1786), an oil painting on canvas by John Trumbull; Yale University Art Gallery, New Haven, Conn.

**The Continental Congress** adopted the Declaration of Independence on July 4, 1776. In the painting above, the president of the Congress, John Hancock, sits at the right. Before him stand the five committee members named to draft the Declaration. They are, *left to right*, John Adams, Roger Sherman, Robert R. Livingston, Thomas Jefferson, and Benjamin Franklin.

He has refused his Assent to Laws, the most wholesome and necessary for the public good.—

All laws passed by the colonial legislatures had to be sent to Great Britain for approval. George rejected many of the laws as harmful to Britain or its empire.

He has forbidden his Governors to pass Laws of immediate and pressing importance, unless suspended in their operation till his Assent should be obtained; and when so suspended, he has utterly neglected to attend to them.—

Royal governors could not approve any colonial law that did not have a clause suspending its operation until the king approved the law. Yet it took much time, sometimes years, for laws to be approved or rejected.

He has refused to pass other Laws for the accommodation of large districts of people, unless those people would relinquish the right of Representation in the Legislature, a right inestimable to them and formidable to tyrants only.—

The royal government failed to redraw the boundaries of legislative districts so that people in newly settled areas would be fairly represented in the legislatures.

He has called together legislative bodies at places unusual, uncomfortable, and distant from the depository of their public Records, for the sole purpose of fatiguing them into compliance with his measures.—

Royal governors sometimes had the members of colonial assemblies meet at inconvenient places.

He has dissolved Representative Houses repeatedly, for opposing with manly firmness his invasions on the rights of the people.—

Royal governors often dissolved colonial assemblies for disobeying their orders or for passing resolutions against the law.

He has refused for a long time, after such dissolutions, to cause others to be elected; whereby the Legislative powers, incapable of Annihilation, have returned to the People at large for their exercise; the State remaining in the mean time exposed to all the dangers of invasion from without, and convulsions within.—

After dissolving colonial legislatures, royal governors sometimes took a long time before allowing new assemblies to be elected.

He has endeavoured to prevent the population of these States; for that purpose obstructing the Laws for Naturalization of Foreigners; refusing to pass others to encourage their migrations hither, and raising the conditions of new Appropriations of Lands.—

The colonies wanted immigrants to settle in undeveloped lands in the West. For this reason, their laws made it easy for settlers to buy land and to become citizens. But in 1763, King George claimed the Western lands and began to reject most new *naturalization* (citizenship) laws. In 1773, he prohibited the naturalization of foreigners. In 1774, he sharply raised the purchase prices for the Western lands.

He has obstructed the Administration of Justice, by refusing his Assent to Laws for establishing Judiciary powers.—

The North Carolina legislature passed a law setting up a court system. But Britain objected to a clause in the law, which the legislature refused to remove. As a result, the colony had no courts for several years.

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the engrossed copy. Eventually, 56 members of Congress signed.

**The importance of the Declaration** was that it magnificently expressed the thoughts of all patriots. It thus did not contain new ideas. The Declaration actually reflected ideas on social and political justice held by various philosophers of the time, especially the English philosopher John Locke. Yet the eloquent language of the document stirred the hearts of the American people. It also aroused people in Europe to make their governments more democratic. Over the years, many newly emerging nations have looked to the Declaration's expressive language in giving their reasons for seeking freedom from foreign control.

The original parchment copy of the Declaration is housed in the National Archives Building in Washington, D.C. It is displayed with two other historic American documents—the United States Constitution and the Bill of Rights.

Richard B. Morris

See also **Continental Congress; Independence Day; Locke, John; Revolutionary War in America; United States, History of the.** For a *Reading and Study Guide*, see *Declaration of Independence* in the Research Guide/Index, Volume 22.

### Additional resources

#### Level I

- Dagliess, Alice. *The Fourth of July Story*. Scribner, 1956.  
Foster, Genevieve S. *Year of Independence, 1776*. Scribner, 1970.  
Fradin, Dennis B. *The Declaration of Independence*. Childrens Pr., 1988.  
Peterson, Helen S. *Give Us Liberty! The Story of the Declaration of Independence*. Garrard, 1973.

#### Level II

- Becker, Carl L. *The Declaration of Independence: A Study in the History of Political Ideas*. Random Hse., 1958. First published in 1922.  
Hawke, David F. *A Transaction of Free Men: The Birth and Course of the Declaration of Independence*. Da Capo, 1989. First published in 1964.

# The Declaration of Independence

*The Declaration of Independence can be divided into four parts: (1) The Preamble; (2) A Declaration of Rights; (3) A Bill of Indictment; and (4) A Statement of Independence. The text of the Declaration is printed in boldface. It follows the spelling and punctuation of the parchment*

*In Congress, July 4, 1776. The unanimous Declaration of the thirteen united States of America,*

### [The Preamble]

When in the Course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.—

This paragraph tells why the Continental Congress drew up the Declaration. The members felt that when a people must break their ties with the mother country and become independent, they should explain their reasons to the world.

### [A Declaration of Rights]

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.—

The signers of the Declaration believed it was obvious that "all men" are created equal and have rights that cannot be taken away from them. By "all men," the signers meant people of every race and both sexes. The rights to "Life" included the right to defend oneself against physical attack and against unjust government. The right to "Liberty" included the right to criticize the government, to worship freely, and to form a government that protects liberty. The "pursuit of Happiness" meant the right to own property and to have it safeguarded. It also meant the right to strive for the good of all people, not only for one's personal happiness.

That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed,—

The Declaration states that governments exist to protect the

THE PEOPLE OF WACO WHO WERE MURDERED BY OUR GOVERNMENT WERE JUSTIFIED BY THIS.

*copy. But unlike the parchment copy, each paragraph begins on a new line and is indented. The paragraphs printed in lightface are not part of the Declaration. They explain the meaning of various passages or give examples of injustices that a passage mentions.*

rights of the people. Governments receive their power to rule only through agreement of the people.

That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness. Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shewn, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same Object evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future security.—

People may alter their government if it fails in its purpose. Or they may set up a new government. People should not, however, make a revolutionary change in long-established governments for unimportant reasons. But they have the right to overthrow a government that has committed many abuses and seeks complete control over the people.

### [A Bill of Indictment]

Such has been the patient sufferance of these Colonies; and such is now the necessity which constrains them to alter their former Systems of Government. The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute Tyranny over these States. To prove this, let Facts be submitted to a candid world.—

The Declaration states that the colonists could no longer endure the abuses of their government and so must change it. It accuses King George III of inflicting the abuses to gain total power over the colonies. It then lists the charges against him.

"GRIDLOCK": THE RECORD

◆ "PREEMPTIVE" CLOTURE MOTIONS

-- MAJORITY HAS FILED CLOTURE ON 29 BILLS OR NOMINATIONS ON OR BEFORE THE FIRST DAY OF DEBATE

◆ ONLY 4 BILLS HAVE DIED THIS CONGRESS BY FAILURE TO INVOKE CLOTURE:

-- STRIKER REPLACEMENT (6 DEMOCRATS JOINED REPUBLICANS)

-- CAMPAIGN FINANCE REFORM (6 DEMOCRATS)

-- LOBBYING REFORM (10 DEMOCRATS)

-- PRODUCT LIABILITY (DEMOCRAT FILIBUSTER; 38 REPUBLICANS VOTED TO END DEBATE)

\*\* SO-CALLED STIMULUS PACKAGE PASSED IN DRAMATICALLY SCALED-BACK FORM

◆ BUDGET POINT OF ORDER:

-- REPUBLICANS RAISED POINT OF ORDER 8 TIMES

-- DEMOCRATS RAISED IT 27 TIMES

◆ AS OF WEDNESDAY, 821 MEASURES HAD PASSED THE SENATE THIS CONGRESS

◆ HOW SOON DEMOCRATS FORGET THE DAYS OF THEIR "STEALTH OBSTRUCTION," WHEN THEY SIMPLY DIDN'T CALL UP PROPOSALS OF REPUBLICAN PRESIDENTS, OR WHEN THEY INSISTED ON 60 VOTES TO CUT THE CAPITAL GAINS TAX RATE.

- ◆ PRODUCT LIABILITY REFORM (DEMOCRAT FILIBUSTER)
- ◆ CAPITAL GAINS RATE REDUCTION
- ◆ CAMPAIGN FINANCE REFORM -- ELIMINATE PACs
- ◆ LINE-ITEM VETO
- ◆ BALANCED BUDGET AMENDMENT
- ◆ UNFUNDED MANDATES
- ◆ ADVANCE AUTHORIZATION FOR HAITI DEPLOYMENT
- ◆ CONGRESSIONAL COVERAGE
- ◆ REAL CONGRESSIONAL OVERSIGHT
  - TRAVELGATE
  - WHITEWATER
- ◆ TAX CREDIT FOR FIRST-TIME HOMEBUYERS1

## DOLE REGULATORY AMENDMENTS

Page 149, Line 19 through Page 155, Line 24 delete in their entirety and insert the following renumbering the remaining sections accordingly:

**“(c) INTERCONNECTION ACCESS AND UNBUNDLING REQUIREMENTS. —**

**“(1) LOCAL EXCHANGE CARRIERS. —**Upon request by a telecommunications carrier, a local exchange carrier shall enter into good faith negotiations with the telecommunications carrier for an agreement between the carriers under which the local exchange carrier shall provide interconnection and access to the carriers’ essential facilities, functions, and services on an unbundled basis.

**“(2) CABLE OPERATORS AND PROVIDERS OF COMMERCIAL MOBILE SERVICE. —**

**“(A) IN GENERAL. —**The requirement set forth in paragraph (1) shall apply to a cable operator or provider of commercial mobile service upon the commencement of the provision by such operator or provider, as the case may be, of broadband telecommunications service.

**“(B) DEFINITION. —**In this paragraph, the term ‘cable operator’ has the meaning given such term in section 602(5).

**“(3) OTHER ENTITIES. —**

**“(A) IN GENERAL. —**Except as provided in subparagraph (B), the requirement set forth in paragraph (1) shall apply to an entity upon the completion by the entity after the date of the enactment of the Communications Act of 1994 of a communications network or

communications system capable of the provision of broadband telecommunications service.

“(B) EXCEPTION.—The requirement shall not apply to an entity referred to in subparagraph (A) if the entity will utilize the network or system referred to in such subparagraph solely within and for the purposes of the entity.

“(4) FILING AND PUBLIC INSPECTION OF AGREEMENTS.—

“(A) FILING.—A local exchange carrier or entity shall file with the Commission a copy of an agreement entered into as a result of the negotiations required under paragraph (1) not later than 45 days after the execution of the agreement.

“(B) PUBLIC INSPECTION.—The Commission shall make available for public inspection any agreement filed with the Commission under subparagraph (A).

“(5) DISPUTE RESOLUTION.—

“(A) IN GENERAL.—The Commission shall resolve in accordance with this subsection the following allegations:

“(i) An allegation by a telecommunications carrier of the failure of a local exchange carrier or other entity to enter into good faith negotiations under paragraphs (1), (2) or (3).

“(ii) An allegation of the failure to negotiate in good faith under that paragraphs (1), (2), or (3).

“(iii) Subject to subparagraph (H), an allegation of the failure to comply with the terms of an agreement entered into as a result of such negotiations.

“(B) SUBMITTAL OF COMPLAINTS. —

“(i) REQUIREMENT. — An entity seeking resolution of an allegation referred to in subparagraph (A) shall submit a complaint on the allegation to the Commission.

“(ii) ADDITIONAL REQUIREMENT FOR CERTAIN COMPLAINTS. — An entity may not submit a complaint on an allegation referred to in subparagraph (A)(ii) until 60 days after the date of the commencement of the negotiations concerned.

“(C) REVIEW BY ARBITRATOR. —

“(i) APPOINTMENT. — Not later than 15 days after receipt of a complaint under subparagraph (B), the Commission shall appoint an individual having no financial or other personal interest in the resolution of the complaint to act as an arbitrator of the allegations set forth in the complaint.

“(ii) HEARING AND DECISION. — Not later than 15 days after the date of appointment under clause (i), an arbitrator shall —

“(I) conduct a hearing on the allegations in the complaint for which the arbitrator is appointed; and

“(II) make a decision on the complaint in favor of one of the parties named in the complaint.

“(D) APPEAL. —

“(i) IN GENERAL. — A party to a complaint may submit to the Commission an appeal of the decision of the arbitrator with respect to the complaint.

“(ii) SUBMITTAL OF APPEAL. — A party seeking to appeal a decision of an arbitrator shall submit to the Commission an appeal of the decision not later than 15 days after the decision.

“(E) REVIEW. —

“(i) IN GENERAL. — The Commission shall review any matter appealed to the Commission under this paragraph.

“(ii) STANDARD OF REVIEW. — The Commission may grant the relief referred to in clause (iii) only upon a determination by the Commission that the decision of the arbitrator was arbitrary or capricious.

“(iii) RELIEF. — Upon a determination under clause (ii) with respect to the decision of an arbitrator, the Commission may reverse the decision of the arbitrator.

“(iv) PERIOD OF REVIEW. — The Commission shall carry out its review and grant relief, if any, on an appeal under this subparagraph not later than 15 days after the submittal of the appeal to the Commission under clause (i).

“(F) FINALITY OF REVIEW. — The decision of the Commission under subparagraph (E) shall be final and shall not be subject to judicial review.

“(G) EXCLUSIVITY OF DISPUTE RESOLUTION.—Except as provided in subparagraph (H) and notwithstanding any other provision of law, the procedures set forth under this subsection shall be the sole procedures for resolving any allegation described in clause (i), (ii), or (iii) of subparagraph (A) of paragraph (5).

“(H) SPECIAL REQUIREMENT FOR BELL OPERATING COMPANIES.—

“(i) IN GENERAL.—Subject to clause (ii), a Bell operating company that enters into an agreement referred to in subsection (c)(1) shall submit to the Commission a certification of the compliance of the company with the terms of the agreement.

“(ii) FREQUENCY OF CERTIFICATION.—A Bell operating company shall submit the certification required under clause (i) at such time as the Commission shall prescribe.

“(iii) REVIEW.—The Commission shall review each certification submitted to the Commission under this subsection for purposes of determining the validity of the certification.

“(iv) DEFINITION.—In this subsection, the term ‘Bell operating company’ means any of the companies listed in Appendix A of the Modification of Final Judgment and includes an successor or assign of any such company, but does not include any affiliate or any such company.”.

“(d) ELIMINATION OF CERTAIN REQUIREMENTS FOR COMPETITIVE PROVIDERS.—Notwithstanding any other provision of law, upon a determination under

subsection (e) that a provider of telecommunications service is subject to competition in the provision of a telecommunications service in a geographic or market area, the provider shall not be subject to the following:

“(1) The requirement to file with the Commission or State, and print and make available for public inspection, a schedule of the rates charged for the service in the geographic or market area.

“(2) The regulation by the Commission or a State of—

“(A) the rates for, or the imputation of earnings or revenues from, the service in that area;

“(B) the terms and conditions under which the service is offered in that area; and

“(C) capital recovery as depreciation of facilities of the provider in that area.

“(3) The requirement to obtain approval from the Commission or a State before—

“(A) the construction of a new line in the area; or

“(B) the extension of an existing line in the area.

“(e) DETERMINATION OF COMPETITION.—

“(1) PETITION.—A provider of telecommunications service may submit to the Commission a petition alleging the existence of competition in a geographic or market area in a telecommunications service that it provides.

“(2) REVIEW BY COMMISSION.—

“(A) **REQUIREMENT.**—Not later than 180 days after the date of the submittal of a petition under paragraph (1), the Commission shall determine whether, as alleged in the petition, the provider submitting the petition is subject to competition in the provision of a telecommunications service in a geographic or market area.

“(B) **CONDUCT OF REVIEW.**—The Commission shall carry out the review in accordance with paragraph (3).

“(C) **FAILURE TO REVIEW.**—If the Commission does not complete its review of a petition submitted to the Commission under paragraph (1) within 180 days of its submittal, the provider shall be deemed to be a provider subject to competition in the provision of a telecommunications service in a geographic or market area for purposes of subsection (d).

“(3) **STANDARD OF REVIEW.**—A provider of telecommunications service shall be a provider subject to competition in the provision of a telecommunications service in a geographic or market area if an entity not affiliated with the provider offers alternative and services of comparable kind, quality, and price in the area in question.

“(f) **REDETERMINATION OF COMPETITION.**—

“(1) **REDETERMINATION.**—The Commission may from time to time review the service of a provider of telecommunications service covered by subsection (d) for purposes of determining whether the provider continues to be subject to competition in the provision of a service in a geographic or market area.

“(2) RE-IMPOSITION OF REQUIREMENTS. —If the Commission determines that a service previously determined by the Commission to be a service subject to competition in a geographic or market area is no longer such a service, the requirements and regulations set forth in paragraphs (1) through (3) of subsection (d) shall apply to the provider of the telecommunications service in the provision of the service in that area.

“(g) PRICE REGULATION. —

“(1) The Commission and the States may, notwithstanding any other provision of law, regulate and set limits on the prices and rates of services that are subject to their respective jurisdictions, but shall not regulate or set limits on the rate-of-return, income, revenue, earnings, or profits of any common carrier unless that common carrier elects to be subject to rate-of-return regulation. For a common carrier that has elected to be subject to price regulation, the Commission and the States shall not establish, or maintain in effect, procedures or adjustments that limit or reduce the common carrier’s prices, rates, rate-of-return, income, revenue, earnings, or profits on the basis of efficiency or productivity estimates or measurements.

“(2) The Commission and the States shall identify all requirements using or requiring cost-based regulation methods and conform, for any carrier electing to be price rather than rate-of-return regulated, these requirements to price regulations methods.

“(h) REGULATIONS. —

"(1) **IN GENERAL.**—The Commission shall prescribe regulations that ensure that any provider of telecommunications service that is subject to competition in the provision of a service in a geographic market or area shall be subject to comparable regulation in the provision of that service in that area as is any other similarly situated provider of that service in that area.

"(2) **CONFORMITY OF REGULATIONS TO COMPETITIVE ENVIRONMENT.**—Notwithstanding any other provision of this Act, the Commission shall conform any aspect of a scheme of regulation under the jurisdiction of the Commission in order to reflect a competitive telecommunications environment."

"(i) **ANNUAL REVIEW OF REGULATIONS.**—

"(1) **JOINT BOARD.**—Not later than February 1 of each year, the Commission shall establish a Federal-State Joint Board under section 410(a) which joint board shall carry out the requirements set forth in paragraph (2).

"(2) **FUNCTIONS.**—Not later than June 30 of each year, the joint board established under paragraph (1) for that year shall—

"(A) subject to paragraph (3), review all regulations (including State regulations) in effect at the time of the review that—

"(i) apply to operations or activities of providers of any telecommunications services; or

"(ii) apply to the ownership or radio or television broadcast stations; and

“(B) determine whether any such regulation is no longer necessary in the public interest as the result of meaningful economic competition between the providers of such services or the owners of such stations, as the case may be.

“(3) REGULATIONS EXEMPT FROM REVIEW.—Paragraph (1) does not apply to any regulations prescribed under or enforcing an antitrust law of the United States.

“(j) EFFECT OF DETERMINATION.—Upon the determination of a joint board under subparagraph (B) of subsection (i)(2) that a regulation referred to in subparagraph (A) of that subsection is no longer necessary in the public interest, the regulation shall be deemed repealed.”.

“(k) TELECOMMUNICATIONS NUMBER PORTABILITY.—The Commission shall prescribe regulations to ensure the following:

“(1) The local exchange carriers shall make available telecommunications number portability as soon as such number portability is technically feasible and economically reasonable.

“(2) That an impartial entity shall—

“(A) administer telecommunications numbering; and

“(B) make such numbers available to all telecommunications service providers on an equitable basis.

“(3) That providers of telecommunications service that benefit from telecommunications number portability bear a reasonable share of the costs of

the availability of such numbers and of the administration of telecommunications numbering under paragraph (2).

**“(l) PROHIBITION ON STATE REGULATION OF INFORMATION SERVICES AND COMMERCIAL MOBILE SERVICES.**—Notwithstanding any other provision of law, a State may not regulate the rate, terms, or conditions for the offering of information services or commercial mobile services.”

Page 147 after Line 14 insert the following new definition:

**“(pp) Essential facility, function, or service** means a facility, function, or service controlled by one telecommunications carrier that another service provider must obtain in order to compete with the carrier that is not available from other providers and that the service provider cannot reasonably duplicate itself.”

\*When it comes to spending your tax dollars, some Democrats have a case of "Dr. Jeckyl and Mr. Hyde."

\*When you listen to their speeches back at home, you would think they could pinch a penny better than Ebenezer Scrooge.

\*But when they vote in Washington, they act entirely different. I would say they spend your money like a drunken sailor, but that would give drunken sailors a bad name.

\*The truth can be found in the numbers of the National Tax Limitation Committee. It is a non-partisan group that was organized to seek limits on taxes and spending.

\*And each Congress they publish a scorecard rating the Senators and Congressman on how they voted.

\*A perfect score--one most favorable to the taxpayer--is 100%. The worst score is 0%.

\*I received a score of 88%. Ted Kennedy received a score of 4%.

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## NTLC Congressional Scorecard for the 103rd Congress: 1993-1994

The National Tax Limitation Committee was organized in 1975 to seek constitutional and other limits on taxes, spending and deficits at the federal, state and local levels of government. In keeping with this mission, NTLC analyzes the voting records of United States Senators and Representatives on tax and spending issues. This report on the 103rd Congress covers the period from January 1993 through August 1994.

### Criteria for Congressional Ratings

Each score is reflective of the individual's public position on key votes. Some 28 House and 25 Senate votes were used in the preparation of this Scorecard. In selecting votes, NTLC placed special emphasis on budget and appropriation measures which would have a major impact on long-term taxing and spending programs of the government. Also selected were votes which may have relatively small fiscal consequence in a particular year but nevertheless provide a good "litmus test" of the fiscal attitude or budgetary philosophy of the legislator.

Every action considered for this rating — floor votes on bills or amendments, votes on procedural motions, etc. — has been weighed and tallied to present an accurate "fiscal responsibility" score for each Member. The votes used in this scorecard are listed on the back page.

### Voting Scores for Members of Congress in Percentage and Letter Grades

Scores for members of the House and Senate are expressed in percentages of all votes cast on those selected by NTLC. The Member may or may not have been present and voting on each and every roll call; the percentage reflects actual votes only. A Member was not penalized for missing a vote. A perfect score, one most favorable to the taxpayer, in our view, is 100%. The worst score is 0%. To convert percentages to letter grades, use the following schedule:

80-100% = A; 60-79% = B; 40-59% = C; 20-39% = D; under 20% = F.

### How to Read the Scorecard

WYOMING	
<b>Simpson (R)</b>	<b>87</b>
<b>Wallop (R)</b>	<b>100</b>
1 Thomas (R)	88

Following the State name, the two United States Senators are listed first (in bold print), then the Representatives opposite their district numbers. (R) signifies Republican; (D) signifies Democrat; (I) signifies Independent. The numbers in the right column are the percentage grades.

## THE VOTES

{NTLC's determination of the pro-taxpayer position on each vote indicated by a "yes" or "no."}

### THE HOUSE OF REPRESENTATIVES

- \* **Family and Medical Leave Act of 1993** (HR 1). Require business to give employees three months paid leave from their jobs. *No*
- \* **Emergency Supplemental Appropriation, FY 1993** (HR 1335).
  - (a) Rule to prohibit amendments to HR 1335, which would strike millions of pork-barrel, non-emergency funds. *No*
  - (b) HR 1335 without amendments that authorized \$16 billion additional spending and debt. *No*
- \* **Public Debt Limit, Temporary Increase** (HR 1430). Authorized Congress to increase debt limit. *No*
- \* **Expedited Rescissions Act of 1993** (HR 1578). Amendment to give President a line-item veto. *Yes*
- \* **Treasury, Postal Service and General Government Appropriations Act of 1994** (HR 2403).
  - (a) Motion to rise and report, thus blocking an amendment to reduce the White House staff by 25% as promised by President Clinton. *No*
  - (b) Limit allowances of former Presidents to five years, saving \$4 million per year. *Yes*
- \* **Dept. of the Interior & Related Agencies Appropriations Act of 1994** (HR 2520).
  - (a) Amendment to strike \$175 million for the National Endowment for the Arts. *Yes*
  - (b) Amendment to strike \$3.1 million for a railroad museum. *Yes*
- \* **Omnibus Budget Reconciliation Act of 1993** (HR 2264).
  - (a) Cut \$355 billion over five years through spending cuts and no new taxes. *Yes*
  - (b) Vote on the whole bill contained the largest tax increase in US history. *No*
- \* **Resolution Amending the House of Representatives Rules** (HR 134). Resolution on discharge petition. *Yes*
- \* **Congressional Campaign Spending Limit and Election Reform Act of 1993** (HR 3). Provide up to \$200,000 in government vouchers for candidate to buy media. *No*
- \* **Government Reform & Savings Act of 1993** (HR 3400). Cut federal spending by \$90 billion over five years and cut 252,000 positions from federal work force. *Yes*
- \* **Disaster Supplemental Appropriations Act FY 1993** (HR 2667). Amendment to strike \$100-per-week grooming allowance for youths (those under 30) for those participating in federally-funded work experiences and classrooms. *No*
- \* **Dept. of Agriculture and Rural Development Appropriations Act of 1994** (HR 2493). Eliminate honey subsidy, saving \$16 million per year. *Yes*
- \* **Supplemental Appropriations FY 1993** (HR 2244). Strike \$14 million from SBA to plant trees on government property. *Yes*
- \* **NASA Authorization Act** (HR 2200). Eliminate funding for Consortium for International Earth Science Information, where \$100 million has already been spent on a program never authorized by Congress. *Yes*
- \* **National Defense Authorization Act FY 1994** (HR 2401).
  - (a) Cut ballistic missile defense by \$200 million. *No*
  - (b) Eliminate funding for Trident II submarine missiles after 1993. *No*
- \* **Fiscal 1995 Budget Resolution/Tax Cut and Spending Cut Substitute** (H. Con. Res. 218). *Yes*
- \* **Fiscal 1994 Disaster Supplemental Appropriations/Full Offset** (HR 3759). *Yes*
- \* **Balanced Budget Constitutional Amendment/Revenue Growth Limitation** (HJ Res 103). The Barton substitute limiting growth in

federal spending and requiring a three-fifths vote for tax increases. Passed on automatic re-vote 211-204. *Yes*

\* **Expedited Rescissions/Stenholm Substitute** (HR 4600). *Yes*

\* **Budget Baseline/Uninflated Baseline** (HR 4907). *Yes*

\* **Emergency Spending Procedures/Budget Reserve Account** (HR 4906). *Yes*

\* **Omnibus Crime Bill/Rule** (HR 3355). *No*

\* **Omnibus Crime Bill/Conference Report** (HR 3355). *No*

#### THE SENATE

\* **Family & Medical Leave Act of 1993** (HR 1). Require businesses to give employees three months of paid leave. *No*

\* **Resolution Concerning Congressional Budget for FY 1994, 1995, 1996, 1997 & 1998** (SCR 18).

(a) Table amendment to give the President a line-item veto. *No*

(b) Table amendment to freeze domestic discretionary spending for five years. *No*

(c) Amendment to reduce government overhead expenses for two years by \$16.6 billion by freezing expenses for two years and allowing only for inflation for the three following years. *Yes*

(d) Amendment to cut congressional budget by 25% in fiscal 1994. *Yes*

\* **Emergency Supplemental Appropriations, FY 1993** (HR 1335).

(a) Amendment to remove emergency designation for all funds spent beyond 1993 and offset those funds by the pay-as-you-go requirements of the 1990 budget agreement. *Yes*

(b) Motion to end debate on stimulus package. *No*

\* **House of Representatives Campaign Spending Limit & Election Reform Act of 1993** (S 3).

(a) Motion to table an amendment limiting public financing, and imposing congressional term limit of 12 years. *No*

(b) Final passage of including public financing of elections. *No*

\* **Supplemental Appropriations Act of 1993** (HR 2118). Table amendment to discourage welfare assistance to able-bodied individuals unless individuals are participating in workfare. *No*

\* **Omnibus Budget Reconciliation Act of 1993** (S 1334).

(a) Table amendment to eliminate fuels tax. *No*

(b) Table amendment to strike Social Security tax increase from 50% to 85% for certain senior citizens. *No*

(c) Amendment which would achieve \$367 billion in deficit reduction over five years. *Yes*

\* **Hatch Act Reform Amendment of 1993** (S 185). Table amendment to prohibit IRS employees from active participation in political campaigns. *No*

\* **Legislative Branch Appropriations Act of 1994** (HR 2348). Table amendment to restrict franking privileges. *No*

\* **Omnibus Budget Reconciliation Act of 1993** (HR 2264). Contained the largest tax increase in US history. *No*

\* **Unemployment Compensation Amendment of 1993** (HR 3167). Amendment to prohibit any retroactive tax increase unless three-fifths of all Senators waive the prohibition by roll call vote. *Yes*

\* **Dept. of Agriculture & Rural Development Appropriations Act FY 1994** (HR 2493).

(a) Table amendment to eliminate seven regional offices of the Rural Development Administration. *No*

(b) Amendment to bar federal subsidies for wool and mohair, saving \$190 million per year; motion to recommit the bill (to kill amendment). *No*

\* **Treasury, Postal Service, Executive Office Appropriations Act of 1994** (HR 2403). Motion to strike funding for all new federal building projects not requested by the administration or authorized by Congress. *Yes*

\* **1995 Budget Resolution** (SCR 63).

(a) Amendment to hold discretionary spending at statutory cap levels and reduce federal deficit through restraining growth of mandatory spending. *Yes*

(b) Amendment to provide reductions in discretionary spending, reduce the deficit and raise the dependent child exemption. *Yes*

(c) Amendment to provide alternative budget. *Yes*

(d) Amendment calling for a sense of the Senate for support of a balanced budget and the creation of a spending reduction commission. *Yes*

<u>ALABAMA</u>							
	%		%		%		%
Heflin (D)	46	43 Calvert (R)	88	Akaka (D)	4	4 Fields (D)	15
Shelby (D)	62	44 McCandless (R)	92	1 Abercrombie (D)	4	5 McCrery (R)	93
1 Callahan (R)	92	45 Rohrabacher (R)	96	2 Mink (D)	11	6 Baker (R)	100
2 Everett (R)	93	46 Dornan (R)	93	<u>IDAHO</u>		7 Hayes (D)	76
3 Browder (D)	54	47 Cox (R)	100	Craig (R)	92	<u>MAINE</u>	
4 Bevill (D)	27	48 Packard (R)	96	Kemphorne (R)	92	Cohen (R)	84
5 Cramer (D)	24	49 Schenk (D)	33	1 LaRocco (D)	39	Mitchell (D)	8
6 Bachus (R)	100	50 Filner (D)	14	2 Crapo (R)	89	1 Andrews (D)	18
7 Hilliard (D)	11	51 Cunningham (R)	96	<u>ILLINOIS</u>		2 Snowe (R)	75
<u>ALASKA</u>		52 Hunter (R)	92	Simon (D)	16	<u>MARYLAND</u>	
Stevens (R)	67	<u>COLORADO</u>		Moseley-Braun (D)	12	Sarbanes (D)	4
Murkowski (R)	83	Brown (R)	88	1 Rush (D)	4	Mikulski (D)	8
1 Young (R)	73	Campbell (D)	16	2 Reynolds (D)	13	1 Gilchrest (R)	85
<u>ARIZONA</u>		1 Schroeder (D)	19	3 Lipinski (D)	26	2 Bentley (R)	80
DeConcini (D)	36	2 Skaggs (D)	14	4 Gutierrez (D)	15	3 Cardin (D)	18
McCain (R)	92	3 McInnis (R)	93	5 Rostenkowski (D)	12	4 Wynn (D)	11
1 Coppersmith (D)	43	4 Allard (R)	93	6 Hyde (R)	89	5 Hoyer (D)	15
2 Pastor (D)	11	5 Hefley (R)	93	7 Collins (D)	4	6 Bartlett (R)	100
3 Stump (R)	93	6 Schaefer (R)	82	8 Crane (R)	96	7 Mfunne (D)	14
4 Kyl (R)	96	<u>CONNECTICUT</u>		9 Yates (D)	7	8 Morella (R)	48
5 Kolbe (R)	70	Dodd (D)	8	10 Porter (R)	86	<u>MASSACHUSETTS</u>	
6 English (D)	25	Lieberman (D)	24	11 Sangmeister (D)	21	Kennedy (D)	4
<u>ARKANSAS</u>		1 Kennelly (D)	14	12 Costello (D)	32	Kerry (D)	20
Bumpers (D)	8	2 Gejdenson (D)	11	13 Fawell (R)	100	1 Olver (D)	11
Pryor (D)	4	3 DeLauro (D)	11	14 Hastert (R)	93	2 Neal (D)	11
1 Lambert (D)	43	4 Shays (R)	79	15 Ewing (R)	100	3 Blute (R)	79
2 Thornton (D)	24	5 Franks (R)	89	16 Manzullo (R)	100	4 Frank (D)	8
3 Hutchinson (R)	100	6 Johnson (R)	89	17 Evans (D)	14	5 Meehan (D)	40
4 Dickey (R)	96	<u>DELAWARE</u>		18 Michel (R)	92	6 Torkildsen (R)	86
<u>CALIFORNIA</u>		Roth (R)	92	19 Poshard (D)	43	7 Markey (D)	4
Feinstein (D)	20	Biden (D)	18	20 Durbin (D)	14	8 Kennedy (D)	15
Boxer (D)	12	1 Castle (R)	89	<u>INDIANA</u>		9 Moakley (D)	4
1 Hamburg (D)	11	<u>FLORIDA</u>		Lugar (R)	80	10 Studds (D)	8
2 Herger (R)	93	Graham (D)	8	Coats (R)	92	<u>MICHIGAN</u>	
3 Fazio (D)	11	Mack (R)	92	1 Visclosky (D)	14	Rigle (D)	8
4 Doolittle (R)	100	1 Hutto (D)	56	2 Sharp (D)	23	Levin (D)	12
5 Matsui (D)	11	2 Peterson (D)	21	3 Roemer (D)	43	1 Stupak (D)	29
6 Woolsey (D)	14	3 Brown (D)	15	4 Long (D)	36	2 Hoekstra (R)	86
7 Miller (D)	12	4 Fowler (R)	85	5 Buyer (R)	96	3 Ehlers (R)	86
8 Pelosi (D)	4	5 Thurman (D)	25	6 Burton (R)	96	4 Camp (R)	57
9 Dellums (D)	11	6 Stearns (R)	89	7 Myers (R)	88	5 Barcia (D)	71
10 Baker (R)	96	7 Mica (R)	96	8 McCloskey (D)	11	6 Upton (R)	89
11 Pombo (R)	96	8 McCollum (R)	93	9 Hamilton (D)	43	7 Smith (R)	93
12 Lantos (D)	17	9 Billirakis (R)	93	10 Jacobs (D)	36	8 Carr (D)	22
13 Stark (D)	7	10 Young (R)	86	<u>IOWA</u>		9 Kildee (D)	18
14 Eshoo (D)	14	11 Gibbons (D)	15	Grassley (R)	88	10 Bonior (D)	4
15 Mineta (D)	11	12 Canady (R)	96	Harkin (D)	8	11 Knollenberg (R)	93
16 Edwards (D)	4	13 Miller (R)	93	1 Leach (R)	73	12 Levin (D)	18
17 Farr (D)	21	14 Goss (R)	93	2 Nussle (R)	89	13 Ford (D)	4
18 Condit (D)	62	15 Bacchus (D)	37	3 Lightfoot (R)	74	14 Conyers (D)	10
19 Lehman (D)	25	16 Lewis (R)	93	4 Smith (D)	7	15 Collins (D)	4
20 Dooley (D)	33	17 Meek (D)	11	5 Grandy (R)	71	16 Dingell (D)	4
21 Thomas (R)	89	18 Ros-Lehtinen (R)	64	<u>KANSAS</u>		<u>MINNESOTA</u>	
22 Huffington (R)	82	19 Johnston (D)	15	Dole (R)	88	Durenberger (R)	62
23 Gallegly (R)	93	20 Deutsch (D)	32	Kassebaum (R)	80	Wellstone (D)	4
24 Beilenson (D)	7	21 Diaz-Balart (R)	72	1 Roberts (R)	96	1 Penny (D)	48
25 McKeon (R)	96	22 Shaw (R)	85	2 Slattery (D)	36	2 Minge (D)	50
26 Berman (D)	4	23 Hastings (D)	8	3 Meyers (R)	93	3 Ramstad (R)	79
27 Moorehead (R)	100	<u>GEORGIA</u>		4 Glickman (D)	32	4 Vento (D)	15
28 Dreier (R)	96	Nunn (D)	40	<u>KENTUCKY</u>		5 Sabo (D)	8
29 Waxman (D)	7	Coverdell (R)	88	Ford (D)	12	6 Grams (R)	96
30 Becerra (D)	8	1 Kingston (R)	93	McConnell (R)	83	7 Peterson (D)	57
31 Martinez (D)	11	2 Bishop (D)	19	1 Barlow (D)	29	8 Oberstar (D)	11
32 Dixon (D)	5	3 Collins (R)	96	2 Natcher (D)	31	<u>MISSISSIPPI</u>	
33 Roybal-Allard (D)	11	4 Linder (R)	96	3 Mazzoli (D)	29	Cochran (R)	76
34 Torres (D)	8	5 Lewis (D)	14	4 Bunning (R)	96	Lott (R)	83
35 Waters (D)	14	6 Gingrich (R)	96	5 Rogers (R)	71	1 Whitten (D)	8
36 Harman (D)	31	7 Darden (D)	25	6 Baesler (D)	36	2 Thompson (D)	5
37 Tucker (D)	8	8 Rowland (D)	48	<u>LOUISIANA</u>		3 Montgomery (D)	36
38 Horn (R)	71	9 Deal (D)	71	Johnston (D)	16	4 Parker (D)	64
39 Royce (R)	96	10 Johnson (D)	43	Breaux (D)	12	5 Taylor (D)	86
40 Lewis (R)	71	11 McKinney (D)	4	1 Livingston (R)	89	<u>MISSOURI</u>	
41 Kim (R)	93	<u>HAWAII</u>		2 Jefferson (D)	11	Danforth (R)	76
42 Brown (D)	8	Inouye (D)	9	3 Tauzin (D)	93	Bond (R)	88

	%		%		%		%		
1 Clay (D)	11	21 McNulty (D)	11	2 Blackwell (D)	7	22 DeLay (R)	96		
2 Talent (R)	96	22 Solomon (R)	93	3 Borski (D)	14	23 Bonilla (R)	96		
3 Gephardt (D)	14	23 Boehlert (R)	50	4 Klink (D)	21	24 Frost (D)	23		
4 Skelton (D)	44	24 McHugh (R)	89	5 Clinger (R)	88	25 Andrews (D)	50		
5 Wheat (D)	11	25 Walsh (R)	69	6 Holden (D)	39	26 Armey (R)	96		
6 Danner (D)	33	26 Hinchey (D)	11	7 Weldon (R)	81	27 Ortiz (D)	23		
7 Hancock (R)	96	27 Paxon (R)	96	8 Greenwood (R)	93	28 Tejeda (D)	22		
8 Emerson (R)	86	28 Slaughter (D)	14	9 Shuster (R)	96	29 Green (D)	19		
9 Volkmer (D)	26	29 LaFalce (D)	15	10 McDade (R)	71	30 Johnson, E (D)	0		
<b>MONTANA</b>									
Baucus (D)	8	30 Quinn (R)	85	11 Kanjorski (D)	14	<b>UTAH</b>			
Burns (R)	84	31 Houghton (R)	85	12 Murtha (D)	15	Hatch (R)	92		
<b>NEBRASKA</b>									
Exon (D)	20	<b>NORTH CAROLINA</b>		13 Margolies-Mezvinsky (D)	32	Bennett (R)	92		
Kerrey (D)	12	Helms (R)	96	14 Coyne (D)	7	1 Hansen (R)	89		
1 Bereuter (R)	82	Faircloth (R)	92	15 McHale (D)	36	2 Shepherd (D)	33		
2 Hoagland (D)	36	1 Clayton (D)	0	16 Walker (R)	96	3 Orton (D)	69		
3 Barrett (R)	85	2 Valentine (D)	42	17 Gekas (R)	93	<b>VERMONT</b>			
<b>NEVADA</b>									
Reid (D)	12	3 Lancaster (D)	50	18 Santorum (R)	85	Leahy (D)	12		
Bryan (D)	28	4 Price (D)	19	19 Goodling (R)	96	Jeffords (R)	40		
1 Bilbray (D)	32	5 Neal (D)	35	20 Murphy (D)	44	1 Sanders (I)	11		
2 Vucanovich (R)	81	6 Coble (R)	96	21 Ridge (R)	81	<b>VIRGINIA</b>			
<b>NEW HAMPSHIRE</b>									
Smith (R)	96	7 Rose (D)	14	<b>RHODE ISLAND</b>					
Gregg (R)	96	8 Hefner (D)	19	Pell (D)	12	Warner (R)	87		
1 Zeffiff (R)	92	9 McMillan (R)	92	Chafee (R)	64	Robb (D)	28		
2 Swett (D)	48	10 Ballenger (R)	93	1 Machtley (R)	67	1 Bateman (R)	86		
<b>NEW JERSEY</b>									
Bradley (D)	12	11 Taylor (R)	89	2 Reed (D)	15	2 Pickett (D)	50		
Lautenberg (D)	28	12 Watt (D)	7	<b>SOUTH CAROLINA</b>				3 Scott (D)	18
1 Andrews (D)	50	<b>NORTH DAKOTA</b>		Thurmond (R)	83	4 Sisisky (D)	54		
2 Hughes (D)	21	Conrad (D)	12	Hollings (D)	21	5 Payne (D)	50		
3 Saxton (R)	86	Dorgan (D)	12	1 Ravenel (R)	93	6 Goodlatte (R)	93		
4 Smith (R)	82	1 Pomeroy (D)	22	2 Spence (R)	89	7 Bliley (R)	96		
5 Roukema (R)	63	<b>OHIO</b>		3 Derrick (D)	17	8 Moran (D)	12		
6 Pallone (D)	32	Glenn (D)	16	4 Inglis (R)	100	9 Boucher (D)	15		
7 Franks (R)	92	Metzenbaum (D)	12	5 Spratt (D)	25	10 Wolf (R)	89		
8 Klein (D)	21	1 Mann (D)	50	6 Clyburn (D)	14	11 Byrne (D)	14		
9 Torricelli (D)	16	2 Portman (R)	83	<b>SOUTH DAKOTA</b>				<b>WASHINGTON</b>	
10 Payne (D)	11	3 Hall (D)	15	Pressler (R)	88	Gorton (R)	88		
11 Gallo (R)	88	4 Oxley (R)	89	Daschle (D)	0	Murray (D)	5		
12 Zimmer (R)	82	5 Gillmor (R)	74	1 Johnson (D)	21	1 Cantwell (D)	32		
13 Menendez (D)	15	6 Strickland (D)	29	<b>TENNESSEE</b>				2 Swift (D)	4
<b>NEW MEXICO</b>								3 Unsoeld (D)	7
Domenici (R)	80	7 Hobson (R)	79	Sasser (D)	8	4 Inslee (D)	32		
Bingaman (D)	24	8 Boehner (R)	93	Mathews <sup>3</sup> (D)	12	5 Foley (D) Rarely Votes	NR		
1 Schiff (R)	93	9 Kaptur (D)	32	1 Quillen (R)	77	6 Dicks (D)	21		
2 Skeen (R)	75	10 Hoke (R)	81	2 Duncan (R)	89	7 McDermott (D)	15		
3 Richardson (D)	25	11 Stokes (D)	19	3 Lloyd (D)	41	8 Dunn (R)	93		
<b>NEW YORK</b>								9 Kreidler (D)	25
Moynihan (D)	12	12 Kasich (R)	89	4 Cooper (D)	67	<b>WEST VIRGINIA</b>			
D'Amato (R)	92	13 Brown (D)	19	5 Clement (D)	36	Byrd (D)	8		
1 Hochbrueckner (D)	15	14 Sawyer (D)	18	6 Gordon (D)	39	Rockefeller (D)	4		
2 Lazio (R)	71	15 Pryce (R)	85	7 Sundquist (R)	96	1 Mollohan (D)	14		
3 King (R)	86	16 Regula (R)	79	8 Tanner (D)	68	2 Wise (D)	25		
4 Levy (R)	86	17 Traficant (D)	22	9 Ford (D)	15	3 Rahali (D)	15		
5 Ackerman (D)	12	18 Applegate (D)	22	<b>TEXAS</b>				<b>WISCONSIN</b>	
6 Flake (D)	8	19 Fingerhut (D)	43	Gramm (R)	87	Kohl (D)	36		
7 Manton (D)	12	<b>OKLAHOMA</b>		Hutchison <sup>4</sup> (R)	82	Feingold (D)	16		
8 Nadler (D)	11	Boren (D)	28	1 Chapman (D)	29	1 Barca (D)	43		
9 Schumer (D)	26	Nickles (R)	96	2 Wilson (D)	36	2 Klug (R)	82		
10 Towns (D)	9	1 Inhofe (R)	100	3 Johnson, S (R)	100	3 Gunderson (R)	86		
11 Owens (D)	4	2 Synar (D)	20	4 Hall (D)	79	4 Kleczka (D)	32		
12 Velazquez (D)	0	3 Brewster (D)	48	5 Bryant (D)	14	5 Barrett (D)	29		
13 Molinari (R)	85	4 McCurdy (D)	52	6 Barton (R)	96	6 Petri (R)	82		
14 Maloney (D)	21	5 Istook (R)	100	7 Archer (R)	100	7 Obey (D)	8		
15 Rangel (D)	7	6 English <sup>1</sup> (D)	40	8 Fields (R)	100	8 Roth (R)	81		
16 Serrano (D)	7	6 Lucas <sup>2</sup> (R)	100	9 Brooks (D)	8	9 Sensenbrenner (R)	96		
17 Engel (D)	7	<b>OREGON</b>		10 Pickle (D)	12	<b>WYOMING</b>			
18 Lowey (D)	11	Hatfield (R)	60	11 Edwards (D)	46	Wallop (R)	100		
19 Fish (R)	78	Packwood (R)	79	12 Geren (D)	68	Simpson (R)	87		
20 Gilman (R)	64	1 Furse (D)	21	13 Sarpalis (D)	56	1 Thomas (R)	88		
		2 Smith (R)	89	14 Laughlin (D)	50				
		3 Wyden (D)	21	15 de la Garza (D)	25				
		4 DeFazio (D)	32	16 Coleman (D)	19				
		5 Kopetski (D)	15	17 Stenholm (D)	79				
		<b>PENNSYLVANIA</b>		18 Washington (D)	5				
		Specter (R)	63	19 Combest (R)	89				
		Wofford (D)	17	20 Gonzalez (D)	7				
		1 Foglietta (D)	4	21 Smith (R)	92				

1. Appointed to Clinton Administration  
2. Elected in special election to fill term of Glenn English  
3. Appointed to replace Albert Gore  
4. Elected in special election to fill term of Robert Krueger

October 21, 1994

Senator--

Attached for your review are two articles--one by Charles Krauthammer and one by Glenn Loury, a black professor at Boston University--that offer a good critique of Charles Murray's book, "The Bell Curve." As you know, "The Bell Curve" argues that blacks have lower I.Q.s than whites because intelligence is, in part, genetically transferred.

I agree with Jude Wanniski that it's certainly not in your interest to be seen as endorsing or entertaining the Murray thesis in any way. Keep as far away from it as possible. At the same time, however, I'm not so sure you should be out there publicly ridiculing the "The Bell Curve" as "quackery," as Wanniski suggests.

If asked about "The Bell Curve," I'd make two points:

- \* In your view, intelligence has more do to with cultural background than with genetics. That's a personal hunch, not a scientific conclusion.
- \* For 30 years, we've been fixating on grouping people along racial and ethnic lines...so it shouldn't be any surprise when we end up with a book like "The Bell Curve." Let's get back to Martin Luther King's vision of a color-blind society. It's time to start focusing on the individual and on individual merit. As Krauthammer writes: "Knowing the group score tells you nothing about the individual....[Let's] stop counting by race. Stop allocating by race. Stop measuring by race. Let's return to measuring individuals."

Dennis

Charles Krauthammer

# IQ: What's the Fuss?

- "The black-white IQ difference [is] about 15 points in the U.S. . . ."
- "In the United States, blacks of above-average socioeconomic status have not averaged as high IQ as whites of lower socioeconomic status."
- "The question here is not whether [group] differences [in mental test performance] are cultural or genetic in origin. The point is that they are real and that their consequences are real."

So this is Charles Murray's heresy, the incendiary declarations about race and IQ that have landed him and his co-authored book, "The Bell Curve," on the cover of Newsweek, the New Republic and the New York Times Magazine, and landed him in the liberal pantheon of bigoted pseudo-science.

Well, no. The quotations above are from "Race and Culture" (Chapter 6: "Race and Intelligence") published two months before "The Bell Curve." The author is Thomas Sowell, the Stanford economist and social scientist. Sowell is black. And his interest in ethnic differences in mental capacity is even broader than Murray's.

Starting with Cicero's observation 20 centuries ago that Britons were too stupid to make good slaves, Sowell offers a worldwide survey of ethnic differences in intelligence. They are ubiquitous. "Among Indians in colonial Malaya, for example, Tamils had higher scores than Gurkhas, and both had higher scores than Bengalis in Bengal." In math, he points out, ethnic Chinese schoolchildren outperform the English in Hong Kong, the Malays in Singapore, the Indonesians in Indonesia. In the United States, East Asians outperform whites.

With the phenomenon of ethnic IQ differences so universal, Sowell is quite relaxed about the American black-white difference. He notes (in a passage I purposely truncated above) that "the black-white IQ difference of about 15 points in the U.S. has been matched by the IQ difference between Sephardic and Ashkenazic Jews in Israel or between Catholics and Protestants in Northern Ireland."

Murray's "Bell Curve," on the other hand, is more narrowly focused on ethnic differences in the United States. In particular, it marshals voluminous validation for the black-white IQ differences that Sowell and others have noted. For this, Murray has been subjected to fierce personal attack. To take an example almost at random, sociologist Alan Wolfe writes that "Murray and [co-author Richard] Herrnstein may not be racists, but they are obsessed by race. They see the world in group terms and must have data on group membership."

An interesting charge, given the fact that for the last two decades it is the very liberals who so vehemently denounce Murray who have been obsessed by race, insisting that every institution—universities, fire departments,

Alaskan canneries—"must have data on group membership."

It is they who have oppressively insisted that we measure ethnic "over-" and "underrepresentation" in every possible field of human endeavor. To take only the latest example, on Sept. 26 the federal government proposed that banks making small business loans be required to ask the applicant's race and gender.

Not a month goes by when I do not get a survey of some sort in which I am asked to identify myself by race. (As a rule, I refuse.) Here is a liberal establishment forcing racial testing and counting for every conceivable activity, and when a study comes along which does exactly that for SATs and IQ, the author is pilloried for being obsessed by race.

In fact, Murray is obsessed by class. "The Bell Curve" is a powerful, scrupulous, landmark study of the relationship between intelligence and social class, which is what the book is mainly about. It is secondarily about differences among ethnicities (they are not addressed until Chapter 13), which is what the fuss is about.

I have two difficulties with the book. First, I see no reason to assume that group differences in intelligence (as opposed to individual variation) have anything to do with genes. The more plausible explanation is Sowell's: Ethnic differences in intelligence, which change over time (the British have come up smartly since Cicero), are due to culture, that part of the environment which, unlike socioeconomic status, is unmeasurable.

Second, I have trouble with Murray's recommendations about what to do with the fact of inequality. He offers a kind of conservative multiculturalism in which each ethnicity finds its honored niche in society according to its own areas of excellence and distinction.

I distrust all multiculturalism, liberal or conservative. The Balkans amply demonstrate the perils of balkanization. My answer is simpler: Stop counting by race. Stop allocating by race. Stop measuring by race. Let's return to measuring individuals.

It seems hopelessly naive to propose this today. But it was not naive when first proposed by Martin Luther King Jr. and accepted by a white society that was finally converted to his vision of colorblindness. Instead, through guilt and intimidation, a liberal establishment has since mandated that every study of achievement in American life be broken down by race. "The Bell Curve" takes that mandate to its logical conclusion.

Enough. As both Murray and Sowell explicitly state, knowing the group score tells you nothing about the individual. Well, we have now seen the group score. Let's all go back to counting individuals. How many of Murray's critics will agree to that?

## A Political Act

The Murray and Herrnstein article addresses three distinct questions: (1) What do we know about differences on the average in cognitive functioning between identifiable population subgroups? (2) How, if at all, should such matters be discussed in public? and (3) to what extent must the self-esteem enjoyed by a group be diminished, should it be found to rank relatively low in the cognitive hierarchy?

The first question is a scientific one; it can be addressed only by the collection and analysis of evidence. While it is possible to argue with some of their interpretations, it is difficult in my view to dispute their central contentions, based on an impressive array of evidence: that there are measurable differences, on the average, in the cognitive functioning of the members of various population subgroups; that in the case of black and white Americans this difference is of a quantitatively substantial magnitude; and that group difference in cognitive functioning of this extent must be part of the explanation for the differences between blacks and whites in their educational and economic achievements.

Other of their conclusions—the importance of genetic factors in accounting for group cognitive differences, or the immutability of such differences in the face of egalitarian policy efforts—are less compelling to me. But even here, they are making important scientific claims that cannot be dismissed out-of-hand. It cannot be proved that the evident average difference in cognitive functioning between blacks and whites in America has no genetic component. Nor is it clear, on the evidence at hand, that interventions of social and educational enrichment offer the realistic prospect of significantly reducing this disparity. So while we may, and must, argue about exactly what the data establish in this explosive area of social science analysis, we need also to come to grips with some very uncomfortable facts.

What is the meaning for our society—the moral and political significance—of substantial racial disparities in cognitive functioning? This is the matter addressed in questions (2) and (3). Sadly, Murray and Herrnstein's discussion is not helpful. Early on they say it is essential for people to begin to talk openly of a matter

already being discussed behind closed doors. But why? It is easy to imagine that open talk, when not coupled with useful action, could be terribly destructive, even if rooted in demonstrable fact. In a way, by concluding that no useful policy interventions exist for narrowing cognitive differences between racial groups, the authors defeat their own justification for the urgency of the discussion they intend to provoke. What, exactly, is it that we are to talk about? Just how necessary is it that we engage in a public discourse of regret concerning what they present as the unfortunate but recalcitrant disabilities of an identifiable set of our fellows?

It is only in connection with the formulation of policy that the public discussion of the matters of individual differences in cognitive capacity becomes essential. And even then, it is far from clear why an emphasis on group I.Q. differences is necessary. The fact that "everybody's whispering about it" hardly constitutes an adequate justification. For, Murray and Herrnstein's declarations of intent notwithstanding, the fact is one cannot engage in such a discourse without simultaneously signaling other moral and political messages. These other messages bear on the worth of the disadvantaged "clans," and the legitimacy of collective ameliorative efforts undertaken on their behalf.

*Declaring a stark and intractable gap between the intellectual abilities of black and white Americans is a political act. It inevitably implies something about the intrinsic value of persons in the respective groups, and about the fundamental obligations we have to one another, as fellow citizens of a common republic, to redress the stark inequalities evident all about us. When as scholars we write about intelligence we engage in politics whether we like it or not. This is no reason to abandon the field; but it*

is good reason to write with circumspection and care, so as to avoid giving gratuitous offense to the sensibilities of our readers. Unfortunately, this was not done in this article. Quite to the contrary, the speculative discussion of sources of group esteem offered at its end seems totally inconsistent with the earnest claim to the disinterested pursuit of science put forward at the beginning. I can only urge, in the strongest terms, that in

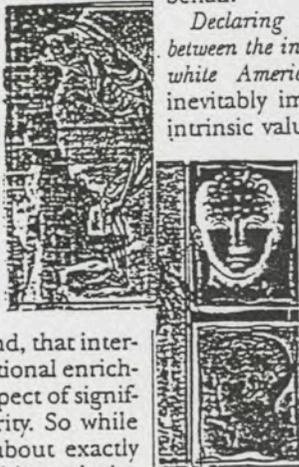
future discussions of the scientific findings of their work, the authors forgo such speculations.

I am not here questioning the motives of the authors. Rather, I am saying that the authors unnecessarily invite the questioning of their motives by introducing extraneous and unproductive speculation into what should be a discussion of the facts, and the facts alone. This talk of "clans" that appropriately impute to themselves superiority over others by virtue of some desirable trait that they manifest to a greater degree than do other "clans" is errant nonsense. One can make no sense of it in rigorous sociological or anthropological terms. At a point when the authors should in my view be stressing individualism as the antidote to the racist sentiments that their objective analyses might feed, we find them instead engaging in the crudest of racial generalization.

Let me speak plainly. Blacks are in no need of a defense of our humanity in the face of Murray and Herrnstein's evidence concerning an average disparity between racial groups in performance on intelligence tests. Least of all do we need to invoke, "It's a black thing; you wouldn't understand"—declaring ourselves separate in some essential way, members of a different sphere within which even we can see ourselves as superior to all other "clans." I would have thought, and have always supposed, that the inherent equality of human beings was an ethical axiom, not a psychologically contingent fact. Indeed, it has always seemed to me that learning to see ourselves as individuals first and foremost is the surest way to guarantee against the pernicious chauvinism that leads a black to feel himself superior in view of the demographic composition of the NBA, or a Jew to sneer at the goyim in light of the religious affiliations of recent Nobel physicists. What, one must wonder, would lead Murray and Herrnstein to the condescending apologia with which they conclude their article?

GLENN LOURY

Glenn Loury is University Professor and professor of economics at Boston University.



MEMORANDUM

NOVEMBER 3, 1994

TO: SENATOR DOLE  
FROM: JO-ANNE  
SUBJ: LAST-MINUTE CAMPAIGN CONTRIBUTIONS

A review of close races and our financial support for candidates in the 1993-1994 cycle reveals there are some cases where we may provide additional funding. In most cases, these are campaigns in need of money and races we can still win. (Most of the House races are recommendations from the RNC.) Please let me know if you wish to make additional contributions to any of the following:

Governors:

- Don Sundquist *ju*  
We have given nothing. He is being badly outspent by opponent.
- Fife Symington *ju*  
Needs money badly. We have given only \$640.
- Jeb Bush *ju*  
Race has tightened up. Money will help.

*that is the max we gave GOP \$25,000.*

Senate:

- Colin McMillan  
Have given \$5,000 to General, and \$1,000 to Primary. Could give \$4000 to Primary Debt Retirement, if he has one. (He of course has money of his own, and this race seems to be slipping away from us.)
- Rick Santorum *SA*  
Can give him another \$2,000
- Jim Jeffords  
Can give another \$3,000 (He has \$500,000+ in bank)

House:

- Mac Collins - GA  
Can give \$5,000 to General
- Ken Calvert - CA  
Can give \$4,000

Gary Franks - CT Can give \$5,000

→ Peter Torkildsen - MA Can give \$5,000 *OK*

→ Henry Bonilla - TX Can give \$5,000 *OK*

→ Tom Davis - VA Can give \$3,000 *OK*

Geo. Nethercutt - WA Can give \$5,000

~~Matt Salmon - AZ 1~~ Can give \$3,000

Joe Scarborough - FL 1 Have given nothing

Dave Weldon - FL 15 Have given nothing

Andrea Seastrand - CA 22 Have given nothing

Jim Longley - ME 1 Have given nothing

Richard Bennett - ME 2 Have given nothing

Bob Ehrlich - MD 2 Can give \$2500

J.D. Hayworth - AZ 6 Can give \$3,000

? — Jim Nelepa - IL 3 Gave only \$200

Kenny Hulshof - MO 9 Have given nothing

Bill Jordan - MS 2 Have given nothing

John Ensign - NV 1 Have given nothing

Walter Jones - NC 3 Can give \$1,700

Greg White - OH 13 Have given nothing

— Bobby Ortiz - TX 16 Can give \$4,000 *-(1000)*

Doc Hastings - WA 4 Can give \$2500

Randy Tate - WA 9 Can give \$2500

*Have no change*

## Capitol Hill Follies

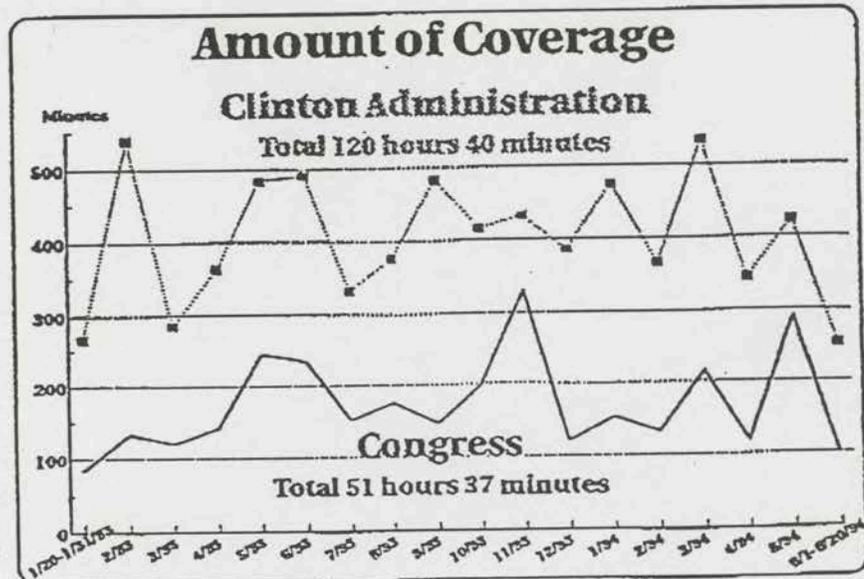
### How TV News Has Covered the 103rd Congress

#### Major findings:

- **From Bad...** Congress gets worse press than the president. Page 3
- **To Worse...** Republican members get worse press than Democrats. Page 5
- **To Worst** The institution gets worse press than its individual members. Page 3
- **Gender Gap** Congresswomen get better press than congressmen. Page 3
- **Familiar Faces** A majority of the coverage goes to only 5% of the members. Page 2
- **Dole's Ups...** Bob Dole gets four times as much coverage as anyone else. Page 2
- **... and Downs** Only Bob Packwood gets more negative coverage than Dole. Page 4

How has TV news covered the Congress? How does coverage of Congress compare with coverage of the president? Are there differences in the way congressional Democrats and Republicans are portrayed? This month's *Media Monitor* examines network coverage of the 103rd Congress.

From January 20, 1993 through June 20, 1994, the three major networks broadcast 1,703 stories about the 103rd U.S. Congress on their evening newscasts. NBC provided the most coverage, airing 581 stories totalling 17 hours 41 minutes. CBS broadcast 576 stories (16 hours 52 minutes) while ABC aired 546 stories (17 hours 4 minutes). The Senate (653 stories, 18 hours 10



(continued on page 2)

minutes) garnered over 200 more stories and four hours more airtime than the House of Representatives (444 stories, 14 hours 1 minute), although many stories (606, with an airtime of 19 hours, 26 minutes) dealt with both houses or the Congress generally.

### Quorum Call

One out of four members of the 103rd Congress were new to the institution. But this dramatic turnover was not reflected in the news coverage, which focused on a handful of Capitol Hill's veteran legislators. Just ten House members accounted for more than a third (36%) of all those mentioned in news stories, while the Senate's top ten accounted for nearly half (47%) of that body's mentions. Thus, the 20 individuals in this select group, who average 20 years of service in Congress, appeared on the news an average of once each week. Their 515 colleagues each showed up an average of just once every six months. Overall, just five percent of the members (18 Senators and 9 Representatives) accounted for over 50 percent of the coverage.

The average Senator appeared on the evening news once a month, compared with just two appearances a year for the average House member. Senate Republican leader Bob Dole was the most frequently mentioned member of Congress, appearing in 316 stories (or four times a week). His closest

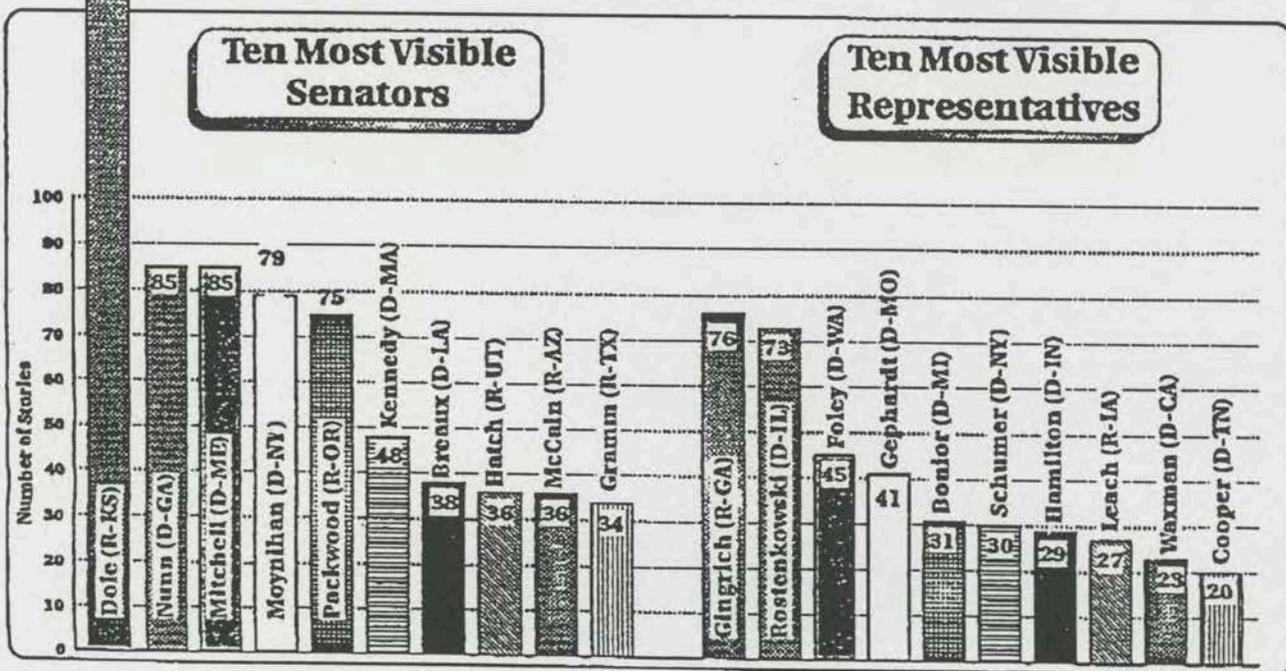
competitors for airtime, Democrats Sam Nunn and George Mitchell, received barely one-fourth as much attention (85 stories each). Other highly visible senators included three Democrats heavily involved in the health care debate — Daniel Patrick Moynihan (79), Edward Kennedy (48), and John Breaux (38) — and Republican Bob Packwood (75), who faced ethics charges.

Among House members, Republican whip Newt Gingrich's appearance in 76 stories put him slightly ahead of former Ways and Means chairman Dan Rostenkowski, whose legal troubles figured prominently in his 73 stories. House Speaker Tom Foley finished a distant third with mentions in 45 news stories. Gingrich and Jim Leach, the GOP point man on Whitewater, were the only House Republicans frequently seen on the networks.

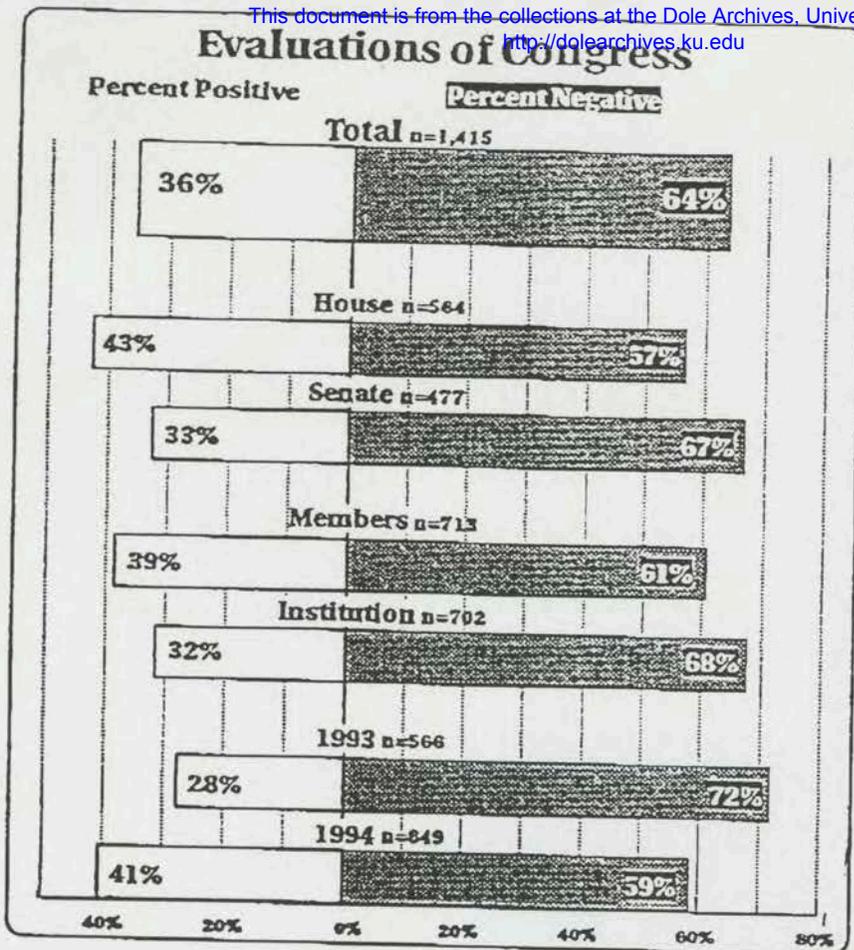
Despite these impressive totals, the airtime given to Congress (51 hours 37 minutes) is less than half (43%) of what the networks devoted to the Clinton administration (120 hours 40 minutes) during this period. In addition, Congress often shared the spotlight. Two out of three congressional stories also featured either the president or his appointees and policies. In contrast, three out of four TV stories about the executive branch failed to mention Congress.

### Rating the Players

During its first 17 months, the 103rd Congress collectively



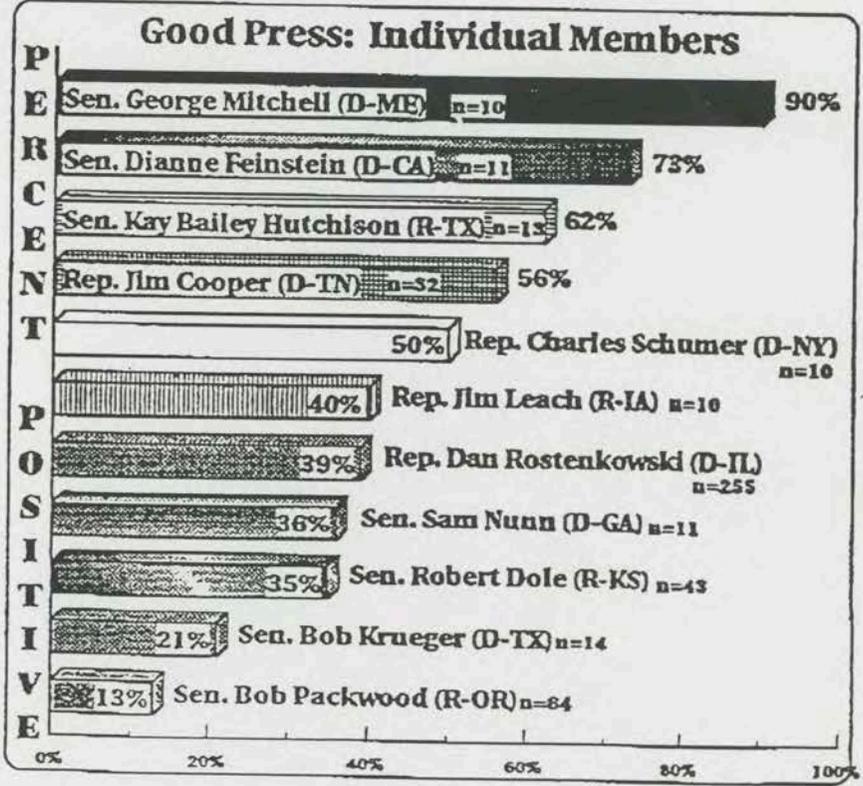
Media Monitor



Ratings of the institution were even harsher than those directed at individual members — by 68 percent vs. 61 percent negative. However, congresswomen fared better than congressmen. As a group, female members of Congress received mostly good press (58% positive), compared with only 38 percent positive for their male counterparts. Among individual members, freshmen Senators Dianne Feinstein (D-CA) and Kay Bailey Hutchison (R-TX) received better press (73% and 62 percent positive, respectively) than all but one of their male colleagues. The exception was retiring majority leader George Mitchell (D-ME), who was praised by 90 percent of news sources. For example, President Clinton told ABC, "We would not have had the success we had [in 1993] had it not been for [Mitchell's] incredible persistence and patience and strength." (3/4/94)

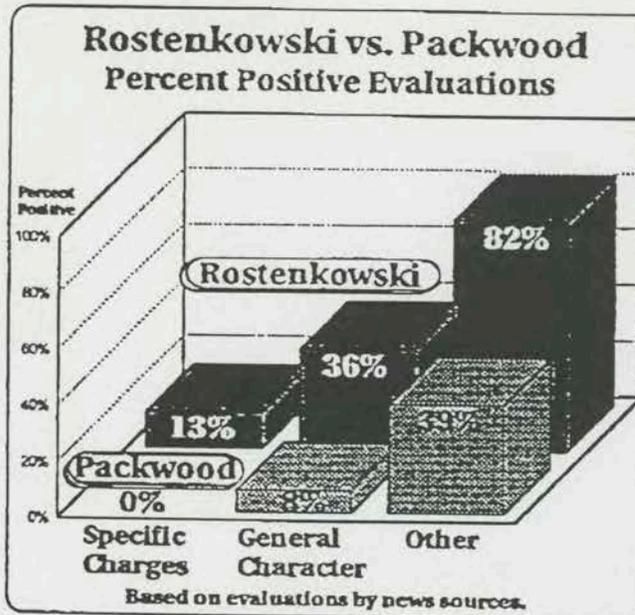
At the other end of the spectrum, then-Sen. Bob Krueger (D-TX) was panned (79% negative press) for his political abilities in 1993, shortly

received 64 percent negative comments from sources and reporters. Thus, Congress fared even worse than President Clinton's 62 percent negative ratings during this period, as reported in the July-August *Media Monitor*. (To determine the tone of congressional coverage, we coded all 1,415 sound bites that evaluated either members of Congress or the institution generally. The percentages reported here are calculated from these clearly positive and negative evaluations.) The Senate and its members were criticized more frequently than their House counterparts (67% vs. 57% negative). However, coverage of both chambers has improved somewhat over time. Congress's level of bad press stands at 59 percent so far this year, compared to the 72 percent negative comments that we tallied during 1993.

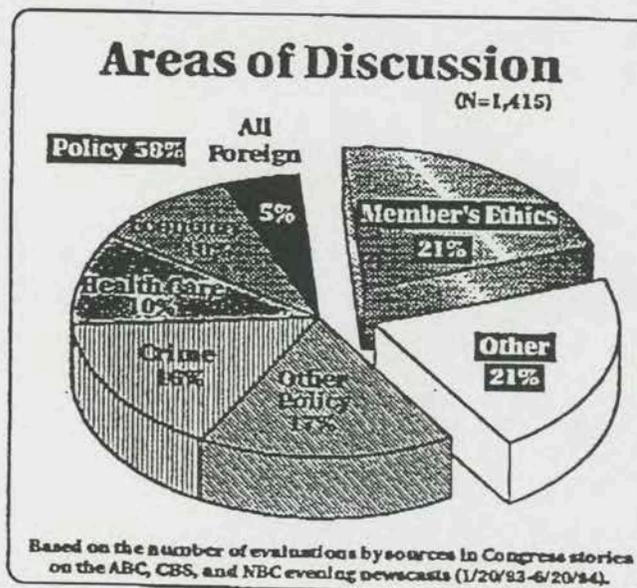


before being defeated by Hutchison in a special election. Sen. Sam Nunn (D-GA) attracted heavy criticism (64% negative) for his stand against gays in the military. And high visibility did not mean good press for Sen. Bob Dole (R-KS), whose leadership position and presidential aspirations made him a frequent target of critics (65% negative). During a Dole visit to New Hampshire, CBS quoted a local Democratic official, "He is the master of gridlock, and people are sick and tired of it." (8/21/93) In fact, Dole has received the worst press of any current member of Congress, apart from the scandal-scarred Packwood.

The two most frequently evaluated members were both under investigation for alleged ethical misconduct. Rep. Dan Rostenkowski (D-IL) was indicted in May 1994 for allegedly embezzling money from the House Post Office, putting ghost employees on his payroll, and witness tampering. Most sources (87%) agreed that Rostenkowski was guilty of the specific charges against him, and two out of three criticized his character. CBS quoted a primary election opponent, "He is the symbol of corruption in Congress." (2/28/94) Apart from the ethical criticism, however, Rostenkowski enjoyed highly (82%) positive press notices for his political acumen and job performance. For example, ABC's John Cochran called him "a master at winning over Democrats" (5/19/94), and CBS's Linda Douglass



agreed that his "political skills are legendary," (5/18/94). Sen. Bob Packwood (R-OR), on the other hand, received no on-air support against allegations of sexual harassment and altering his diary to suppress evidence. Among the few defenders of his character was an Oregon voter who told ABC that his senator had "apologized publicly, and he's quit drinking. I think he's really made amends to the public." (6/11/94)



Even apart from the character issue, six out of ten sources (61%) still voiced criticism of Packwood, giving him the worst overall press of any member of Congress — 87 percent negative.

### The Congressional Record

Although one out of every five evaluations focused on the ethics of individual members, almost three times as many (58%) dealt with substantive policy matters. Domestic issues dominated the airwaves, accounting for more than half of the coverage; all foreign policy issues combined accounted for only one out of twenty evaluations. The most newsworthy issues for the 103rd Congress were crime, health care reform, the budget, and government ethics.

Crime and gun control — Congress was rated more often for its handling of crime than on any other issue. Initiatives on gun control—the Brady Bill and a ban on assault weapons—were praised by a bare majority of sources (81 statements for vs. 80 against). After the legislation bearing his name passed, Jim Brady told NBC, "It's an awfully nice Thanksgiving present for the people of America." (11/24/93) Other elements of the crime bill, however, were criticized by 55 percent of news sources. One lawyer argued that budget cuts would mean criminals "have about as much chance of being hit

with these very severe federal punishments as they do of being hit by lightning." (CBS, 12/15/93)

**Health care reform** – A majority of sources (58%) also turned thumbs down on Congress's handling of health care reform. Much of the coverage featured members criticizing each other. On ABC Sen. Orrin Hatch called a proposal by Sen. Edward Kennedy "nothing more than a pasteurized version of Clinton's blueprint for socialized medicine." (5/18/94). In the House, Democrat Vic Fazio condemned Republican obstructionism: "We have a House full of Republican robots being programmed secretly by the minority leadership." Republican whip Newt Gingrich responded, "there's no point in our improving the bill to the point that a bad bill passes, if it's still a bad bill.... You really can't take a large dump truck and turn it into a Corvette." (both ABC, 6/17/94)

**Budget and taxes** – Congress received its worst press (77% negative) on budget and tax policies. The 1993 tax increase was criticized by nine out of ten sources (91%), while that summer's budget debate earned Congress 72 percent bad press. Much of this debate was framed by the president's budget and tax proposals, with Republicans offering

criticism of both the president and congressional Democrats, and the Democrats responding in kind. For example, ABC broadcast President

– reforming congressional campaign and ethics rules, and its Whitewater investigation. Most sources (72%) denigrated Congress's efforts to reform campaign spending. CBS's Eric Engberg called the fact that newly elected members had collectively raised \$4 million in their first year "a chilling sign the freshmen have come to like the benefits of incumbency." (CBS, 12/13/93)

The Whitewater affair produced bad press on both sides of the aisle. Republicans argued that Democrats were unwilling to pursue the case. Minority leader Bob Dole complained that the "appointment (of an) independent counsel was never intended as an excuse for Congress to punt." Majority leader George Mitchell shot back that the Republican approach to Whitewater was "partisan politics at its worst." (both CBS, 3/9/94).

	Percent Positive
Total n=829	39%
Foreign Policy n=71	32%
Domestic Policy n=748	39%
NAFTA n=28	61%
Gun Control n=161	50%
Crime n=58	45%
Whitewater n=71	44%
Health Care n=139	42%
Bosnia n=25	36%
Budget n=68	36%
Ethics Reform n=64	28%
Taxes n=22	9%

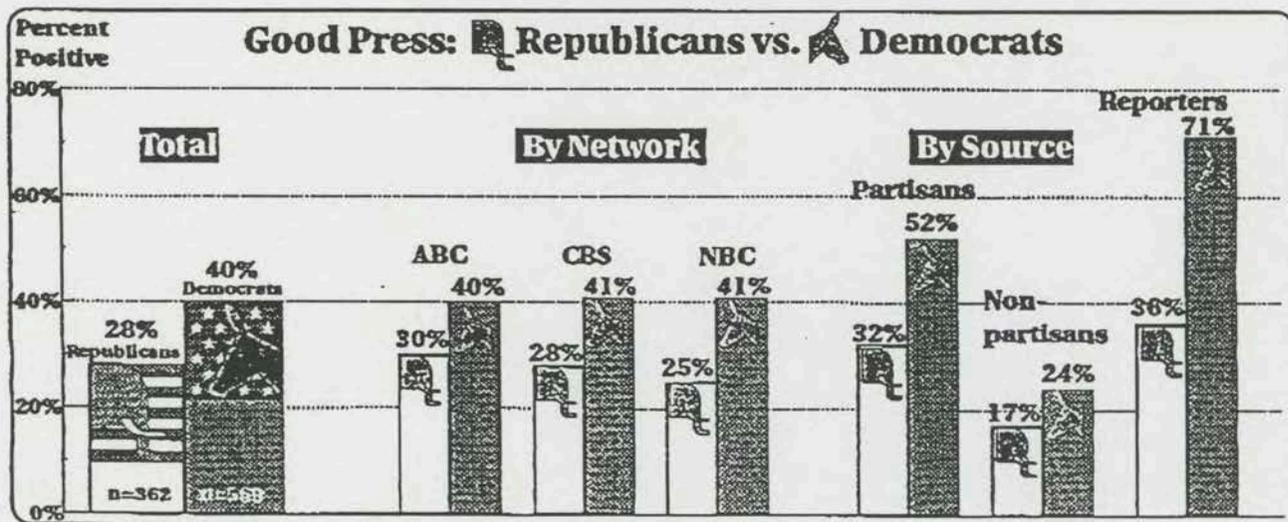
Based on evaluations by news sources.

Clinton's accusations of Republican hypocrisy: "After we heard all this stuff about tax and spend . . . how many spending cuts do you think were offered by the other side...? Zero!" (7/20/93)

**Ethics** – Quite apart from the personal indiscretions of individual members, Congress faced mostly bad press on two institutional ethics issues

### Republicans vs. Democrats

Although the networks gave failing grades to Congress across the board, Republicans fared even worse



Media Monitor

than Democrats. Nearly three out of four sources (72%) rated GOP members negatively, compared to three out of five (60%) who criticized their Democratic counterparts. The gap was especially pronounced among partisan sources, the majority of whom (52% positive) praised the majority party, while criticizing the Republican minority two-thirds of the time (68% negative). This disparity partly reflects the networks' tendency to air opinions from Democratic members more often than Republicans (237 to 162 sound bites). In addition, the president and his

appointees evaluated Congress 131 times, giving Democratic partisans a two-to-one advantage over Republicans (368 to 162) in the debate over Congress's performance.

Even among non-partisan sources such as voters and pundits, Democrats did somewhat better than Republicans (by 24% to 17% positive ratings). But the greatest disparity came in "unsourced" judgements spoken by reporters themselves. Network journalists offered mostly praise for congressional Democrats (71% positive) and criticism (64%

negative) for Republicans. For example, ABC's Bob Jamieson portrayed the GOP as legislative obstructionists, saying "most believe Republicans opposed the [Clinton economic] plan just to score political points." (8/9/93) In contrast, NBC's Lisa Myers praised the former chairman of the Ways and Means Committee for his ability as legislative catalyst: "No one is better than Rostenkowski at the wheeling and dealing required to move complex legislation like health care." (5/6/94) ■

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## United States Senate

### Frequency of Mention on TV News: January 20, 1993 - June 20, 1994

Robert Dole (R-KS)	316	Barbara Mikulski (D-MD)	13	Harry Reid (D-NV)	5
Sam Nunn (D-GA)	85	David Pryor (D-AR)	13	Jim Sasser (D-TN)	5
George Mitchell (D-ME)	85	Pete Domenici (R-NM)	13	Hank Brown (R-CO)	5
Daniel Moynihan (D-NY)	79	Trent Lott (R-MS)	13	Thad Cochran (R-MS)	5
Robert Packwood (R-OR)	75	Frank Lautenberg (D-NJ)	12	Larry E. Craig (R-ID)	5
Edward Kennedy (D-MA)	48	Howard Metzenb'm (D-OH)	12	Larry Pressler (R-SD)	5
John Breaux (D-LA)	38	Dan Coats (R-IN)	12	Bob Smith (R-NH)	5
Orrin Hatch (R-UT)	36	Jesse Helms (R-NC)	12	Strom Thurmond (R-SC)	5
John McCain (R-AZ)	36	Don Nickles (R-OK)	12	Dale Bumpers (D-AR)	4
Phil Gramm (R-TX)	34	Bob Graham (D-FL)	11	Charles Grassley (R-IA)	4
Dianne Feinstein (D-CA)	33	Max Baucus (D-MT)	10	Wendell Ford (D-KY)	3
Dennis DeConcini (D-AZ)	32	Carol Moseley-Braun (D-IL)	10	Richard Shelby (D-AL)	3
Joseph Biden (D-DE)	29	Bob Krueger (D-TX)*	10	Frank Murkowski (R-AK)	3
David Boren (D-OK)	29	Charles S. Robb (D-VA)	10	Harris Wofford (D-PA)	2
Jay Rockefeller (D-WV)	28	William Cohen (R-ME)	10	Slade Gorton (R-WA)	2
Alfonse D'Amato (R-NY)	27	Richard Lugar (R-IN)	10	Mark Hatfield (R-OR)	2
Bob Kerrey (D-NE)	26	James Exon (D-NE)	9	James Jeffords (R-VT)	2
Arlen Specter (R-PA)	25	Ernest Hollings (D-SC)	9	Dirk Kempthorne (R-ID)	2
Robert Byrd (D-WV)	22	Herb Kohl (D-WI)	9	William Roth (R-DE)	2
Bill Bradley (D-NJ)	21	Russel Feingold (D-WI)	8	Ted Stevens (R-AK)	2
Patrick Leahy (D-VT)	21	Paul Sarbanes (D-MD)	8	Malcolm Wallop (R-WY)	2
John Chafee (R-RI)	21	Christopher Bond (R-MO)	8	Claiborne Pell (D-RI)	1
Kay Hutchison (R-TX)*	21	John Danforth (R-MO)	8	Conrad Burns (R-MT)	1
John Kerry (D-MA)	19	Kent Conrad (D-ND)	7	Paul Coverdell (R-GA)	1
John Glenn (D-OH)	18	Christopher Dodd (D-CT)	7	Lauch Faircloth (R-NC)	1
Nancy Kassebaum (R-KS)	18	Tom Harkin (D-IA)	7	Judd Gregg (R-NH)	1
Barbara Boxer (D-CA)	17	Howell Heflin (D-AL)	7	Daniel K. Akaka (D-HI)	0
Alan Simpson (R-WY)	17	Carl Levin (D-MI)	7	Jeff Bingaman (D-NM)	0
John Warner (R-VA)	17	Paul Wellstone (D-MN)	7	Ben Campbell (D-CO)	0
Paul Simon (D-IL)	15	Connie Mack (R-FL)	7	Harlan Mathews (D-TN)	0
				Robert F. Bennett (R-UT)	0
David Durenberger (R-MN)	15	Byron Dorgan (D-ND)	6		
Richard Bryan (D-NV)	14	Patty Murray (D-WA)	6		
J. Bennett Johnston (D-LA)	14	Mitch McConnell (R-KY)	6		
Donald Riegle (D-MI)	14	Thomas Daschle (D-SD)	5		
Joseph Lieberman (D-CT)	13	Daniel K. Inouye (D-HI)	5		

\*Kay Bailey Hutchison defeated Sen. Bob Krueger in a Texas special election in June 1993.

Based on Center for Media and Public Affairs content analysis of ABC, CBS, and NBC evening newscasts, January 20, 1993 to June 20, 1994.

## United States House of Representatives

### Frequency of Mention on TV News: January 20, 1993 - June 20, 1994

Newt Gingrich (R-GA)	76	James Oberstar (D-MN)	7
Dan Rostenkowski (D-IL)	73	Marjorie Margolies-McZvinsky (D-PA)	6
Thomas Foley (D-WA)	45	Robert Matsui (D-CA)	6
Richard Gephardt (D-MO)	41	Thomas Bliley (R-VA)	6
David Bonior (D-MI)	31	John Kasich (R-OH)	6
Charles Schumer (D-NY)	30	Michael Andrews (D-TX)	5
Lee Hamilton (D-IN)	29	John Conyers (D-MI)	5
James Leach (R-IA)	27	John Dingell (D-MI)	5
Henry Waxman (D-CA)	23	Richard Durbin (D-IL)	5
Jim Cooper (D-TN)	20	John Murtha (D-PA)	5
Edward J. Markey (D-MA)	19	David Obey (D-WI)	5
Kweisi Mfume (D-MD)	19	Roy Rowland (D-GA)	5
Bill Richardson (D-NM)	19	James Sensenbrenner (R-WI)	5
Patricia Schroeder (D-CO)	19	Rosa DeLauro (D-CT)	4
Robert Torricelli (D-NJ)	17	Harold Ford (D-TN)	4
Robert Michel (R-IL)	17	Major Owens (D-NY)	4
Timothy J. Penny (D-MN)	15	Jim Slattery (D-KS)	4
Frank McCloskey (D-IN)	13	Charles Stenholm (D-TX)	4
Fortney "Pete" Stark (D-CA)	13	Mike Synar (D-OK)	4
Barney Frank (D-MA)	12	James Traficant (D-OH)	4
Charles Rangel (D-NY)	12	Bill Archer (R-TX)	4
Sam Gibbons (D-FL)	11	John Duncan (R-TN)	4
Dan Glickman (D-KS)	11	Benjamin F. Gilman (R-NY)	4
Joseph P. Kennedy (D-MA)	11	Henry Hyde (R-IL)	4
Ron Wyden (D-OR)	11	Susan Molinari (R-NY)	4
Richard Armey (R-TX)	11		
Gerald Solomon (R-NY)	11		
David McCurdy (D-OK)	10		
Ronald Dellums (D-CA)	9		
John Lewis (D-GA)	9		
Jim McDermott (D-WA)	9		
Sherwood Boehlert (R-NY)	9		
Dan Burton (R-IN)	9		
William Thomas (R-CA)	9		
Maxine Waters (D-CA)	8		

*Note—Excludes members mentioned in fewer than four network news stories.*

*Based on Center for Media and Public Affairs content analysis of ABC, CBS, and NBC evening newscasts, January 20, 1993 to June 20, 1994.*

TOTAL P.09

PETE DOMENICI  
NEW MEXICO

United States Senate

WASHINGTON, DC 20510

October 28, 1994

The Honorable Robert Dole  
Republican Leader's Office  
S-230  
Washington, D.C. 20510

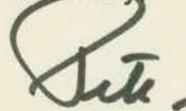
Dear Leader:

President Clinton has been complaining that he has not received credit for the economic recovery. There are good reasons why he should not be given credit, one being the simple fact that the recovery began seven quarters (21 months) before he was inaugurated.

By trying to take credit for the current recovery without acknowledging the Republican policies that created the recovery, President Clinton has been setting himself up to make the wrong economic decisions, such as the 1993 budget plan.

The enclosed document explains why Republicans, not President Clinton, can take credit for the current recovery.

Sincerely,



Pete V. Domenici

## Economic Expansion: Who Should Get Credit?

Senator Pete V. Domenici

October 27, 1994

In recent days, Clinton Administration officials have been complaining that they have not received due credit for the improvement in our national economy. Last Monday in Cleveland, the President rattled off on a long list of economic positives: world leader in automobile production, 4.6 million new jobs, increased private sector investment. He claimed all of this and more could be attributed to the Democratic budget that passed in August 1993.

I'm sorry if this sounds negative because there is some good current economic news, but the American public is right. The President can not claim all the credit for the current good economic news and certainly the link between this good news and the August 1993 Democratic budget is an extremely weak link. Clearly, if anything, this administration is reaping the benefits of economic seeds sown in prior years.

The momentum for economic growth was created well before this Administration came to office. Consider the following:

- o First, the National Bureau of Economic Research reports that the economic expansion -- now under way for three and a half years -- started seven quarters before the President was inaugurated and ten quarters before his economic plan was passed.
- o Second, low inflation, low interest rates, and high productivity growth took root under past Republican Administrations and a responsible Federal Reserve. These factors shifted the economy into a quickening pace, producing higher incomes and more jobs.
- o Third, economists of all stripes admit that the economy does not respond overnight to decisions made by Congress and the President, and it did not last fall, despite claims that this Administration's budget plan, passed in August of 1993, created a surge of activity.

Unquestionably, low interest rates and high productivity have been the

keys to our current expansion. Low interest rates -- the result of Federal Reserve policy and low inflation -- were the initial factor in the recovery. Between mid-1990 and the end of 1992, the Federal Reserve reduced interest rates from roughly 8.3% to 3.0%, engineering a 64% decline -- the biggest prolonged percentage drop in interest rates in recent U.S. history. These lower interest rates fueled our economy and helped usher in the sustained recovery we have been experiencing.

But a second shoe needed to drop; the economic environment needed to make the best use of these lower interest rates. That came with the resurgence of U.S. productivity -- our ability to produce goods more efficiently and competitively.

Our productivity successes have been impressive. Analysis by Morgan Stanley research director Stephen Roach shows that, during the first three years of this recovery, productivity gains accounted for 80% of GDP growth, far surpassing the 54% average contribution of past cycles. During 1992 alone, nonfarm business productivity -- the best measure of economy-wide worker efficiency -- rose 3.1%, the biggest one-year increase since the early 1970's.

Increases in productivity mean lower costs of production. Manufacturing costs have declined 9.5% in real terms since the expansion began in 1991. Best news of all, productivity gains have translated into higher incomes. After declining during the recession, personal income climbed \$356 billion during 1992, the largest increase in eight years. More income led to increased purchases and production. By mid-1992, auto and home purchases were taking off and businesses were investing in new capital equipment at a fast pace. Now, jobs are also picking up to meet increased demands on production.

The the chain of events is a textbook example of how to create economic growth: first came the productivity gains, then came the income gains, and now the creation of new jobs. Productivity gains preceded passage of the August, 1993 budget plan. Furthermore, the Clinton plan can hardly be credited with prompting a surge in economic growth just two months after it passed because the economy doesn't respond that quickly. A majority of economists, including some within the Administration, agree that the economy reacts with a substantial delay to factors and circumstances that affect it.

Moreover, it is clear that low inflation induces a boost in productivity. There is no mystery as to how this works. America learned the lesson in the late 1970s when inflation reached double-digit levels: negotiating favorable price increases to beat the next round of inflation became the all-consuming focus of businesses. The low inflation environment established during the 1980s has spurred businesses to return to cutting costs and raising productivity and the quality of products. With this focus on costs and efficiency instead of price increases, America is regaining its competitive position as the world's largest exporter.

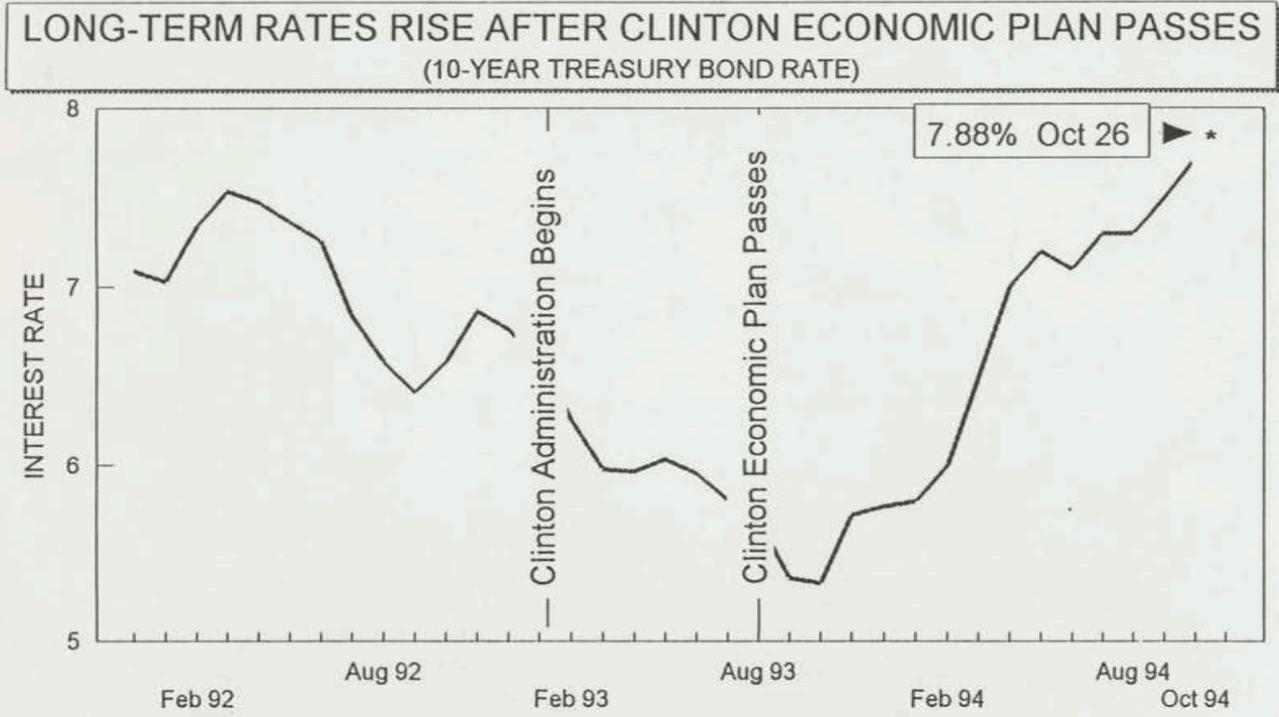
It is also significant that we have succeeded while European countries have not. During the 1980s our private sector created 16.5 million new jobs. Between 1980 and 1988, the European Community produced no net new jobs in their private sector; all new jobs were in the public sector.

But there are warning signs ahead. Interest rates have grown steadily since the fall of 1993 after the Democratic budget passed the Congress. (See chart.) Even worse, these high rates have been accompanied by a weak dollar, indicating U.S. securities still are not attractive enough to support U.S. investment needs. To attract foreign investors back interest rates will have to go even higher unless fundamental changes are made to our long-term economy.

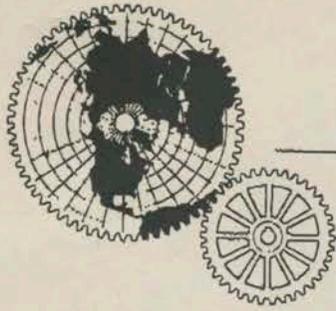
I am also afraid that our long-term deficit problem remains and weighs heavily on our future. Public deficits contribute to America's problem of low savings and investment. Also, if we are to remove the current bias against private saving in America, we must redesign our tax system.

The President deserves some credit for supporting the independence of the Federal Reserve. But Clinton policymakers are on the wrong track in seeking more government regulations and mandates. The factors motivating businesses today began in the 1980s when government revamped policy to foster a low-cost, low-overhead, low-inflation business environment where competitiveness is the key and government **gets out of the way**. It is worrisome to think the Clinton Administration's policies may reverse the course that has brought us this far.

This administration needs to remember how we created our successes. By taking credit for the current recovery without acknowledging how past policies got us to this place, the Administration may be setting itself up to make other wrong economic decisions. We cannot simply rely on just the business cycle to carry us through, as we have up to this point. Only by focusing on the factors that created this expansion will America enjoy future prosperity.



Source: Senate Budget Committee Minority



## POLYCONOMICS, INC.

Political and Economic Communications

MEMO To: Bob Dole  
From: Jude Wanniski  
Re: Social issues

October 23, 1994 (Sunday 2:30 pm)

The Charles Murray book, "Bell Curve," is being played by Clinton and the Democratic strategists as a political card to energize the black vote. The Jesse Jackson CNN show Saturday was entirely devoted to the issue of "genetic transference of IQ," which you must understand is at the heart of one of the most important issues of our time. Our nation can never be united until this matter is resolved once and for all. Black political and church leaders in every village, town and city are discussing this topic. They've known for years the day would come when the issue would have to be confronted directly and they also know that time has arrived. Juan Williams made exactly that point on the Jackson show and quietly argued that the black community should not shrink from it. The only position a white political leader of your stature can take, as I argued in my Friday memo, is to ridicule the Murray thesis and side with the leadership of the black community. Because you lead the GOP, you must do so even more emphatically than Clinton did in his Friday press conference. This is of course because the Black Community has been led to believe that Republicans as a class believe blacks are inherently intellectually inferior, which is the Murray thesis. If you are typical of the GOP establishment AND the white Democratic establishment, you will tend to assume Murray is right. You must REJECT this tendency in your mind and in your heart: Inherent racial inferiority was at the center of the slavery debate that gave us the civil war, and it was at the center of Nazism, which gave us WWII.

You should choose your words carefully and also the time and place to deliver them with the greatest effectiveness. The closer you can come to 100%, without equivocation, the greater the benefit to the country, to the GOP, and to you. If you could do this on the Jackson show, it would be optimal, as it will be watched by all the key leaders of the black community in these last weeks before the elections. Your standing would soar, not only in the black community, but also with all minorities and the white poor, who are otherwise burdened with the notion that they forever carry a genetic competitive deficiency. There is no downside because every American really wants to believe that all men are created equal. Those who will challenge you openly are racists anyway.

What do you say? We clearly inherit physical characteristics, but medical science -- as opposed to pop sociology -- doubts that we inherit a level of intelligence -- the ability to process information. All babies born to mothers who have had optimum pre-natal care -- haven't smoked, boozed or drugged -- will start out with brains that will develop according

2/Sen. Dole/10-23-94

to the stimuli they receive from day one. The fact that blacks at the moment as a class score lower in IQ than whites should be no surprise to anyone, as the black population is more heavily weighted than the white population with poor, broken families -- thus babies born undernourished during pregnancy, and undernourished intellectually thereafter in single-parent families. The clearest thing you can say is to predict that in another generation or so the statistics will show that black Americans have caught up with other racial classes. In this connection, you can point out that it is the political revolution now underway that will accelerate this process!! By opening up the economy, by tearing down government barriers to risk-taking, opportunity and economic growth, the inherent equality of individuals can reassert itself! The policy implications are all in our favor. The inherent equality of individuals means that the government need only supply a level playing field that encourages entrepreneurial capitalism. If there were inherent inequalities, government would have to step in to even things up -- not for a while, but forever!

**ON THE IMMIGRATION ISSUE:** Your stance on Prop 187 has to throw a blanket over Kemp and Pete Wilson. Your unique position as Party Leader requires you to treat all Republicans as if you are the senior parent in a big family. Think of it this way: Presidential candidates are younger brothers. Senate and House candidates are sons and daughters. Gubernatorial candidates are cousins. This two-week period is critical for you as you audition for '96. The entire political world is watching for you to try to gain an advantage over your potential competitors. Resist the temptation to take a bite out of Jack, who has clearly blundered among party regulars, especially in California.

You can do this by embracing the spirit of Prop 187, as an attempt by the people of California to deal with real problems that are confronting them. The problem is as great as it is because the California economy is stagnant -- which means the ordinary citizens have their backs to the wall, hanging on to marginal jobs or looking for them as illegals continue to swarm in from Mexico -- both keeping wages low and also burdening the state's taxpayers with the cost of social services. In this light, the worst part of the problem can be alleviated by action at the federal level -- with changes in the tax law that will spur capital formation. When Pete Wilson was elected, I pleaded with him to eliminate the state's capgains tax. Instead, he listened to Mike Boskin and increased taxes. Thus, he did to California what Florio did to New Jersey. You can't bring this up, of course, but bear it in mind. As for Kemp and Bennett, you should say they have raised serious questions about the interpretation of Prop 187, and you are not sure those questions will be resolved by the courts -- but that's why we have courts. This gives 187 supporters what they want, but credits Kemp with honest and legitimate concerns. This kind of answer reminds Jack that he is your "younger brother."

FAX:202-543-7373

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## BETTER AMERICA MEDIA SUMMARY

State	Market	GRP'S	Cost
SC	Greenville/Spartanburg	551	45,165
MO	St. Louis	726	78,900
	Kansas City	721	79,360
MI	Detroit	739	199,970
SD	Sioux Falls	838	14,050
CO	Denver	476	122,222
OH	Cincinnati	384	70,090
MA	Boston	250	190,000
CNN	National 43x		253,178
	Total Gross		1,061,925
	Adjusted Total		1,020,367

# United States Senate

Senator Dole

Economy and Deficit  
Talking Points

From Pete V. Domenici



## The Economy One-Year After

Senator Pete V. Domenici

August 5, 1994

- o A few facts for the President and his economic team to take into consideration as they lay claim to the successes of their economic package that passed one year ago this week.
- o First, the economic recovery (now slowing) that President Clinton wants to claim, began seven quarters before his inauguration and ten quarters before his "economic plan" passed.
- o The economy does not respond overnight, and did not -- despite claims that this Administration's budget plan passed last year.
- o Low inflation, low interest rates, and high productivity growth have been developing for a number of years under two Republican Administrations and a responsible Federal Reserve.
- o Today, I cannot remain silent while this Administration attempts to lay claim to the successes created by our low inflation, high productivity growth economy.
- o This is because they are laying claim at the same time they are focusing on policies that would interject government into the business sector, promoting the Eurosclerosis -- the rigid, overburdened business environment -- that has been debilitating Europe for so long.
- o Second, yes the deficit has declined. But the deficit was projected to decline even before the President took office, largely because of the Bush economic recovery and the completion of the Savings and Loan bailout costs.
- o But a fact -- federal spending, except for defense, has not been cut

- o In fact, on Monday the President's Entitlement and Tax Reform Commission will find that the "while the short-term fiscal outlook has improved, the long-term situation requires immediate attention."
- o And it is clear to me that the health care bills we are about to consider here next week clearly do not improve that long-term situation by creating over \$1.0 trillion in new government entitlement subsidies.
- o I yield the floor.

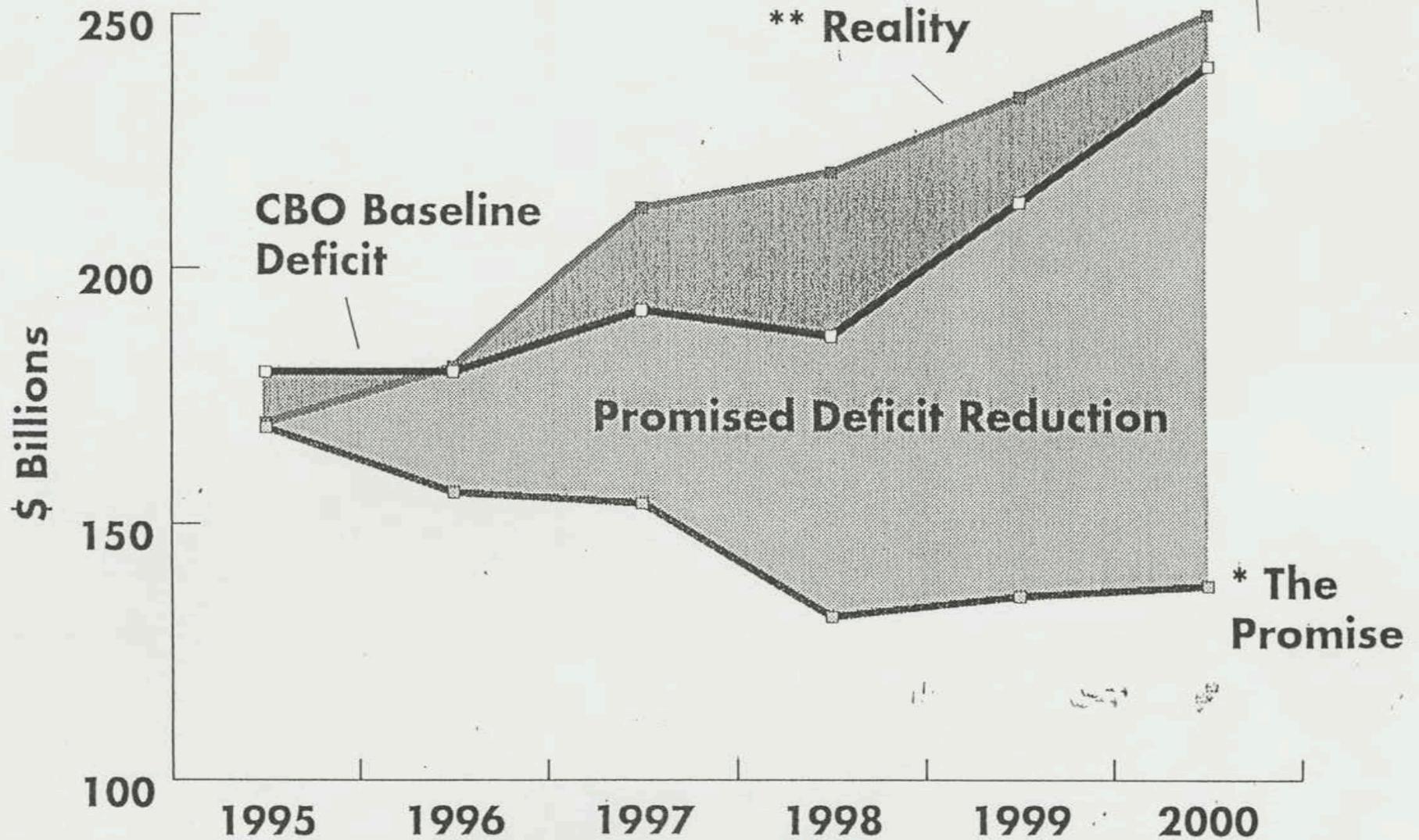
one thin dime over the last year. Indeed, on net, nothing in the economic plan of a year ago has reduced any spending. The only policy reason for the deficit to have declined under the President's economic plan was because of increased taxes.

- o Let me say it another way, the reduction in the deficit this year has had absolutely nothing to do with any spending cuts in last year's economic plan -- we are still waiting for those cuts.
- o Indeed, the deficit would have been worse if the President's "economic pork-barrel, campaign pay-off, stimulus bill" had not been defeated by the leadership of the Republican Leader earlier last year. How quick we are to forget, that the first action of President Clinton was to submit a major spending bill he said he needed for stimulating the economy. I guess we were right on that one -- he didn't need it.
- o Finally, and most importantly, let us not forget the promise for deficit reduction from health care reform.

(Chart)

- o A year ago the President said just pass his budget bill and then I will submit a health care plan that will take the deficit down to zero.
- o In his Vision for America document, he said the deficit would be cut by over \$300 billion between 1995 and 2000.
- o The reality is simply that the Clinton health care plan added to the deficit by CBO's estimate nearly \$75 billion over this same time period.
- o So I guess this is how the game is played. The person in the White House can lay claim to the economy when it is good, even though his policies may have had nothing to do with that recovery.
- o And we clearly have not solved the deficit problem as the Administration would have you believe. It is still extremely large and growing.

# The Promise vs. Reality



\* CBO Baseline Deficit Less Health Care Reform Savings promised in *Vision of Change for America*, February 1993, p. 119.  
\*\* CBO Baseline Deficit Plus CBO Estimates of the President's Health Security Act

August 25, 1994

## TALKING POINTS

### CBO'S AUGUST ECONOMIC AND BUDGET OUTLOOK UPDATE

#### Economic Changes

- o CBO's projected growth rate for calendar 1994 is 4.0 percent, about 1 percentage point higher than its January forecast. The growth rate for 1995 is 3.0 percent, 0.3 percentage points higher than January.
- o The higher GDP forecast in 1994 and 1995 is due to strong growth since the end of 1993 and CBO's expectation that high levels of business investment and consumer spending will add to growth through mid-1995.
- o The result is that CBO and most other forecasters agree that Gross Domestic Product is near potential output - or the level that is consistent with a stable rate of inflation.
- o There is disagreement about direction the economy will take after 1995.
  - Some anticipate that momentum will push GDP above potential, triggering a big increase in inflation and a spike in interest rates -- in other words, the end of expansion.
  - Others believe that demand is running out of steam and that GDP will level off at a path just below potential output.
- o The CBO forecast takes a middle course. They believe that early action by the Federal Reserve to rein in growth and a low probability of a supply shock (such as oil shortages) makes their forecast the most likely.
- o CBO's forecast shows higher growth in 1994 and 1995, but lower growth, higher inflation, and higher interest rates in 1996, 1997, 1998 and 1999.
- o According to CBO, **"The recent surge of growth does not herald an improvement in the rate at which potential output will grow.** Because the economy is already operating close to potential, an increase in growth above the rate of potential in the short run must be offset by

slower growth in the long run."

- o Accordingly, lower forecasted deficits in 1994 and 1995 **"do not signify any fundamental improvement in the long-term fiscal health of the nation."**
- o Higher projections for inflation and interest rates are particularly troublesome for the fastest growing areas of the budget - mandatory spending programs and net interest.
- o CBO projects 1994 net interest outlays at about \$200 billion for the fourth year in a row. This stability has been a result of lower interest rates that began to decline in early 1989. CBO projects this stability will soon end. Net interest outlays will climb to \$226 billion in 1995 and rise to \$277 billion in 1999 and \$368 billion by 2004.
- o The change in interest rate projections adds \$75 billion to total spending over the period 1994-1999.
- o In January, CBO projected debt held by the public to be at 51.7 percent of GDP in 1999 and 54.9 percent of GDP by 2004. Now, CBO projects debt held by the public to be **52.2 percent of GDP by 1999 and 56.1 percent of GDP by 2004.**

## 1994 CBO POLICY DEFICIT ESTIMATES – CHANGE FROM JANUARY TO AUGUST

(\$ billions)

	1994	1995	1996	1997	1998	1999	Total
JANUARY 1994 ESTIMATE.....	228	180	180	192	187	213	1180
TECHNICAL REESTIMATES.....	-18	-10	2	3	4	6	-13
ECONOMIC ASSUMPTIONS.....	-8	-8	-5	-2	6	12	-5
POLICY CHANGES.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)
TOTAL CHANGE FROM JANUARY.....	-26	-17	-4	1	10	18	-18
AUGUST 1994 DEFICIT.....	202	162	176	193	197	231	1161

NOTE: Details may not add to totals due to rounding. (\*) indicates less than \$0.5 billion.

Prepared by SBC Minority Staff, 25-Aug-94.

**CBO DEFICIT ESTIMATES**  
**CHANGE FROM JANUARY 1994 TO AUGUST 1994**  
(\$ billions)

	1994	1995	1996	1997	1998	1999
WINTER BASELINE ESTIMATE.....	228	180	180	192	187	213
<b>TECHNICAL REESTIMATES:</b>						
Deposit insurance.....	-1	-5	2	1	(*)	(*)
Medicare/Medicaid.....	-4	--	--	--	--	--
Student loans.....	-2	(*)	1	(*)	(*)	(*)
EITC.....	1	2	2	2	2	2
Other spending.....	-6	-3	-1	1	1	1
Taxes.....	-6	-4	-2	-1	1	3
Subtotal, technical.....	-18	-10	2	3	4	6
<b>ECONOMIC ASSUMPTIONS:</b>						
Spending.....	-1	-3	-3	-2	-1	4
Taxes.....	-9	-20	-20	-12	-6	-5
Net interest.....	3	15	17	13	13	14
Subtotal, economic.....	-8	-8	-5	-2	6	12
<b>POLICY CHANGES:</b>						
Legislation.....	(*)	(*)	(*)	(*)	(*)	(*)
<b>TOTAL CHANGE FROM WINTER BASELINE.....</b>	<b>-26</b>	<b>-17</b>	<b>-4</b>	<b>1</b>	<b>10</b>	<b>18</b>
MARCH 1994 DEFICIT.....	202	162	176	193	197	231

**NOTES:**

- (1) An asterisk (\*) indicates less than \$50 million.
- (2) REVENUE LOSSES ARE SHOWN AS POSITIVE BECAUSE THEY INCREASE THE DEFICIT.
- (3) DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

PROVIDING LEADERSHIP TO PRESERVE ECONOMIC GROWTH  
BY SENATOR PETE V. DOMENICI

CURRENCY STABILITY ERODING

Vladimir Lenin reportedly once told a group of economists that the "best way to destroy the capitalist system is to debase the currency." He was, of course, correct in observing that the currency is the fundamental foundation upon which we, as a nation, build our economy and provide for our people. In fact, a critical element of economic growth in any country is a stable, viable currency.

Today we face a most serious circumstance which, left unresolved, threatens to derail our continued economic progress - the persistent slide in the dollar. Despite comments from President Clinton and Secretary Bentsen that "we're going to continue to monitor the situation," instability in the dollar is not to be ignored or dismissed as just a "Wall Street problem."

This past Monday the mark/dollar exchange rate fell below 160, capping a substantial 4% one-week decline. The next day, the dollar plunged below 100 against the yen for the first time since the Second World War. Now, today, we see coordinated intervention by central banks of 10 countries, including the U.S. and Germany, attempting to shore up the dollar. But it's not working. So far today, a continued lack of confidence in the U.S. dollar is pushing up interest rates and pushing down asset values.

This has all occurred despite what Chairman Greenspan has described as a fundamentally strong economy. In fact, the current recovery has been in the cards for some time now -- the result of a solid foundation of low inflation, low interest rates, and high productivity growth established under previous Administrations. If one looks at the economic statistics in a vacuum, the conclusion would indeed be that the U.S. economy is in very good shape. But those that deal with worldwide financial markets look at more than just statistics -- they also see the overall direction, or lack thereof, of where the leadership of this administration is taking us. I, among many others, attribute this recent precipitous drop in the dollar to a world-wide lack of confidence in U.S. leadership that threatens prospects for sustained future U.S. economic growth. What's needed is for the Administration to provide that leadership needed to stabilize the dollar and restore international confidence in the U.S. economy and extend the expansion.

VOTE OF NO CONFIDENCE

Currency market instability is a global vote of no confidence. What's going wrong? The surprising thing is that foreigners are indicating this lack of confidence despite rising U.S. interest rates.

First, let me layout what I understand sets exchange rates. In 1993 the U.S. purchased \$109 billion more goods and services than foreigners did of U.S. products -- this is called our trade or "current account" deficit. The impact of this deficit is that foreign sellers were left holding \$109 billion in excess U.S. dollars that were not needed for purchases. These dollars are used to invest in U.S. securities and other investments that generate a return. -- These dollar investments by foreigners represent what is known as the "capital account". Simply put, the exchange value of the dollar is set by whether foreigners want to hold more or less dollars in their capital account than the \$109 billion they are required to hold -- the result of the current account balance.

If the return on U.S. investments is not sufficiently attractive then they wish to hold fewer dollars which decreases the exchange value of the dollar -- pushing the dollar down. On the other hand, if U.S. returns are sufficiently attractive, the reverse is true -- but, of course, that's not the current situation. A weak dollar means foreigners lack confidence in dollar investments despite current U.S. rates of return.

Long-term interest rates have been rising in the U.S. by more than can be explained by Federal Reserve efforts to control inflation. At 7.4 percent, they are higher now than when this Administration took office. Yet, despite these higher rates of return, foreign investors now shun U.S. investments. Today, overseas investors would prefer not to hold assets denominated in dollars. It's too uncertain, too great a risk. Consequently, foreign central banks, time and time again, have had to pick up the slack through intervention -- as the Bank of Japan did as recently as Wednesday. G-7 intervention in May tried to halt the erosion in dollar confidence but that effort met with little success. Another round of intervention today doesn't appear to be any more successful?

#### EXPLAINING CURRENCY INSTABILITY

I believe there are a number of reasons for the instability we are experiencing now. First, the Administration has created uncertainty in currency markets by taking a narrowly focused unilateral approach to trade policy. They have indicated a willingness to allow currency markets to be held hostage to U.S./Japanese trade disputes. This is occurring at the same time we are seeing a ominous widening of our trade deficit. In particular, this week's dollar plunge in part reflects Tuesday's release of the April trade deficit. The U.S. trade deficit rose to \$8.4 billion, up from an average of \$8.0 billion in the 1st quarter and \$6.6 billion in the 4th quarter of last year. But the Administration has taken no action to stabilize the dollar. In other words, just when we are asking those abroad to hold more trade-deficit generated dollars, the Administration's message to foreign investors is: "the stability of American currency cannot be trusted".

Second, federal budget deficits are projected to rise for as far as the eye can see after reaching a near-term trough in 1995, according to the Congressional Budget Office's and OMB's most recent forecasts. Under current projections, based on this Administration's current policies, we will only become ever more dependent on foreign

investment flowing to the U.S. to finance our future government deficits. But without confidence in the stability of the dollar, we will be unable to close the gap between what we need to finance our federal deficits and what we are able to secure from abroad. As a result, U.S. interest rates will have to go even higher to close the gap, dampening long-term U.S. economic prospects.

#### ADMINISTRATION MUST PROVIDE LEADERSHIP

Allowing confidence in the stability of U.S. currency to significantly erode is not just unfortunate, it represents poor leadership. When this Administration came to office, they promised to provide leadership on the domestic economy. What they are realizing, far too late, is that this cannot be done without coherent and competent international leadership as well. And on the international front - from Korea to Bosnia to Somalia, this administration has a most troubling record.

#### CONGRESSIONAL RESPONSIBILITY

Compounding this crisis of executive leadership is a forced crises of monetary leadership. Confidence in America's currency, critically depends on confidence in the independence and credibility of America's central bank -- the Federal Reserve. Calls from members of Congress to reign in the Federal Reserve's independence and follow a course set by the Democratic majority in Congress undermines that credibility.

#### A CALL FOR LEADERSHIP

If we cannot provide a firm rock-solid currency, our many other economic goals are put in jeopardy. Today I beseech the Administration to provide the desperately needed leadership required to stabilize the dollar. Such action will serve as a start toward regaining the confidence of our trading partners in America's economic future, and the respect of our trading partners befitting America's "Superpower" position among world economies.

October 4, 1994

MEMORANDUM TO THE REPUBLICAN LEADER

FROM: David Taylor

*David*

SUBJECT: Thinking About 1995 -- Tax Cuts and the Deficit

Last week, House GOP candidates released their "Contract With America" (copy attached). This Top 10 List of House Republican priorities has received mixed reviews because of its potential impact on the deficit.

Even though "contract" proponents tried to head off this criticism by making the so-called "Fiscal Responsibility Act" their top priority, it is difficult to argue that a balanced budget constitutional amendment (with a super-majority tax requirement) and a legislative line-item veto offset the potential deficit impact of tax cuts and spending increases for crime-fighting and defense.

The "contract" increases the probability of a tax cut bidding war next year. As a result, it also increases the potential for conflict within the GOP between supply-siders and those who remain concerned about the deficit. In 1993, you successfully united these groups with "cut spending first!" But, it is unlikely that in a tax-cutting environment the same strategy will work next year.

One way to potentially contain the bidding war (and pre-empt Gingrich) would be to move quickly this fall to outline a growth-oriented economic agenda that is also fiscally responsible.

The simplest way to do this may be to 1) begin with your "7 more in '94" priority list, 2) fold it into a comprehensive Republican Economic Agenda based on the principles outlined in the attached draft, and 3) list additional recommendations in each major policy area. Asking the ranking members of key committees, other GOP Senators and candidates, business leaders, and private economists to submit recommendations that could be included in a draft agenda that would be presented to the GOP Conference in early December, may help build support for a draft agenda within the conference and the party.

**DO YOU WANT ME TO BEGIN WORK WITH SHEILA ON THIS PROJECT?**

YES

NO

HOLD OFF FOR NOW

Attachments House GOP "Contract with America"

REVISED DRAFT GOP Economic Principles (This document was prepared in consultation with Bill Hoagland, Lindy Paull and several private sector economists who participated in our breakfast discussions.)

## *Contract With America*

*As Republican Members of the House of Representatives and as citizens seeking to join that body we propose not just to change its policies, but even more important, to restore the bonds of trust between the people and their elected representatives.*

*That is why, in this era of official evasion and posturing, we offer instead a detailed agenda for national renewal, a written commitment with no fine print.*

*This year's election offers the chance, after four decades of one-party control, to bring to the House a new majority that will transform the way Congress works. That historic change would be the end of government that is too big, too intrusive, and too easy with the public's money. It can be the beginning of a Congress that respects the values and shares the faith of the American family.*

*Like Lincoln, our first Republican president, we intend to act "with firmness in the right, as God gives us to see the right." To restore accountability to Congress. To end its cycle of scandal and disgrace. To make us all proud again of the way free people govern themselves.*

On the first day of the 104th Congress, the new Republican majority will immediately pass the following major reforms, aimed at restoring the faith and trust of the American people in their government:

FIRST, require all laws that apply to the rest of the country also apply equally to the Congress;

SECOND, select a major, independent auditing firm to conduct a comprehensive audit of Congress for waste, fraud or abuse;

THIRD, cut the number of House committees, and cut committee staff by one-third;

FOURTH, limit the terms of all committee chairs;

FIFTH, ban the casting of proxy votes in committee;

SIXTH, require committee meetings to be open to the public;

SEVENTH, require a three-fifths majority vote to pass a tax increase;

## *Contract with America*

**EIGHTH, guarantee an honest accounting of our Federal Budget by implementing zero base-line budgeting.**

Thereafter, within the first 100 days of the 104th Congress, we shall bring to the House Floor the following bills, each to be given full and open debate, each to be given a clear and fair vote and each to be immediately available this day for public inspection and scrutiny.

### **1. THE FISCAL RESPONSIBILITY ACT**

A balanced budget/tax limitation amendment and a legislative line-item veto to restore fiscal responsibility to an out-of-control Congress, requiring them to live under the same budget constraints as families and businesses.

### **2. THE TAKING BACK OUR STREETS ACT**

An anti-crime package including stronger truth-in-sentencing, "good faith" exclusionary rule exemptions, effective death penalty provisions, and cuts in social spending from this summer's "crime" bill to fund prison construction and additional law enforcement to keep people secure in their neighborhoods and kids safe in their schools.

### **3. THE PERSONAL RESPONSIBILITY ACT**

Discourage illegitimacy and teen pregnancy by prohibiting welfare to minor mothers and denying increased AFDC for additional children while on welfare, cut spending for welfare programs, and enact a tough two-years-and-out provision with work requirements to promote individual responsibility.

### **4. THE FAMILY REINFORCEMENT ACT**

Child support enforcement, tax incentives for adoption, strengthening rights of parents in their children's education, stronger child pornography laws, and an elderly dependent care tax credit to reinforce the central role of families in American society.

## *Contract with America*

### **5. THE AMERICAN DREAM RESTORATION ACT**

A \$500 per child tax credit, begin repeal of the marriage tax penalty, and creation of American Dream Savings Accounts to provide middle class tax relief.

### **6. THE NATIONAL SECURITY RESTORATION ACT**

No U.S. troops under U.N. command and restoration of the essential parts of our national security funding to strengthen our national defense and maintain our credibility around the world.

### **7. THE SENIOR CITIZENS FAIRNESS ACT**

Raise the Social Security earnings limit which currently forces seniors out of the work force, repeal the 1993 tax hikes on Social Security benefits and provide tax incentives for private long-term care insurance to let Older Americans keep more of what they have earned over the years.

### **8. THE JOB CREATION AND WAGE ENHANCEMENT ACT**

Small business incentives, capital gains cut and indexation, neutral cost recovery, risk assessment/cost-benefit analysis, strengthening the Regulatory Flexibility Act and unfunded mandate reform to create jobs and raise worker wages.

### **9. THE COMMON SENSE LEGAL REFORM ACT**

"Loser pays" laws, reasonable limits on punitive damages and reform of product liability laws to stem the endless tide of litigation.

### **10. THE CITIZEN LEGISLATURE ACT**

A first-ever vote on term limits to replace career politicians with citizen legislators.

## *Contract with America*

Further, we will instruct the House Budget Committee to report to the floor and we will work to enact additional budget savings, beyond the budget cuts specifically included in the legislation described above, to ensure that the Federal budget deficit will be *less* than it would have been without the enactment of these bills.

*Respecting the judgment of our fellow citizens as we seek their mandate for reform, we hereby pledge our names to this Contract with America.*

\_\_\_\_\_

Name

\_\_\_\_\_

State/District

REVISED DRAFT, 7/26

## REPUBLICANS SEEK A STRONGER ECONOMY, MORE OPPORTUNITY, AND A BRIGHTER FUTURE FOR OUR CHILDREN

### THE REPUBLICAN PARTY IS DIVERSE, BUT THERE ARE CERTAIN ECONOMIC PRINCIPLES WE ALL SHARE:

- **A market economy works best when individuals and businesses have the freedom to make decisions for themselves.** Freedom, opportunity, sound money, and individual responsibility are the primary building blocks for strong, sustained economic growth with low inflation. Policies which allow American ingenuity and innovation to flourish will give U.S. workers and businesses the best chance to compete and win in world markets.
- **Government cannot tax, spend, or mandate America into prosperity.** There are several legitimate roles for government -- like providing for the national defense and helping those unable to help themselves -- but government is no cure-all. Government is too big, and it costs too much.

### THAT IS WHY REPUBLICANS SUPPORT AN ECONOMIC PROGRAM THAT WOULD:

- **Create opportunity for all Americans -- regardless of race, creed, sex, or color.** Government policies should seek to 1) help businessmen and women create good jobs at good wages for all Americans who are willing to work; 2) encourage entrepreneurial initiative and reward hard work; 3) improve access to affordable capital; and 4) take steps to ensure that American workers remain the most productive in the world.
- **Restore incentives to work, save and invest by reducing marginal tax rates.** Allowing taxpayers to keep more of their hard-earned money will give them more financial independence, greater control over their own futures, and make them less dependent on government hand-outs.
- **Give American businesses and workers the freedom to compete in world markets** by working to open new markets to U.S. products and eliminate barriers to trade both at home and abroad.
- **Reduce burdensome, intrusive, unwieldy government regulations** that stifle entrepreneurial innovation and limit the ability of American businessmen and women to create new jobs in the private sector.
- **Reduce the size of government.** We want to make government leaner and more efficient by limiting its scope, improving its cost-effectiveness, and turning to the private sector for solutions to problems.
- **Cut spending first to reduce the deficit.** The runaway growth of Federal spending threatens to undermine the American dream for our children and our grandchildren. Republicans want to cut the deficit and save the taxpayers money by 1) controlling the growth of entitlement spending; 2) streamlining the Federal bureaucracy; and 3) eliminating, phasing-out or privatizing those government programs that don't deliver enough bang for the buck.

## CBO POLICY DEFICIT ESTIMATES – CHANGE FROM 1993 TO 1994 (\$ billions)

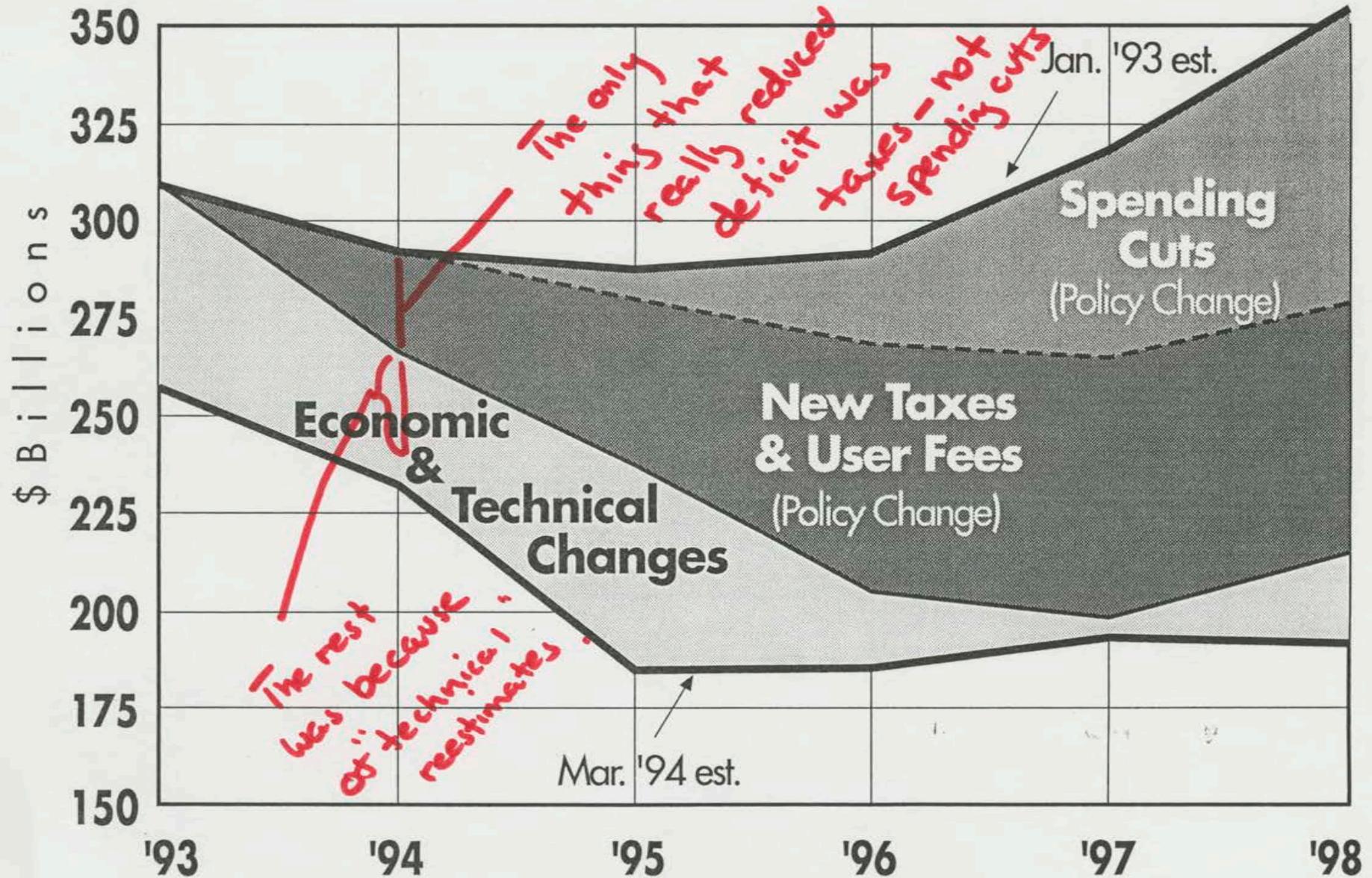
	1993	1994	1995	1996	1997	1998	Total
JANUARY 1993 ESTIMATE.....	310	291	284	287	319	357	1848
TECHNICAL REESTIMATES.....	-59	-30	-41	-17	3	-4	-148
ECONOMIC ASSUMPTIONS.....	-(*)	-13	-15	-12	-14	-25	-79
<b>POLICY CHANGES:</b>							
1993 Reconciliation:							
Taxes and user fees.....	--	-28	-46	-56	-66	-66	-262
Mandatory spending.....	--	-4	-6	-12	-16	-18	-56
Discretionary caps.....	--	--	--	-8	-23	-38	-69
Subtotal.....	--	-33	-55	-83	-118	-143	-432
Other (incl. emergencies).....	4	12	5	3	(*)	0	25
Subtotal policy changes.....	4	-21	-50	-80	-117	-143	-407
TOTAL CHANGE FROM 1993.....	-55	-64	-106	-109	-128	-172	-634
MARCH 1994 DEFICIT.....	255	228	179	180	192	188	1222

Details may not add to totals due to rounding.

(\*) Less than \$50 million.

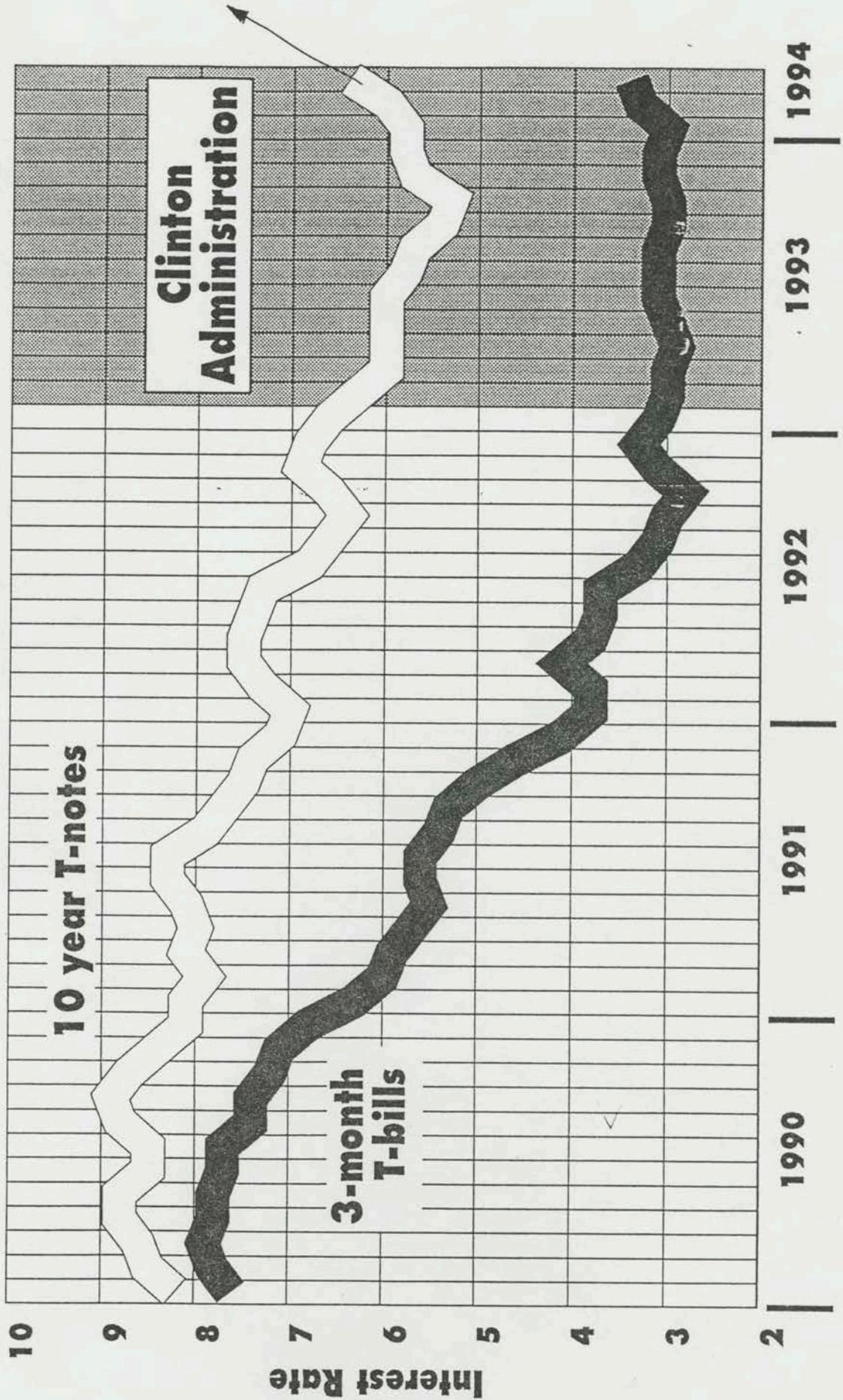
*The only thing that reduced the deficit last year was "technical" reestimates and taxes.*

# CBO Deficit Estimates



# Three-Year Rate Decline Has Ended

## Treasury Interest Rates



National Finance Committee

NEW YORK 8/16/94 - NAME	COMPANY	IN	SPONSOR/EVENT NOTES
Stanley Druckenmiller	Soros Fund Management	250,000	NY Financial/Shopkorn
Charles Brunie	Oppenheimer Capital	50,000	NY Financial
Robert Raiff	Soros Fund Mgmt.	5,000	NY Financial/Shopkorn
Robert Rosenkranz		10,000	NY Financial
James Tisch		5,000	NY Financial
John C. Whitehead		50,000	NY Financial/Moran
B. Rukeyser	American Brands	25,000	NY Mixed Industry
B. Rukeyser	American Tobacco Co.	25,000	NY Mixed Industry
William Murray	Philip Morris	250,000	NY Mixed Industry Meeting
B. Oglesby	RJR Nabisco	145,000	NY Mixed Industry
Stanley Shopkorn	Ethos Management	25,000	NY Financial
Ward Woods	Tappan Corporation	100,000	Financial/Moran
Russ Carson		50,000	NY Financial/Moran
Richard Schmeelk	CAI Advisors	50,000	NY Financial
Linda Warnaco <i>Wachtner</i>	Warnaco	25,000	NY Financial/Moran
Galen Reser	PEPSI	100,000	NY Financial/Special
Bruce Kovner	Caxton Management	100,000	NY Financial/Moran
Julian Robertson	Tiger Management	250,000	NY Mixed/Dole
Louis Bacon	Soros Fund Management	200,000	NY Financial/Shopkorn
<b>TOTAL</b>		<b>1,715,000</b>	
NEW YORK 8/16/94 - PLEDGE	COMPANY	PLEDGE	SPONSOR/EVENT NOTES
Sandy Weill/Bob Greenhill	Travelers	??	NY Financial/No commitment y

National Finance Committee

As of 10/31/94 12:45 PM

	IN	SPONSOR/EVENT NOTES
NY		
d Management	250,000	NY Financial/Shopkorn
mer Capital	50,000	NY Financial
d Mgmt.	5,000	NY Financial/Shopkorn
	10,000	NY Financial
	5,000	NY Financial
	50,000	NY Financial/Moran
Brands	25,000	NY Mixed Industry
Tobacco Co.	25,000	NY Mixed Industry
orris	250,000	NY Mixed Industry Meeting
sco	145,000	NY Mixed Industry
nagement	25,000	NY Financial
orporation	100,000	Financial/Moran
	50,000	NY Financial/Moran
isors	50,000	NY Financial
	25,000	NY Financial/Moran
	100,000	NY Financial/Special
anagement	100,000	NY Financial/Moran
nagement	250,000	NY Mixed/Dole
nd Management	200,000	NY Financial/Shopkorn

**1,715,000**

NY	PLEDGE	SPONSOR/EVENT NOTES
	??	NY Financial/No committment yet

National Finance Committee

<b>N Y PHARMACEUTICAL 8/30/94 - NAME</b>	<b>COMPANY</b>	<b>IN</b>	<b>SPONSOR/EVENT NOTES</b>
Bill Steere	Pfizer	100,000	NY Pharmaceutical/HB
Howard Solomon	Forest Laboratories	15,000	NY Pharmaceutical/Moran
Kurt Landgraff	Dupont-Merck	20,000	NY Pharmaceutical/McManus
Phillip Tracey	Burroughs-Wellcome	50,000	NY Pharmaceutical
Patrick Zenner	Hoffman LaRoche	25,000	NY Pharmaceutical
Ray Gilmartin	Merck	50,000	NY Pharmaceutical
Doug Watson	Ciba-Geigy	75,000	NY Pharmaceutical
Steve Stitle	Eli Lilly	25,000	NY Pharmaceutical-Additional 30-60K t
<b>TOTAL</b>		<b>360,000</b>	

<b>N Y PHARMACEUTICAL 8/30/94 - PLEDGES</b>	<b>COMPANY</b>	<b>PLEDGE</b>	<b>SPONSOR/EVENT NOTES</b>
Jack Stafford	American Home Products	50,000	NY Pharmaceutical
<b>TOTAL</b>		<b>50,000</b>	

National Finance Committee

MICHIGAN EVENT 8/31/94 - NAME	COMPANY	IN	SPONSOR/EVENT NOTES
Tom DeNomme	Chrylser	10,000	MI/Auto Meeting
R. J. Eaton	Chrysler	10,000	MI/Auto Meeting
Gary Valade	Chrysler	7,500	MI/Auto Meeting
Richard Lutz	Chrysler	7,500	MI/Auto Meeting
Richard Liberatore	Chrysler	15,000	MI/Auto Meeting
Nick Feles	Lears Seating	10,000	MI/Detroit Meeting
Gerrad Haworth	Haworth, Inc.	25,000	MI/Grand Rapids
Renze Houksema	Michigan Consolidated Gas	5,000	MI/Detroit Meeting
Edgar Prince	Prince Corporation	75,000	MI/Grand Rapids
Art Moran	Art Moran GMC	5,000	MI/Detroit Meeting
Edward Kratovil	UST	50,000	MI/All Meetings
Harvey Gainey	Gainey Corp.	50,000	MI/Grand Rapids
Alex Trotman	Ford	15,000	MI/Auto Meeting - \$35,000 to Candidate
De Vos/Van Andel	Amway	800,000	MI/Grand Rapids Meeting
William McCormick, Jr.	CMS Energy Corp.	30,000	Eagle (Corporate) Renewal/Moran
CJ Malfese	Unistrut Corp.	10,000	MI/Detroit Meeting
Michigan Insurance		10,000	MI/Detroit Meeting
<b>TOTAL</b>		<b>1,135,000</b>	

MICHIGAN EVENT 8/31/94 - PLEDGED	COMPANY	PLEDGE	SPONSOR/EVENT NOTES
Ron Vallan	Young Supply Co.	5,000	MI/Detroit Meeting
Harry Pearce	General Motors	50,000	MI/Auto Meeting, not firm yet
Wallace Tsuha	Saturn Electronics	2,000	MI/Detroit Meeting
Peter Cook	Mazda-Great Lakes	50,000	MI/Detroit Meeting
<b>TOTAL</b>		<b>107,000</b>	

National Finance Committee

MISCELLANEOUS/NAME	COMPANY	IN	SPONSOR/EVENT NOTES
ADM	Collingwood Grain, Inc	20,000	Dole
ADM	Fleischmann-Kurth Malting	20,000	Dole
ADM	Gooch Foods Inc.	20,000	Dole
ADM	Gooch Milling & Elevator Co.	20,000	Dole
ADM	Smoot Grain Co.	20,000	Dole
<b>Alabama</b>	Ron Richey	50,000	Dole
<b>Alabama</b>	Herbert Sklenar	5,000	HB
<b>Alabama</b>	Bart Starr	2,000	HB
Barbour	Brown Williamson/T.Sandefur	200,000	HB
Dole	Robert Hurst	5,000	Dole
Dole	David Silfen	5,000	Dole
Dole	Roy Zukerberg	5,000	Dole
<b>Georgia</b>	Enerco, Inc.	10,000	Tony Feather
<b>Kansas</b>	Jamie Coulter	50,000	Moran
<b>KMart</b>		15,000	
<b>Ohio</b>	Carl Lindner	25,000	Moran
<b>California</b>	Sam Bamieh	40,000	Gingrich
<b>California</b>	Henry Hwang	1,000	
<b>Mississippi</b>	Ralph Hare Tire Company	500	Rhonda Keenum
<b>North Carolina</b>	Jack Laughery	1,000	
Brenda Larsen-Becker	Blue Cross/Blue Shield	5,000	Crawford
Dan Mattoon	Bell South	5,000	Doyce Boesch
David Murdock	Dole Food Company, Inc.	100,000	HB
<b>Georgia</b>	Bernie & Wilma Marcus	25,000	HB
<b>PAGE TOTAL</b>		<b>649,500</b>	
<b>CONT. NEXT PAGE</b>			

National Finance Committee

CONT. FROM PAGE 4

MISCELLANEOUS

New York  
 Tennessee  
 Connecticut  
 Family Channel  
 Washington, D.C.  
 Texas  
 Integrated Health Services  
 Massachusetts  
 Washington, DC  
 Alabama  
 Alabama  
 Texas  
 New York  
 New York  
 National Food Processors Assoc.  
 Quaker Oats  
 Sony Corporation of America  
 Illinois  
 Nat'l American Wholesale Grocers Assn.

NAME/COMPANY	IN
Kenneth Langone	25,000
D.W. Evins	50,000
K. Tucker Anderson	50,000
Robertson	100,000
William Scherman	500
Bob & Georgette Mosbacher	25,000
Bob Elkins	125,000
John & Jane Fitzpatrick	5,000
Neece, Cator, Barnicle & Assoc.	1,000
Richard Schrusy	50,000
Beverly Head	1,000
Ken Lay	25,000
Richard Gilder	30,000
Thomas Rhodes	25,000
Juanita Duggin	5,000
Bill Smithburg	5,000
Michael Schalhof	10,000
Mrs. Gabriel Petre	25,000
Bruce Gates	30,000
	<b>1,237,000</b>

SPONSOR/EVENT NOTES

HB/Marcus  
 HB  
 HB  
 HB  
 HB  
 Crawford  
 Moran  
  
 HB  
 Ryan  
 Crawford/Ryan  
 Moran  
 Moran  
  
 Heitman  
 HB

TOTAL

PLEDGES/MISCELLANEOUS

Mississippi

NAME/COMPANY	PLEDGE	SPONSOR/EVENT NOTES
Bill Van Devender	25,000	HB
	<b>25,000</b>	

PLEDGE

25,000

SPONSOR/EVENT NOTES

HB

TOTAL

**25,000**

National Finance Committee

HEALTH INSURANCE MEETING - NAME	COMPANY	IN	SPONSOR/EVENT NOTES
A.J. Harris	Cigna	100,000	Gingrich
<b>TOTAL</b>		<b>100,000</b>	

National Finance Committee

As

PHONE DAY 9/13/94 - NAME	COMPANY	IN	SPONSOR/EVENT NOTES
Hank Luce, III		1,000	Dottie Craig
Nick Taylor		5,000	Craigs
Mel Chaskin		\$500	Metzner
Henry & Elsie Hillman		\$5,000	Dottie Craig
John Kerian		\$500	Winkjer
Joseph Schuchert		20,000	Nancy Brinker
Dr. Gaylord Kaulie		\$200	Dean Winkjer
Hon. Edwards Ridley Finch		2,000	Bill McManus
<b>TOTAL</b>		<b>34,200</b>	

PHONE DAY 9/13/94 - RNC NAME	COMPANY	PLEDGE	SPONSOR/EVENT NOTES
Charles & Anne Allen		1,000	Donna Sims Wilson
Charlotte McCormick		\$500	David Metzner
Ernest Ferguson		1,000	Earl Craig
H.L. Brown		5,000	Donna Sims Wilson
Hank Luce, III		1,000	Dottie Craig
James Johnson		\$500	Donna Sims Wilson
Nat Christian		\$500	DS Wilson
Anthony Soave	City Management Corp.	10,000	Heinz Prechter
<b>TOTAL</b>		<b>19,500</b>	

National Finance Committee

**PHONE DAY 9/13/94 - TEAM 100 NAMES**

John Berry  
 Julie Finley  
 Earle Craig  
 Chuck Cobb  
 Mary Kay Crain  
 Bill Schreyer  
 Brinker International/Norm & Nancy Brinker  
 Martin Gruss  
 Max Fisher  
 John Moran

**COMPANY**

**IN**

25,000  
 25,000  
 20,000  
 25,000  
 25,000  
 25,000  
 50,000  
 25,000  
 25,000  
 25,000

**SPONSOR/EVENT NOTES**

T-100 Early Renewal/Berry  
 T-100 Early Renewal/Finley  
 T-100 Partial Early Renewal/Craig  
 T-100 Early Renewal/Cobb  
 T-100 Early Renewal/Prechter  
 T-100 Early Renewal/Henry Barbour  
 T-100 Early Renewal/Brinker  
 T-100 Early Renewal/Gruss  
 T-100 Early Renewal/Fisher  
 T-100 Early Renewal/Moran

**TOTAL**

**270,000**

**PHONE DAY 9/13/94 - TEAM 100 NAMES**

Jack Copeland  
 Steve Wood  
 Charles Wyly, Jr.  
 Carroll Petrie  
 J.W. Marriott, Jr.  
 Heinz Prechter

**COMPANY**

**PLEDGE**

25,000  
 25,000  
 50,000  
 25,000  
 25,000  
 25,000

**SPONSOR/EVENT NOTES**

T-100 Early Renewal/Henry Barbour  
 T-100 Early Renewal/Bill Schreyer  
 T-100 Renewal/Brinker  
 T-100 Renewal/Fisher  
 T-100 Renewal/McManus  
 T-100 Early Renewal

**GRAND TOTAL FOR T-100 PLEDGES**

**175,000**

**PHONE DAY 9/13/94 - EAGLES NAMES**

Paul Finstad  
 John Byrne  
 William Graham

**COMPANY**

**IN**

15,000  
 15,000  
 15,000  
**45,000**

**SPONSOR/EVENT NOTES**

Eagle Renewal/Brewer  
 Eagle Renewal/Dale  
 Eagle Renewal/Dale

**PAGE TOTAL - EAGLES PHONE DAY**

National Finance Committee

As

**EAGLES NAMES CONT.**

Mrs. M.C. Stevens  
 Hon. Joseph Petrone  
 Leonard Polster  
 Hon. Winton Blount  
 David Brandon  
 John Berry  
 Diane Mossler  
 Willis Gradison  
 Charles Gates  
 Neville Anderson  
 Terry Johnson  
 David Eller  
 Bob Bannister  
 Dick Creighton  
 Mr & Mrs Dean Metropoulos

**COMPANY**

General Dynamics

Nevander

**IN**

10,000  
 15,000  
 15,000  
 15,000  
 15,000  
 50,000  
 20,000  
 15,000  
 15,000  
 7,500  
 15,000  
 15,000  
 15,000  
 15,000  
 20,000

**232,500**

**SPONSOR/EVENT NOTES**

Earl Craig  
 Eagle Renewal/Brewer  
 Eagle Membership/McManus  
 Eagle Renewal/Metzner  
 Eagle Renewal  
 Pledged extra (Eagles) for his sons/Berry  
 Eagle (Corporate) Renewal/Obermayer  
 Eagle Renewal/Van Dongen  
 Eagle Renewal/Dale  
 Eagle (Young Eagle) Membership/Sims W  
 Eagle Renewal/Brewer  
 Eagle Early Renewal/Budd  
 Eagle (Corporate) Renewal/Obermayer  
 Eagle Renewal/Van Dongen  
 Eagle (Corporate) Renewal/Dale

**GRAND TOTAL - EAGLES**

**PHONE DAY 9/13/94 - EAGLES NAMES**

Caroline Hunt  
 John Donnell  
 Susan Moya  
 David Brandon  
 James Bronce Henderson  
 (Mr.) Ilija Letica  
 Theodor Von Voighlander  
 James Bolland

**COMPANY**

Asea Brown Boveri, Inc.  
 Valassis Communications  
 Detroit Center Tool, Inc.

**PLEDGE**

15,000  
 10,000  
 20,000  
 45,000  
 15,000  
 15,000  
 15,000  
 15,000  
**150,000**

**SPONSOR/EVENT NOTES**

Eagle Early Renewal/Brinker  
 Eagle Renewal in by 10/6/94 - Dale  
 Eagle (Corporate) Renewal/Obermayer  
 Eagle (He may want to join T-100)/Prechter  
 Eagle Renewal/Prechter  
 Eagle Renewal/Prechter  
 Eagle Renewal/Prechter  
 Eagle Renewal/McManus

**TOTAL - EAGLES PLEDGES**

National Finance Committee

**PHONE DAY 9/13/94 CAB NAMES**

**COMPANY**

**IN**

**SPONSOR/EVENT NOTES**

John McCullough  
John Behrman  
Stephen Lucas  
Rand Allen

2,500  
500  
250  
250

Chairman's Advisory Board/McCullough  
CAB/McCullough  
CAB/McCullough  
CAB/McCullough

**TOTAL**

**3,500**

**PHONE DAY 9/13/94 -CAB PLEDGES**

**COMPANY**

**PLEDGE**

**SPONSOR/EVENT NOTES**

Hugh Witt  
Brian Davis  
Larry Townes

500  
1,000  
5,000

CAB/McCullough  
CAB/McCullough  
CAB/McCullough

**TOTAL**

**6,500**

National Finance Committee

As o

**ARIZONA 9/14/94 - NAMES**

	<b>COMPANY</b>	<b>IN</b>	<b>SPONSOR/EVENT NOTES</b>
Arizona	Farnsworth Development	10,000	Thaxton
Arizona	Jack Londen	10,000	Thaxton
Arizona	Robert Burns/Phoenix Holding	10,000	Thaxton
Arizona	Phil Dion & Del Webb	30,000	Thaxton/Jack Londen
Arizona	Jim Hensley/Hensley & Co.	15,000	Thaxton/Senator McCain
Arizona	Southwest Gas PAC	1,500	Thaxton
Arizona	G8 USA	10,000	Thaxton
Arizona	John Teets, Dial Corp.	50,000	Sen. McCain & Gov. Symington - Will follow
Arizona	Rich Dozer/Phoenix Suns	10,000	Thaxton
Arizona	SundtCorp	5,000	Thaxton
Arizona	Evergreen Air Center, Inc.	5,000	Thaxton
Arizona	Southwest Airlines	5,000	Thaxton
Arizona	Shamrock Foods	1,000	Thaxton
Arizona	Bob Tuttle & Jim Click	5,000	Sen. McCain
Arizona	America West Airlines	5,000	Thaxton
Arizona	RJ Reynolds	10,000	State Party
Arizona	Sports Systems	10,000	
<b>TOTAL</b>		<b>192,500</b>	

**ARIZONA 9/14/94 - PLEDGES**

	<b>COMPANY</b>	<b>PLEDGE</b>	<b>SPONSOR/EVENT NOTES</b>
Arizona	Don Diamond	5,000	Deb Gullett/Arizona Party - Will follow-up
Arizona	Bennett Dorrance	15,000	Gov. Symington - Will follow-up
Arizona	Ozzy Osborne	10,000	Senator John McCain - Will follow-up
Arizona	U.S. West	25,000	Thaxton
<b>TOTAL</b>		<b>55,000</b>	

National Finance Committee

As

**OIL & GAS MEETING - CHICAGO 9/21/94**

Robert (Bob) Campbell  
Ken Derr  
Lee Raymond  
Mac Zachem

**COMPANY**

Sunoco  
Chevron  
Exxon Co.  
Ashland Oil Co.

**IN**

50,000  
90,000  
40,000  
20,000

**SPONSER/EVENT NOTES**

HB  
API/Chicago - HB  
API/Chicago  
API/Chicago - HB

**TOTAL**

**200,000**

National Finance Committee

As

**DENVER, CO - 10/7/94 - NAMES**

Carl Williams  
Ralph Nagel  
Gary Wright  
John Osborn  
Bill McCallum  
Peter Coors

**COMPANY**

LeGan Inc.  
Village Homes of Colorado  
Great West Life  
Coors Brewery

**IN**  
25,000  
25,000  
1,000  
10,000  
25,000  
25,000

**SPONSOR/EVENT NOTES**

T-100 Early Renewal/Thaxton  
Thaxton  
Thaxton  
Thaxton  
Thaxton  
Thaxton

**TOTAL**

**111,000**

**DENVER, CO - 10/7/94 - NAMES**

Walt Imhoff  
Lanny Martin

**COMPANY**

Tremont Corp.

**PLEDGE**

1,000  
10,000

**SPONSOR/EVENT NOTES**

Thaxton  
Thaxton

**TOTAL**

**11,000**

National Finance Committee

**ST. LOUIS, MO - 10/12/94 - NAMES**

	<b>COMPANY</b>	<b>IN</b>	<b>SPONSOR/EVENT NOTES</b>
Frank Bowman	Von Hoffman Press, Inc.	75,000	Dole/Moran
Joe Shaughnessy	BSI Constructors, Inc.	5,000	Dole/Moran
Richard Keating	AnheuserBusch	100,000	Bob Odell
Robert & Dorotha Kresko		1,000	Dole/Moran
Steve Brauer	Hunter Engineering	25,000	Dole/Moran
Tom Jacobsen	Mercantile Market	10,000	Dole/Moran
Bob Hermann		25,000	Dole/Moran
Andy & Jack Taylor		15,000	Dole/Moran
Chuck Knight	Emerson	25,000	Dole/Moran
Eugene Williams		10,000	Dole Moran
Harry Cornell	Leggett/Platt	15,000	Dole/Moran
Dick Kreckler	Blue Cross/BlueShield	\$15,000	Dole/Moran
Roy Heimbürger	BlueCross/Blue Shield	\$5,000	Dole/Moran
Frank Williams	The May Companies	\$25,000	Dole/Moran
Andy Craig	Boatmans Bankshares	\$5,000	Dole/Moran
Sam Fox		\$100,000	Dole/Moran
<b>TOTAL</b>		<b>456,000</b>	

**ST. LOUIS, MO - 10/12/94 - NAMES**

	<b>COMPANY</b>	<b>PLEDGE</b>	<b>SPONSER/EVENT NOTES</b>
Craig Schnuck	Schnuck's Markets	50,000	Dole/Moran
Chuck Knight	Emerson	75,000	Dole/Moran
<b>TOTAL</b>		<b>125,000</b>	

National Finance Committee

**MINNEAPOLIS, MN - 10/13/94 - NAMES**

Richard Anderson  
 Bob Cummins  
 Glen Taylor  
 Weksel, Davies & Co., Inc.  
 EF Johnson Co.  
 Bill Sagan  
 Bill Cooper  
 Dean Johnson  
 Robert Klas  
 John Grunhofer  
 Philip Heasley  
 Robert Naegele

**COMPANY**

Northwest Airlines PAC

TFC Financial

First Bank System

**IN**

12,000  
 25,000  
 50,000  
 1,500  
 1,500  
 25,000  
 100,000  
 20,000  
 5,000  
 50,000  
 350  
 29,000

**319,350**

**SPONSOR/EVENT NOTES**

Dole/Moran/HB  
 Dole/Moran/HB/Barnes  
 Dole/Moran/HB  
 Dole/Moran/HB  
 Dole/Moran/HB  
 Dole/Moran/HB  
 Dole/Moran/HB  
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 Dole/Moran/HB  
 Dole/Moran/HB  
 Dole/Moran/HB  
 Dole/Moran/HB

**TOTAL**

**MINNEAPOLIS, MN - 10/13/94 - NAMES**

Al Shofie  
 Jack Milne  
 Martin Kellogg  
 Robert Naegele

**COMPANY**

**PLEDGE**

25,000  
 25,000  
 5,000  
 4,000

**59,000**

**SPONSOR/EVENT NOTES**

Dole/Moran/HB  
 Dole/Moran/HB  
 Dole/Moran/HB  
 Dole/Moran/HB

**TOTAL**

National Finance Committee

As o

**DALLAS, TX - 10/14/94 - NAMES**

Patricia Beck  
Dennis Berman

**COMPANY**

Denitech

**IN**

5,000

25,000

**30,000**

**SPONSOR/EVENT NOTES**

JAM

JAM/HB

**TOTAL**

National Finance Committee

<b>LOS ANGELES, CA - 10/18/94 - NAMES</b>	<b>COMPANY</b>	<b>IN</b>	<b>SPONSOR/EVENT NOTES</b>
Jerry Kessler	Nutritional Health Alliance	95,000	Gingrich/Crawford
M.M. McCallister	ARCO	50,000	HB/Moran
Bruce Freeman	Castle & Cooke	25,000	HB/Moran
Jeffery Heck	Flexi-Van Leasing	50,000	HB
	Castle & Cooke	25,000	HB
Burt Boeckman		25,000	HB
<b>TOTAL</b>		<b>270,000</b>	

National Finance Committee

As of

**RICHMOND, VA - 10/26/94 - NAMES**

Rick Sharp  
Bruce Gottwald

**COMPANY**  
Circuit City  
Ethyl Corp.

**IN**  
80,000  
15,000

**95,000**

**SPONSOR/EVENT NOTES**

Hosted event

**TOTAL**

**RICHMOND, VA - 10/26/94 - NAMES**

Stanley Pauley

**COMPANY**

**PLEDGE**  
50,000

**50,000**

**SPONSOR/EVENT NOTES**

HB/Moran

**TOTAL**

National Finance Committee

As of

**SUB-TOTAL**

<b>MONEY IN</b>	<b>MONEY PLEDGED</b>
<b>6,791,050</b>	<b>1,083,000</b>

**GRAND TOTAL**  
**WITH ADDITIONAL MI MONEY \$1.7mil**

<b>MONEY IN</b>	<b>MONEY PLEDGED</b>
<b>8,491,050</b>	<b>1,083,000</b>

age — too busy, they'll  
 isn't matter anyway.  
 as a wiseguys bumper  
 courages them."

Glances are no one vote will make a  
 decisive difference; few elections are decid-  
 ed by a single ballot. But no one vote will  
 weigh more than another. The vote of the

in doubt — "for the leader of the pack" as  
 people like to say — is a vote of confidence  
 in democracy.

What they heard was the cacophony of  
 democracy. Some glowed, some ducked.

right. That's what they call the... of the

Continued on page 2-A, col. 1

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DAYS

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As the educa-  
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 schools show,  
 Unified School  
 District 501 is  
 dreaming big of  
 schools that will  
 make visitors'   
 jaws drop in  
 awe.

"What we hear  
 now is 501 par-  
 supposedly better  
 1," Dr. Jeff Weav-  
 antendent, recently  
 D 501 parents.

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 he fall of 1995.

01 voters will de-  
 state will help pay

in page 2-A, col. 1

ould be  
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**GOVERNOR**

*If the election  
 were held today,*

**Who would  
 you vote  
 for?**



**Bill Graves**  
(Republican)



**Jim Slattery**  
(Democrat)

Don't know results are in parenthesis. Margins of error is plus or minus 3 percentage points for statewide results only.		
<b>58%</b>	<b>Statewide</b>	<b>32%</b>
(Don't know: 10%)		
<b>By district:</b>		
62%	First (12%)	26%
52%	Second (8%)	40%
56%	Third (11%)	32%
61%	Fourth (8%)	30%
<b>By party:</b>		
18%	Democrat (9%)	73%
85%	Republican (6%)	9%
49%	Independent (18%)	33%
<b>By age:</b>		
62%	18 to 29 (8%)	30%
59%	30 to 44 (9%)	31%
57%	45 to 64 (10%)	33%
56%	Over 65 (11%)	33%
<b>By gender:</b>		
57%	Female (11%)	32%
59%	Male (8%)	33%

Source: Central  
 Research Corp. — The Capital-Journal

# Kansas Poll '94

© 1994 The Topeka Capital-Journal

## Poll points to Graves as next governor

By ROGER MYERS  
 The Capital-Journal

Republican Bill Graves has mounted a huge lead over Democrat Jim Slattery with only two days left before Tuesday's general election and appears headed for victory in the race for governor of Kansas.

The final Kansas Poll of the 1994

campaign gave Graves the backing of 58 percent of those sampled. Slattery received the support of 32 percent, and 10 percent said they were undecided.

Central Research & Consulting Inc., Topeka, which conducted the poll for The Capital-Journal, prof-

Continued on page 14-A, col. 1

## Stovall, Thornburgh appear likely to win

By ROGER MYERS  
 The Capital-Journal

Republican Carla Stovall has widened her lead slightly over Democrat Richard Schodorf in the hard-fought race for attorney general, the latest Kansas Poll shows.

In the campaign to elect a new secretary of state, Republican Ben

Thornburgh's lead over Democrat Fran Lee dwindled further in a contest that will be decided by the uncommitted vote.

Stovall, of Topeka, received 51 percent of the vote from those surveyed in the latest poll, compared to 31 percent for Schodorf, of Wichita. Seventeen percent said they were

Continued on page 14-A, col. 1

## Few Kansans find O.J. innocent

By BILL BLANKENSHIP  
 The Capital-Journal

Kansas women are more likely than male Kansans to think O.J. Simpson is innocent.

However, only 10 percent of all the respondents to the Kansas Poll think the former football star didn't kill his ex-wife, Nicole Simpson, and her friend, Ronald Goldman.

The statewide poll of 1,000 adults was conducted Tuesday through Thursday by Central Research & Consulting Inc., a market research and consulting firm based in Topeka.

When it came to the question of Simpson's guilt or innocence, 41 percent of the Kansans asked thought Simpson killed the people he is charged with murdering.

Most respondents — 49 percent — answered "don't know."

Poll results broken down by gender showed a greater percentage of men than women think Simpson is guilty, while more women than men avowed his innocence.

A sharper gender difference appeared when respondents were asked whether Simpson can get a fair trial.

While 36 percent of all respondents answered the question "yes," the percentage of men giving an affirmative answer was 43 percent.

Meanwhile, 47 percent of the fe-

Continued on page 14-A, col. 1

*Good Morning!*

**Smile!**

**KANSAS POLL**

**The trial  
 of O.J.**

NOV-7-94 MON 11:25

# Thornburgh likely to win

Continued from page 1

undecided.

The poll was conducted by Central Research & Consulting Inc., Topeka. It sampled 1,000 people statewide Tuesday through Thursday who said they were registered and planning to vote. The margin of error was plus or minus 3 percentage points.

Central Research said: "Carla Stovall maintains a substantial lead. Seventeen percent remain undecided, but it's unlikely Schodorf can win."

Stovall, 36, a former Crawford County prosecutor and former Kansas Parole Board member who is in private law practice, has steadily increased her lead over Schodorf in the three Kansas Polls of the campaign.

She said she is encouraged by the latest poll, which gave her a 19 percentage point margin over Schodorf, 45, a former assistant Sedgwick County district attorney.

Stovall has charged that Schodorf lied about her in his television advertising, claiming she hugged a drug dealer in open court while she was Crawford County attorney and alleging that she had fewer courtroom victories than she claimed.

"I believe these figures do show people want positive campaigning and will reward candidates who do that," Stovall said.

"I feel absolutely vindicated in the campaign I've run," she said. "You know, the concern is always there when you run a positive campaign that it's the negative stuff that sticks."

"I also feel these latest figures are a vote of confidence in my background and experience and what I would do in office. I've tried to offer realistic solutions and I think voters

**More polls in Monday's Capital-Journal:**

- Congressional races
- Insurance commissioner's race
- Treasurer's race
- Issue of Casinos

**Kansas Polls**

agree with my perceptions."

Robert Swanson, Schodorf's campaign spokesman, said: "We're not discouraged by these poll figures and we're still predicting victory on Tuesday."

"This poll runs contrary to everything we've seen in the past few weeks, including a Mason Dixon poll of about 10 days ago that showed us 2 points ahead, and our own poll of about the same time that showed us 6 points behind."

Swanson argued the Kansas Poll sample contained too many Republicans and not enough Democrats.

Stovall led Schodorf in all four congressional districts, includ-

## ATTORNEY GENERAL



**Carla Stovall**  
(Republican)

Statewide: **51%**

### % by district:

First ..... 51  
 Second ..... 54  
 Third ..... 52  
 Fourth ..... 48

### % by party:

Democrat ..... 24  
 Republican ..... 70  
 Independent ..... 45

### % by age:

18 to 29 ..... 60  
 30 to 44 ..... 55  
 45 to 64 ..... 53  
 Over 65 ..... 43

### % by gender:

Female ..... 49  
 Male ..... 54



**Richard Schodorf**  
(Democrat)

Statewide: **32%**

### % by district:

First ..... 24  
 Second ..... 30  
 Third ..... 30  
 Fourth ..... 45

### % by party:

Democrat ..... 59  
 Republican ..... 17  
 Independent ..... 32

### % by age:

18 to 29 ..... 29  
 30 to 44 ..... 27  
 45 to 64 ..... 33  
 Over 65 ..... 39

### % by gender:

Female ..... 32  
 Male ..... 33

Source: Central Research Corp.

Margin of error: plus or minus 3 percent for statewide results only. Don't know results were omitted.

— The Capital-Journal

ing his home 4th District where she was ahead 48 percent to 45 percent with 8 percent undecided. She also led Schodorf in all age categories and among both men and women voters.

Stovall is bidding to become the first woman attorney general in Kansas. Incumbent Republican Bob Stephon is retiring after a record 18 years in the office.

In the race for secretary of state, Thornburgh received the support of 43 percent of those surveyed. Lee received 29 percent, Libertarian Party candidate Steven Roale received 4 percent and 24 percent were undecided.

Central Research said: "Thornburgh holds a significant lead, and he's a Republican. Undecideds could swing it to Lee, but that's unlikely."

Thornburgh, 31, Topeka, the assistant secretary of state since 1991, has seen his lead over Lee dwindle from 21 points in the Sept. 4 Kansas Poll to 15 points in the Oct. 9 Kansas Poll to 14 points in the latest survey.

But he noted: "My numbers have been at about 43 percent for the last two months, so I feel I have a good solid base. We're awfully encouraged by these latest numbers."

## SECRETARY of STATE



**Ron Thornburgh**  
(Republican)

Statewide: **43%**

### % by district:

First ..... 42  
 Second ..... 48  
 Third ..... 46  
 Fourth ..... 39

### % by party:

Democrat ..... 12  
 Republican ..... 67  
 Independent ..... 31

### % by age:

18 to 29 ..... 40  
 30 to 44 ..... 47  
 45 to 64 ..... 43  
 Over 65 ..... 41

### % by gender:

Female ..... 40  
 Male ..... 47



**Fran Lee**  
(Democrat)

Statewide: **29%**

### % by district:

First ..... 24  
 Second ..... 24  
 Third ..... 26  
 Fourth ..... 41

### % by party:

Democrat ..... 63  
 Republican ..... 11  
 Independent ..... 26

### % by age:

18 to 29 ..... 31  
 30 to 44 ..... 25  
 45 to 64 ..... 31  
 Over 65 ..... 30

### % by gender:

Female ..... 31  
 Male ..... 27



**Steven Roale**  
(Libertarian)

Statewide: **4%**

### % by district:

First ..... 4  
 Second ..... 4  
 Third ..... 4  
 Fourth ..... 3

### % by party:

Democrat ..... 4  
 Republican ..... 2  
 Independent ..... 7

### % by age:

18 to 29 ..... 12  
 30 to 44 ..... 3  
 45 to 64 ..... 3  
 Over 65 ..... 3

### % by gender:

Female ..... 2  
 Male ..... 6

"Her latest negative campaign ads against us don't appear to have worked. I just got back from another tour around the state and the response was very positive. A lot of people are beginning to recognize me along the parade routes."

Lee, 56, of Topeka, noted there is "a huge undecided. It looks to me like we have about the same base of party support."

"I'm not at all discouraged. The main part of my television advertising started Thursday, my radio advertising began Saturday and my direct mail hasn't hit yet."

"I really believe the trend is in my favor," said Lee, who took a leave of absence from her post as a director of training and licensing for paraprofessionals at the Kansas State Department of Education to make the race.

Thornburgh led Lee in three of the state's four congressional districts. He trailed her by 2 percentage points (39-41) in the Wichita-dominated 4th Congressional District.

Thornburgh also led Lee among all age groups and among male and female voters.

Thornburgh and Lee are bidding to succeed Bill Graves, the Republican nominee for governor.

# Republican whip Gingerich takes time to protect his

# Kansas Poll

## Poll samples chosen at random to represent electorate accurately

The Capital-Journal

The Kansas Poll is a professionally conducted, scientific telephone survey of 1,000 Kansans who are registered and planning to vote. The poll interviewed 250 people in each of the state's four congressional districts.

Respondents were interviewed Tuesday through Thursday for this

edition of the poll. The survey was designed and conducted for The Capital-Journal by Central Research & Consulting Inc., Topeka, a market research and consulting firm.

The statewide sample was composed of proportional numbers of respondents from each of the congressional districts. The subsamples within each district consisted of proportional numbers of urban and

Who participated in this poll?		BY DISTRICT				BY PARTY				BY AGE				BY GENDER		
		1st District	2nd District	3rd District	4th District	Democrat	Republican	Independent	18 to 29	30 to 44	45 to 64	Over 65	Male	Female		
By gender:	Females	51	52	54	51	48	54	49	52	47	50	49	58	100	0	Margin of error plus or minus 3 percentage points for statewide results only.
	Males	49	48	46	49	52	46	51	48	53	50	51	42	0	100	
By age:	18-29	9	8	10	12	7	6	10	11	100	0	0	0	8	10	Source: Central Research Corp. — The Capital-Journal
	30-44	31	27	30	36	32	28	34	28	0	100	0	0	30	32	
	45-64	33	37	31	31	32	33	30	37	0	0	100	0	31	35	
	Over 65	27	26	30	21	29	33	25	24	0	0	0	100	30	23	
By party:	Democrat	26	21	29	27	27	100	0	0	17	24	26	32	27	25	
	Republican	47	51	45	46	47	0	100	0	52	52	43	44	45	49	
	Independent	26	28	25	26	26	0	0	100	31	24	30	25	27	26	

rural residents. The telephone numbers called were chosen by a computer-assisted, random sampling process.

The margin of error on statewide offices and statewide questions was plus or minus 3 percentage points from the result that would have been obtained if everyone in the target population had been polled. For smaller subsamples, such as single

congressional districts, the margin of error was plus or minus 6 percentage points.

In order to curtail suggestion, half the respondents heard the Republican candidate's name mentioned first and half the respondents heard the Democratic candidate's name mentioned first. Throughout the poll, results have been rounded to the nearest whole percent. As a

result, responses may not always add to 100 percent.

Tables accompanying candidate questions and issue questions show the demographics of those interviewed. The Capital-Journal publishes every number that the poll yields so that readers may make their own interpretations of the results and trends.

# Poll points to Graves as next governor

Continued from page 1

ected Graves as the winner. "Graves is putting together a strong finish (and) appears headed for a win," the marketing research firm said.

Graves was above 50 percent in committed support for the first time in the general election campaign.

David Schlosser, political director of the Graves campaign, said: "These poll numbers reflect what our internal polling has shown us: The people of Kansas rejected the negative attacks on Bill Graves that distorted his positions and his record."

"The Torchmark ads hurt Slattery. When those ads, with the cancer patient and the elderly, hit the airwaves, his unfavorable ratings went through the roof."

"This is the first year people have made their displeasure known about negative ads. They've complained about them, but this year they're

going to punish candidates who use them.

"We're encouraged by these latest results, but we are aware the only numbers that count are when Kansans vote Tuesday."

Jim McLean, Slattery's press secretary, said the campaign isn't discouraged by the latest poll results.

"The polls have been so erratic this year it's impossible to know what to expect on election day," McLean said. "Thank goodness elections are not decided by polls. The results will still depend on who gets their supporters to the polls and we intend to fight for votes until the polls close Tuesday."

"The bottom line is that Jim Slattery is simply better prepared to be governor than his opponent, and the people of Kansas still have a few days left for that fact to sink in."

McLean didn't dispute Schlosser's claim that Slattery's unfavorable rating rose after the Torchmark ads

began airing. But he commented, "So did Bill Graves' ratings."

The so-called Torchmark ads refer to an insurance conglomerate by that name which is headed by Graves' father-in-law. The company and some of its subsidiaries have been sued by policyholders who claim they were cheated out of benefits. Slattery said in several campaign ads that money from Torchmark, its subsidiaries and executives was dirty and should be returned. Some of the ads showed cancer patients in hospitals and elderly people walking with the aid of walkers.

The final Kansas Poll of the 1994 campaign was conducted Tuesday through Thursday. It sampled 1,000 registered voters who said they planned to vote. Its margin of error was plus or minus 3 percentage points.

Graves, the Kansas secretary of state, blew open what had been a race that appeared to be tightening

between him and Slattery. The Kansas Poll released Oct. 9 gave Graves an 11 percentage point lead over Slattery. A Mason Dixon poll of about two weeks ago for several newspapers and television stations showed Graves' lead had dwindled to 9 percentage points.

Schlusser said adverse public reaction to Slattery's Torchmark ads gave Graves his big boost.

The final Kansas Poll showed Graves leading Slattery in all four congressional districts, among all age groups, and among both men and women.

There was a dramatic turnaround of support in the 2nd Congressional district, which Slattery has represented for 12 years in Congress.

In the final poll, Graves led Slattery by 12 points (52 percent to 40 percent) in the 2nd District. Slattery had led Graves by 13 points (46 percent to 33 percent) in the second Kansas Poll that was released Oct. 9.

The two candidates were tied at 51 percent each in the 2nd District in the first Kansas Poll that came out Sept. 4.

Another sign of dropping support for Slattery was the so-called cross-over vote, where Republican respondents said they would vote for Democrat Slattery and Democratic respondents said they would vote for Republican Graves.

In the latest Kansas Poll, only 9 percent of those who said they considered themselves Republicans said they planned to vote for Slattery. That compares with 14 percent of the GOP respondents who said in the second Kansas Poll that they would support Slattery. By contrast, 16 percent of those who said they considered themselves Democrats said in both the second and the final Kansas Polls that they planned to vote for Republican Graves.

## Few Kansans think innocent

Continued from page 1

male respondents couldn't get a fair trial to the 43 percent of females who answered "no."

So how do Kansans feel about Simpson attacks across America in Los Angeles?

A Harris Poll tab found 50 percent of nationwide said Simpson guilty, up from 36 percent.

The other 50 percent equally between I thought he was innocent those who didn't know.

A Los Angeles Times taken Sept. 17-23 of Angeles County showed 7 in 10 didn't whether Simpson was innocent.

Only 18 percent Simpson was guilty. 5 percent said they were still innocent, with the remainder undecided or

The two polls also more folks nationwide Angeles were more than Kansans that Simpson get a fair trial.

Opinion measure Harris Poll was divided into 44 percent of Simpson could be tried

In Los Angeles County respondents were confident could get a fair trial

The Kansas Poll third question about case and how it was decided by the media.

Forty percent of respondents said media coverage Simpson case has been

THOMAS MOORER

# Warring ideas in the volatile Virginia

There are three important reasons for Virginians to vote for Oliver North on Nov. 8, notwithstanding the dishonest negative campaign being conducted by TV network and CNN news programs and the print media, primarily The Washington Post. These concerted and seemingly coordinated attacks by the establishment media must make thinking voters wonder why Ollie North creates such panic in the elite wing of the liberal community.

The first reason to vote for the retired Marine lieutenant colonel is that his experience uniquely suits him to be an effective member of the U.S. Senate, particularly when the commander in chief and most of his White House staff are devoid of such experience. Many of those who assail Ollie's character have not the faintest idea what loyalty to comrades-in-arms entails, or the character traits of courage and resolve. The closest they have come to going into harm's way has been leading an anti-American protest.

We desperately need senators who have had military experience and understand the serious implications of committing our armed forces when there is no national security interest. Compounding these aberrant military assignments in Somalia and Haiti is the hollowing out and demoralizing of the services by an administration that has consistently demonstrated disdain for the military. It has attempted to make the military homosexual havens as part of a "diversity" program, which undermines the concept of unit cohesion.

Until the 1996 presidential election we only have the U.S. Senate to act as a counterweight to an ill-advised president who is totally lacking in the precepts of military service.

The second reason for voting for Ollie North is that he has the courage to stand by his beliefs. He so ably displayed this when he stood alone before a joint committee of Congress so sure that they would be able to criminalize him and destroy President Reagan.

The chairman of that mean-spirited cabal, Democratic Sen. Dan Inouye, however, became the one who fell on his sword. His hopes of becoming majority leader evaporated when he was seen as the one having trouble with the truth. During the hearings all the spin that Cokie Roberts and her fellow liberal commentators tried to use to demonize Ollie North was rejected

## North's leadership traits

*I am confident that Virginians will seek a compass high above the deceptive negative propaganda spewing from the opposition.*

have repeatedly said, "He never lied to Congress." Even the vindictive prosecutor, Judge Lawrence Walsh, could not substantiate a charge of "lying to Congress." Yet not a day passes without the press or a TV commentator trying to foist that lying canard on the public.

What the liberals support — expansion of welfare programs, big labor, American troops under U.N. control, huge tax increases, more foreign aid, slashed military and space defense budgets — Ollie North is against. What the liberals are against — term limits, a balanced budget amendment, tax cuts, the right to work, capital punishment and preventing illegal immigration — Ollie North is for. For a right-minded American, this Ollie-bashing should be a clear signal that the liberals are terror-stricken by the thought of Ollie North being elected. That alone should be good reason for Virginians to vote for Ollie.

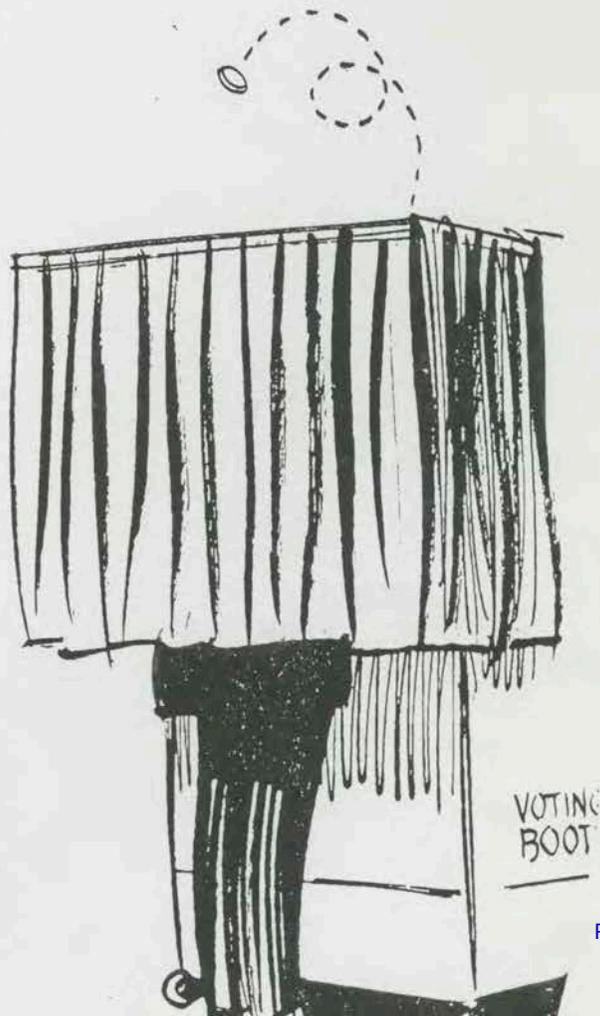
There is a third reason Mrs. Moorer and I will vote for Ollie. I am now 82 years old. My Navy career started in 1929 and ended in 1974 when I completed my second term as chairman of the Joint Chiefs of Staff. During those 45 years, there were some very difficult times, including the Great Depression, World War II, Korea and Vietnam.

lifeboat had no compass, no water and scant provisions. After three days at sea, we made landfall and were eventually picked up by the Australians.

I recount these experiences because even as one calamity followed another, we always trusted that we would prevail because we were doing the right thing and we worked together.

Now has come a time in our national life when we see many news stories saying Americans are angry at Congress and are not sure that the country is moving in the right direction. Journalists traveling around the country say there is a sour mood and this may be right, but there is always a reason to have hope. In Virginia we have a great opportunity to be part of a very substantial change in the U.S. Senate and the policies of the Clinton administration.

## Senate race



ly when the commander in chief and most of his White House staff are devoid of such experience. Many of those who assail Ollie's character have not the faintest idea what loyalty to comrades-in-arms entails, or the character traits of courage and resolve. The closest they have come to going into harm's way has been leading an anti-American protest.

We desperately need senators who have had military experience and understand the serious implications of committing our armed forces when there is no national security interest. Compounding these aberrant military assignments in Somalia and Haiti is the hollowing out and demoralizing of the services by an administration that has consistently demonstrated disdain for the military. It has attempted to make the military homosexual havens as part of a "diversity" program, which undermines the concept of unit cohesion.

Until the 1996 presidential election we only have the U.S. Senate to act as a counterweight to an ill-advised president who is totally lacking in the precepts of military service.

The second reason for voting for Ollie North is that he has the courage to stand by his beliefs. He so ably displayed this when he stood alone before a joint committee of Congress so sure that they would be able to criminalize him and destroy President Reagan.

The chairman of that mean-spirited cabal, Democratic Sen. Dan Inouye, however, became the one who fell on his sword. His hopes of becoming majority leader evaporated when he was seen as the one having trouble with the truth. During the hearings all the spin that Cokie Roberts and her fellow liberal commentators tried to use to demonize Ollie North was rejected by a jury of millions of TV viewers.

It is beyond dispute that Oliver North carried out his orders while serving on the staff of the National Security Council with a zeal and devotion commensurate with his assignment. One of the hostages freed by his efforts continues to publicly thank him for his freedom. At the same time, Ollie was directing the resupply operation for the Contras in Central America, while Democrat congressmen — including Speaker Jim Wright — were visiting and corresponding with the Nicaraguan communist dictator, Daniel Ortega.

Those who charge Col. North with "lying under oath" are in fact the ones who are guilty of the big lie. As Sen. Bob Dole and others

have repeatedly said, "He never lied to Congress." Even the investigative prosecutor, Judge Lawrence Walsh, could not substantiate a charge of "lying to Congress." Yet not a day passes without the press or a TV commentator trying to foist that lying canard on the public.

What the liberals support — expansion of welfare programs, big labor, American troops under U.N. control, huge tax increases, more foreign aid, slashed military and space defense budgets — Ollie North is against. What the liberals are against — term limits, a balanced budget amendment, tax cuts, the right to work, capital punishment and preventing illegal immigration — Ollie North is for. For a right-minded American, this Ollie-bashing should be a clear signal that the liberals are terror-stricken by the thought of Ollie North being elected. That alone should be good reason for Virginians to vote for Ollie.

There is a third reason Mrs. Moorer and I will vote for Ollie. I am now 82 years old. My Navy career started in 1929 and ended in 1974 when I completed my second term as chairman of the Joint Chiefs of Staff. During those 45 years, there were some very difficult times, including the Great Depression, World War II, Korea and Vietnam.

When I was a plebe, the stock market crashed. In 1933, half of my graduating class was not commissioned because the Navy didn't have enough money to pay them. When the Japanese attacked Pearl Harbor, my seaplane squadron was destroyed. Flying a replacement PBV Catalina in February 1942, I was shot down in flames in the Dutch East Indies by a Zero fighter. We survived a crash landing at sea and were picked up by a merchant ship loaded with ammunition and bound for Corregidor. Later that same day, a dive bomber sunk the freighter. Miraculously, the cargo did not detonate. However, one of my crewmen was lost when the ship went down. The

angry at Congress and are not sure that the country is moving in the right direction. Traveling around the country say there is a sour mood and this may be right, but there is always a reason to have hope. In Virginia we have a great opportunity to be part of a very substantial change in the U.S. Senate and the policies of the Clinton administration.



In that lifeboat, though we had no compass, we looked to the constellation of the Southern Cross high above us for guidance as we steered toward the north coast of Australia. Likewise, I am confident that Virginians will seek a compass high above the deceptive negative propaganda spewing from the opposition and vote for a man who stands for traditional American values and virtue — Oliver North.

*Thomas H. Moorer is a retired U.S. Navy admiral and former chairman of the Joint Chiefs of Staff.*

Senators Dale

Ruff

This is Felix Rohatyn  
Testimony Next Tuesday

He was invited by Sen Hollings  
I helped him with this.

Hollings will be disappointed that  
He is so Pro Gatt.

Dwayne.

NOV 10 1994

TESTIMONY BY FELIX G. ROHATYN  
BEFORE THE COMMERCE COMMITTEE  
UNITED STATES SENATE  
ON TUESDAY, NOVEMBER 15, 1994

*[Handwritten signature]*  
*See p 7-8-9*  
*F.R.*

Mr. Chairman, members of the Committee:

I appreciate the opportunity to appear in front of your Committee. The ratification of GATT is a vital issue to our economy, and as a businessman and as an investment banker, I strongly urge its ratification. I am sure that you know, however, that I am not a technical expert on trade agreements and that I cannot comment on many details of a very complicated agreement.

Since World War II, the United States has been at the forefront of the battle for an open world trading system. Democratic and Republican Administrations have led the fight and, with the completion of the Uruguay Round, we have this goal in sight. Congress must now ratify GATT; this is a vote on the world trading system. Trade is the backbone of the U.S. economy; much of the present domestic economic growth is due to the growth both in exports and imports. Furthermore, an open trading system, together with adequate capital flows, will strongly support economic growth in the developing world.

Strong economic growth in the developing world is a necessity if we are to have acceptable growth in the Western industrially developed nations.

Exports to Latin America and Asia are the fastest growing sector of the U.S. economy; they will continue to be so and will accelerate as the tariff barriers come down all over the world. This is also an important issue for the future of Europe. Eastern Europe's transition from Communism to Democracy has been slowed down by the failure of countries such as Hungary, Poland and the Czech Republic to be admitted with the European Community. Ratification of GATT will provide another push to the EC to open its doors to the East.

Critics of this agreement point to the trade deficits that the U.S. has run since 1980 as evidence: of the failure of the Toyko Round to produce benefits for the U.S. that had been predicted, and of our inability to compete with high wage nations or with low wage nations.

I was as vocal and consistent a critic of the economic policies of the U.S. during the 1970's and 1980's as anyone. But as this crucial vote on the Uruguay Round draws near, it is terribly important that we draw the right lessons, rather than the wrong lessons, from the experience of the past 20 years.

The deterioration of our economic strength, most commonly dated from 1973, had many roots. Serious missteps in macroeconomic policy, particularly the high inflation of the 70's and soaring budget deficits of the 80's, were probably the most serious contributing factors. We also neglected the foundations of our strength: failing to adequately educate our children, train our workers, and invest in infrastructure and civilian technology.

Trade policy---and the lack of it---was certainly part of our failure to compete. Far too long, we stayed with the habits and practices that worked for us in the 1950's and 60's when we had no serious competition, and we could prosper by relying on our relatively insulated domestic market. Other nations, notably Japan and Germany, rebuilding their industrial and technological strength, were far more focused on the need to export than we were.

They provided the macroeconomic policies needed for business and workers to compete. They provided government support for the efforts of the private sector. Japan particularly closed its market, allowing key industries and technologies a sanctuary from which to develop. And we followed the generous post-war policy of keeping our market open, without demanding reciprocal market opening, much longer than we should have.

But for the past decade, our companies and workers have made great progress in adjusting to the pressures of the global economy and technological change. For the first time since 1985, the U.S. is rated the most competitive economy in the world, by the World Economic Forum. The United States leads the world in everything from aerospace to agriculture. Industries in serious trouble just a few years ago---automobiles, steel, semiconductors---are again world class, succeeding in this market, making gains in export markets. Five years ago, Chrysler was in dire straits; today Chrysler sells Jeeps in Japan and minivans in Mexico.

Our government policy has changed as well, to meet the competitive challenge. This Administration, as well as its predecessor, has been far

more focused on opening foreign markets: through multilateral negotiations, regional arrangements, bilateral pressure, and use of Section 301. The Commerce Department has become much more vigorous in carrying out its National Export Strategy and focusing on "big emerging markets".

We are rebuilding our manufacturing strength around our ability to compete, and to export. Manufacturing output is up for the 13th straight month. Manufacturing employment is up for the 11th straight month, adding 143,000 jobs. The economy has added 4.4 million jobs since January 1993. "Export activism" is paying dividends.

It is in this context that the Uruguay Round must be judged. And in this context, approval of the Uruguay Round is clearly in the interest of the United States economy. Failure to approve it would threaten the stability of the global economy, and great damage to our own.

The Uruguay Round should be seen as both free and fair trade. It is "free trade" because it is the largest reduction of trade barriers around the world at one time, benefiting both U.S. consumers and producers. But it is fair trade as well, because it requires other nations, which are not as open as the U.S., to become more open, and to play by the same set of international rules.

It will have a particularly strong impact on the developing nations of Latin America, and Asia, outside Japan, which are our export markets of the future. Those nations have been opening and reforming their economies; the Uruguay Round locks in the gains and binds them to a new and demanding

set of trade disciplines. With the Uruguay Round, all WTO members will have to agree to play by the same rules.

At precisely the time when our companies and workers are at their most competitive and when the developing world is becoming much more important to our economic growth and living standard prospects, this agreement binds most of the world into a common set of rules of fair trade and helps open the markets which will be the most valuable to us in the coming years.

Opponents of the agreement project a flood of cheap manufactured goods as a result of the spread of modern technology to newly industrializing nations. An acceleration of these trends, followed by the migration of service jobs, is predicted to result in lower incomes and rising unemployment in the West. Even though imports have undoubtedly had an impact on the wages and jobs of workers in certain low-skill manufacturing industries, these are more than offset by the increase in employment in export industries. Overall, increased trade with developing countries help increase attractive job opportunities in the U.S., raise average labor productivity, real wages and American living standards. Furthermore, it is easy to exaggerate the so-called "flood" of Third World exports. True, they are increasing at a rapid rate; however, these exports absorb only 1% of first world income. In the U.S., the Institute for International Economics places employment loss from radical trade liberalization at 150,000 jobs; this is not even one month worth of net U.S. job creation at the current pace.

The huge requirements for a modern infrastructure as well as the requirements of a growing middle-class in developing countries such as Mexico, China, India, SE Asia, etc., will be a boon to U.S. export industries. These are, by and large, high-wage, high-technology industries which we need to maintain our present competitive edge. Expanding export markets will improve our economies of scale. At the same time, stronger competition from Third World countries will push us to invest more and improve our efficiency. It is worth remembering that ten years ago we did not think we could compete in some of our key industries going from automobiles to computer chips. Today, as a result of new investments and competitive pressures, we are the most competitive economy in the world. It is also worth noting that cheaper imports mean lower domestic prices, lower inflation and higher real incomes for all American consumers.

The real engine for economic change, much greater than the pressure of imports, is technological development. In agriculture, in manufacturing and now in services, technology is shifting jobs and altering the relative wages of different groups of workers. But that is no reason to stop technological progress; it is a reason to help those most directly afflicted. This means that once GATT is ratified, further actions should be considered to ensure its benefits and assist those directly impacted. I can suggest two areas worthy of discussion:

The first is assistance for displaced workers. It may take more than unemployment compensation or even training and education, to help workers in affected industries. Greater training, education, job placement and moving allowances will be needed to help them find employment in

other parts of the Country and other industries. In addition, an expanded public works program, much needed by cities and states all over the Country, could provide additional help to those displaced by technology in general, by defense conversion as well as by foreign competition.

The second is the question of capital availability for Third World Development. In order for the developing world to realize economic growth and improvements in standards-of-living, both of which are important to the West, huge amounts of capital will be required. China alone has indicated a requirement of \$500 billion over ten years for infrastructure alone. Western capital, alone, is insufficient to meet those requirements and to meet our domestic needs for investment and government budgets. The development of local capital markets of size will be required if developing countries are to mobilize domestic savings as well as attract foreign capital in sufficient amounts. These markets will have to be brought up to Western standards both as to technology as well as to legal protection for investors. American standards of disclosure, accounting rules, transparency, prohibition of insider trading and manipulation, should be provided internationally. Banking regulations and capital standards should follow suit. Over time we will have to develop global rules for investment as well as global rules for trade.

In closing, let me remind you of a development that has progressed relentlessly over the past few years and that may be the most powerful force in the world today. Global capital markets are operating today, 24 hours a day, seven days a week. A trillion dollars a day of foreign exchange transactions goes through the New York CHIPS System; \$5 trillion a year are invested all over the world; trillions of dollars in derivatives, letters of

credit, swaps, foreign exchange futures constitute an electronic chain linking financial institutions all over the world. This chain must not be tampered with.

It is important to remember that the world financial markets are now more integrated than the world trading system; these financial markets are now totally committed to open trade and investment. Any signal that carries with it a threat to international cooperation is bound to have serious consequences. The stock market crash of October 1987 had as one of its origins a dispute between the U.S. and Germany on interest rates. The significant instability of all financial markets last spring had, as its origin, the breakdown of trade negotiations between the U.S. and Japan. The financial markets are assuming ratification of GATT and continued rational and progressive economic behavior on the part of the U.S. A change in U.S. attitudes, as represented by a negative vote in the Congress, would carry with it the potential for the most serious consequences in the financial markets.

The current weakness of the dollar is one of the most serious economic problems facing this Country. Over \$2 trillion of the Government debt comes up for refinancing over the next five years to which must be added \$1 trillion of new deficits. Six hundred billion of this debt is held overseas and further weakness of the dollar could require drastic interest rate increases to maintain appropriate foreign participation in these huge financing requirements. A negative vote on GATT could put great pressure on the dollar. The impact on the markets and on the economy would be extremely negative. This is not a risk I would care to run.

Last week's election was a dramatic moment in the political history of the United States. The world will look for early signs to indicate whether, especially in areas such as foreign economic policy, we are capable of bipartisan economic policy, and of predictability as to our commitments. The GATT vote will be the very first of these signals. In addition, how well our economy performs for its citizens relative to Europe and Japan will depend in part on how well we take advantage of the growth opportunities in trade with the Developing World. Currently, the advantages are ours as the world's most competitive economy. GATT implementation keeps us on the right track.

I urge the Committee and I urge the Congress to ratify the treaty. With President Clinton at the APEC Summit helping to open up Far Eastern trade, nothing would send a stronger signal about our commitment to an open trading system.

11/09/94 17:59

NO. 977 P002/003



PUBLIC OPINION  
STRATEGIES

## MEMORANDUM

TO: Jim Whittinghill

FROM: Bill McInturff / Neil Newhouse / Bill Dalbec

DATE: November 9, 1994

SUBJECT: Senator Dole post-election data

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As part of our national post-election research, we included a thermometer rating on Senator Dole, in addition to the two parties and President Clinton. We interviewed 600 people last night who said they voted and the survey has a margin of error of  $\pm 4\%$ .

Among all 1994 voters, Bob Dole was rated at 48.9 on the 0 to 100 favorability scale. When we winnow the respondents down to mirror those in our earlier research among Republicans and swing voters, the figure pops up to 62.7. This rating is slightly higher than the 59.4 we measured a month ago among likely voters. Fully nine in ten Americans are able to rate Bob Dole on the thermometer scale.

## Key findings:

- There is a slight gender gap regarding Senator Dole — men are more positive, with younger men slightly more positive than their older counterparts.
- Not unexpectedly, Senator Dole demonstrates greater strength among Republicans and conservative voters. Democrats and Independents who voted for a Republican candidate for Congress give Bob Dole a solid 50 rating.
- Senator Dole also is rated highly by pro-life voters. In fact, pro-lifers, regardless of party, rate Bob Dole higher than their pro-choice partisan counterparts.
- Among voters whose top issue concern in the election was taxes, Senator Dole receives a rating of 60.6.
- Regionally, Bob Dole's strengths are in the Midwest and South parts of the country.

11/09/94 17:59

NO. 977 P003/003

A few brief observations about the party ratings:

- Among registered voters back in June, the parties were essentially "tied" on the thermometer scale at 53.
- Voters now rate the Republican party (52.7) higher than the Democrat party (47.8) by about five points. While this finding may reflect the fact that more Republicans than Democrats were energized to vote (+6 points on party ID), it is still significant given that Democrats were plus six points on party ID on the June survey.
- The Democrat drop is a function of lower ratings from men, younger voters, and Independents.
- The Democrats are rated higher than the Republican party among a handful of Democrat-oriented subgroups — older women, less affluent and less educated Americans, moderates and liberals, African Americans, and pro-choice voters.
- *The GOP is rated a nine points higher than the Democrats among Perot voters.*
- Among Democrats and Independents who pulled a Republican lever in their Congressional election, our party is rated 15 points higher than the Democrats (56 to 41).
- Just like a month ago, among all Republicans and swing voters, the GOP is rated 24 points higher than the Democrats (61 to 37).
- Regionally, the two parties are rated the same by voters in the Northeast, while the Republican party is rated higher than the Democrats in the other three regions of the country.

This is a first look at the data. As we go through the internal numbers in greater detail, we will provide you with updates.

In the meantime, please call if we can be of assistance.



PUBLIC OPINION  
STRATEGIES

*not for  
release*

MEMORANDUM

TO: Jim Whittinghill

FROM: Bill McInturff / Neil Newhouse / Bill Dalbec

DATE: November 2, 1994

SUBJECT: Follow-up analysis

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At the last meeting, you mentioned several areas in which you would like some follow-up work done. This memo and the accompanying charts address those requests.

1. You asked why Dick Cheney had a net negative rating between core supporters (70+ on thermometer scale) and those less favorable (40 or less). The data processing was correct. There was, however, a significant number of people who rated Cheney a "0." It is our opinion that these people, by and large, are not so much very negative toward him as they had heard the name, but mistakenly gave him a "0" because they did not feel as though they had enough information to rate him on the scale.
2. You asked us to examine Senator Dole's image among high propensity Republican primary voters. Senator Dole is rated highly by this segment of Republicans — 67 on a 0 to 100 favorability scale. As we did among all Republicans and swing voters, we used a multivariate technique called "path analysis" to examine the underlying factors contributing to people's ratings of the Senator.

Three key attributes contribute to a person's image of Senator Dole — that he is "honest and straightforward," that he "cares about people like me" and that he "shares my values." The "honest" attribute carries a little more weight among these voters than do the other two traits. Beyond these three attributes, one sub-theme runs through the data — that Bob Dole is "someone I can trust to do what's right." Just as we found among all Republicans and swing voters, trust is a strong theme upon which the Senator can build.

Additionally, Senator Dole has connected with core Republican primary voters as someone who "understands middle-class concerns," "has good ideas," and, to a lesser extent, will "shake things up."

Jim Whittinghill follow-up memo

November 1, 1994

Page two

3. **You asked us to look at the second choice for a party spokesperson among first choice respondents.** The following charts clearly show how people break after their first choice selection.
  
4. **We also looked at party spokesperson by the respondent's top issue concern.** As the subsequent chart illustrates, Senator Dole is the top choice, regardless of issue position. The data also indicate, though, that there is a more natural base for Senator Dole on issues more likely to be before the Senate, such as health care, crime, and strengthening families.

We hope these new charts and insights are helpful as you seek to absorb the data.

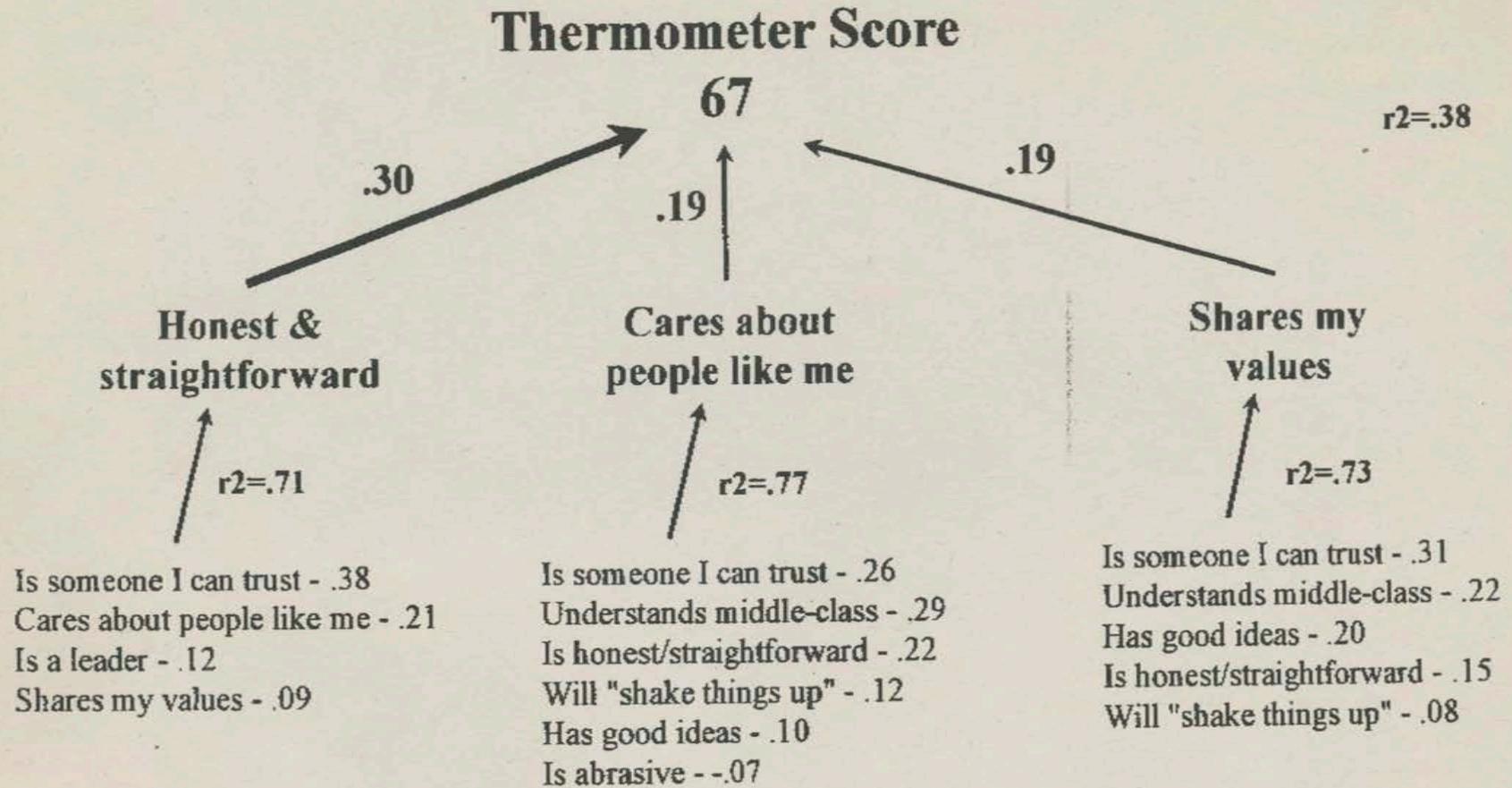
We feel that we should schedule a final wrap-up meeting in mid-November to go through our complete findings. We would prefer a date during the week of November 21-23. That way, we will have a week after the 1994 election, and we should have had time to clear our heads and give this data some more thought.

Please give us a call if you have any questions about these latest findings, or to discuss a time to meet again.

Thanks.

# Bob Dole Image Perception

## Among High Propensity Republican Primary Voters

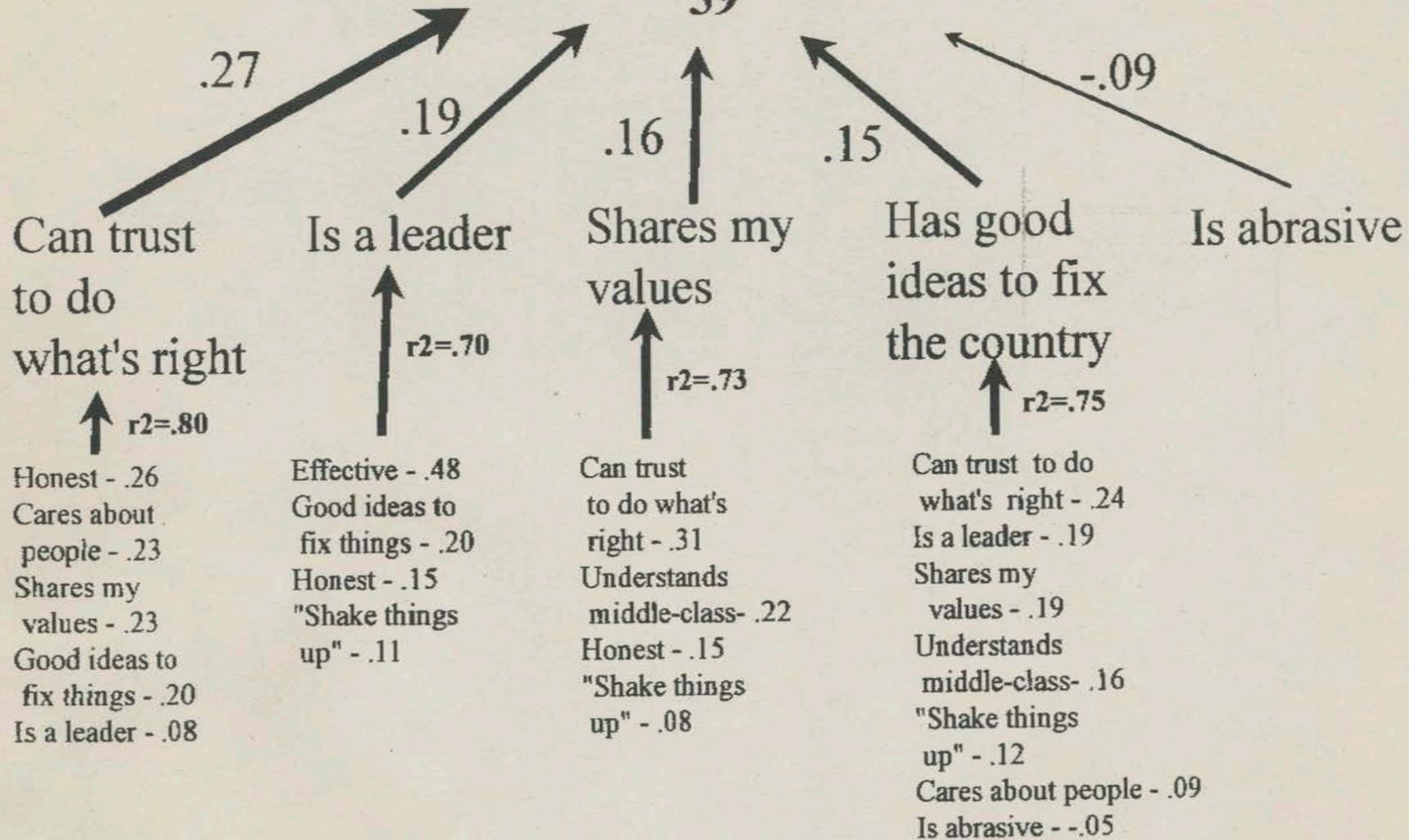


# Bob Dole Image Perception Among Republicans and Swing Voters

## Thermometer Score

$r^2 = .50$

59



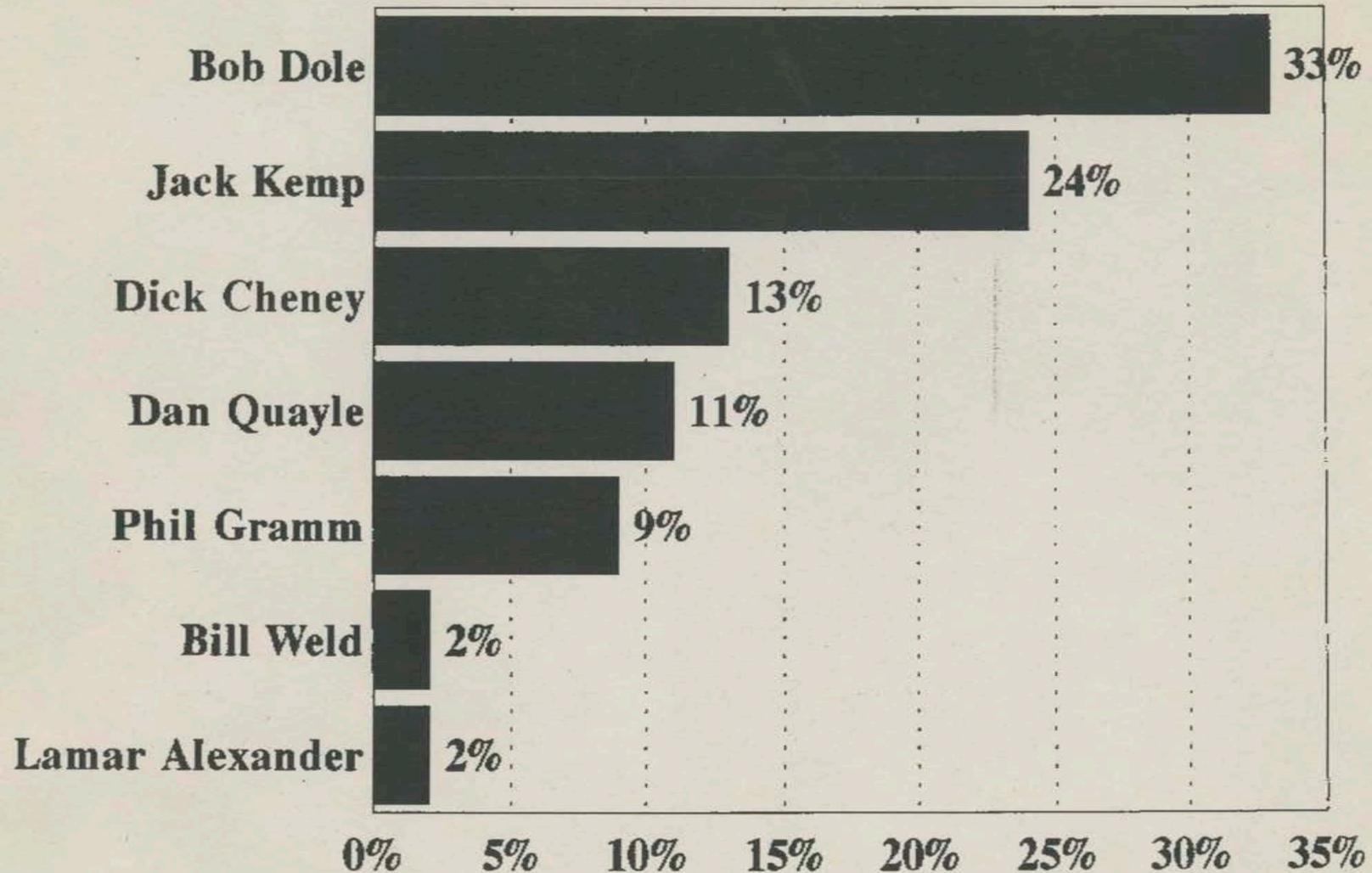
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FAX: 202-543-7373

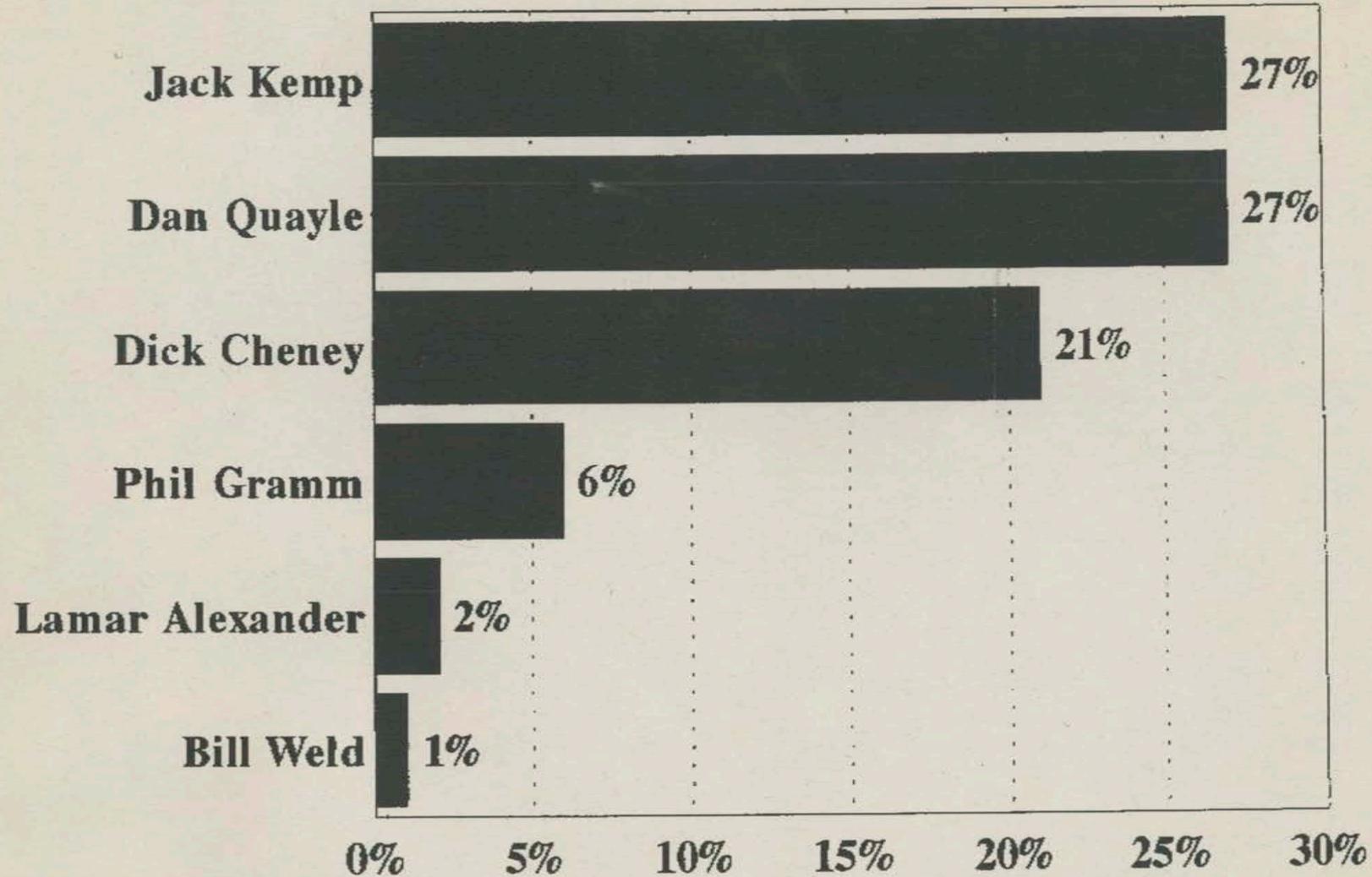
PAGE 8

# Who Would Best Represent The Republican Party? By Voters Familiar With Dole, Quayle, Cheney



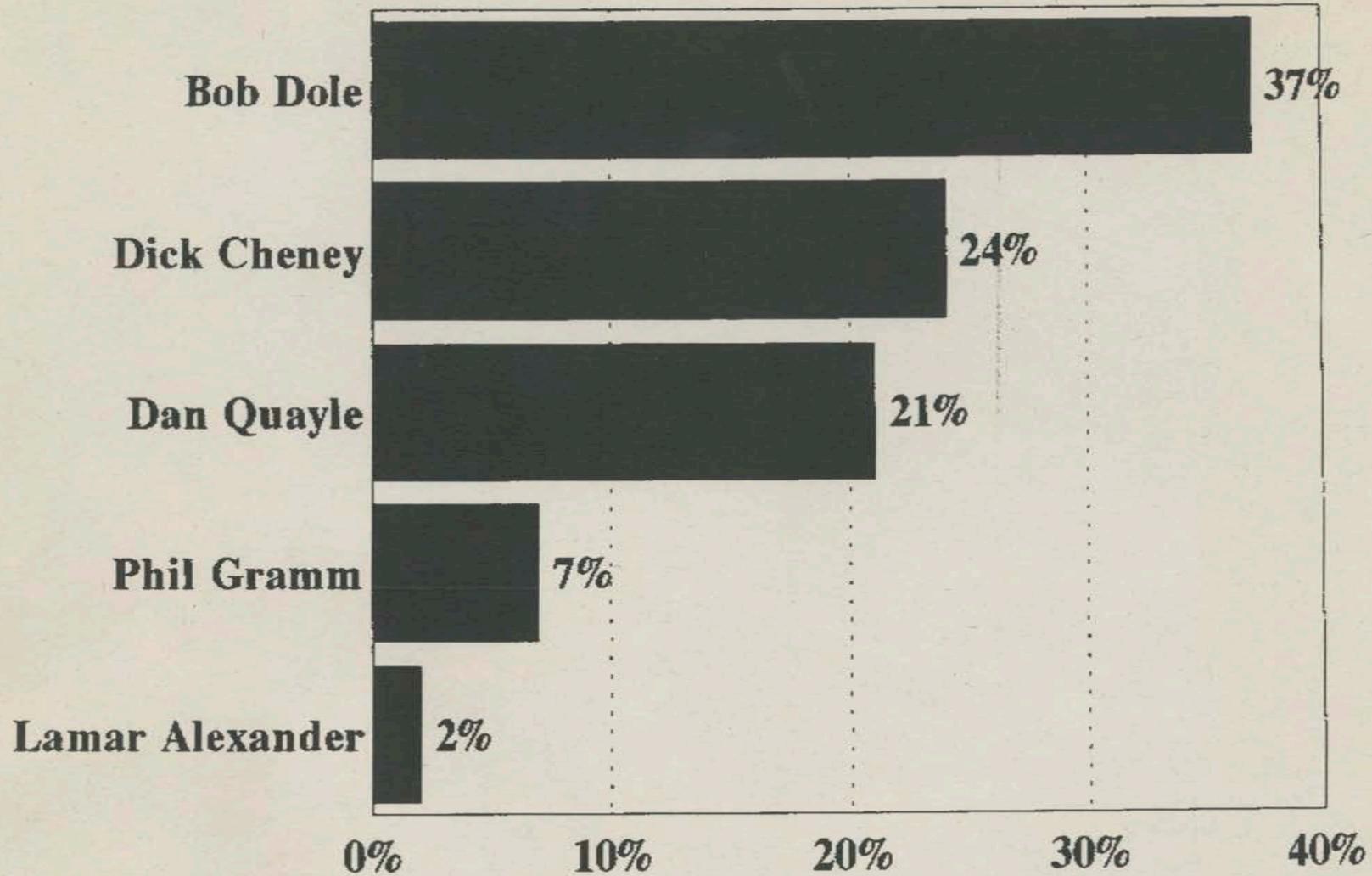
PUBLIC OPINION STRATEGIES  
Better America Foundation National Survey  
October 5-9, 1994

# Who Would Best Represent The Republican Party? Second Choice Among People Whose First Choice Is Dole



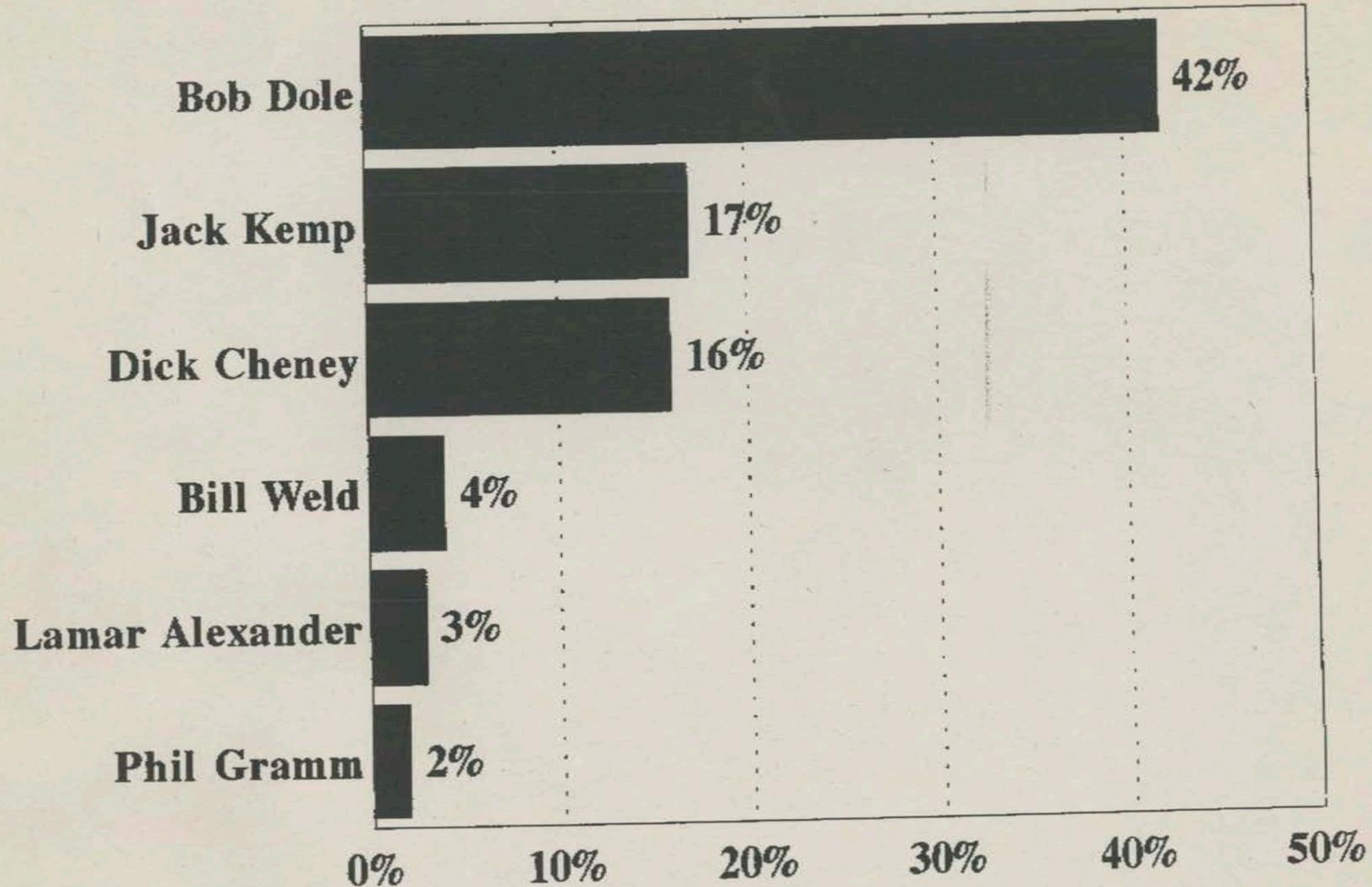
PUBLIC OPINION STRATEGIES  
Better America Foundation National Survey  
October 5-9, 1994

# Who Would Best Represent The Republican Party? Second Choice Among People Whose First Choice Is Kemp



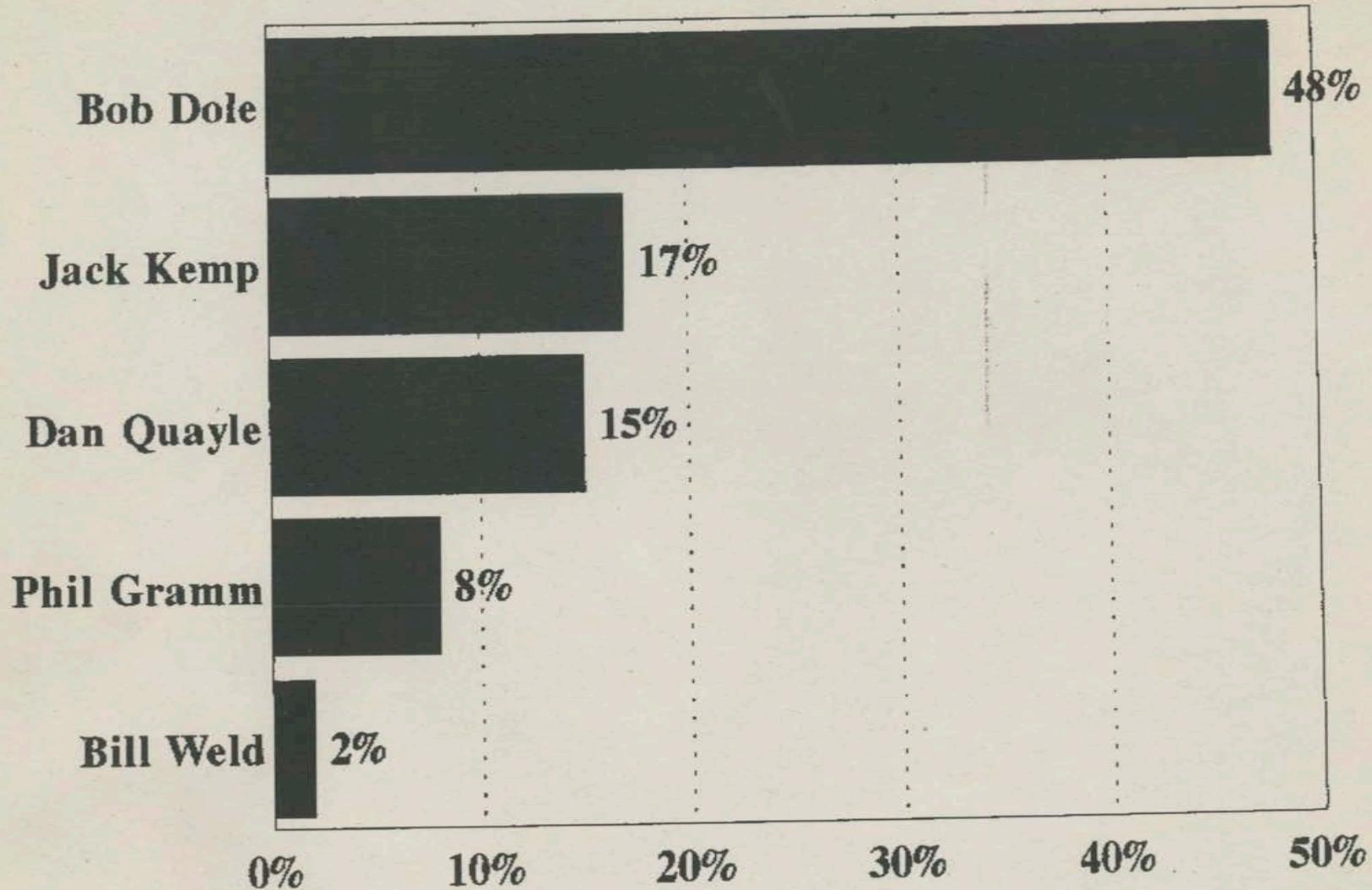
PUBLIC OPINION STRATEGIES  
Better America Foundation National Survey  
October 5-9, 1994

# Who Would Best Represent The Republican Party? Second Choice Among People Whose First Choice Is Quayle



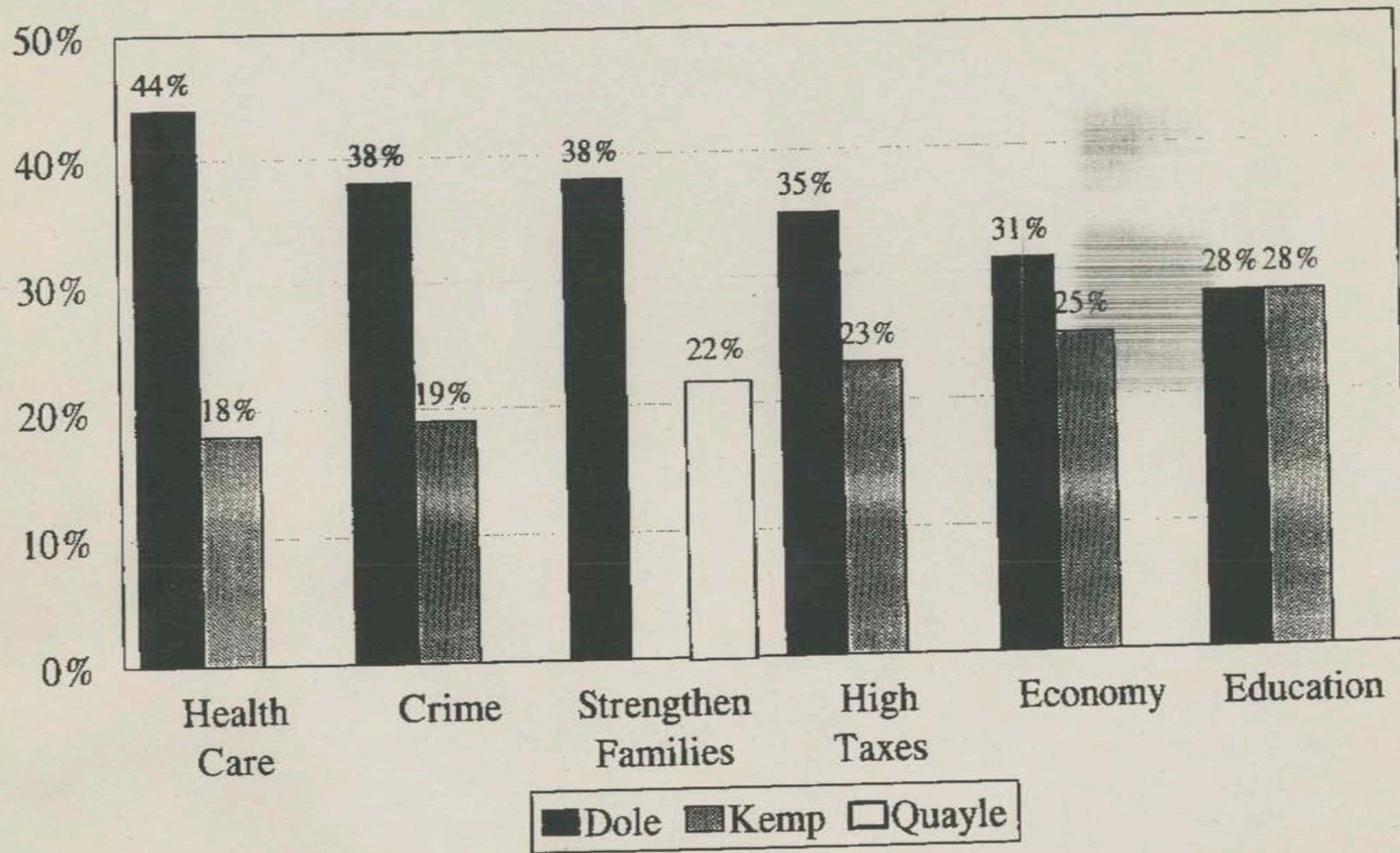
PUBLIC OPINION STRATEGIES  
Better America Foundation National Survey  
October 5-9, 1994

# Who Would Best Represent The Republican Party? Second Choice Among People Whose First Choice Is Cheney



PUBLIC OPINION STRATEGIES  
Better America Foundation National Survey  
October 5-9, 1994

# Who Would Best Represent The Republican Party? By Most Important Issue Concern



PUBLIC OPINION STRATEGIES  
Better America Foundation National Survey  
October 5-9, 1994



**TO: ALL INTERESTED PARTIES**

**FROM: JOHN MCLAUGHLIN & TONY FABRIZIO**

**RE: POST-ELECTION RESULTS AND ANALYSIS**

**DATE: NOVEMBER 9, 1994**

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Q  
17  
5-11

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**Methodology**

This poll was conducted election night among 1,000 persons who voted on November 8 via telephone. Interview selection was structured to statistically correlate with voter turnout in national elections. This survey of 1,000 voters has an accuracy of +/- 3.1% at a 95% confidence interval.

**Analysis**

The results of our post-election survey show that American voters sent a message of change to Bill Clinton and his failed liberal policies. Most important, an unprecedented number of voters claim that they want smaller government and have rejected those candidates that have advocated bigger government. This was the most ideologically driven mid-term election in modern American history. The message from the electorate is that they want smaller and more conservative government.

The most important findings of our post-election survey were:

- 1) By a margin of 3 to 1, conservatives outnumbered liberals in the electorate by a margin of 44% to 16%.

Memorandum - Interested Parties  
Post-Election Results  
November 9, 1994  
Page two

- 2) The margin of victory for Republican candidates for Congress on the generic ballot was virtually unchanged from our September survey, where we predicted that Republicans would attain a majority of seats in the House. On September 14, our national poll showed Republicans leading Democrats by 41.8% to 33.8%. Those voters who declared their choice for Congress preferred Republicans by 44.7% to 37.1%. In those states with Senate and Gubernatorial elections, the national percentage for Republicans appears to be even higher with the Republican Gubernatorial ballot showing the most success in popular percentage. We would suggest that the success of conservative Republican Governors and the failure of liberal Democrat Governors in many of these states greatly enhanced the opportunity for Republican success across the ballot.
- 3) Only 4 in 10 voters are favorable to Bill Clinton, with almost half claiming to be unfavorable (Favorable - 40.3%, Unfavorable - 47.2%). Mrs. Clinton is slightly less popular (Favorable - 38.0%, Unfavorable - 47.4%). This electorate clearly rejected the Clintons, both in terms of policy and character.
- 4) Ross Perot, by a margin of 2 to 1, is disliked by the majority of American voters (Favorable - 28.4%, Unfavorable - 50.3%). It appears that those so-called Perot voters who rejected the Republicans in 1992 have responded positively to the Republican's more conservative message of change in this election.
- 5) The majority of Americans perceive Bill Clinton as a Liberal. Only 1 in 20 think that Clinton is a Conservative (Opinion of Clinton's Ideology: Liberal - 52.5%, Moderate - 29.7%, Conservative - 6.2%). There appears to be very little credibility in Clinton's claims that he is a more moderate new Democrat who is cutting the size of government. Clinton's attempted deception is probably exacerbating his character flaws.
- 6) About two-thirds of the electorate now prefer smaller government with fewer services over a larger government with many services (Smaller government/fewer services - 67.8%, Larger government/ more services - 20.8%). More so than any other theme or message, this sentiment drove this election. This is the largest margin we have ever received on this question, and is up from our February poll where 58.8% favored smaller government and 32% favored larger government.



**FINAL  
NATIONAL POST-ELECTION SURVEY  
FABRIZIO, MCLAUGHLIN & ASSOCIATES  
NOVEMBER, 1994**

**Introduction:** Good evening. My name is \_\_\_\_\_ and I'm calling from Fabrizio, McLaughlin & Associates, a national public opinion firm. This evening we're conducting a short political survey and we'd like to get your opinions.

1. If you were to label yourself, would you say you are a Liberal, a Moderate, or a Conservative in your political beliefs?

1. Liberal	16.4	2. Moderate	33.4
3. Conservative	43.5	4. DK/Refused	6.7

2. When did you decide how you were going to vote today? Was it: (READ CHOICES)

1. Before Labor Day	25.0
2. During the month of September	11.1
3. During the first two weeks of October	13.3
4. During the last two weeks of October	18.5
5. During the last week before Election Day	28.0
6. DK/Refused	4.1

3. In today's election for U.S. Senator, did you vote for the Republican candidate or the Democratic candidate?

1. Republican	45.7	2. Democrat	36.2
3. Independent/All Other Parties (Volunteered)	4.7	4. DK/Refused	13.4

**CONTINUE TO ALL RESPONDENTS:**

4. In today's election for Congress, did you vote for the Republican candidate or the Democratic candidate?

1. Republican	44.7	2. Democrat	37.1
3. Independent/All Other Parties (Volunteered)	3.8	4. DK/Refused	14.4

**CONTINUE TO ALL RESPONDENTS:**

Now, I am going to read you a list of names. Will you please tell me if you have a favorable or unfavorable opinion of each person or organization? If you have no opinion or have never heard of the person, just say so.

	Favorable	Unfavorable	No Opinion	Never Heard of
5. Bill Clinton	40.3	47.2	12.5	-
6. Hillary Rodham Clinton	38.0	47.4	14.3	0.3
7. Al Gore	46.2	32.6	20.5	0.7
8. Bob Dole	45.8	30.2	21.7	2.3
9. Newt Gingrich	14.7	24.4	28.7	32.2
10. Jack Kemp	39.4	16.0	31.4	13.2
11. Ross Perot	28.4	50.3	20.3	1.0

12. Would you please tell me whether you consider Bill Clinton to be a liberal, a moderate, or a conservative in his political beliefs.

1. Liberal	52.5	2. Moderate	29.7
3. Conservative	6.2	4. DK/Refused	11.6

13. Would you say that you most favor smaller government with fewer services or a larger government with many services?

1. Small Government	67.8	2. Larger Government	20.8
3. DK/Refused	11.4		

14. Generally speaking, regarding the issue of abortion, would you say that you are strongly pro-choice; somewhat pro-choice; somewhat pro-life; or strongly pro-life?

1. Strongly pro-choice	33.6	2. Somewhat pro-choice	17.9
3. Somewhat pro-life	10.4	4. Strongly pro-life	28.6
5. DK/Refused	9.5		

15. In general, are you most concerned about economic policies such as taxes, government spending and economic growth; social policies such as crime and education; moral policies such as abortion and school prayer; or foreign affairs issues such as our policies in Cuba, the Middle-East and Eastern Europe.

1. Economic policies	45.5	2. Social policies	28.6
3. Moral policies	13.6	4. Foreign policy	3.9
5. DK/Refused	8.4		

## 16. With which political party are you affiliated?

1. Republican	40.6	2. Democrat	31.1
3. Independent	19.2	4. Other (specify)	1.9
5. DK/Refused	7.2		


 17. If the election for President were held today, and the candidates were Bill Clinton, the Democrat, Bob Dole, the Republican; and Ross Perot, the Independent, for whom would you vote?

1. Clinton	34.2	2. Dole	38.4
3. Perot	14.3	4. Undecided	13.1

## 18. Thinking about past elections, would you say you always vote Democrat; usually vote Democrat; vote for as many Democrats as Republicans; usually vote Republican; or always vote Republican?

1. Always Democrat	6.3	2. Usually Democrat	19.4
3. Democrat/Republican	28.5	4. Usually Republican	28.6
5. Always Republican	6.6	6. DK/Refused	10.6

## 19. What is the last grade of formal education you have completed?

1. Less than high school graduate	4.1	2. High school graduate	26.3
3. Some College	25.6	4. College graduate	26.3
5. Post graduate	13.9	6. DK/Refused	3.8

## 20. What is your annual family income - Is it under \$20,000; between \$20,001 &amp; \$40,000; between \$40,001 &amp; \$60,000; between \$60,001 &amp; \$75,000; or over \$75,000?

1. Under \$20,000	10.1	2. Between \$20,001 & \$40,000	25.6
3. Between \$40,001 & \$60,000	22.3	4. Between \$60,001 & \$75,000	9.1
5. Over \$75,000	12.8	6. DK/Refused	20.1

21.	What is your religion?				
1.	Evangelical Protestant	6.6	2.	Fundamentalist Protestant	4.3
3.	Mainstream Protestant	40.7	4.	Catholic	24.8
5.	Jewish	3.4	6.	Mormon	2.8
7.	Atheist/Agnostic	3.1	8.	Other (specify)	3.6
9.	DK/Refused	10.7			
22.	What is your race?				
1.	Hispanic	2.5	2.	African-American	7.2
3.	Asiatic	1.6	4.	White	83.7
5.	Other (specify)	1.0	6.	Refused	4.0
23.	What is your age?				
1.	18-25	5.1	2.	26-40	31.8
3.	41-55	31.7	4.	56-65	11.9
5.	Over 65	14.5	6.	Refused	5.0
24.	Gender: (BY OBSERVATION)				
1.	Male	47.0	2.	Female	53.0
25.	Area: (PRE-CODE)				
1.	New England	6.2	2.	Middle Atlantic	14.5
3.	East North Central	18.2	4.	West North Central	8.2
5.	South Atlantic	16.6	6.	East South Central	5.8
7.	West South Central	9.8	8.	Mountain	5.8
9.	Pacific	14.9			

BOB DOLE  
KANSAS

United States Senate

OFFICE OF THE REPUBLICAN LEADER  
WASHINGTON, DC 20510-7020

11/16

Senator Dole

The attached article may be helpful to you in preparing for your trip to London.

It gives you a sense of how business leaders in Europe and particularly in the U.K. are interpreting the November election.

cc: Kerry

Daryl

**ASIAN FINANCE**  
 A survey after page 70

# The Economist

NOVEMBER 12TH-18TH 1994

REPUBLICAN REVOLUTION pages 29-36

MANAGEMENT TALES pages 93-94

THE APEC AGENDA pages 23-26

SOUTHERN AFRICA'S CHANCE page 18

## The big one



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# AMERICAN SURVEY

## Incoming! Incoming!

WASHINGTON, DC



AS USUAL, the predictions had been extreme—but this time they all came true. On November 9th America awoke after a long and bone-rattling election

night to find that Republicans had not just made big gains but had taken over everything in sight. For months right-wing pundits had said that this campaign would signal a re-alignment in American politics of historic proportions. Sensible sceptics were sensibly sceptical. Now it seems that the Jeremiahs were right.

The changes were sweeping. In the Senate, Republicans picked up eight seats on the night plus one the next morning, when Richard Shelby, a conservative Democrat from Alabama, said he was switching parties to join what will be a new Republican majority. In the House the Grand Old Party gained a stunning 51 seats, giving them control of the lower chamber for the first time since 1954. Outside Capitol Hill, Republicans made at least ten net gains in the governors' races. Come January, they will be running a majority of statehouses.

Numbers alone could never capture the scale of what took place in this astonishing mid-term election. For that, consider these names: Mario Cuomo, Tom Foley, Dan Rostenkowski, Ann Richards. All have stood for years in the pantheon of the party's leaders; all are superb politicians; and all lost. But to claim that they were swept under by some indiscriminate wave of anti-incumbency would be wrong, for not a single sitting Republican was felled. Pick whatever metaphor you like—earthquake, tidal wave, bloodbath. For Democrats the disaster could hardly have been more devastating.

And so on the afternoon of November 9th Bill Clinton emerged to sort through the wreckage. Weary and humbled, he spoke of the need for bipartisanship; of healing the wounds of this bitter campaign; of the responsibilities of governing. Of the Republicans he said, "I reach out to them

today, and I ask them to join me in the centre of the public debate, where the best ideas for the next generation of American progress must come."

Fine words. But the harsh truth is that the takeover of the House and Senate by Republicans means that much of Mr Clinton's domestic agenda must now be abandoned. Indeed, even as the president talks of bipartisanship, his aides are working privately to devise a strategy based on "bold strokes" that do not require congressional approval. Meanwhile, Democratic insiders have begun whispering loudly that the odds of an intra-party challenge to Mr Clinton for the presidential nomination in 1996 are now better than even.

How did it come to this? Mid-term elections are always bad for a sitting president's party, though not as bad as many assume. With the economy ticking over nicely, Dem-

ocrats should have been in relatively good shape. But they were not. The voters, pollsters found, were in a sour and sullen mood. They were mad at Washington. Even more, they were mad at Bill Clinton, especially in the south and the west. As the campaign progressed, Republicans such as Senator Robert Dole and Congressman Newt Gingrich predicted that their party would take the Senate and perhaps even the House. Democrats fell silent. Yet, after Mr Clinton's trip to the Middle East, the tide seemed to turn. Poll numbers moved. Suddenly it seemed that the debacle just might be averted. Then came election night.

### The congressional bloodbath

The Senate was always the Democrats' biggest worry. Of the 35 seats being contested, the party held 22, six of which were "open" seats being vacated by a Democratic incumbent. If Republicans could win most of these and hold all their own seats, they needed only to kill off a few Democratic incumbents to produce the net gain of seven they needed to control the Senate. And vulnerable Democratic incumbents were popping up from coast to coast: Dianne Feinstein in California; Edward Kennedy in Massachusetts; Charles Robb in Virginia.

In the event, most such incumbents survived. After thrashing his neophyte opponent, Mitt Romney, in the first of two debates, Mr Kennedy pulled away and won easily. Ms Feinstein's race—the costliest ever—was closer, but she drew ahead after the immigrant-bashing Mr Huffington was revealed to have knowingly hired an illegal immigrant himself. And the unloved Mr Robb squeaked past his more-unloved opponent, Oliver North, if only by three percentage points.

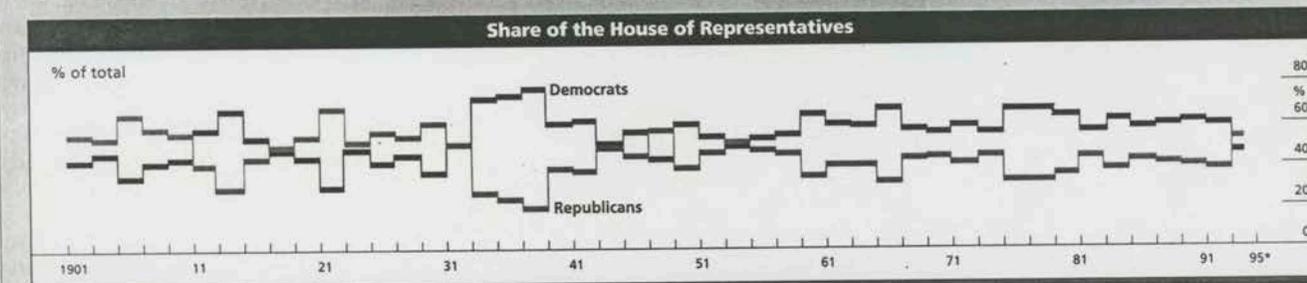
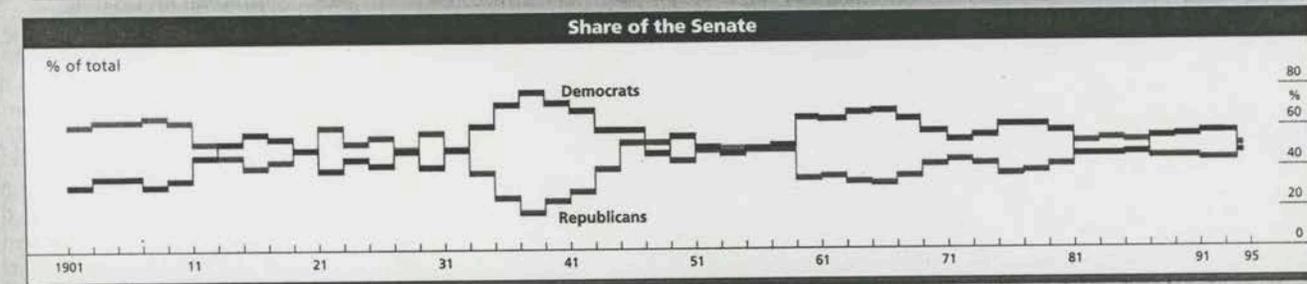
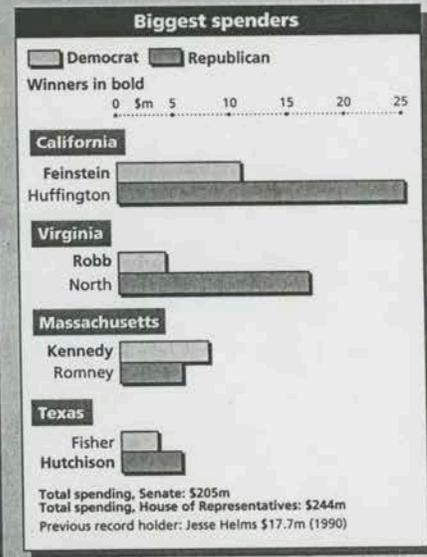
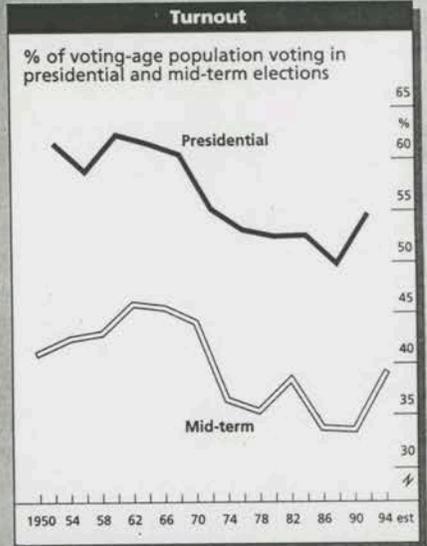
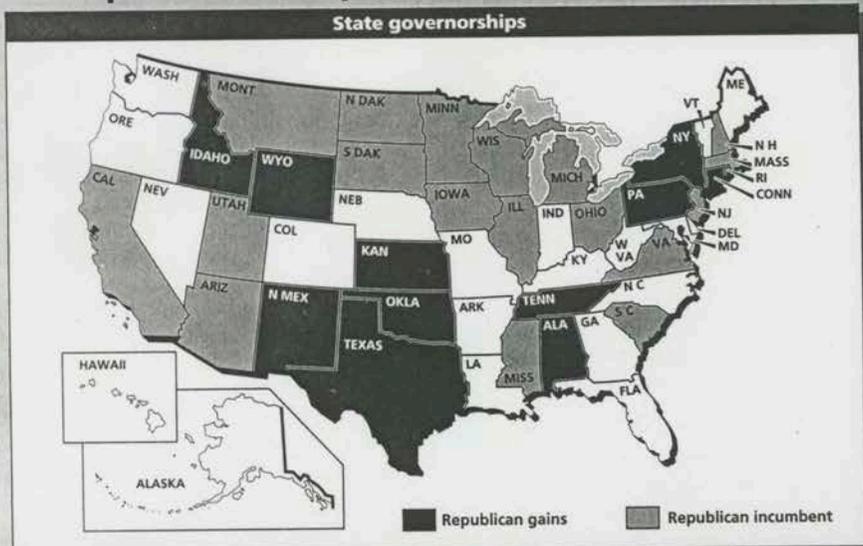
That pleased Democrats; but only fleetingly. For Republicans did defend all their seats. Then they swept all six of the open Democratic seats—in Ohio, Arizona, Oklahoma, Michigan, Maine and Tennessee—and knocked off two Democratic incumbents. Jim Sasser of Tennessee, who had been expected to be his party's next leader in the Senate, lost to a political novice named Bill Frist. And in Pennsylvania, Harris Wofford, a liberal who started the crusade for health-care reform in 1991, was ousted by Rick Santorum, a conservative congressman. When the dust settled, a 56-44 Democratic advantage



Dole-Force takes over

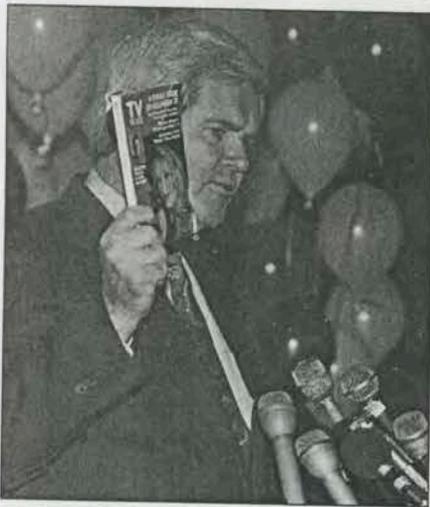
AMERICAN SURVEY

The Republican sweep



Sources: Statistical Abstract; Centre for Responsive Politics; Congressional Quarterly; Congressional Directory

\*Preliminary



Hail to Newt . . .

in the Senate had been transformed, with the help of Mr Shelby's coat-turning, into a 53-47 Republican majority.

If few had predicted such a dramatic swing, even fewer foresaw the happenings in the House, where Republicans needed a net gain of 40 seats to take control. History was against them. In 1978, when an unpopular Jimmy Carter had been in office for two years, Republicans picked up just 15. In 1982, after the brutal Reagan recession, Democrats got 26. In 1990, when pundits galore were predicting an anti-incumbent surge, Democrats won eight.

So much for history. Energised by Mr Gingrich, House Republicans had spent much of the past two years trying to nationalise the election, both with a legislative strategy designed to block Mr Clinton at every turn and with the commitment to reviving Reaganomics laid out in the "Contract with America". Of the Democratic incumbents picked off by Republicans, most were either embattled freshmen or those with tight ties to Mr Clinton.

Opportunity also knocked for Republicans in the south and its border states. There, an unprecedented number of Democratic incumbents were retiring; the redistricting which created black majority congressional districts after the 1990 census had rendered the surrounding districts less Democratic; and Mr Clinton's unpopularity spurred groups such as evangelical Christians and the NRA to get their supporters to the polls in big numbers. Republicans seized those opportunities with gusto, picking up a decisive bunch of open southern seats. Indeed, one of the truly historic shifts of this election is regional: for the first time, the south is now the stronghold of congressional Republicans.

Less historic but equally surprising were some of the long-serving Democratic figures drowned by the Republican wave. Indictment or no, few experts really believed Dan Rostenkowski would go; but he did. Or that

Texan voters would choose to forgo the pork that Jack Brooks, the chairman of the Judiciary Committee, had proudly delivered since 1952; yet that is just what happened. And although Mr Foley's peril was well-known, it is still somehow shocking that he could lose—the first time a Speaker of the House has done so since 1860—to a man who might as well have campaigned simply as Not Foley.

#### Shifting states

No doubt anti-Washington sentiment had something to do with the fate of these grandees. But two of the biggest names to be humiliated hailed from far beyond the Beltway. In Texas, popular, razor-tongued Ann Richards, presiding over a thriving economy, nevertheless lost to George W. Bush, a son of the former president.

In New York it was even more dramatic. There, Mario Cuomo, for three terms liberalism's brilliant orator, tumbled at the underwhelming hands of George Pataki, a former mayor of upstate Peekskill with alluringly simple soundbites (cut taxes, cut spending, kill killers). When New York city's Republican mayor, Rudolph Giuliani, endorsed Mr Cuomo—a decision that will haunt the mayor and hurt a city desperate for state and federal cash—it looked as though the gamble might just work. In the end, more than half of those who voted for Mr Pataki said they did so mainly because they disliked Mr Cuomo.

Only a folksy, 64-year-old cracker, Lawton Chiles, who defeated another junior



. . . farewell to Ann

Bush, Jeb, in Florida, prevented the Republicans from controlling the governorships in each of the nine biggest states. In California, Pete Wilson, 23 points down to Kathleen Brown ten months ago, surged to easy victory. Republicans won New Jersey last year and this time picked up Pennsylvania while holding Illinois, Ohio and Michigan. From January, they will hold at least 30 governorships and the Democrats just 17 (with Maryland and Alaska still too close to call).

Most striking of all was the Republicans' romp in the mid-west. In Ohio, Wisconsin and Michigan, Republicans won with close to 70% of the vote. They comfortably held Illinois and Iowa, Minnesota and South Da-

## Hillfire (and damnation)

WASHINGTON, DC

IMAGINE the outcry if an industry employing nearly 20,000 people was overnight the victim of a hostile takeover that threatened to gut its workforce. Something like that has just happened to Capitol Hill. The mournful hum of laser-printers churning out job applications is deafening.

The last time the House of Representatives changed hands, 40 years ago, it had a staff of just over 3,000. Now it has nearly 12,000, and the Senate has over 7,000. When the Senate last went Republican in 1980, many Democratic staffers could find work over in the House. Not this time. Typically, the staff on congressional committees have been two-thirds Democratic and one-third Republican. In the new Congress, those proportions will be reversed, and the politically appointed departments of the clerk, the sergeant-at-arms and the doorkeeper will change hands. Just in case anyone had not got the message, Newt Gingrich, the

Speaker-in-waiting, reiterated this week his intention to cut congressional committee staff by a third.

Democrats working in the Senate have been bracing for the worst for some time. But the upheaval in the House comes for most as a complete shock. What is an unwanted Democratic Hill rat to do? "Break out in a cold sweat," says a legislative assistant for a defeated midwestern Democrat. "I'm a middle-aged white guy with no discernible skills."

Many will make a soft landing among Washington's law firms, lobbyists and think-tanks. Others can move over to the civil service, reinventing government notwithstanding. In time, the Republican newcomers to Washington could well outnumber the departing Democrats. Don't be surprised if the unintended result of the voter-mandated restructuring on the Hill is a bigger Washington, not a smaller one.

## AMERICAN SURVEY

kota. Party ideologues will look in vain for a pattern, for Republicans of all stripes did well: the Christian Coalition's Terry Branstad in Iowa, right-wing pioneers Tommy Thompson and John Engler in Wisconsin and Michigan, bland, pragmatic Jim Edgar in Illinois. Voters seem inclined to back any sort of Republican so long as he is reasonably efficient and, preferably, cuts taxes.

The success of these people and their themes suggests that, whatever else should be said of it, this mid-term election was about something bigger than Mr Clinton and something more concrete than a nebulous desire to throw the rascals out. Unquestionably there was incoherent anger in the country this autumn; but Republican incumbents did splendidly, thank you. Undoubtedly Mr Clinton's personal unpopularity hurt in places such as the south, where culturally conservative voters were offended by his stands on abortion and gun-control and by his alleged moral laxity; but Democrats also lost in places such as Pennsylvania, Minnesota and Washington state, where Mr Clinton is not especially loathed.

The problem is not Mr Clinton but what Mr Clinton—and with him, the Democrats *en masse*—have come to represent. Conservatives have long argued that America has been in the process of becoming a basically Republican place since the early 1970s. Ronald Reagan's pollster, Richard Wirthlin, used to speak of a "rolling realignment" driven by a growing sense among voters that, as Mr Reagan famously put it, "government is not the answer to our problems; it is our problems." And there is some truth in this. Exit polls confirm that a vast majority of voters think the government is essentially incompetent.

But saying there is not much the government does well is different from saying the government has no role to play. In 1992 a large part of Mr Clinton's appeal rested on the coherent case he made for a measured sort of government activism; this was what being a New Democrat was all about. But after watching him deal with a slew of domestic issues—health-care reform in particular—many voters decided, rightly or wrongly, that he was an old-school liberal, and his party with him.

The question is whether voters will be any happier with the new majority party. Even Republican pollsters admit that the "Contract with America" is viewed as patently bogus by much of the electorate. But the durability of this year's re-alignment will depend on whether the party can offer a positive, pragmatic vision of governance. So far such a vision has not been forthcoming—least of all from Mr Dole. If that continues, and especially if the party falls into unabashed obstructionism, 1996 is going to be a hell of a year.

## Direct democracy To the judges

LOS ANGELES AND WASHINGTON, DC



VOTERS invariably say they want to "send a signal" to Washington. This election's crop of ballot initiatives let many Americans speak their minds loud and clear, provided they could figure out the propositions on their byzantine ballot forms. Voters mulled over single-payer health-insurance plans, "three-strikes-and-you're-out" anti-crime measures, abortion, assisted suicide and the wickedness of smoking. But big ballot initiatives, often on contentious issues, have a way of running foul of the courts. These fights will rage on.

No sooner had Californians voted three-to-two in favour of Proposition 187—a measure that denies non-emergency health care, schooling and social services to illegal immigrants—than two legal challenges were filed in the courts. More are expected in the weeks ahead. The government of Mexico has condemned the proposal (see page 53), and the Los Angeles Unified School District, the second-largest school board in the country, voted unanimously to challenge its legality all the way, if necessary, to the Supreme Court.

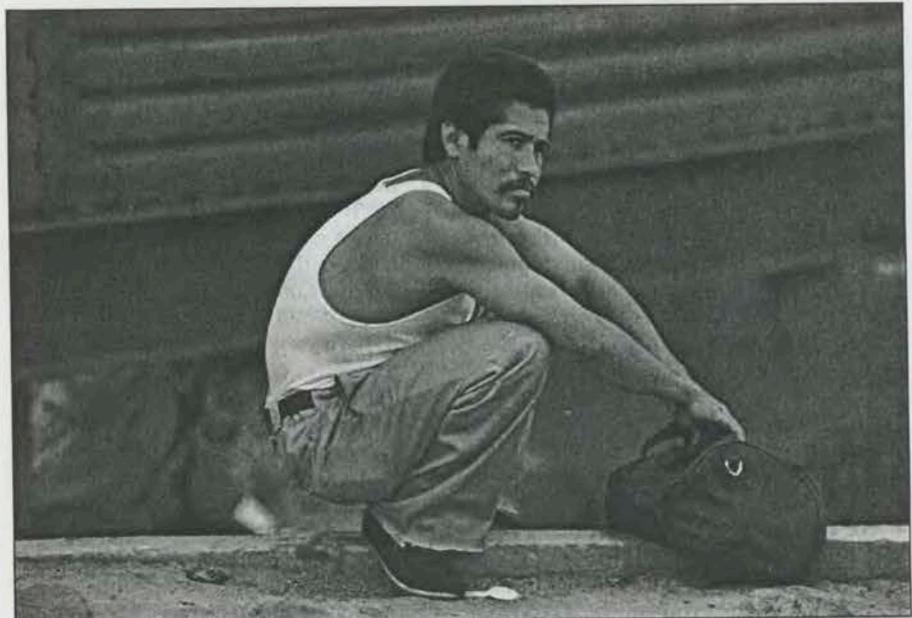
Proposition 187's backers would like that. "We always knew it would go to the Supreme Court—and that is where it should go," said Dana Rohrabacher, a congressman from the Republican heartland of Orange county. Mr Rohrabacher and other supporters of Proposition 187 are convinced that the measure will pass constitutional

muster. Others take consolation in the Supreme Court decision a decade ago that threw out a similar measure in Texas.

Some of the opposition to Proposition 187 comes from groups such as health-care workers, who fear that the restrictions could allow outbreaks of dangerous diseases to go unchecked. The police believe that Proposition 187 will throw more young potential troublemakers on to the streets. Teachers have hated it from the start, saying that the proposal, which requires children at state schools to provide proof of residence after January 1st, would make them become informers for the Immigration and Naturalisation Service (INS). On November 9th a state judge blocked enforcement of the parts of 187 that apply to schools until they had been tested in court.

Proposition 187 won a large majority. Propositions critical of homosexuality did not. There is no federal law to stop discrimination against homosexuals in housing or hiring, or to stop schools giving pupils instruction in intolerance. The resurgent radical right has tried to take advantage of this to attack state or local laws that enact such protection. With the country moving to the right, and religious conservatism on the upswing, this would seem to be a likely time for such measures to pass. Not so. In 1992 an anti-homosexual-rights initiative won approval in one state, Colorado, but was then struck down by the state's top court. This year right-wingers put up state-wide ballot initiatives on the subject only in Oregon and Idaho. Both failed.

There are two ways for a voter to show disapproval of an incumbent: to vote against him, or to vote for an initiative that sets a limit on how long he can serve. The term-limits idea is designed to prevent a politician getting entrenched in the wicked



No services for the next 800 miles

November 16, 1994

MEMORANDUM TO THE REPUBLICAN LEADER

FROM: David Taylor *David*

SUBJECT: Wayne Angell's Wall St. Journal Editorial on Monetary Policy

Last Friday, I met with Governor Angell to discuss an editorial he had been asked to write for the Wall St. Journal on monetary policy. At the time, Angell wanted to take a hard line position that the sole purpose of monetary policy should be to promote price stability and that Republicans must include a complete rewrite of the Humphrey-Hawkins Act in its 100 days agenda. He wanted to be able to say that both you and Gingrich supported this idea.

Given that D'Amato has shown little interest in monetary policy, I argued for a more moderate course: that price stability should be the primary goal of monetary policy and that Congress should stop trying to micro-manage monetary policy for political purposes -- as Sarbanes, Riegle and Sasser have tried desperately to do for the past several years. Instead, Congress should set clear goals for the Fed, require that they tell Congress what economic data they plan to use to guide them in their deliberations, and give the Fed the flexibility to pursue those goals. Each of these changes should reduce what Angell calls the "go-stop" cycle of monetary policy, remove uncertainty about the direction of Fed policy and increase the Fed's accountability. In the mean time, I suggested to Angell that he work with Sen. Bennett who might be interested in playing a leadership role on this issue.

A copy of the editorial and a draft note to Angell is attached for your consideration.

Attachments

# A Single Goal for the Fed

By WAYNE ANGELL

While Congress has placed responsibility for running monetary policy in an independent central bank, it has retained a leash by setting the goals for, and reviewing and evaluating the performance of, the Federal Reserve. Unfortunately, it has given the Fed multiple goals, a recipe for economic instability.

When the federal reserve raised short-term rates 75 basis points yesterday, it justified the action as being "necessary to keep inflation contained and thereby foster sustainable economic growth." It would be much easier for the Fed if it could focus solely on achieving and maintaining a stable price level, eliminating other goals now assigned by the Humphrey-Hawkins Act, or the Full Employment and Balanced Growth Act of 1978 as it is titled. If Humphrey-Hawkins were to be amended as part of the Republicans' 100-day program, and the Fed laid out a credible and measurable strategy to achieve price stability, expectations of continued disinflation could be quickly restored. If expectations of disinflation can be restored, then interest rates in this cycle might peak some 100 basis points below what would otherwise be the case.

## All These Tasks

It is completely appropriate to give our government multiple goals, including lowering unemployment, promoting economic growth and maintaining stable prices. All of these goals contribute to the well-being of our people. There is much to lose, however, in charging the Federal Reserve with all these tasks. First, asking monetary policy to address multiple goals greatly increases the likelihood that the Fed itself will produce economic instability. Economic instability costs workers' jobs; it also harms economic growth by idling valuable resources and by increasing the risks to investment. This is a path to inflation.

Second, it is counterproductive to ask monetary policy to do what it cannot do. The Humphrey-Hawkins Act requires the Fed to keep inflation at 3% or less with a goal of zero inflation, provided the unemployment rate as measured by the Bureau of Labor Statistics is under 3% for adults of age 20 or above and under 4% for ages 16 to 19. The Humphrey-Hawkins Act rests on the mistaken belief that a market economy is inherently unstable, and needs help from the Fed to push it toward full employment. Yet the act also

asks the Fed to pursue reasonable price stability.

What is the Fed to do? Use its own judgment to move in the direction President Reagan wanted when the Fed was being admonished by the under secretary of the treasury that it was too easy in 1982, 1983 and 1984? When President Clinton was elected in 1992 was the Fed supposed to create more high-powered reserves in order to meet his emphasis on jobs? In 1993 the Fed could have taken action to stimulate jobs only to find that the economy was already accelerating. Do we want to saddle the Fed with responsibility to swing the economy with the election returns? Now that we have seen the 1994 election returns

duce a temporary change in unemployment. The end result would be to drive prices up or down. Who would advocate telling the Fed, "Your sole responsibility is to get unemployment rates down to the 3% percent level specified in the Humphrey-Hawkins Act?" The Fed could not succeed in doing that and it would wreck our economy if it tried.

Suppose we specify that the Federal Reserve maximize the pace of economic growth during the period leading up to the next presidential election. What would happen? The Fed would pump more reserves into the system to lower interest rates, resulting in a "go" phase for the economy. Bond prices and the dol-

currently inconsistent with price stability. Close approximation to price stability hasn't been seen since the mid 1960s. Between 1958 and 1965, the consumer-price-index inflation rate averaged 1.4%, and never exceeded 1.9% in any year. Now the published inflation rate as measured by the CPI is 3.0%; this is only 0.7 percentage points above the low for this cycle, the 2.3% inflation rate recorded between April 1993 and April 1994.

The costs of transition will be minimized if the initial goal of price stability is achieved over a period of time. This would allow expectations to adjust gradually. But the Fed must set clear and observable intermediate targets so that the public can see that consistent, steady progress is being made to achieve price stability. In 1989, when the CPI inflation rate was 4%, Alan Greenspan thought a five-year deadline to achieve price stability was "attainable." Would it be easier to attain this goal five years from today? How much more difficult will it become if inflation is allowed to accelerate another 0.7 percentage point to 3.7% and inflation expectations become imbedded in wage rates and in the price of farm land, houses and office buildings?

## Enormous Benefits

The benefits of price stability are enormous. The elimination of inflation and inflation uncertainty would allow long-term interest rates to decline. This would not only stimulate investment but also reduce the interest costs of the federal debt, which would help the federal government to achieve a balanced budget. Workers could save for retirement without worrying about protecting savings against the ravages of inflation. The price mechanism, which is at the heart of the allocation of resources in our economy, would send out clearer signals. The go-stop cycle of monetary policy, the prime cause of economic instability and recessions in the U.S., would be abolished.

The 1992 and 1994 elections sent a message that the voters want truth-in-government. The electorate is saying, "Do not tell us one thing and then do what you find convenient." The members of Congress know they are on the line, and they may want to ask the Fed to put its expertise on the line as well. That would mean reporting on the estimated price index for each fourth quarter for the next five years, setting grade standards and grading itself against them. The Congress and the public could then measure the Fed's performance against a single goal, without short-term distractions from its overriding objective of price stability.

Mr. Angell, a governor of the Federal Reserve from February 1986 to February 1994, is now chief economist of Bear, Stearns & Co.

*The Humphrey-Hawkins Act rests on the mistaken belief that a market economy is inherently unstable, and needs help from the Fed to push it toward full employment.*

is the Fed supposed to stamp on the monetary brakes?

This is crazy. We do not want the Fed to have to appear to want to punish growth. Growth is our friend. We should always want more growth. But we need to leave behind once and for all the notion that we can grow faster by shoving money out the Fed's door at a rate that will provide a surprise inflation and thereby fool workers with lowered real wages. No wonder the voters are angry. It is time for straight and honest talk. It is time for truth-in-government and truth-in-monetary-policy.

Let's put it this way. Central banks have an innate ability to drive inflation upward to 10%, to 100%, or to 1,000% annual rates. You name your inflation figure and a central bank can do it. No one can doubt this. A central bank can be dangerous to the health of a nation.

That is why, in 1914, Congress limited the Federal Reserve's authority to create reserve money to two and a half times the value of its gold certificates. Congress was not about to give the new Federal Reserve unlimited ability to create money. After the last links to gold were lifted in 1971, Congress neglected to provide a restraint on reserve bank credit creation. If the Federal Reserve had been given a clear mandate to keep inflation in a specified range, we could have avoided the double-digit inflation of the 1970s. The emphasis on full employment found in the Full Employment Act of 1946 was leaning the other way.

If the Federal Reserve had one assignment, to get the unemployment rate down to 2%, could it do it? The answer is "no." The Fed can alter temporarily the unemployment rate by doing something unexpected. But it would be pretty silly to gun the throttle or slam on the brakes to pro-

duce a temporary change in unemployment. The end result would be to drive prices up or down. Who would advocate telling the Fed, "Your sole responsibility is to get unemployment rates down to the 3% percent level specified in the Humphrey-Hawkins Act?" The Fed could not succeed in doing that and it would wreck our economy if it tried.

Economic instability is thus the result of the attempts of discretionary monetary policy to focus, even in the short-run, on any goal other than price-level stabilization. Costly monetary-policy synchronized downturns would be avoided if the Fed were accountable only for the purchasing power of the currency. Fed Chairman Alan Greenspan in congressional testimony five years ago argued that "price stability is a prerequisite for, over time, maximizing economic growth and standards of living" and that price stability is "in the best interests of the nation" and is "achievable." I agree with him. Let's do it.

With amendments to Humphrey-Hawkins, the Fed should be free to define the price index that it will use to measure price-level stability and free to choose the indicators that it will look at to measure progress toward achieving this objective. In addition, the Fed should be asked to determine the date when price-level stability will be achieved. I expect that that date would be some years out, perhaps the year 2000, to avoid the need for the Fed to slam on the monetary brakes and cause instability. Humphrey-Hawkins should still require the chairman of the Fed to report semiannually to Congress on the progress that the Fed is making in achieving price stability.

There are bound to be short-run costs associated with the transition to price stability since expectations of inflation are



## Election '94: Not Realignment but Dealignment

By ARTHUR SCHLESINGER JR.

Having bragged in this space from time to time about the predictive power of the 30-year cyclical hypothesis, I guess I owe readers an accounting of what would appear to be the Republican revival in this year's midterm election.

The cyclical hypothesis, some will recall, sees a pattern of alternation in our politics between periods when private action seems the best way of meeting our problems and periods when our problems seem to demand a larger measure of public action. This shift in the national direction has taken place this century every 30 years or so. Thus the Reagan 1980s with their reliance on private action were a replay of the Eisenhower 1950s, as the Eisenhower 1950s were a replay of the Harding-Coolidge-Hoover 1920s. In similar fashion, Theodore Roosevelt ushered in a season of

mendable but peripheral issues—abortion, abolition of capital punishment, homosexual rights—and single-interest groups tend to subordinate broad reform to their own special concerns.

Moreover, President Clinton inherited a growing legacy of distrust of the national government per se—a legacy created a quarter century ago when Lyndon Johnson's government misled the people about Vietnam and accentuated by Nixon's Watergate in the 1970s and Reagan's Irangate in the 1980s. Education and police, for example, are local responsibilities, but the decline of our schools and the rise of crime are blamed on Washington. Reaganite rhetoric made the national government the scapegoat for all the republic's woes.

Nor has this legacy of distrust been diminished by the Clinton administration's

The puzzle about our contemporary anger is that there is nothing specific at stake. The economy is doing well. Employment is increasing. Prices are stable. Foreign policy seems to have hit on a stable and productive course. Yet people are frustrated, and they are mad. They were mad at George Bush in 1992, and now they are mad at Bill Clinton.

This free-floating anger is probably a consequence of the insecurity generated by technological change. The microchip era may well bring about more disemployment than employment. Voters found economic insecurity tolerable so long as it was confined to the urban working class; but today, in this era of what is euphemistically known as "downsizing," economic insecurity is a daily threat to the suburban middle class and becomes a salient factor in politics. The middle class

is after all merely the Republican leader in the Senate?

Indeed, Speaker Gingrich will very likely emerge as God's gift to the Democrats. His take-no-prisoners truculence, his ideological anti-government extremism and his unbridled tongue will not persuade many outside the Bible Belt and the old Confederacy. Democratic fund-raisers will use Mr. Gingrich as Republicans have long used Ted Kennedy—as the bogeyman to loosen purses.

Moreover, the Republican sweep enlarges the hard right within the Grand Old Party. Whether or not the hard right will be able to dictate the Republican nominee in 1996, it will certainly hold the veto power at the convention and will exercise it against those moderate Republicans, like Gov. Weld of Massachusetts and Gov. Whitman of New Jersey, who have an appeal to the



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FAX: (415) 723-6494

July 11, 1994  
*personal & confidential*

The Honorable Bob Dole  
Republican Leader  
United States Senate  
Room S-230, The Capitol  
Washington, D.C. 20510

Dear Senator Dole:

I have been working with David Taylor, Lindy Paull, and Bill Hoagland on the Statement of Republican Economic Principles. I think they have done a great job in condensing the general principles to one page in a manner that should be compelling to a wide spectrum of economic viewpoints, and certainly to all Republicans.

I have attached a few specific suggestions of ways to highlight the principles, contrast with Clintonomics, and provide common sense rallying points for the majority of Americans who believe the government spends, taxes, borrows, and regulates too much. Some of these ideas have been around for some time in various forms, others are variations on themes of bills that have been under consideration recently, etc. I hope the list is useful, and look forward to discussing it with you and your colleagues at some future date.

Chris joins me in sending best personal wishes to you and Elizabeth.

Cordially,

A handwritten signature in cursive script that reads "Michael".

Michael J Boskin

MJB/als

M. BOSKIN

**A FEW EXAMPLES OF POLICIES TO IMPLEMENT REPUBLICAN  
ECONOMIC GROWTH PRINCIPLES**

In addition to the usual ideas to control spending (line item veto, enhanced recession authority, balanced budget amendment, entitlement caps, etc.), Republicans should:

1. Commit to a systematic reevaluation of all government spending programs from square one and a pledge to reform, reduce or abolish those that are not delivering a sensible bang for the taxpayers' buck. There are numerous ways to do this (zero-base budgeting, A to Z amendments, privatization, amalgamation and one-stop shopping, outsourcing, etc.). The important thing to convey is a seriousness and thoroughness, an unwillingness to accept the status quo procedures and outcomes.
2. Ditto for rules and regulations. Pledge to reduce drastically the unnecessary bureaucracy and red tape confronting America's families, workers and businesses. PARENTS SHOULD HELP THEIR KIDS WITH HOMEWORK, NOT WASTE TIME WITH GOVERNMENT PAPERWORK. Possibilities: a) a moratorium on new regulations that are not necessary for public health and safety, or national security; b) economic impact statements on new and existing regulations; require explicit voting to impose the economic cost of regulation, not just the alleged regulatory benefits; c) regulatory federalism: reduce and eliminate where possible overlapping regulations from several levels of government subject to certain standards being met; d) integrate regulatory agencies and functions to reduce private sector paperwork burdens and contradictory policies; e) reform risk assessment and management to be based on sound science and uniformly implement it across government and independent agencies.

3. Tax reductions and reform. The tax code is preposterously complex for most taxpaying families and virtually all businesses. Simplification was not achieved in the 1986 reform (except for those poor families removed from the tax rolls). Tax rates are too high, especially on saving (often doubly taxed) and investment (double taxation of corporate source income, taxation of nominal capital gains, historic cost depreciation). Several possibilities, in addition to generic reductions in marginal tax rates:

- A. Require the IRS to index the definition of income for tax purposes, so families won't be taxed on purely inflationary gains.
- B. Optional alternative maximum tax. Taxpayer should have the option of paying some percentage of AGI (or another easily calculable number), period. For some income ranges, let's say this is set at 20%. The taxpayer can pay the 20% of AGI and save all other paperwork hassles or use the regular time-consuming, extensive (paperwork, time, accountants) procedure. (The percentage would obviously have to be carefully set).  
Note: in the extreme case with one rate and a base equal to consumed income this is a flat tax. There could be several rates used, as well as personal exemptions.
- C. More extensive reforms: replace (perhaps phasing in) the corporate and personal income tax with a saving exempt, consumed income tax (eliminates double taxation of saving and of corporate source income, allows tax-free re-investment of realized capital gains); reinstitute universal IRAs and make them more flexible, etc.

4. Civil justice, tort or legal reform. Pledge to reform the legal system to get rid of frivolous law suits that waste time, talent and money, and stifle innovation, business expansion and job creation. Finally pass product liability reform. Cap punitive damages. Modified English rule (loser pays winner's costs).
  
5. Federalism and devolution. Rethink, and where desirable redo, the division of responsibilities and resources among federal, state and local government. When is federal preemption necessary, what is better left to deliver or finance by states or localities? No new mandates without resources, waiver options or a supermajority vote in the House and Senate.

While each of these proposals would be sound economic policy and, in my view, good politics, Republican control of the Senate but not (yet?) the House plus Clinton veto means that Republicans can implement changes in Senate procedures, accomplish some things that require Senate approval (e.g. stop some new economically damaging regulation), but not fully control final outcomes. But in addition, there would be great leverage to educate and inform the public and affect agencies, the House and the President. Agencies cannot operate without appropriations; (and authorization and reauthorization of statutes). So if the Senate passed a bill, authorization, or appropriation requiring implementation of some of the above, the House and/or the President would have to accommodate, negotiate and/or take the case to the voters that it (they) should not go along. Can you see President Clinton arguing it is fair to tax purely inflationary capital gains or that some regulation is desirable no matter what the cost to jobs, productivity and incomes?

June 24, 1994

NOTE TO THE REPUBLICAN LEADER

FROM: David Taylor

*Quid*

SUBJECT: Summary of June 16th Breakfast with Leading Private Economists

In response to your request for a summary of the ideas presented at our last breakfast meeting, Michael Boskin prepared the attached memo.

Attachment

## SUMMARY OF PRESENTATIONS AT SENATE REPUBLICAN LEADERSHIP BREAKFAST

JUNE 16, 1994

by Michael J. Boskin

My job is to give the overview. Then Murray Weidenbaum will talk about government policies creating unemployment, Dale Jorgenson about taxes and growth, Paul MacAvoy about regulation, competition, and growth, and Jagdish Bhagwhati about trade policy.

Michael Boskin led off with a general overview of economic policy and economic performance. The U.S. is the largest, most productive industrial economy in the world and is in the thirteenth quarter of cyclical recovery and expansion. President Clinton's claims his policies are responsible; the recovery began seven quarters before his inauguration and ten quarters before his "economic plan" passed. The national economy is doing decently in spite of, not because of President Clinton's policies. In virtually every area of economic policy President Clinton has moved in exactly the wrong direction. Sound economic policy might differ somewhat from country to country or time to time to deal with special circumstances, but generally is the same: limited government spending, limited and more flexible regulation; low tax rates; sound money; and open rules-based trade. That is the best prescription not only for future U.S. economic policy, but anywhere else, whether France, Mexico, or Russia. Countries, and regions of countries, that follow this prescription are prospering in today's global and intensely competitive world economy. Those that do not are suffering, or sowing the seeds of future problems.

The simplest way to highlight this distinction is to compare America and Europe. Between 1970 and 1993, look at what happened to the growth in the working age population (tens of millions of people in each place) in America and Europe: in America, the growth of the labor force exceeded the growth of the working age population, almost all of them found jobs, unemployment was little changed, and government employment grew only slightly, i.e. our less-regulated, lower-tax, more open market economy was flexible and dynamic enough to create new jobs to employ more than the growing working age population. In contrast, in Europe the labor force grew by less than the

working age population, unemployment rose substantially (and now is almost double America's unemployment rate), public employment grew substantially and there are fewer private sector jobs today in Europe than in 1970! What a damning indictment of government micromanagement, extensive regulation, inflexible labor markets, government mandates, high tax rates, and exceedingly generous social welfare payments. Economists call this Eurosclerosis. Since President Clinton and many of his advisors seem to admire these policies, despite the havoc they have caused, there is a considerable risk the Clinton policies will eventually lead to Eurosclerosis.

Clinton's economic policy is in some sense the mirror image of Reagonomics. Reagan sought to limit government by curtailing the flow of revenue, and therefore cut tax rates and indexed brackets. While these are good ideas in and of themselves, they did not lead to as great a constraint on spending as had been hoped. Clinton, on the other hand, is obviously trying to greatly expand the reach of government, in order to build a broader pro-big government political coalition. So he is seeding lots of programs that will grow enormously in the future. He keeps saying he'll keep the cost down by phasing them in gradually--that will only delay the day of reckoning for the full cost. In short, he is seeding a lot of future spending growth with the idea of raising taxes later (perhaps even after he's out of office). The longer term federal deficit will turn up again (the shorter-term reduction is due primarily to the end of the S & L depositor bailout, the strengthening of the economy and budget discipline put in place in 1990).

Murray Weidenbaum emphasized the wide array of government policies that can inadvertently create unemployment. The government creates "discouraged employers." Murray observed that despite the 8 million unemployed, employers are working existing employees at the highest overtime in history, rather than hiring new workers. Murray emphasized the toll on hiring and jobs (in the long run also on wages) of high tax rates, regulation, litigation, and mandates. He emphasized wrongful termination liability costs, payroll taxes, including those explicit and implicit in health care reform, and comprehensive OSHA reform. He strongly recommends that Republicans try to "undo something."

Dale Jorgenson emphasized that America's was the highest productivity in the world, amongst other reasons, because we have the best educated women in the world. He emphasized the importance of private investment to economic growth.

The Clinton Administration claimed its deficit reduction would stimulate investment. Jorgenson noted that investment must be financed by saving, and the federal deficit, like private investment in new assets like plants and equipment, represents a claim on private savings. To the extent the deficit is cut, more resources are made available for private investment in new assets, which is an extremely important source of U.S. economic growth. Unfortunately, the Clinton plan nullified a major part of the potential benefits for deficit reduction by sharply increasing the burden of taxation on investment. Each dollar of revenue not only transfers a dollar from the private sector to the government, but reduces future growth by about an additional dollar. Jorgenson concludes that the cost of "soaking the rich" by raising taxes on individual income from capital is two dollars for each dollar of revenue raised. Thus, the Clinton plan was largely self-defeating, and a growth-oriented tax policy should reinforce the basic thrust of the 1986 tax reform by reducing tax rates, especially on saving and investment. A promising avenue would be to shift the tax base to "consumed income" thereby exempting saving from double taxation, as proposed by Senators Domenici, Packwood, and Nunn.

Paul MacAvoy noted that the cumulative impact of regulation has been a substantial adverse drag on investment and production. The most heavily regulated industries are the infrastructure of the economy--energy, transportation, communications, and finance. Productivity increases in these sectors have lagged because of regulation and has failed to keep up with technology. Higher rates of productivity growth in these sectors would have the effect of reducing costs throughout the rest of the economy.

The original intention of regulation was to constrain monopoly power but technological progress and market expansion have eliminated most of the monopoly power--trucking services nullifying railroads' price setting ability, microwave and fiberoptic technologies negated AT&T's

market power, expansion of demand supporting extension of three or more gas pipelines into every city gate market, etc. Regulation recently has sought to prevent competitive entry.

Deregulation has been successful, as prices after deregulation have fallen 10 to 20 percent below what they were previously. A large number of additional deregulation opportunities exist and if enacted would achieve lower infrastructure costs, more rapid technical change and less monopoly. Regulation for health safety and the environment should be market oriented, using prices as incentives, rather than command and control procedures as pressures.

Jagdish Bhagwhati was very gloomy a year ago given Clinton's early indecisiveness on NAFTA and GATT. Fortunately, Clinton finally saw the light and got on board Republican initiatives late, but effectively. The major new Clinton initiative in trade policy was its policy toward Japan: pursue import targets in a framework agreement. This "managed trade," euphemistically called "results-oriented," established numerical targets for Japanese imports. This would require the Japanese government to pursue domestic policies exactly the opposite of what is in their and our best interest, namely deregulation. The only way that a government can impose import commitments on the private sector is to regulate it into doing so, and the Japanese government was committed to deregulation. The Clinton Administration was forced to abandon these demands, and we are now back to where we started, as Bhagwhati says having lost nearly 18 months and much goodwill. Worse yet, this policy failure cast Americans as managed traders and the Japanese as free traders, despite America's historic commitment to an open rules-based trading regime! Bhagwhati believes the Clinton policy should be abandoned because it is simply bad economics.

The Uruguay Round, while not all it could be, is a remarkable agreement, and should be passed. Bhagwhati believes the concern about surrendering sovereignty to the new WTO is misplaced. He, however, agrees that both as tactics and as principle, the environment and labor standards are prone to protectionism and should be rejected. There are clearly many cross-border environmental problems which can be dealt with through various multilateral treaties that can be made compatible with the WTO, rather than holding trade hostage to environmental and labor lobbies.

June 7, 1994

TO: SENATOR DOLE  
FROM: ADO MACHIDA  
SUBJECT: FINANCIAL DERIVATIVES

In recent weeks there has been a tremendous amount of press (e.g., Washington Post, New York Times, Wall St. Journal, etc.) on the financial derivative market and its possible impact on the economy. Several U.S. companies having reported losses through their derivatives portfolio - *Procter & Gamble* announced a loss of \$102 million for the first quarter and *Air Products and Chemicals* announced a loss of \$60 million.

#### **Senate and House Hearings**

The House Subcommittee on Telecommunications and Finance, Committee on Energy and Commerce, and the Senate Banking Committee have held several hearings to understand the financial derivatives market. GAO recently released its report on the market. House Committee Chairman Dingell has written a letter asking various federal banking regulators to study the recommendations outlined in the GAO Report and to report their findings to Congress. This will most likely shut out any legislative action this Congress regarding financial derivatives on the House side.

#### **Financial Derivatives**

Derivatives are financial contracts and securities whose values are derived from those of underlying assets or indices - hence the term *derivative*.

The four basic types of derivative products are forwards, futures, options, and swaps. These basic products can be combined to create more complex derivatives. Some basic derivatives are standardized contracts traded on exchanges. Others are customized or negotiated contracts. When contracts are not traded on the exchange, they are called "over-the-counter" (OTC) derivatives.

Participants in the derivatives market include *end-users* and *dealers*. Firms that use derivatives to manage (or "hedge") their financial risks or to speculate are called end-users. They include financial institutions, commercial firms, mutual and pension funds, and some government entities. Dealers - usually large banks, securities firms, insurance companies, or their affiliates - can use derivatives for the same purpose as end-users, but as dealers they also can earn income by meeting the demand for derivatives.

Primary reasons why end-users enter into derivative contracts are: to hedge a variety of financial risks - fluctuating interest rates, currency exchange rates, etc.; to lower transaction costs of debt by swapping interest payments with third parties; or to speculate on a leveraged basis.

#### **The Market**

The GAO estimates outstanding derivatives contracts in *notional terms* at year-end of 1992 at \$12.1 trillion (numbers in this area in the press have been as high as \$16 trillion).

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The GAO also estimates that this market grew 145 percent over the most recent 3 years. Estimates in notional terms reflect the size of the underlying assets that derivatives relate to, but it is difficult to relate that amount to the sizes of other financial markets.

Generally, the real value of derivatives contracts is only a small fraction of the notional amount. For example, the 14 major U.S. dealer firms the GAO report focussed on were parties to contracts with \$6.5 trillion in notional terms, but the market value of all their contracts with positive values was only \$114 billion, or 1.8 percent of the notional amount.

Thousands of institutions use derivatives, but OTC dealing activity is concentrated among a relatively few financial institutions worldwide. As of December 1992, the top seven domestic bank OTC derivatives dealers accounted for more than 90 percent of the total U.S. bank derivatives activity. Similarly, securities' regulatory data indicate that the top five securities firms dealing in OTC derivatives accounted for about 87 percent of total derivatives activity for all U.S. securities firms. U.S. dealers, according to industry sources, accounted for about half of the total volume of OTC derivatives activity worldwide. (See attachment for OTC Derivatives Dealers and their Notional Amounts.)

### **Derivatives Risk**

There are two principal risk discussions in the derivatives market - *individual firm risk* and *systemic risk*.

Individual firm risk includes (1) credit risk (exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risk (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); and (4) operational risk (inadequate controls, deficient procedures, human error, system failure, or fraud).

From a public policy perspective, the most serious concerns associated with increased use of derivatives may be the potential of these agreements to raise the likelihood or severity of systemic financial market problems. Doomsayers of systemic risk predict that if one of the large OTC dealers fail, the failure could pose risks to other firms - including federally insured depository institutions - and the financial system as a whole. Because the same relatively few major OTC derivatives dealers now account for a large portion of trading in a number of markets, the abrupt failure or withdrawal from trading of one of these dealers could undermine the stability in several markets simultaneously, which could lead to a chain of market disruptions, possible firm failures, and a systemic crisis. The federal government would not necessarily intervene just to keep a major OTC derivatives dealer from failing, but to avert a crisis, the Federal Reserve may be required to serve as lender of last resort to any major U.S. derivatives dealer.

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As a result, some legislators insist that the financial institutions which operate as OTC dealers, but are currently not regulated (e.g., securities and insurance affiliates) should be regulated.

### **Regulation of Derivatives**

There is, currently, no single regulator for the many derivative products, or for the marketplace in derivatives. Instead, different agencies have different responsibilities:

- The Commodities Futures Trading Commission (CFTC) regulates transactions in futures and commodity options on organized exchanges.
- The Federal Bank and thrift regulators supervise the derivative activities of the institutions they regulate, both as dealers and end-users.
- The Securities and Exchange Commission oversees the derivative activities of registered broker-dealers.

Insurance companies, some of which are heavily involved in the derivatives market, pension plans, and hedge funds, are not subject to federal regulation.

In September 1993, Comptroller of the Currency Ludwig called for an interagency task force on derivatives, consisting of all federal bank and thrift regulators. The Working Group on Financial Markets, consisting of the Treasury, Federal Reserve, SEC, and CFTC, is also reviewing the issue of derivatives.

In a House Subcommittee on Telecommunications and Finance, Committee on Energy and Commerce hearing on the issue on May 25, 1994, Chairman Greenspan (The Federal Reserve), Acting Chairman Barbara Holum (CFTC), Acting Chairman Hove (FDIC), Comptroller of the Currency Ludwig (OCC), and Chairman Levitt (SEC), all stated that they do not believe legislative action at this time is necessary. They are still in the process of not only reviewing the market for financial derivatives, but GAO's recommendations as well.

### **GAO Recommendations**

Although all the regulators were unanimous in stating that new legislation is not needed regarding the financial derivatives market at this time, they agreed, for the most part, with many of the recommendations the GAO made. These included: establishing universal accounting models and guidelines for derivatives for all market participants; and information from banks and bank affiliates to be provided more frequently and be more descriptive in nature. Extending authority to regulate currently unregulated market participants, such as securities firms and insurance company affiliates, is still controversial.

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**Summary of Legislation Introduced**

H.R. 3748 - The Derivative Suspension Act of 1994, introduced January 26, 1994, by Congressman Leach. This bill would create an inter-agency Federal Derivatives Commission to establish principles and standards for capital, accounting, disclosures, reporting, and suitability of institutions dealing in derivatives. The Commission, comprised of the federal banking agencies, the SEC, the CFTC, and the Secretary of the Treasury would help develop rules that would apply to all market participants. Further, currently unregulated market participants, such as insurance companies or affiliates of broker-dealers, would be supervised by the SEC. (**Comments:** Federal regulators are already getting together to not only understand the issue, but also establish guidelines for market participants. The only portion of this bill that requires legislation is extension of regulation authority to insurance companies and broker-dealer affiliates currently not regulated.)

H.R. 4170 - The Derivatives Safety and Soundness Act of 1994, introduced April 12, 1994, by Congressman Gonzalez. This bill would require increased disclosure of information related to the extent and type of derivatives activity by market participants. The bank regulators would be directed to encourage insured depository institutions to publicly report on qualitative aspects of derivatives activity, such as describing the purposes for which derivative contracts are held, the accounting policies used to measure derivative contracts, and the methods used to determine the fair market value of derivative instruments. The bill also directs Federal banking regulators to develop uniform definitions, reporting requirements, capital standards and examination guidelines and procedures to cover the derivatives activities of insured depository institutions.

attachment

Appendix V

# 15 Major U.S. OTC Derivatives Dealers and Their Notional/Contract Derivatives Amounts

Dollars in millions

**Banks**

Chemical Banking Corporation	\$1,620,819
Citicorp	1,521,400
J.P. Morgan & Co., Inc.	1,251,700
Bankers Trust New York Corporation	1,165,872
The Chase Manhattan Corporation	886,300
BankAmerica Corporation	787,891
First Chicago Corporation	391,400

**Securities firms**

The Goldman Sachs Group, L.P.	752,041
Salomon, Inc.	729,000
Merrill Lynch & Co., Inc.	724,000
Morgan Stanley Group, Inc.	424,937
Shearson Lehman Brothers, Inc. <sup>a</sup>	337,007

**Insurance companies**

American International Group, Inc.	198,200
The Prudential Insurance Company of America	121,515
General Re Corporation	82,729

**Total** **\$10,994,811**

<sup>a</sup>The 1992 annual report from which we derived this information was issued by Shearson Lehman. The firm no longer exists under this name.

Source: Annual reports for 1992.

Senator -

Recent floor remarks from Jan Meyers -

Paul

Remarks of Congresswoman Jan Meyers  
on  
The Welfare and Teenage Pregnancy Reduction Act

In March 1993, I introduced H.R. 1293 which I believe would restore sanity to our welfare system and individual responsibility to our citizens. The bill does three things:

1. Freezes AFDC spending at 1993 levels--an all time high, and returns the program to the states in block grants;
2. Eliminates AFDC payments to parents under age 18;
3. Eliminates AFDC payments at any age unless paternity is truly established.

The reasons for these provisions are fairly obvious. My bill freezes AFDC spending because:

o This action reduces federal spending--\$6 to \$8 billion is saved over the next 5 years.

o I believe AFDC has become an incentive that pulls young women into the welfare program.

o Perhaps most importantly, it ends the entitlement nature of the program. AFDC is an entitlement which means federal money simply flows.

Entitlements, of course, are programs in which Congress describes certain parameters in the law. Anyone who fits into those parameters is "entitled" to participate in the program, and the money automatically flows in "such sums as may be necessary."

As long as AFDC is an entitlement, no denials of benefits will ever take place. Congress may threaten (as in the 1988 welfare reform law) that recipients must go to work or lose benefits. At that time, the "reform" program was projected to cost \$3.3 billion. Today, 5 years later, it has cost \$13.3 billion, and yet less than 1% of the welfare population is working.

My bill sets up block grants to the states for the following reasons:

o States must have maximum flexibility. Currently, the states spend a great deal of time and money on paperwork trying

to comply with, or seeking waivers from, federal regulations. My bill abolishes all current welfare program rules and regulations, and provides states with the flexibility to address their specific caseload needs.

- o States have already identified their own problems. They can best utilize and target funds to provide assistance.

- o It is impossible to devise programs at the federal level that work as well in Florida as in Montana--or in New Jersey as well as in Kansas. The one-size-fits-all mentality doesn't work in addressing the complex and diverse needs of welfare beneficiaries.

The reasoning for the provision in my proposal to eliminate AFDC payments unless or until both parents are 18 is:

- o I believe AFDC has become an incentive that induces young women to become welfare recipients. I don't think young women have babies just to get money. They have babies for other reasons: they want to be loved, or have someone to love; they are influenced by peer pressure, or boyfriend pressure; they believe that pregnancy is their passage to independence and adulthood. Still, the knowledge that the federal government will support any child which they may have removes any hesitation based on financial considerations.

Today, the federal government tells young women: If you will have two children with no man in the house, we will:

- give you \$500 monthly AFDC benefits (on average)
- give you \$300 monthly in food stamps (on average)
- pay all your medical bills
- in many cases find you a place to live and pay for it
- in some states send you to a college or training school
- pay for child care while you are in training programs
- pay you \$25 a month for transportation to and from training programs

If that young woman is 30 years old, she knows this is not much of a life, but if she's 16, it's probably the best offer she's ever had. And she takes it, and is caught in the trap, and will probably stay there most of her life.

- o To many young men, the knowledge that there will be no AFDC until age 18 will be a deterrent from both fathering a child, and abandoning the young woman who is carrying his child. Additionally, I believe the paternal identification provision in my bill will have some deterrent effect.

Finally, the rationale for the third and final provision in the bill, paternal identification, is:

- o If the father is able to contribute support, we must

assure that he assumes as much responsibility as possible.

o We need to reverse twenty years of training in irresponsibility. Men are not monsters--they don't casually walk away from their own children. But the federal government has been encouraging them to walk away by promising to assume their responsibility.

o Children need both parents. When men know that they will be identified forever as the father of a child, and that financial responsibilities attach to fatherhood, they may decide to act as fathers and form families.

Social policy experts are beginning to identify illegitimacy as the single most important social problem of our time. Mr. Charles Murray, a fellow at the American Enterprise Institute, wrote in a recent Wall Street Journal article that it is "more important than crime, drugs, poverty, illiteracy, welfare, or homelessness, because it drives everything else."

No society can afford to sustain the huge increases in illegitimate births which we have experienced in the past decade when such births trigger an "entitlement" to generous federal programs. Only an end to the "entitlement" nature of this program can change these population growth patterns. And finally, we must end the "one-stop-shopping" approach to welfare benefits, which automatically entitle beneficiaries to food stamps, medicaid, child care and housing subsidies.

I believe my proposal will not only restore some fiscal sanity to our welfare system, but will send signals to our young people, some with immediate results, and some with longer-term consequences, alerting them to the fact that they must accept responsibility for their own actions.



United States  
of America

Continuation of House Proceedings of April 25, 1994, Issue  
No. 46; and Proceedings of April 26, 1994, Issue No. 47.

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 103<sup>d</sup> CONGRESS, SECOND SESSION

Vol. 140

WASHINGTON, TUESDAY, APRIL 26, 1994

No. 47

## House of Representatives

### WELFARE REFORM

Mrs. MEYERS of Kansas. Mr. Speaker, I would like to talk today about the subject of welfare reform. I have a bill that I have introduced, which is H.R. 1293. I would like to start out by telling you all a statistic which I think is a startling statistic. At least it amazed me.

By the year 2000, 60 percent of minority children and 40 percent of all children will be born illegitimate in the United States.

I would like to tell you another statistic which I think is significant. If you graduate from high school, if you get married, and you do not have your first child until you are 20, of that group, only 8 percent live in poverty. But if you do not graduate from high school, if you do not get married, and if you have your first child as a teen, 80 percent of that group live in poverty.

Now, our policies I think in this country have encouraged illegitimacy and have encouraged poverty. These policies were enacted with the best of intentions. They were enacted to assist people, to help people. But it did not work out that way. And I think it is time to admit that we are doing something very, very wrong in this country and change the way that we are doing things.

Now, a number of us have thought about this a great deal. To have a good welfare reform bill, it should cost less, not more. If someone tells you that they have a welfare reform idea but it is going to cost another \$10 billion, it is probably not welfare reform. It is probably more of the same.

A good welfare reform bill should end the entitlement nature of AFDC. Now, I think most of the people who are listening probably are aware that an entitlement is a program where we describe certain parameters in the law. Then if you fit into those parameters, you are considered entitled to money.

There are three large entitlements in the AFDC welfare program: AFDC, food stamps, and Medicaid. Another large program, housing, is not an entitlement. So there are three large entitlements and the housing program that cost significant money with the AFDC population.

I think to have a good welfare reform program we have to end the entitlement nature of AFDC, because with an entitlement, the money just flows. We do not even appropriate specific amounts in Congress. It is just such sums as may be necessary, and the money just flows. So you can say we are going to have a program and there will be sanctions if AFDC recipients do not live up to the terms of this program. But if the money just flows anyway, somehow sanctions never really fall. Also a good welfare reform program should address the problem of teenage pregnancy, and it should address the problem of paternal identification.

I am going to tell you what my bill does, and then talk a little bit more generally about the problem.

My bill would freeze AFDC right where it is. That ends the entitlement nature of AFDC. It would return AFDC in block grants to the States and give the States absolutely maximum flexibility in what they do, because all of the good things that are happening in welfare, all of the good ideas, are coming from the States.

We ought to give this block of money to the States and give them maximum flexibility with only two mandates. Those mandates would be no AFDC unless and until both parents are 18, and no AFDC at any age unless the father is absolutely identified.

□ 1430

And that does not mean, I guess it was Bill Jones. That means William J. Jones, born January 20, 1978, with a Social Security number or an address, so that we absolutely know who that person is.

What we have been saying to young women, and the reason I say no AFDC until both parents are 18, is because what we have been saying to young women in this country with our policies for a great many years is, if you will have two children with no man in the house, we will give you \$500 a month AFDC, \$300 a month food stamps. We will pay all your medical bills. We will find you a place to live and pay for it for about a third of you. We will send you to a college or a training school to help get you off welfare. We will give you \$200 a month

child care while you are taking that college or training school, and we will give you \$25 a month transportation round trip.

Now, if you are a mature person, you know that that is not a lot of money and it is not going to be a great life, although it is \$18,000 a year. But if you are 14 and you want to get out of the house and you are under some boyfriend pressure and some peer pressure and you wanted something to love, you are liable to take that offer and by 15 you are pregnant and by 16 you are caught in that welfare trap for the rest of your life.

I think the other mandate, no AFDC unless the father is absolutely identified, is because what we say now to young men is, and what we have been saying for many years, is go ahead, walk away from this program. We will take care of this for you. And with my bill, what we would be saying is, if you have no money, we will help this woman and this child. But we know exactly who you are and when you are earning \$15,000 or \$20,000 or \$5000 a year, we are going to have a part of that for every child that you have fathered.

I think this is not a harsh bill. It is a bill that attempts to get people to take responsibility for their own children. Again, let me repeat what it does, because some people have said it sounds harsh.

It freezes one of the entitlements. Does not cut it, freezes it. It says that the States will have maximum flexibility to design their own programs. It says, no AFDC unless both parents are 18. It does not take away food stamps, does not take away Medicaid. And it says, no AFDC at any age until we absolutely know who the father is. And I do not think it is a harsh bill at all. I think it is a bill that will allow a great many people, 5 million families in the United States, it will allow a great many people to have a better life and to create a better environment in which to raise their children.

Now, you are going to hear a great deal from the President about, let us make people work and 2 years and out and that sounds very good. And you have heard that it takes a while to explain my program, but I have noticed if you say to a room full of people, let us

## CONGRESSIONAL RECORD—HOUSE

make people work, everybody thinks that sounds so good and they applaud. But the truth is, we have tried this once. And it did not work.

In 1988, we fashioned a welfare bill that said we will have a work training program, a job readiness program, a job search program. We will pay child care. We will pay transportation. And everybody will go to work. And I waited and I watched for 5 years.

It was supposed to cost \$3 billion. We predicted in 1988, it would cost \$3 billion. And it cost \$13 billion. And less than 1 percent of the welfare population is working. And now the President is talking about doing exactly this same thing again.

He says it would cost \$10 billion over the next 5 years. And he is talking about funding it in a variety of ways. He talked about a gambling tax, and he talked about a tax on annuities. And he talked about taking away veterans' benefits. He has talked about taking away benefits from higher income farmers. He has talked about a variety of ways. The thing is, he is taking benefits away from working people in most of these instances in order to pay \$10 billion more for a program that we know has failed.

In 1988, we predicted this program is going to be successful. And at the end of 1988, we will have 5 million families on welfare. We hit that goal in early 1993. When you make the program better, when you add something to it, people flood onto the program. They came onto the program infinitely faster than we thought they would. They took all the programs and no one went to work.

My bill would save \$6 billion to \$8 billion over the next 5 years. The President's would cost \$10 billion over the next 5 years. That is a \$16 to \$18 billion difference that I think we could use in a variety of ways in this country and ways that would help people in a much more meaningful way than a work program that has failed once before.

Now, I strongly believe in work programs. I come from the Midwest. We have a very strong work ethic there. But we have proved already that Federal work programs do not work. And the State statistics show that our federally-mandated plan does not work.

Why? We live in a huge diverse country, and one of the reasons why a federally-mandated program does not work, I think, is because what works in New Jersey does not necessarily work in Kansas. Just think about the difference between Miami, FL and Billings, MT. I mean, it is a tremendous difference in this country. And when we try to overlay two huge, new entitlements, a work program and a day care program, on the country, it does not work very well.

The second reason a federally mandated program does not work is because I believe you have to end the entitlement nature of AFDC in order to have any program work. Because as long as the money just continues to

flow, no matter what you say, the sanctions never fail. The money just continues to flow, and that is what happened in 1988.

I think a third reason why State programs work much better than Federal programs is because the States can target these programs better. We know where the problems are in Kansas. We know the areas where there are jobs available, but we might need training programs to get people fitted for those jobs. We know where there are areas of high teenage pregnancy, and we do not so much need work programs as we need teenage pregnancy programs. We know where there are areas where maybe there are not jobs available, and you have to work with city or county governments and get people to work at jobs that the city and the country needs done and that they would be willing to assist in paying for them, working in the State.

□ 1440

I think it is time that we changed the way that we are doing things currently, that we not reauthorize a failed work program and day care program, and that we end the entitlement nature of AFDC, give more flexibility to the States, say no AFDC unless and until both parents are 18, and no AFDC at any age until the father is absolutely identified.

Why is this important to all of us? Why is this important to my constituents? I think it is terribly important because you are paying for it in so many ways. You are paying for it in more ways than you probably realize. All studies show that AFDC children, welfare children, have lower test scores, are more involved in crime, and have more physical illnesses. I am not saying in any way that AFDC children are inherently bad. Certainly they are not. I am not saying that a great many of them are not successful. Many of them are.

I am saying that studies show that these children are much more subject to lower test scores, to being involved in crime, and to physical illnesses. This is a great cost to society.

In addition to that, I would like to tell the Members about the total cost of this program. These are only Federal figures, and two of the programs are matching Federal and State, so this is by no means the total cost. However, AFDC itself is \$16 billion. The AFDC population is responsible for 20 percent of Medicaid. The rest goes to low income families and to the elderly in the nursing homes. The AFDC population is responsible for 20 percent of Medicaid, for 55 percent of food stamps, for 30 percent of housing, for virtually all of a number of smaller programs: Head Start and WIC.

When we put all of that together, the annual cost to the U.S. taxpaying citizens is \$70 billion. The cost of welfare is not going to go away, I don't care what we do, and certainly we want to

help people, I want to help people that need help, but the program is a run-away program. We have to stop it and get some kind of control of it.

I ask Members to think, if we only reduce that \$70 billion cost by 10 percent a year, we would have an extra \$7 billion that we could utilize to help people in much more meaningful ways. In addition to that, we would not be reauthorizing a work program and a day care program that we know has failed and that would cost \$10 billion.

I think it is time to change the way we are doing things. I hope that all of my colleagues who are listening today will support and cosponsor H. R. 1293.

JAN MEYERS  
3D DISTRICT KANSAS

SMALL BUSINESS COMMITTEE  
RANKING REPUBLICAN

FOREIGN AFFAIRS COMMITTEE

VICE CHAIRMAN  
ENVIRONMENTAL AND ENERGY STUDY CONFERENCE

AT-LARGE MEMBER  
REPUBLICAN POLICY COMMITTEE

Congress of the United States  
House of Representatives

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DATE 5/6/94

*Nelson*

TO: Paul

FAX NUMBER \_\_\_\_\_

FROM: Michele

FAX NUMBER: 202-225-0554

NUMBER OF PAGES FOLLOWING THIS COVER SHEET 5

COMMENTS: Call if you have any  
questions

June 17, 1994  
**CAMPAIGN FINANCE REFORM**

Conferees have not yet been appointed.

After the Senate passed a campaign finance reform bill last year, seven Republican Senators wrote to you, reaffirming "nine key principles" and stating that "if the House of Representatives passes legislation that creates different standards for itself and fails to address any of the nine original principles..., we will take any step necessary to prevent this bill from becoming law." The seven Republican Senators are Chafee, Cohen, Durenberger, Jeffords, Kassebaum, McCain, and Pressler. To my knowledge, none of the seven have been approached by the Democrats.

The House and Senate have passed bills creating different standards for each body. For example:

- \* The Senate bill eliminates all political action committees (with a \$1,000 fall-back if the PAC-ban is declared unconstitutional). The House bill maintains the current \$5,000 PAC contribution limit with a very flexible aggregate cap of \$200,000.
- \* The Senate bill prohibits candidates from accepting out-of-state contributions at any time prior to the 2-year period immediately preceding an election. The House bill does not distinguish between in-state and out-of-state contributions.
- \* The Senate bill bans bundling. The House bill bans bundling, except by PACs that are not connected to groups that lobby Congress. This exception effectively exempts "Emily's List."

One of the nine principles cited by the Republican Senators reads as follows:

"Avoid taxpayer financing of campaigns. At a time when the federal government is calling on Americans to make sacrifices to reduce the deficit, Congress shouldn't create a new entitlement program for politicians. We are not opposed to spending limits, but it might not be necessary to swallow the bitter pill of taxpayer financing to get them. Now is the time for creative proposals that test the boundaries of Buckley v. Valeo and provide for voluntary spending limits without dipping into the federal Treasury."

The House bill violates this principle by allowing each House candidate to receive up to \$200,000 in the form of "voter communication vouchers." The House bill does not specify how these vouchers will be financed.

D. Shea

## Presidential Issues--June 24, 1994

**1. Legal Defense Fund.** News reports indicate that President Clinton intends to establish a legal defense fund to pay for expenses incurred as a result of the Paula Jones' lawsuit. According to news reports, the White House is considering limiting donations to \$500-\$1,000 per person and prohibiting donations from labor unions, corporations, and political action committees. If the legal defense fund is established, it will represent the first time that a sitting President has solicited contributions from the public for personal legal bills.

### Talking Points

- \* I don't have a problem with the President establishing a legal defense fund, so long as all donations are fully disclosed and the size of the donations are reasonable.
- \* This is a bad situation all around, but I don't think the American people want President Clinton to go broke.

**2. Independent Counsel Law.** The independent counsel conference report has passed both the House and Senate. President Clinton is expected to sign it shortly.

The conference report includes language allowing--not requiring--the court to appoint Robert Fiske as a statutory independent counsel. (Fiske is now an "independent counsel" appointed pursuant to Justice Department regulations.)

The conference report provides for the reimbursement of legal fees incurred by the unindicted subjects of an independent counsel investigation.

In a colloquy with Senator Levin, Senator Cohen made the following statement: "the legal fees that have been or will be incurred by President Clinton or others as a result of Mr. Fiske's current investigation would not be reimbursable under the independent counsel statute. Moreover, should a statutory independent counsel be appointed...the legal fees of a target of that investigation would not be reimbursable to the extent they would otherwise have been incurred because of Fiske's investigation...."

**3. Presidential Immunity.** It's likely that Bob Bennett, President Clinton's counsel in the Paula Jones' case, will argue that the lawsuit should be delayed until after President Clinton leaves office. News reports suggest that Bennett will not argue that the President is absolutely immune from lawsuit, even for private acts that occurred prior to assuming the Presidency.

Bennett will argue that delaying the lawsuit is necessary to safeguard the President's valuable time. (Of course, Clinton is being a bit selective--he sits down with Fiske for a couple of

hours on a Sunday afternoon, but he is apparently unwilling to be deposed under oath in the Paula Jones suit.)

In Nixon v. Fitzgerald (1982), the Supreme Court ruled that the President was immune from lawsuits challenging "official" acts taken while President. (Interestingly enough, then-Rep. Al Gore signed an amicus brief in the Fitzgerald case calling for limitations on Nixon's claim of immunity.)

#### **Talking Points**

- \* I personally have not researched the immunity issue. Ultimately, it will be decided by the courts.
- \* I have no problem with the Justice Department's involvement, since the question of Presidential immunity is an institutional matter, affecting the Office of the President and not just President Clinton.
- \* Claiming immunity, or claiming that the lawsuit should be delayed, may pose a political problem for the President. I suspect that most Americans would argue that no one--including the President--should be above the law or receive special treatment.

D. Shea

TO: Senator Dole  
FR: Kerry

\*Thought you might want to take a look at this. It's the health care speech you gave to the AMA well over a year ago. As the debate winds down, it is still very relevant--and the "six guiding principles of reform" are still very much on point.

Bob Dole



NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE  
MARCH 24, 1993

CONTACT: WALT RIKER  
(202) 224-5358

## HEALTH CARE REFORM

DOLE OUTLINES SIX GUIDING PRINCIPLES FOR REAL REFORM:  
ISSUE CRIES OUT FOR BIPARTISAN COOPERATION;  
EXCLUDING REPUBLICANS "BAD POLITICS, BAD POLICY, BAD SIGNAL"

WASHINGTON -- THE FOLLOWING ARE REMARKS PREPARED FOR DELIVERY BY SENATE REPUBLICAN LEADER BOB DOLE TO THE AMERICAN MEDICAL ASSOCIATION AT THE MAYFLOWER HOTEL IN WASHINGTON, DC:

I CAN'T HELP BUT THINK THAT IF HISTORY TURNED OUT A LITTLE DIFFERENTLY, I, TOO, MIGHT HAVE BEEN A MEMBER OF THE A.M.A. AS A HIGH SCHOOL STUDENT IN RUSSELL, KANSAS, I WANTED TO BE A DOCTOR. I WORKED AT A LOCAL DRUG STORE, WHERE THE WHOLE TOWN SEEMED TO PASS THROUGH DAY AFTER DAY. I HAVE TO TELL YOU, OUR DOCTORS REALLY IMPRESSED ME.

I WAS ABLE TO SEE THE DIFFERENCE THAT THESE SMALL-TOWN DOCTORS MADE, AND THE RESPECT IN WHICH THEY WERE HELD. AND IT WAS A SHORT STEP FROM ADMIRING DOCTORS TO WANTING TO BE ONE.

I WENT TO COLLEGE WITH THE INTENTION OF GETTING A MEDICAL DEGREE -- BUT WORLD WAR II CHANGED THAT -- AND I SPENT THE YEARS AFTER THE WAR BEING A PATIENT FOR DOCTORS, INSTEAD OF STUDYING TO BE ONE.

AND I WILL NEVER FORGET THE EFFORTS OF ONE VERY SPECIAL DOCTOR -- HAMPAR KELIKIAN -- WHO NOT ONLY REFUSED TO TAKE A PENNY FOR THE SEVEN OPERATIONS HE PERFORMED ON ME -- BUT WHO ALSO INSTILLED IN ME A PHILOSOPHY OF MAKING THE MOST OF WHAT YOU HAVE.

AND, SINCE REPUBLICANS HAVE ONLY THE SKETCHIEST OF DETAILS ON WHAT THE WHITE HOUSE IS DOING TO REFORM HEALTH CARE, I GUESS I WILL USE THAT PHILOSOPHY TODAY, TO PREDICT WHAT WILL HAPPEN THIS YEAR IN THAT AREA.

### THE CLINTON TASK FORCE

THE PRESIDENT'S HEALTH CARE TASK FORCE IS IN FULL SWING, AND MRS. CLINTON HAS SOME VERY BRIGHT POLICY EXPERTS WORKING WITH HER TO HELP HER CRAFT A HEALTH PROPOSAL TO BE DELIVERED TO CONGRESS IN EARLY MAY.

RECENTLY, THIRTY-FIVE REPUBLICAN SENATORS MET WITH THE FIRST LADY TO HEAR HER IDEAS AND TO SHARE OUR THOUGHTS AND CONCERNS ABOUT APPROACHES TO HEALTH CARE REFORM.

WHAT QUICKLY BECAME EVIDENT DURING OUR MEETING IS THAT MRS. CLINTON -- AND THE PRESIDENT -- WILL SUFFER NO SHORTAGE OF ADVICE IN THIS ENDEAVOR. SENATE REPUBLICANS HAVE BEEN DEEPLY IMMERSSED IN THE ISSUE TOO. WE'VE HAD A HEALTH TASK FORCE HARD AT WORK

DIFFERENTLY, I, TOO, MIGHT HAVE BEEN A MEMBER OF THE HIGH SCHOOL STUDENT IN RUSSELL, KANSAS, I WANTED TO BE A DOCTOR. I WORKED AT A LOCAL DRUG STORE, WHERE THE WHOLE TOWN SEEMED TO PASS THROUGH DAY AFTER DAY. I HAVE TO TELL YOU, OUR DOCTORS REALLY IMPRESSED ME.

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WHAT QUICKLY BECAME EVIDENT DURING OUR MEETING IS THAT MRS. CLINTON -- AND THE PRESIDENT -- WILL SUFFER NO SHORTAGE OF ADVICE IN THIS ENDEAVOR. SENATE REPUBLICANS HAVE BEEN DEEPLY IMMERSSED IN THE ISSUE, TOO. WE'VE HAD A HEALTH TASK FORCE HARD AT WORK FOR THE PAST TWO YEARS, AND I SAY WITH PRIDE THAT SOME OF MY REPUBLICAN COLLEAGUES TAKE A BACKSEAT TO NO ONE WHEN IT COMES TO HEALTH CARE EXPERTISE AND COMPASSION.

#### EXCLUDING GOP & OTHERS A BIG MISTAKE

BUT UNFORTUNATELY THE DESIRE FOR BIPARTISAN COOPERATION SEEMS TO HAVE FALLEN FAR SHORT OF REALITY. NOTWITHSTANDING PRESIDENT CLINTON'S INITIAL INDICATION THAT HE WANTED TO INCLUDE EVERYONE IN THIS EFFORT AT REFORM -- THE REPUBLICANS IN THE HOUSE AND SENATE HAVE BEEN EXPLICITLY EXCLUDED. BUT APPARENTLY WE AREN'T THE ONLY ONES.

IN MY VIEW, THE SECRECY SURROUNDING THE DRAFTING OF THE PRESIDENT'S PLAN, AND THE EXCLUSION OF REPUBLICANS AND OTHERS THE WHITE HOUSE HAS BRANDED AS "SPECIAL INTERESTS", IS A BIG MISTAKE: IT'S BAD POLITICS, ITS BAD POLICY, ITS A BAD SIGNAL TO BE SENDING TO ALL THOSE AMERICANS WHO ARE EXPECTING ACTION. THE HEALTH CARE CHALLENGE IS BIGGER THAN ANY ONE GROUP -- BIGGER THAN THE WHITE HOUSE -- AND THE SOONER WE ALL GET INVOLVED THE BETTER.

NO DOUBT ABOUT IT, HEALTH CARE IS AN ISSUE THAT CRIES OUT FOR BIPARTISAN COOPERATION. IT WILL BE NEARLY IMPOSSIBLE TO PASS ANY MAJOR REFORM WITHOUT IT. AND BIPARTISAN DOESN'T MEAN SIMPLY PICKING OFF THREE REPUBLICANS SO THAT THE DEMOCRAT MAJORITY CAN RAM A PLAN THROUGH CONGRESS.

#### THE COST ISSUE

IT IS HARDLY NEWS THAT HEALTH CARE COSTS HAVE SPIRALED OUT OF CONTROL -- WE ARE RAPIDLY APPROACHING THE ONE TRILLION DOLLAR MARK FOR HEALTH CARE SPENDING. AND, AS YOU KNOW, THIS SPENDING IS CLOSELY LINKED TO THE DEFICIT -- WITH ENTITLEMENT PROGRAMS GROWING AND GROWING EACH YEAR, ALONG WITH THE NUMBER OF UNINSURED.

EVERYONE WANTS TO KNOW WHY HEALTH CARE COSTS KEEP GOING UP. FOR LEADERS AND EXPERTS, THE ANSWER IS THAT THE COST ISSUE IS A COMPLEX ONE. THEY REFER TO FACTORS SUCH AS DUPLICATION OF TECHNOLOGY AND SERVICES, DEFENSIVE MEDICINE, TOO MANY REGULATIONS, MOUNTAINS OF PAPERWORK, HEALTH COSTS ASSOCIATED WITH CRIME AND DRUG ABUSE, AND AN AGING POPULATION.

BUT, ACCORDING TO A RECENT SURVEY FROM GALLUP, THE AMERICAN PEOPLE CAN SUM UP THE COST ISSUE IN ONE SIMPLE WORD: GREED. THE SURVEY SHOWS THAT AMERICANS BLAME THE HIGH COSTS ON UNNECESSARY TESTS, OVERPAID DOCTORS, AMBULANCE-CHASING MALPRACTICE LAWYERS, WASTEFUL HOSPITALS, AND OVERPRICED PHARMACEUTICALS. FROM THE PUBLIC'S PERSPECTIVE, WE DON'T HAVE A COST PROBLEM, WE HAVE A "PROFITS" PROBLEM.

THE AMERICAN PEOPLE BELIEVE THAT OUR HEALTH CARE SYSTEM IS RIDDLED WITH WASTE AND GREED. THEREFORE, NO ONE IS EAGER TO TALK ABOUT HARD CHOICES. NO ONE WANTS TO GIVE UP ANYTHING. AND NOT MANY WANT TO CONSIDER CHOICES THAT RAISE THEIR OWN COSTS OR REDUCE THE SERVICES THEY GET. THE HARD FACTS ARE, IF WE ARE GOING TO IMPROVE THE LOT OF SOME -- OTHERS WILL HAVE TO DO WITH CHANGES IN WHAT THEY GET TODAY. BUT THAT IS NOT AN EASY PLAN TO SELL.

#### THE LESSON OF THE CATASTROPHIC CARE DEBATE

A GOOD EXAMPLE OF THAT IS THE CATASTROPHIC HEALTH CARE LEGISLATION THAT CONGRESS PASSED IN 1988. WE THOUGHT IT WAS A PRETTY GOOD IDEA. WE SAID TO THE PEOPLE WHO HAD MONEY, THAT THEY OUGHT TO PAY A LITTLE MORE. I THOUGHT IT MADE A LOT OF SENSE, AND WAS GOOD LEGISLATIVE POLICY. IT WAS A TOUGH DECISION, BUT IT PASSED CONGRESS BY AN OVERWHELMING MAJORITY. LESS THAN A YEAR LATER, IT WAS REPEALED BECAUSE THE PEOPLE WHO WERE GOING TO HAVE TO PAY MORE HAD A VERY EFFECTIVE LOBBY. THEY TOLD US HOW THEY EARNED THESE BENEFITS, AND HOW EVEN THOUGH THEY MIGHT HAVE SOME MONEY, THEY SHOULDN'T HAVE TO PAY ONE MORE CENT. AND LET'S FACE IT, WHEN THE SENIOR CITIZENS SPEAK UP, CONGRESS LISTENS -- Page 152 of 156 THEN IT CHANGED SOME VOTES. WHAT LOOKED LIKE COMMON SENSE REFORM WAS QUICKLY REPEALED.

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SO THE LESSON WE LEARNED THEN, AND WHAT WE ARE LEARNING NOW, IS THAT AMERICANS STILL WANT MORE CARE, MORE QUALITY, MORE ACCESS, BUT AT LOWER COSTS. SO, WHAT DO WE DO?

I BELIEVE WE ALL SHARE THE SAME GOALS -- UNIVERSAL ACCESS FOR ALL, IN A SYSTEM THAT CONTAINS COSTS WHILE PRESERVING CHOICE AND THE HIGH QUALITY OF CARE.

WE ALL WANT TO SEE HEALTH CARE REFORM -- WE ALL KNOW THAT WE CANNOT SUSTAIN OUR CURRENT RATE OF SPENDING -- AND WE ALL KNOW THAT WE MUST FIND A WAY TO BRING EVERYONE INTO THE SYSTEM.

### THE GUIDING PRINCIPLES OF REFORM

THE AMERICAN PUBLIC SHOULD EXPECT US, THEIR ELECTED REPRESENTATIVES, TO SEEK SOLUTIONS THAT MAINTAIN THE FOLLOWING SIX PRINCIPLES. THESE PRINCIPLES SHOULD BE USED TO EVALUATE ANY PLAN PUT FORWARD BY THE ADMINISTRATION OR BY REPUBLICANS IF THEY ARE FORCED TO DEVELOP THEIR OWN ALTERNATIVE.

1. PROTECT QUALITY -- THERE IS A REASON OUR HEALTH SYSTEM IS THE ENVY OF THE WORLD -- WHY PEOPLE FROM EVERY COUNTRY IN THE WORLD SEND THEIR YOUNG PEOPLE HERE TO BE TRAINED, TO DO RESEARCH; WHY THEY FLOCK HERE FOR CARE -- THE REASON IS QUALITY. THANKS TO OUR SEARCH FOR QUALITY AND EXCELLENCE, WE HAVE DEFEATED PLAGUES, MADE SPARE PARTS FOR NEARLY EVERY BODY ORGAN, AND CAN SAVE THE LIFE OF THE SMALLEST, FRAILEST NEWBORN. IN OUR WISH TO LOWER COSTS AND BETTER MANAGE OUR RESOURCES, LET'S NOT THROW AWAY OUR MEDICAL MIRACLES.
2. PRESERVE CHOICE -- CONSUMERS, NOT THE GOVERNMENT, SHOULD BE THE ONES TO MAKE CHOICES ABOUT WHERE THEY GET THEIR CARE AND FROM WHOM. AT THE HEART OF OUR FREE MARKET SYSTEM, IS OUR ABILITY TO CHOOSE. IN HEALTH CARE, AS IN NO OTHER INDUSTRY, THAT CHOICE IS CRITICAL TO MAINTAINING QUALITY HEALTH CARE FOR YOU AND YOUR FAMILY. AS SOON AS WASHINGTON STARTS CALLING THE SHOTS ON HEALTH CARE, WE'RE ALL IN DEEP TROUBLE.
3. PRESERVE JOBS -- WE ALL ARGUE THAT WE HAVE TO INCREASE THE NUMBER OF PEOPLE IN THE COUNTRY WHO HAVE ACCESS TO HEALTH CARE AND HEALTH INSURANCE. WHAT WE DON'T WANT TO DO IS PUT THEM OUT OF WORK BY MANDATING AND TAXING SMALL BUSINESS OUT OF BUSINESS. MAKING INSURANCE AFFORDABLE AND AVAILABLE, CREATING JOBS, KEEPING PEOPLE AT WORK AND KEEPING OUR ECONOMY GROWING IS THE BEST PRESCRIPTION FOR BETTER HEALTH CARE BENEFITS.
4. NO GOVERNMENT CONTROLLED CARE -- ITS A SHAME THAT SOME CRITICS HAVE TO BE REMINDED, BUT WE ARE NOT SWEDEN OR GERMANY OR EVEN CANADA -- AND WE DON'T WANT TO BE. YES, WE'VE GOT REAL PROBLEMS. BUT THEY REQUIRE AMERICAN SOLUTIONS. MANAGED COMPETITION -- AS IT HAS BEEN DESCRIBED TO ME -- BUILDS ON THE PRIVATE SECTOR AND HELPS PEOPLE MAKE BETTER CHOICES ABOUT THEIR FAMILIES AND WHAT THEY NEED. THE GOVERNMENT SHOULD BE THERE TO HELP THOSE WHO NEED IT AND HAVE NO OTHER RESOURCES -- IT'S NOT THERE TO CONTROL OUR LIVES. AMERICANS DON'T WANT SOCIALISM BUT IT SEEMS THIS ADMINISTRATION IS TRYING MIGHTILY TO INSTITUTE IT WHENEVER IT CAN.
5. CONTROL COSTS NOT CARE -- GLOBAL BUDGETS AND PRICE CONTROLS TRANSLATE INTO REDUCED QUALITY AND RATIONED CARE. CONTROLS ON THE PRICES OF HEALTH CARE ONLY POSTPONES THE NECESSARY CONFRONTATION WITH THE UNDERLYING DEMAND THAT HAVE PRODUCED THEIR INCREASE. UNFORTUNATELY, CONTROLS ARE INEVITABLY TARGETED AT THE SYMPTOMS NOT THE CAUSES. LET'S CREATE AN ENVIRONMENT TO REDUCE COSTS AND UTILIZATION THROUGH A BETTER, MORE APPROPRIATE USE OF SERVICES. LET'S PUT RESPONSIBILITY ON PROVIDERS, EMPLOYERS AND EMPLOYEES TO USE CARE WISELY.
6. REAL TORT REFORM -- WITH NO RELIEF IN SIGHT FROM THE CONSTANT THREAT OF COSTLY LITIGATION, WE HAVE TO FIND A WAY TO FINALLY REFORM THE SYSTEM. IN NO OTHER INDUSTRIALIZED

3. PRESERVE JOBS -- WE ALL ARGUE THAT WE HAVE TO INCREASE THE NUMBER OF PEOPLE IN THE COUNTRY WHO HAVE ACCESS TO HEALTH CARE AND HEALTH INSURANCE. WHAT WE DON'T WANT TO DO IS PUT THEM OUT OF WORK BY MANDATING AND TAXING SMALL BUSINESS OUT OF BUSINESS. MAKING INSURANCE AFFORDABLE AND AVAILABLE, CREATING JOBS, KEEPING PEOPLE AT WORK AND KEEPING OUR ECONOMY GROWING IS THE BEST PRESCRIPTION FOR BETTER HEALTH CARE BENEFITS.
4. NO GOVERNMENT CONTROLLED CARE -- ITS A SHAME THAT SOME CRITICS HAVE TO BE REMINDED, BUT WE ARE NOT SWEDEN OR GERMANY OR EVEN CANADA -- AND WE DON'T WANT TO BE. YES, WE'VE GOT REAL PROBLEMS. BUT THEY REQUIRE AMERICAN SOLUTIONS. MANAGED COMPETITION -- AS IT HAS BEEN DESCRIBED TO ME -- BUILDS ON THE PRIVATE SECTOR AND HELPS PEOPLE MAKE BETTER CHOICES ABOUT THEIR FAMILIES AND WHAT THEY NEED. THE GOVERNMENT SHOULD BE THERE TO HELP THOSE WHO NEED IT AND HAVE NO OTHER RESOURCES -- IT'S NOT THERE TO CONTROL OUR LIVES. AMERICANS DON'T WANT SOCIALISM BUT IT SEEMS THIS ADMINISTRATION IS TRYING MIGHTILY TO INSTITUTE IT WHENEVER IT CAN.
5. CONTROL COSTS NOT CARE -- GLOBAL BUDGETS AND PRICE CONTROLS TRANSLATE INTO REDUCED QUALITY AND RATIONED CARE. CONTROLS ON THE PRICES OF HEALTH CARE ONLY POSTPONES THE NECESSARY CONFRONTATION WITH THE UNDERLYING DEMAND THAT HAVE PRODUCED THEIR INCREASE. UNFORTUNATELY, CONTROLS ARE INEVITABLY TARGETED AT THE SYMPTOMS NOT THE CAUSES. LET'S CREATE AN ENVIRONMENT TO REDUCE COSTS AND UTILIZATION THROUGH A BETTER, MORE APPROPRIATE USE OF SERVICES. LET'S PUT RESPONSIBILITY ON PROVIDERS, EMPLOYERS AND EMPLOYEES TO USE CARE WISELY.
6. REAL TORT REFORM -- WITH NO RELIEF IN SIGHT FROM THE CONSTANT THREAT OF COSTLY LITIGATION, WE HAVE TO FIND A WAY TO FINALLY REFORM THE SYSTEM. IN NO OTHER INDUSTRIALIZED COUNTRY DO HEALTH CARE PROVIDERS CONFRONT THE DAY-TO-DAY THREAT OF LITIGATION. IT'S NO WONDER PHYSICIANS FIND IT HARD TO SAY NO WHEN A PATIENT DEMANDS ANOTHER TEST, OR THE PHYSICIAN SIMPLY ORDERS ANOTHER TEST TO AVOID QUESTIONS LATER. THAT'S NO WAY TO DO BUSINESS.

THAT'S WHY ITS TIME FOR THE DEMOCRAT MAJORITY TO STAND UP TO THE TRIAL LAWYERS AND SAY, ENOUGH IS ENOUGH! ITS ALSO TIME FOR US TO CREATE A LEGAL ENVIRONMENT THAT ENCOURAGES CONSOLIDATION AND COORDINATION IN THE HEALTH CARE SYSTEM -- NOT JUST CONFRONTATION.

## CONCERNS ABOUT MANAGED COMPETITION

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THIS YEAR, AS YOU KNOW, WE ARE DISCUSSING MANAGED COMPETITION, WHICH SOME SAY WILL CONTROL COSTS WHILE BRINGING EVERY AMERICAN INTO THE SYSTEM. I HAVE TO BELIEVE THAT MANY AMERICANS -- INCLUDING SOME IN GOVERNMENT -- ARE UNCERTAIN OF WHAT MANAGED COMPETITION IS, OR HOW IT REALLY WORKS. I, FOR ONE, HAVE QUESTIONED HOW MANAGED COMPETITION WILL WORK IN RUSSELL, KANSAS, OR ANY RURAL AREA, OR INNER CITY, WHERE THERE ARE ONLY ONE OR TWO DOCTORS.

AND, THERE IS CONCERN BY MANY THAT MANAGED COMPETITION WILL REDUCE THE ABILITY OF AMERICANS TO CHOOSE THEIR PROVIDERS, OR WILL LEAD TO RATIONING OF CARE. THESE ARE ISSUES THAT WILL HAVE TO BE ADDRESSED.

THE CHALLENGE NOW 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.

PERHAPS THE REAL CHALLENGE IS TO ACCOMPLISH THIS WITHOUT RAVAGING THE ECONOMY -- WITHOUT HURTING BUSINESS -- AND WITHOUT FURTHER STRAINING OUR BANKRUPT ECONOMY. IT'S PRETTY EASY TO PROMISE EVERYBODY EVERYTHING, BUT THAT KIND OF PROPAGANDA WILL ONLY MAKE THE CRISIS A PERMANENT ONE.

### PEOPLE WANT SOLUTIONS, NOT POLITICS

THIS DEBATE CAN NOT DISINTEGRATE INTO A POLITICAL CONTEST. IF IT DOES, THE AMERICAN PEOPLE WILL BE THE LOSERS. THE AMERICAN PEOPLE WANT ANSWERS AND SOLUTIONS, AND THEY DON'T CARE WHICH PARTY TAKES CREDIT. CLEARLY, WE HAVE TO WORK TOGETHER -- PROVIDERS, BUSINESS, INSURERS, CONSUMERS, AND THE GOVERNMENT.

I AM CONVINCED THAT REFORM CAN TAKE PLACE -- AND I AM CONVINCED THAT IT CAN BE DONE WITHOUT CREATING MORE REGULATIONS OR ANOTHER GOVERNMENT PROGRAM.

NO DOUBT ABOUT IT, THE ADMINISTRATION AND CONGRESS MUST WORK TOGETHER ON REFORMING OUR NATION'S HEALTH CARE SYSTEM. AND REPUBLICANS ARE READY TO ROLL UP OUR SLEEVES AND FACE THE DIFFICULT DECISIONS THAT MUST BE MADE.

GIVEN THE PRIORITY THE PRESIDENT HAS GIVEN TO RESOLVING THE HEALTH CARE CRISIS, HOW HE HANDLES SUCH DIFFICULT NEGOTIATIONS WILL BE A REAL TEST OF HIS LEADERSHIP ABILITIES.

### THE REPUBLICAN COMMITMENT

I CAN ASSURE YOU THAT REPUBLICANS CONTINUE TO BE FULLY COMMITTED TO REFORMING OUR HEALTH CARE DELIVERY SYSTEM. WE CONTINUE TO MEET ON A WEEKLY BASIS AND WILL REMAIN COMMITTED UNTIL HEALTH CARE COSTS ARE CONTAINED AND ALL AMERICANS HAVE ACCESS TO THE SYSTEM. WE MAY BE LOCKED OUT OF THE WHITE HOUSE, BUT WE'RE NOT LOCKED OUT OF THE DEBATE. IF THE WHITE HOUSE THINKS IT CAN GO IT ALONE -- THAT IT CAN EXILE REPUBLICANS, INDEPENDENTS AND ROSS PEROT SUPPORTERS -- THAT IT CAN STIFF THE A.M.A. AND EVERY OTHER GROUP OF PROFESSIONALS -- THEN IT'S TIME TO TELL THE WHITE HOUSE IT NEEDS A CHECK-UP.

AS I CONCLUDE, I WOULD LIKE TO THANK ALL THOSE WHO ARE ON THE FRONT LINES OF HEALTH CARE DELIVERY IN THIS COUNTRY. I CONGRATULATE YOU AND THANK YOU FOR YOUR EFFORTS, AND LOOK FORWARD TO WORKING WITH YOU.

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