

Containment is hardly less flawed. During the Cold War the Soviet Union was an ideological and expansionist military threat to the United States and to other democracies around the globe. The USSR was also an autarky, closed to external trade and investment. Neither of these statements is true of today's China, which, among other things, is the world's third largest economy, open to investment, and her part of the globe.

Containing a heavy political military build-up War posture of our Asian sign to sign up China today? suggested, no tions taken by force them to U.S. allies in Washington ing China to l

SUCH come 1 China's Square—from forced abortion to a bu the sales of tion. Compli the fact that hican and the the U.S. Cl ing, emotion highlighted l

Right anti-MFN coalition that included labor unions, social conservatives, trade protectionists, and those who have decided that China's emergence as a great power necessarily makes it a threat to the United States.

What, then, is to be done? Dealing with China requires the President to educate the American public, explaining why there is no silver bullet to transform China and how to accept diplomatic results that are only half satisfactory. Simply saying that we seek cooperation begs the question: What happens when China does not reciprocate? This has been the missing piece of the Administration's policy—one at which Congress is now directing its legislative jigsaw.

The Clintonites are seeking positive areas of cooperation to compensate for the laundry list of matters of controversy from human rights to arms sales. But

by hyping modest agreements, the Administration undermines the small but real steps toward accommodation. At the Washington Summit, the Clinton team did find areas of mutual interest: agreements to open an office of the Drug Enforcement Administration in Peking, to expand military-to-military contacts, and to open a Washington-Peking hotline, and China's decision to

case of the nuclear agreement, a "China exception" driven by private-sector interests.

At the same time, Clinton's lectures about American values did not compensate for a noticeable absence of substantial progress on human rights. This lack of progress is no surprise; we should not expect China to join the ACLU. But the role of the President is to move beyond episodic engagement at Summits

FYE

From National Review

Line Item Veto

cc: PJW

-M

prints for a nonmilitary purpose only purpose is to produce weapons-grade material.

Moreover, by setting these dubious achievements in the context of a "strategic partnership," the Administration raises fears of appeasement or, in the

perpower domination. Rather than spin-doctoring superlatives, a stable relationship in which both sides' interests are protected is what we should aim for with China. Claiming to have achieved more than that risks getting less. □

Cuts of Pork

STEPHEN MOORE

WASHINGTON, D.C.

THROUGHOUT last year's debate over the line-item veto, I was frequently asked by reporters: whether Bill Clinton would use it to terminate Republican pork-barrel projects. I always unhesitatingly responded: I certainly hope so.

Once in a blue moon in American politics a new law works almost precisely as intended. Such has been the case—at least so far—with the line-item veto.

This year President Clinton has used his

Mr. Moore is director of fiscal-policy studies at the Cato Institute.

new budget-cutting tool to execute scores of white-elephant congressional spending projects, saving taxpayers an

Congress, it turns out, likes the line-item veto far better in theory than in practice.

estimated \$2 billion over five years. Virtually none of these projects were in the national interest.

Ironically, it is this early success of the line-item veto that may prove its undoing. Congress, it turns out, likes the line-item veto far better in theory than in practice. Sen. Trent Lott concedes that there are fewer Republican supporters of the line-item veto today than there were this time last year. Senate Appropriations Committee Chairman Ted Stevens complains that Clinton's line-item vetoes have been a "raw abuse of power." Stevens is threatening to push for the veto's repeal. Robert Livingston, Chairman of the House Appropriations Committee, charges that President Clinton is using the veto as "a raw exercise of power meant to threaten and intimidate."

What is giving congressional Republicans heartburn is that the veto is being used by a Democratic President to trim hundreds of millions of dollars' worth of lard from the budget, and some of it is Republican lard. So far, Clinton has used the veto to eliminate funding for a \$600,000 solar waste-water treatment project in Vermont; a \$2-million Chena River dredging project in Fairbanks, Alaska, to benefit a single tour-boat operator; a \$1-million corporate-welfare grant to the Chamber of Commerce in Carter County, Montana; \$900,000 for a Veterans Administration cemetery the VA says it doesn't need; \$1.9 million for dredging a Mississippi lake that primarily serves yachts and pleasure boats. It is precisely oinkers like these that enraged the public and led to enactment of the line-item veto in the first place.

In fact, the only legitimate complaint about Bill Clinton's use of this veto is that he has done it too sparingly. This year's Energy and Water bill alone contains 423 unrequested projects—conveniently, just about one for every district.

Clinton canceled just 8 of them; most of the other 415 deserved the same fate. If, as President Clinton has suggested, the criteria for wielding this veto power are that the program in question is one that should be funded at the local level if at all, or that it has costs that exceed public benefits, then the savings could be orders of magnitude higher than the \$2 billion achieved so far.

In fact, that much could probably be saved by carving spending earmarked for just one lightly populated state: Alaska. Alaska's Ted Stevens has been busy using his exalted status as Appropriations Committee chairman to convert Fairbanks into the pork capital of America. *Congressional Quarterly* reports that Stevens is fast gaining a reputation as a bigger pork-barrel spender than his famed predecessor, Sen. Robert Byrd of West Virginia. Into this year's



Military Construction bill Stevens inserted \$1.4 million for a skating rink and \$300,000 for a car wash in Fort Wainwright; \$650,000 for an Arctic Germplasm Repository; and \$1 million to market Alaskan salmon. Apparently the GOP's theme of making government smaller and smarter applies only to the contiguous 48 states. On Capitol Hill, members are calling Stevens's chase for tax dollars the second Alaskan gold rush.

In some ways it's not fair to pick on Sen. Stevens. House Budget Committee Chairman John Kasich recently confessed that "the gig is up around here when it comes to actually cutting programs and saving money." No kidding. Throughout this past summer and fall Congress has been engaged in a pork-barrel free-for-all. Here are some depressing examples:

—The *Wall Street Journal* reports that the Environmental Protection Agency will receive \$3.2 billion for construction of water and sewer projects, \$200 million of it earmarked to key congressional districts—even though the GOP has argued since the early Reagan years that the wastewater-treatment program should be halted entirely and that polluters, not taxpayers, should pay for sewage clean-up.

—The housing bill has \$100 million in targeted "economic development" projects—many going to affluent suburbs.

—Hospital construction for veterans will be double the Clinton Administration's request even though Republicans used to argue correctly that there is no need for new hospitals.

—No blade of grass in America is safe from the cement trucks while Rep. Bud Shuster is head of the Transportation Committee. Shuster's highway bill is the most expensive public-works legislation in American history—and it is crammed with several hundred targeted "demonstration" projects. Earlier this year the Committee was expanded to more than sixty members—the largest committee ever—to accommodate the endless demands by congressmen to get bicycle paths and parking garages built in their districts.

And many of those congressmen are Republicans. This, of course, is precisely the sort of irresponsible fiscal behavior that got Democrats run out of town three years ago. It is a sad state of affairs for fiscal conservatives when the only line of defense against white-elephant spending is Bill Clinton's pen.

Congressional Republicans and Democrats alike are now secretly rooting for the Supreme Court to rule the line-item veto unconstitutional. Because of technical problems with the law, it may well be overturned. If the Courts don't act, Congress may kill what it now views as a Frankenstein monster. All that is preventing its immediate repeal is that congressional leaders know that they would expose themselves as frauds and hypocrites.

On its merits, the line-item veto should be preserved. The critics were wrong; the line-item veto does save money; it does short-circuit preposterous spending projects that offend the sensibilities of taxpayers.

And that is why almost all of Washington is in such a hurry to get rid of it. □

DRAFT

CLOSE HOLD

March 20, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Paul Weinstein

SUBJECT: Line-Item Veto

Background

It is becoming increasingly likely that Congress will attach the line-item veto to the long-term debt ceiling legislation. Republican line-item veto conferees and leadership staff have arrived at an agreement on line-item legislation. Democratic conferees have not been consulted during the negotiations, but Republicans believe they have sufficient agreement to report.

Enactment into law of the line-item veto means you will have fulfilled another core promise from *Putting People First*. While hardly the budget deficit panacea described by its proponents, the line-item veto, if used strategically, can nevertheless reduce wasteful spending by allowing the President to highlight pork and special interest tax breaks in legislation and report language. In addition, the line-item veto will increase the bargaining power of the President and can become a useful tool in protecting the priorities of the Administration.

The conferees have tentatively agreed upon the House's enhanced rescission model, rather than the Senate's separate enrollment approach. This is consistent with your call for passage of a "strong version of the line-item veto." In addition, they would apply item veto authority to discretionary budget authority, new direct spending and targeted tax benefits. They are also using the term "cancel" to describe item veto action, rather than the term "veto". All of this is good news from our perspective.

However, several aspects of the agreement should concern us:

- Republicans have included a lockbox provision (i.e. automatic cap reductions) which would be a disincentive for using the authority if the caps become tighter;
- The bill would not allow partial rescissions -- although the President could cancel individual projects which are specified in report language);
- The definition of targeted tax benefits is very narrow -- e.g. 100 or fewer beneficiaries;
- Republicans will likely defer the effective date to either January 1, 1997 or upon enactment into law of a seven year balanced budget.

Details Of The Bill

How it Works -- The bill would allow the President to submit items for rescission. Budget authority, direct spending, and targeted tax benefits in such a rescission message are deemed permanently cancelled unless the Congress passes a joint resolution that would be subject to a presidential veto and subsequent congressional override.

The President will have up to 5 calendar days to submit cancellations. The Presidential rescission would take effect unless Congress decided to disapprove the cancellation by a simple majority vote within thirty calendar days. The President could then exercise his authority to sign or veto the disapproval bill. To override the President's veto of the disapproval bill would require a two-thirds majority.

In Whole or in Part -- Conferees were debating whether to limit the authority to canceling provisions "in whole" or permitting cancellations "in whole or in part." The compromise they settled on was to limit cancellation authority to amounts "in whole," but to permit the authority to apply down to the level of any project specified in the joint statement of managers, committee report, or authorizing legislation. Therefore, the President could cancel down to the project level, provided the project is specifically mentioned in report language.

Lockbox -- The prevailing view among conferees was that the purpose of the item veto is to save money -- not to permit a President to shift priorities. The lockbox language included in the proposed conference report would require the President to: reduce the statutory discretionary spending caps to reflect rescissions of discretionary budget authority; and to eliminate from the PAYGO scorecard any positive balance that would otherwise have accrued from applying to the line item veto to new direct spending or tax benefits.

Definition of Targeted Tax Benefits -- The agreement limits the scope of the President's authority to cancel special interest tax provisions in two ways: first, by adopting the narrow definition of targeted tax benefit as a benefit going to 100 or fewer beneficiaries; and, second, by giving the tax-writing committees the authority to specify in their tax bills what is a tax benefit subject to the cancellation authority. However, if Congress fails to identify any targeted tax benefits included in their tax bills, the line-item veto bill gives the President the authority specify any targeted tax benefits and cancel them.

Severability -- The non-severability provision we had objected to has been dropped. (That provision would have provided that if the courts strike down the tax benefit and direct spending provisions -- the most vulnerable parts of this bill -- the ability to cancel discretionary spending would also fall.)

THE WHITE HOUSE

WASHINGTON

March 21, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Paul Weinstein

SUBJECT: Line-Item Veto

Background

As you know, Republicans plan to send you the line-item veto by the end of this month. Republican line-item veto conferees and leadership staff have arrived at an agreement on line-item legislation and are finalizing legislative language and the joint statement of the managers.

Enactment into law of the line-item veto means you will have fulfilled another core promise from *Putting People First*. Nevertheless, the line-item veto is not the budget deficit panacea described by its proponents and the bill agreed to by the conferences is much more restrictive than it appears at first glance. However, if used strategically, the line-item veto can reduce wasteful spending by allowing the President to highlight pork and special interest tax breaks in legislation and report language. Since passage of the Impoundment and Control Act in 1974, Presidents -- both Democrat and Republican -- have proposed \$74 billion in rescissions. Yet, Congress has agreed to only \$23.7 billion of those proposed savings. In addition, the line-item veto will increase the bargaining power of the President and can become a useful tool in protecting the priorities of the Administration.

The conferees have tentatively agreed upon the House's enhanced rescission model, rather than the Senate's separate enrollment approach. In addition, they would apply line-item veto authority to discretionary budget authority, new direct spending, and targeted tax benefits. This is consistent with your call for passage of a "strong version of the line-item veto."

Nonetheless, several aspects of the agreement should concern us:

- Republicans have included a lockbox provision (i.e. automatic cap reductions) which would be a disincentive for using the authority if the caps become tighter;
- The bill would not allow partial rescissions -- although the President could cancel individual projects which are specified in report language;
- The definition of targeted tax benefits is very narrow -- 100 or fewer beneficiaries;
- The line-item veto will not take effect until January 1, 1997.

Details Of The Bill

How it Works -- The bill would allow the President to submit items for rescission. Budget authority, direct spending, and targeted tax benefits in such a rescission message are deemed permanently cancelled unless the Congress passes a joint resolution that would be subject to a presidential veto and subsequent congressional override.

The President will have up to 5 calendar days (excluding Sundays) to submit cancellations. The Presidential rescission would take effect unless Congress decided to disapprove the cancellation by a simple majority vote within 30 session days (days in which both the House and Senate are in session). The President could then exercise his authority to sign or veto the disapproval bill. To override the President's veto of the disapproval bill would require a two-thirds majority.

In Whole or in Part -- Conferees were debating whether to limit the authority to canceling provisions "in whole" or permitting cancellations "in whole or in part." The compromise they settled on was to limit cancellation authority to amounts "in whole", but to permit the authority to apply down to the level of any project specified in the joint statement of managers, committee report, or authorizing legislation. Therefore, the President could cancel down to the project level, provided the project is specifically mentioned in report language.

Lockbox -- The prevailing view among conferees was that the purpose of the item veto is to save money -- not to permit a President to shift priorities. The lockbox language included in the proposed conference report would require the President to: reduce the statutory discretionary spending caps to reflect rescissions of discretionary budget authority in the budget year or outyears; and to eliminate from the PAYGO scorecard any positive balance that would otherwise have accrued from applying the line item veto to new direct spending or tax benefits.

Definition of Targeted Tax Benefits -- The agreement limits the scope of the President's authority to cancel special interest tax provisions in two ways: first, by adopting the narrow definition of targeted tax benefit as a benefit going to 100 or fewer beneficiaries; and, second, by giving the tax-writing committees the authority to specify in their tax bills what is a tax benefit subject to the cancellation authority. Only in those rare situations when Congress fails to make its own determination does the bill give the President the authority to specify any targeted tax benefits and cancel them, but then only within the narrow definition of targeted tax benefit.

Definition of Line-Item Veto Action -- The conference agreement uses the term "cancel" to define line-item veto action rather than the term "veto", which improves the chances that application of the authority to direct spending and taxes will be held up in the courts.

Signed Versus Enacted Law -- The authority would only be available when the President has signed a bill. If the bill becomes law without the President's signature the cancellation authority would not be available.

Wed Nov 8, 1995, 8:33pm

MEMORANDUM FOR ALICE RIVLIN

From: Chuck Konigsberg

Re: Meeting of line-item veto conference

cc -- Lew, Kieffer, Kountoupes, Minarik, Anderson, Damas, Haas,
Litan, Angell, Foley, Weinstein

Brum:
FYI.
79w
Line Item Veto

The conferees on S. 4, the line-item veto, met this afternoon. The meeting was chaired by House Rules Committee Chairman Solomon and Senate Governmental Affairs Committee Chairman Stevens. Also attending the meeting were Representatives Clinger, Blute, and Bunning, and Senators Thompson, McCain, Grassley, and Exon.

Schedule. The substance of the meeting consisted of Solomon presenting to the Senate conferees the attached House Republican proposal. Stevens suggested that the House convert the proposals into legislative language and present the language to the Senate next week. According to Stevens, Senate staff would then be in a position to examine the language over Thanksgiving recess and respond to the House in early December.

House Proposal. The attached House item veto offer was developed by Republican staff from House Rules and House Govt. Reform Committees. Rep. Collins', ranking Democrat on Govt Reform, complained about not being consulted (she opposes item veto). (Also attached is the substance of the JCT's "compromise" targeted tax benefit definition, and the side-by-side circulated to the conferees.)

The House Republican proposal includes the following --

1. Use the House enhanced rescission model as the basis for the bill, instead of the Senate's separate enrollment model.

(The House version would permit the President to rescind any amount of discretionary budget authority and veto targeted tax benefits, subject only to enactment of a disapproval law; since presidents would presumably veto disapproval laws, the rescission/veto authority would effectively be subject to a 2/3 congressional override.

By contrast, the Senate version would require the separate enrollment of each appropriations, direct spending, and targeted tax benefit provision, resulting in thousands of separate bills being presented to the President -- each of which could be vetoed or signed; under this approach, appropriations items could not be partially reduced as in the House bill. Your September 11, 1995 letter to the conferees stated the President's position that "the House-passed bill is much stronger -- and more workable.")

2. Include new direct spending, as provided for in the Senate bill.

(The House bill would not apply rescission authority to direct spending, while the Senate bill would separately enroll new direct spending. Your September 11, 1995 letter to the conferees called on them to adopt the Senate approach of extending rescission authority to new direct spending.)

3. Use the Joint Committee on Taxation's compromise language on new targeted tax benefits.

(The language is attached. I have asked OMB, Treasury, and DOJ staff for comments. However, at first glance, the language appears to be much closer to the House definition; whereas, we had preferred the broader Senate version. Stevens also mentioned that the House definition is too narrow. I believe his feeling is that if the appropriators have to shift this much authority to the Executive Branch, the tax writing committees should be subject to similar treatment.

Also, this JCT approach would give sole authority over determining what is a "targeted tax benefit" to the tax-writing committees, which raises significant constitutional questions; I've asked DOJ to comment.)

4. Allow the President to propose rescissions of dollar amounts of new budget authority, in whole or in part, within specific items.

(This is the approach of the House bill which permits partial rescission of appropriated items, whereas the Senate bill permits only a take-it-or-leave-it option for separately enrolled "items." This House proposal is consistent with our position.)

5. Use the Senate definition of "item" (including specific exceptions for limitations and reductions in BA). The definition includes:
- unnumbered paragraphs
 - numbered sections
 - allocations or suballocations within an unnumbered paragraph or numbered section

(This proposal requires scrutiny.)

6. Require the President to specify and justify the intent and target of the rescission within the rescission message.

(This would not seem to be a problem, but we should check the legislative language carefully when it's available.)

7. Permit a specified number of Members to trigger a separate vote on particular rescissions (as opposed to a single vote on a bill disapproving all of the rescissions in an appropriations bill); this would require expedited conference procedures since one House could thereby alter a disapproval bill.

(This is meant to cure a defect in the House-passed bill which provides that disapproval bills must apply to all rescissions, but permits motions to strike without any expedited conference procedures. I do not believe we'd have any objection to this.)

8. Accept the Senate lockbox language -- which requires a reduction in caps or a reduction of paygo balances by the amount of the rescission.

(The House-passed language -- which we prefer -- is discretionary. This is problematic.)

9. Accept the Senate provision prohibiting the inclusion of non-emergency items in an emergency bill and providing a point of order against legislation that includes such items.

(This deserves some discussion.)

10. Drop the "tax expenditure" language.

(This is not a substantive proposal; the House simply wants to drop any references to "tax expenditures" because Solomon objects on principle to that terminology.)

11. House, at this point, insists on its position that item veto should be permanent. The Senate bill calls for a sunset at the end of fiscal year 2000.

(Stevens indicated that including a sunset is an important issue for him and Exon said item veto will lose votes in the Senate without a sunset. I would expect that a sunset will be included in the conference agreement.)

MEMORANDUM

TO: Bill Hoagland
Austin Smythe
Jennifer Smith
Earl Constock
Christine Ciccone
Mark Buse
Sharon Soderstrom

FROM: Monty Tripp
Wendy Selig
Eric Pelletier
Jay Contis
Jim Musser

RE: House Proposal for Line Item Veto

DATE: October 26, 1995

We're forwarding to you the House proposal for a Line Item Veto compromise. Based on the discussions of the past several weeks and in deference to Senate concerns, the compromise uses the enhanced rescission model, but applies tight definitions to control the President's ability to item veto both mandatory and discretionary spending, as well as targeted tax benefits. In addition, the compromise preserves the ability of members in both chambers to obtain separate votes, accepts the Senate's lockbox language and the Senate's emergency spending point of order.

While we recognize that Budget is likely to be tied up with Reconciliation in the next few weeks, we'd like to propose a meeting next Tuesday, the 31st, with whomever is available to discuss our proposal and the Senate response. We suggest 3:30 p.m. in the Rules Committee hearing room, H-312 of the Capitol. Please let either Monty (5-5074) or Wendy (5-2536) know if you're available.

House Majority

PROPOSAL FOR LINE ITEM VETO
CONFERENCE ON S.4/H.R. 2

OCTOBER 26, 1995

- * Use House enhanced rescission model
- * Include new direct spending
- * Use JCT approved compromise language on new targeted tax benefits
- * Allow President to propose rescissions of dollar amounts of new budget authority, in whole or in part, within specific "items."
- * Use Senate definition of "item" (including specific exceptions for limitations and reductions in BA)
 - unnumbered paragraph
 - numbered section
 - allocation or suballocation within an unnumbered paragraph or numbered section
- * Require President to specify and justify intent/target of rescission within the rescission message [incorporate specific requirements in Section 1012 (Title X, Impoundment Control Act)]
- * Provide for separate vote procedure in both Houses and provide for expedited conference on disapproval resolution to work within time frame of House bill (10, 20, 10, 5) [note: careful consideration must be given to House procedure to ensure adequate member support for separate votes -- 49 members? 99 members?]
- * Accept Senate lockbox language
- * Accept Senate emergency spending point of order, with a majority waiver requirement
- * Drop "tax expenditure" language
- * No sunset

LINE-ITEM VETO PROPOSAL

1. Definition - a "targeted tax benefit" includes:
 - a. Any revenue-losing provision that provides a Federal income tax deduction, credit, exclusion or preference to 100 or fewer beneficiaries,¹ unless:
 - i. All persons engaged in the same type of activity receive the same treatment, or
 - ii. All persons owning or issuing the same type of asset/investment are treated the same, or
 - iii. Persons are treated differently based solely on the size of the entity being taxed, the amount of the item being taxed, the type of entity, the person's filing status, or pursuant to a generally-available election that has been made by the taxpayer.
 - b. Any transition rule.
 - i. A transition rule is a special rule within a provision's effective date that provides special treatment to 5 or fewer taxpayers, or any portion of a provision that has the same effect.
 - ii. A rule that applies present-law tax treatment to all binding contracts in existence as of the date of committee action, or as of the effective date of the provision, or some other prospective date would not be considered to be a transition rule for this purpose.
2. Procedure
 - a. The tax-writing committees would be required to identify any item meeting the definition of a "targeted tax benefit" when reporting out a bill. Such determinations would be made by the staff of the Joint Committee on Taxation using the best available information at the time.

¹ Any partnership, trust, S corporation, or other pass-through entity and any subsidiary or affiliate of the same parent corporation, shall be deemed and counted as a single beneficiary regardless of the number of partners, beneficiaries, shareholders, or affiliated corporate entities. All qualified plans of a single employer shall be treated as a single beneficiary. Issuers of tax-exempt bonds shall be treated as a single beneficiary with respect to those debt instruments.

- b. Such items would be separately scored, as compared to the rest of the bill if the item were not included.
- c. No one outside of Congress could challenge Congress's identification of targeted tax benefits. Only those provisions so identified would be subject to Presidential line-item veto.
- d. Conference agreements would be subject to the procedure described in "a", above (i.e., all targeted tax benefits would be required to be identified and separately scored, with such determinations being made by the staff of the JCT).
- e. The President could veto only those items identified in the conference report as "targeted tax benefits."

LINE-ITEM VETO SIDE-BY-SIDE

Provision	Senate-passed bill (S_4)	House-passed bill (H.R. 2)
Summary	Provides the President a line-item veto by requiring the separate enrollment of appropriations items, "targeted tax benefits", and direct spending provisions.	Provides President with "enhanced rescission authority" to rescind budget authority provided in appropriations Acts or to repeal "targeted tax benefits".
Relationship to current impoundment process	Existing law unaffected. Adds separate enrollment procedures to existing rescission/deferral procedures.	Existing law unaffected. Adds enhanced rescission procedures to existing rescission/deferral procedures.
Determination of an "item"	Congress determines through separate enrollment procedures what constitutes an item for possible veto.	President determines what constitutes an item for rescission.
Provisions subject to veto/rescission	Appropriations "items", targeted tax benefits, and direct spending "items" may be vetoed in their entirety.	Rescission in whole or in part of "discretionary budget authority" provided in appropriation Acts and repeal of "targeted tax benefits".
Definition of "targeted tax benefit"	Any provision that loses revenue over a ten year period and provides more favorable treatment to a taxpayer or limited group of taxpayers when compared to similarly situated taxpayers.	Any provision that provides a tax deduction, credit, exclusion, preference, or concession to 100 or fewer beneficiaries.
Exemptions	Exempts appropriations provisions that rescind or limits the expenditure of funds.	Prohibits the rescission of any prohibition or limitation on the use of budget authority in an appropriations Act.
Veto/rescission procedures	Provides a 60 vote point of order against legislation that does not separate out items for separate enrollment. President could veto separate bills under existing constitutional procedures.	Gives President authority to rescind "discretionary budget authority" or repeal "targeted tax benefits".
Procedures to overturn veto/rescission	Two-thirds of each House (same as procedures for overriding veto of other legislation).	President's rescission message to be transmitted to both Houses within 10 days of measure's enactment. Message referred to appropriate committees in the House and Senate. Rescission or repeal effective unless disapproval bill is enacted within 20 days.

LINE-ITEM VETO SIDE-BY-SIDE

Provision

Senate-passed bill (S. 4)

House-passed bill (H.R. 2)

Procedures to overturn veto/ rescission (continued)

House expedited procedures for disapproval bill:

1. Committee may be discharged of measure for immediate floor consideration after 7 days of calendar session
2. General debate on disapproval bill is limited to 2 hours, and the measure is non-amendable except that 50 members may obtain a separate vote on any individual rescission item.

Senate expedited procedures for disapproval bill:

1. If disapproval bill is introduced, it is referred to the appropriate committee
2. 10 hours of debate on bill and 1 hour of debate on any motion or appeal.
3. No amendments to the bill (enforced by a 60 vote point of order).

Lock-box

Requires President to lower caps, in the case of a veto of an appropriations item, or to adjust pay-go balances, in the case of a veto of a direct spending or targeted tax benefit item.

Permits President to reduce the caps by the amount of the rescission.

Judicial review

Provides expedited procedures for any member of Congress to challenge the constitutionality of any provision in the bill.

Same provision

Effective date/sunset

Effective on date of enactment; sunsets on September 30, 2000.

Effective on date of enactment with special rules to apply to FY 1995 appropriations bills; no sunset.

LINE-ITEM VETO SIDE-BY-SIDE

Provision

Senate-passed bill (S. 4)

House-passed bill (H.R. 2)

Other provisions

- Prohibits the inclusion of non-emergency items in an emergency bill and provides a majority point of order in the Senate against legislation that includes such items.

- Requires President's budget to include a "performance plan" on tax expenditures and provides a majority point of order in the Senate against tax expenditure legislation that does not include a 10 year sunset provision.

- Annual GAO review of rescissions

Line-Item Vets.

THE WHITE HOUSE
WASHINGTON

July 20, 1995

MEMORANDUM FOR RAHM EMANUEL
BRUCE REED
GENE SPERLING

FROM: Paul Weinstein

SUBJECT: Quotes from Republicans on Line-Item Veto

Attached please find a list of recent quotes from key Republicans on the line-item veto. The quotes from Gingrich and Dole clearly indicate that they strongly favored giving President Clinton line-item veto authority.

CONGRESSIONAL OPINIONS ON THE PRESIDENTIAL LINE ITEM VETO

GINGRICH

Newt Gingrich supports the line item veto for President Clinton. In response to the question, "wouldn't [the line-item veto] lower our budget and help the deficit?", Gingrich responded:

"The answer is, yes, it would. And I support it. And I'm hoping we're going to be in conference this summer. And the line-item vetoes aim specifically at appropriations bills. And he's already indicated that's how he'd use it. And I hope we're going to be able to get it passed and to him this summer so he can actually use it. I strongly favor it. I think 43 of the governors have it. I think you had it when you were governor of Arkansas.

And I think -- now, it's not going to be by itself a panacea, but it's going to cut a couple of billion dollars a year of pork out, maybe as much as \$10 billion if we -- under certain circumstances.

And I supported it when we had Ronald Reagan and George Bush. And just as the other night, frankly, we tried to repeal the War Powers Act to give the President back the right -- the legitimate power of the Commander in Chief, I think that any President ought to have the line-item veto. And I support President Clinton getting it." [President Clinton/Speaker Gingrich joint appearance, 6/11/95]

In February, Gingrich wanted the line-item veto "quickly." "[The] line item veto I hope will get to the President fairly quickly. The President I hope will cut some pork out and that will be an indirect benefit." [Federal News Service, 2/22/95]

ARMEY

Dick Armey says he wants the line item veto for "every President." Earlier this year, House Republican Leader Dick Armey said, "We have wanted the line-item veto for years ... and we've wanted it for every President." [The Hotline, 2/3/95]

GRAMM

Gramm said Clinton's interest in the line-item veto is new. Last November, Gramm said that he supports giving the President the line-item veto but said that he doubts Clinton's sincerity in seeking such authority. "Forgive me for being a little cynical, but when we were trying to do it in the last two years, we never heard a peep out of the President." [LA Times, 11/22/94]

KASICH

Kasich criticized Clinton for not supporting Kasich's line-item vet bill in 1994. In 1994, In 1994, Rep. John Kasich criticized President Clinton for not supporting his line-item veto bill. Kasich: "The President went eyeball to eyeball with change, and he blinked." [Phoenix Republic, 2/15/94]

MCCAIN

McCain says there can be no answer to the deficit without the line-item veto

In 1993, Senator John McCain (R-AZ) said that the line item veto "is not the whole answer" to the deficit problem but added, "There can be no answer without the line item veto." [UPI, 3/10/93]

BOB DOLE ON THE LINE ITEM VETO

APRIL 30, 1993:

Q: Are you in favor of giving a line item veto to the president?

"Yes. *I was when we had a Republican president, and I'm still in favor of the line item veto, but the thing that passed in the House is sort of symbolic, it doesn't really mean anything. I want a real line item veto, and it can apply to tax expenditures as well.*" [Reuter Transcript Report, 4/30/93 (emphasis added)]

FEBRUARY 17, 1993:

"*Line item veto, in my view, ought to have strong bipartisan support. It does have strong, fairly strong bipartisan support now. President Clinton really wants to do this. He can get it done.....*

"I remember Senator Byrd saying you Republicans will rue the day you ever thought about a line item veto if we have a Democrat in the White House. Well, I don't think that's the case. If the president, *whether he or she be a Democrat or Republican*, could put a little more leverage on Congress, if Bob Dole put something into a bill that you can't justify, he can take it out, and I'll have to go back to Congress to justify it. That's not a big hurdle.

"*So my view is we ought to have the line item veto. We ought to have the balanced budget amendment. These are basic ways to deal with the deficit, and we need the discipline.*" [Reuter Transcript Report, 2/17/93 (emphasis added)]

MARCH 12, 1993:

"Dole, who also voted in favor of the failed amendment [to the Motor Voter bill that would have allowed a line item veto], *said he would be willing to trust President Clinton to act in a non-partisan way when he used a line-item veto. 'You're not going to balance the budget,' Dole said. 'But you're going to save \$ 3 billion or \$ 4 billion a year....'*" [Daily Report For Executives, 3/12/93 (emphasis added)]

JANUARY 16, 1995:

ROSS PEROT: All right, sir. And then two that are very near and dear to the hearts of the American people are the line item veto and the balanced budget amendment.

Sen. Dole: "Line item veto - President Clinton supports it. *We hope to do that very soon in the Senate. It takes us a little longer in the Senate because we have different rules. It simply says that if Bob Dole sticks something in a bill that shouldn't be there, the president of the United States, whether he or she be a Republican or a Democrat, can just take that out and sign the rest of the bill. Makes a lot of sense. It gives the president a little more leverage. Some people, so-called appropriators, in Congress don't like it, but the American people like it. That's going to be a priority in the Senate and in the House and it has bipartisan support.*" [Larry King Live, 1/16/95 (emphasis added)]

Line Item Veto

Letter to the editor:

Thank you for your editorial in support of the line-item veto.

Members of the Republican leadership have indicated that the line-item veto will not be taken up again this year. Some Republicans have suggested that there are partisan reasons for this delay. That is not acceptable. The President wants Congress to send legislation to his desk in time for him to make use of the line-item veto this year. There should be no further delay.

This is not a partisan issue, Presidents Reagan and Bush asked Congress for the line-item veto time and again. It was part of the "Republican Contract with America" and President Clinton's "Putting People First." It has strong support from Members of Congress in both parties and both houses. No matter what party the President belongs to or what party has a majority in Congress, the line-item veto would be good for America.

I would like to take this opportunity to set the record straight regarding President Clinton's support for the line-item veto. The President has actively sought passage of the strongest possible version of the line-item veto. Since his January 5 letter to Congressional leaders, the President has on 17 different occasions called on Congress to pass line-item veto authority so that he could cut unnecessary spending and special interest tax breaks.

The American people have waited long enough for the line-item veto. Congress should stop the delaying tactics and pass the line-item veto now.

Sincerely,

Alice Rivlin

Line Item Veto

DRAFT LETTER TO DOLE AND GINGRICH

June 7, 1995

The Honorable Robert Dole
Senate Majority Leader
United States Senate

Dear ...:

I am deeply alarmed by today's press report that some Republicans in the House and Senate want to continue to hold back the line-item veto, so that I don't have it during this year's budget process. The line-item veto is a vital tool to cut pork from the budget. If this Congress is serious about deficit reduction, it must pass the strongest possible line-item veto immediately, and send it to my desk so I can sign it right away.

This is not a partisan issue. Presidents Reagan and Bush asked Congress for it time and again, and so have I. It was part of the Republican Contract with America. It has strong support from members of Congress in both parties and both houses. No matter what party the President belongs to or what party has a majority in Congress, the line-item veto would be good for America.

If Congress will send me the line-item veto immediately, I am willing to pledge that this year, I will use it only to cut spending, not on tax expenditures in this year's budget. I have already put you on notice that I will veto any budget that is loaded with excessive tax breaks for the wealthy. But I need the line-item veto now to hold the line against pork in every bill the Congress sends me.

The American people have waited long enough. Congress should give them and the Presidency the line-item veto without further delay.

Sincerely,

Bill Clinton
President

Line Item Veto

THE WHITE HOUSE

WASHINGTON

March 30, 1995

MEMORANDUM FOR BRUCE REED

MARTHA FOLEY

JACK LEW

CHUCK KONIGSBERG

FROM: Paul Weinstein

SUBJECT: President's Line Item Veto Record In Arkansas

The attached memorandum lists the line item vetoes of then-Governor Clinton. The memorandum also describes the type of line-item authority provided to the Governor of Arkansas.

Prepared by AR Research Dept.
during '92 campaign

SUMMARY

BC LINE-ITEM VETO RECORD

A review of the veto book indicates that BC has exercised the line-item veto only 25 times, and generally for small funding amounts. Several of the line-item veto messages are only five lines long and contain no significant information.

The line-item vetoes are briefly summarized below in the order they appeared in the veto book. If the dollar amount of funding is not listed in the summary, it was not specified in the veto message. In most instances, the letter of disapproval provides sufficient information to determine the nature of the legislation vetoed and BC's reasoning for the veto. In those cases where we have indicated "insufficient information available," we can go beyond the veto book and get more specific information if you think it would be worthwhile.

LINE-ITEM VETOS

House Bills:

4-2-79 -- HB 615 -- Struck language appropriating funds for a volunteer services coordinator position which had not been included in previous budget hearings or his Executive Recommendations.

3-3-83 -- HB-488 -- Struck language which would allocate 27 positions with a biennial appropriation in excess of \$1.3 million to serve the Benton Service Center, citing this was "not the most efficient, cost effective manner of serving needs."

3-30-83 -- HB 696 -- (Insufficient information available as to exact nature of the bill itself) -- Struck language allocating \$40,000 for capital outlay for the Department of Health, Blood, Alcohol Testing Program, because the appropriation was not in Executive Recommendations.

3-24-83 -- HB-809 -- Struck \$200,000 of a \$400,000 appropriations for the construction of a therapeutic pool complex at the Arkadelphia Human Development Center, citing that the amount struck was "not part of our approved budget."

4-15-85 -- HB-363 -- (Insufficient information available as to the exact nature of the bill.) Struck "additional positions for the State Military Department" because they were not "included in either the Executive of Legislative Council budget recommendations."

3-6-85 -- HB 369 -- (Insufficient information available as to the exact nature of the bill.) Struck language on the History Commission citing line items "were not included in executive budgetary recommendations."

4-18-85 -- HB 531 -- (Insufficient information available as to the exact nature of the bill.) Struck language providing funding and staff for a drug and alcohol abuse program for the public schools because enabling legislation had failed to pass.

4-8-87 -- HB 1294 -- (Insufficient information available as to the exact nature of the bill or the line-item veto.) The entire disapproval letter is three lines long citing "this line item was not included in my executive budget recommendations."

HB 1428 -- (77th Gen. Assembly, No Date) Powerfind indicates this bill funded and created a youth apprenticeship program for non-college bound high school students. The only remarks in the veto book read: "This is to advise your Honorable Body that I have signed House Bill 1428, but I have disapproved the appropriation on line 10 of page 2 of House Bill 1428."

HB 1501 -- (77th Gen. Assembly, No Date) Only reference in the veto book is striking two lines "which do not reflect my recommendations on the Arkansas State Library."

HB 1763 -- (77th Gen. Assembly, No Date) Struck appropriations language for the Department of Arkansas Heritage that would have provided \$45,000 in each year of the next biennium as state matching funds for the Resource Center of the Arkansas Endowment for the Humanities Public School Outreach Program. The language was disapproved because it "would put state matching funds into the program for the first time."

HB 1807 -- (77th Gen. Assembly, No Date) -- Insufficient information available as to the exact nature of the bill. Struck language which did not reflect BC's "recommendation on the salary of the position of Real Estate Executive Secretary of the Real Estate Commission."

4-9-91 -- HB 2106 -- Insufficient information available as to the exact nature of the bill. Struck some language because items were not included in the executive budget recommendations. Struck additional language on constitutional grounds which prohibits "mixing budgetary considerations and unrelated substantive language within one bill."

Senate Bills:

1-15-79 -- SB 1 -- In a bill to appropriate monies for the expenses of the Senate during the 72nd General Assembly, struck language appropriating funding for a legislative security officer at the request of Senate Resolution 5.

SB 95 -- (No Date) -- Struck language felt to impair the Constitutional Convention's ability to discharge its duties. The language was struck in consultation and agreement with the Administrative Committee, the Executive Director of the Constitutional Convention, and the Secretary of State.

1-23-79 -- SB 153 -- Insufficient information available as to the exact nature of the bill. Struck language to appropriate monies for "personnel who cannot be employed in this biennium since construction on the facility will almost certainly not be completed within two years."

4-18-79 -- SB 98 -- Insufficient information available as to the exact nature of the bill. Struck language appropriating \$50,000 each year of a biennium for Legal Expense Reimbursement to school districts for "legal expenses involved in suits seeking to avoid desegregation."

4-10-79 -- SB 350 -- Insufficient information available as to the exact nature of the bill or the line-item veto. The veto message was only five lines, stating "this subject is more adequately covered in SB 98, which I intend to sign in the near future."

4-18-79 -- SB 502 -- Insufficient information available as to the exact nature of the bill. The language struck appropriated monies for the Weatherization Program. The veto message does not make the amount struck entirely clear, either \$190,000 or \$380,000. This line-item veto was exercised because a recommendation for \$190,000 in funding for the program was included in other legislation, HB 1182.

4-10-79 -- SB 503 -- The bill appropriated operating funds for DHS and the language struck was a \$7,000,000 additional appropriation for grants-in-aid for the Mental Retardation Fund Accounts. The funding was struck because it had not been a part of the executive recommendation and was not compatible with the planned level of operations or anticipated revenues.

3-10-83 -- SB 232 -- The bill provided funding for the Soil Conservation Districts. Language was struck that allocated \$1,520,000 over and above the executive recommendation for funding level, citing it is not "economically feasible during these tough economic times" to allocate such funds.

3-28-85 -- SB 240 -- Insufficient information available on the exact nature of the bill or the line-item veto. The five-line veto message read in part, "funding for this item was included in Senate Bill 174, which I approved on February 28, 1985, and which is now ACT 218 of 1985."

3-26-85 -- SB 621 -- The bill provided operating expenses for the Department of Parks and Tourism. Language was struck that provided additional funding "not included in the budget" and was for a facility that was unlikely to "be constructed and in need of

operational funding" during the coming biennium.

SB 333 -- (77th General Assembly, No Date) The bill pertained to the State Bank Department and language was struck which did not reflect executive recommendations.

SB 556 -- (77th General Assembly, No Date) Insufficient information available as to the exact nature of the bill. Struck language increasing the maximum salary for the director of the Claims Commission and the Claims Commissioners, citing that the increases exceeded the executive recommendation.

during '92 campaign

without double checking I
Agum.

STATE BALANCED BUDGET REQUIREMENTS
AND LINE ITEM VETO AUTHORITY

Types of Balanced Budget Requirements

Although 49 states operate with balanced budget requirements, the conditions are diverse and governors have various but significant powers to insure a balanced budget. States have generally three types of balanced budget requirements:

- 1) proposed budget must be balanced;
- 2) enacted budget must be balanced; and
- 3) budget at year-end must be balanced.

There are some exceptions; for example, some states require that the governor insure that there are sufficient revenues to cover expenditures, and some states simply forbid debt.

- * States requiring Governor to submit balanced budget: 44
- * States requiring Governor to sign a balanced budget: 37
- * States that may carry over a deficit: 13

Percent of Budget Covered

Most balanced budget requirements cover all or the majority of the budget. While the general fund is the most widely covered by state requirements, most states also include trust funds and debt service on capital spending.

% of State Balanced Budget Requirements Covering Various Funds

General Fund:	48	Federal Funds:	36
Special Funds:	34	Capital Spending:	33
Trust Funds:	30		

The percent of the budget and the funds covered by the balanced budget requirements are not fixed. They represent judgements of state officials and interpretations of generally worded requirements.

Budget/Veto Authority

All but two governors have some type of veto authority over budget bills. Generally, there are four types of veto power: 1) standard line-item, 2) amount only, 3) paragraph, and 4) syntax. The standard line-item is the most common, which 39 states have including Arkansas.

- * States requiring more than simple majority to pass revenue increase: 9
- * States requiring a proportion of shortfalls be made by spending cuts versus revenue increases: 7
- * States with balanced budget enforcement provision: 22
- * Governors with some type of veto authority: 48
- * Governors that may cut budgets without legislative approval: 36 (numbers in bold include Arkansas)

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(numbers in bold include Arkansas)

GOP puts line-item veto on slow track

By Patrice Hill
THE WASHINGTON TIMES

A

Republicans are waiting until fall to enact a line-item veto out of concern that President Clinton might try to use it as leverage to reshape the GOP's tax-cut and balanced-budget legislation.

"There is a great concern in the Senate. We see this as a once-in-a-generation opportunity to put forward a balanced budget. We would hate to have it threatened for political reasons," said Sen. Daniel R. Coats, Indiana Republican and co-author of the Senate version of the line-item veto bill.

"This year is unique," Mr. Coats said, because of the extraordinary number of major tax and spending overhaul bills going through Congress, including the House's \$354 billion tax-cut bill, \$540 billion in

appropriation bills and about \$650 billion in bills reforming Medicare, Medicaid, welfare and other entitlement programs.

"There is a concern that the veto might be used not for its intended purpose, which is to delete extraneous pork-barrel spending from appropriations bills, but used instead to redefine the meaning of tax cuts," he said.

Sen. John McCain, Arizona Republican and co-author of the line-item veto proposal, confirmed that Congress will put off the legislation until it completes work on this year's massive balanced-budget legislation.

"Many don't want the line-item veto because it represents the big-

see VETO, page A14

From page A1

gest shift of power in this century," he said.

Their comments were greeted with surprise and dismay at the White House and by some House Republicans, who in January listed the line-item veto as one of three top items in their "Contract With America" that they hoped to place on Mr. Clinton's desk by his State of the Union address.

The House passed its version of the line-item veto on Feb. 6, but it got stalled in the Senate, where it was substantially rewritten and did not pass until March 23. House and Senate leaders still have not appointed conferees to iron out the differences between the two versions.

Since then, Mr. Clinton has adopted a "veto strategy" against key GOP legislation, including Congress' \$16.4 billion spending-cut bill, with veiled or explicit veto threats hanging over the House's tax-cut and welfare-reform bills as well.

"I don't agree" that line-item veto power should be withheld from President Clinton, said Rep. Gerald B.H. Solomon, New York Republican and a House sponsor of the legislation. "I think whoever the president is, we ought to give him this power."

But he agreed that the legisla-

tion should be delayed until fall, contending that time will not permit the House and Senate to resolve their differences now.

"Perhaps the best thing is to wait until fall when the budget is finished. There is no sense in going through with it now," he said. "They don't have the votes in the Senate for the House bill, and we won't accept their watered-down version."

One White House official said Republican leaders are renegeing on their promise to pass the bill.

"We have taken it on good faith that the congressional leadership wanted to pass line-item veto legislation so it could be used as soon as possible," the official said. "It's hard to believe that supporters of the line-item veto are saying it makes sense for every president but a Democratic president. ... [The Republicans are] delaying the bill for partisan reasons."

"They must be planning a lot of tax loopholes," said Sen. Bill Bradley, New Jersey Democrat. He says he supports the line-item veto because "the one thing it does is allow the president to shine the light on something that's indefensible."

In a letter last month urging House and Senate leaders to move quickly on the legislation, Mr. Clinton cited tax breaks for

minority-owned broadcasters as the kind of special-interest tax item he would target for a veto. "The job is not complete until a bill is sent to my desk," he wrote.

Mr. Clinton's emphasis on using the veto authority to eliminate tax preferences, and his endorsement of the House bill as "stronger and more workable" than the Senate bill, may have swayed some in favor of delaying the legislation.

Republicans on Capitol Hill have been reeling from Democratic charges that they are cutting spending on welfare, Medicaid and other programs benefiting the poor and the middle class to pay for tax cuts that largely help the wealthy.

Tony Blankley, spokesman for House Speaker Newt Gingrich, Georgia Republican, denied that Republicans are thinking of delaying the line-item veto because of the differences between the parties on tax and spending priorities.

"We have been moving along on front-burner items. The budget has naturally had precedence," Mr. Blankley said. "My suspicion is we haven't focused on going to closure because we've been focusing on the balanced budget."

He wasn't surprised that some senators were talking about delay. "The natural instinct for the Senate is to delay," he said.

The Washington Times
* WEDNESDAY, JUNE 7, 1995

Council OKs benefit cap for welfare moms

Youth curfew also approved

By Jeanne Dewey
THE WASHINGTON TIMES

A1

The D.C. Council yesterday gave preliminary approval to a series of changes in the city's welfare rules, including imposing a family cap to end the practice of increasing cash payments for children born to welfare recipients.

The council also easily gave preliminary approval to a curfew for children under 17 between 11 p.m. and 6 a.m. Sunday through Thursday and midnight to 6 a.m. the other two nights.

The curfew carries a fine up to \$500 for the parents of violators and requires youths to be held in detention centers — probably schools currently used to hold students picked up as truants — until their parents pick them up. Parents also may be referred to parenting classes.

The welfare-reform bill reflects a national trend toward encourag-

ing welfare recipients to work toward getting off public assistance. Proponents say a family cap encourages welfare mothers to practice family planning and discourages the perception that some women have more children to increase their income. New Jersey has a family cap, and about a dozen other states have forms of one.

Council member Linda Cropp, at-large Democrat, said the "incentives, sanctions and supports" in the welfare bill are needed to encourage the District's growing number of welfare recipients to become self-supporting.

"The cost to the community is a tremendous loss of human potential," said Mrs. Cropp, chairman of the council's Committee on Human Services. "We're talking about money, and we're also talking about changing human behavior."

see COUNCIL, page A14

from page A1

An effort by council member Kathleen Patterson, Ward 3 Democrat, to strip the family cap died on a 6-6 vote, but some council members said they are not comfortable with the cap and may try to remove it from the bill before the final vote next month.

Mrs. Patterson said there is no evidence that women on welfare have children to get more money or that they have fewer children under family caps.

Council member William Lightfoot, at-large independent, voted against Mrs. Patterson's provision but said he will study the issue and consider a limited rollback of the family cap before the final vote on the bill.

The D.C. welfare rolls have increased 50 percent since 1989, from about 18,000 to 27,000. The program cost \$148 million in fiscal 1994, which ended Sept. 30.

The family cap would end the practice of increasing welfare payments by about \$60 for each new child. Children born on welfare still would be eligible for Medicaid and food stamps.

The welfare bill passed 11-1. Council member Harry Thomas, Ward 5 Democrat, voted against the bill after an impassioned

The curfew carries a fine up to \$500 for the parents of violators and requires youths to be held in detention centers — probably schools currently used to hold students picked up as truants.

speech in which he said he couldn't cast a "vote against babies."

Council member John Ray, at-large Democrat, was absent during the vote.

The bill also would:

- Require welfare recipients under age 19 to live with their parents or other adults and to attend school.

- Force adult recipients to work or perform community service.

- Repeal a provision that prohibits welfare recipients from working 40 hours a week.

On the curfew legislation, the American Civil Liberties Union of the National Capital Area plans a court challenge, as it is challenging a similar law in Laurel. The D.C. Court of Appeals overturned

the District's first curfew law in 1989.

Mr. Lightfoot, chairman of the Judiciary Committee, said the new curfew passes constitutional muster because it includes a way to identify at-risk families and makes exceptions for youths traveling to work.

While the curfew is aimed at curbing crimes by and against teens in the wee hours, Mr. Lightfoot said it is not punitive.

"It provides civil fines, but, more importantly, it establishes a chance to strengthen the family unit by providing counseling and guidance where it may be necessary," he said.

But Suzin Glickman, the ACLU's public education director, said: "In order for the government to take away your liberties, it has to be punishment for a crime. Furthermore, parents have a right to raise children the way they want to as long as they don't abuse or neglect them."

The curfew bill was approved on a voice vote, with only council Chairman David Clarke, a Democrat, voting against it, saying police officers should not be taken off the streets to baby-sit.

The council declined to pass the bill on an emergency basis, which would have made it effective immediately, but Mr. Lightfoot said he expects the emergency bill to pass at the council's next meeting.

Line-item veto, product-liability issues bite the dust

By Major Garrett
THE WASHINGTON TIMES

Two key parts of the "Contract With America" — the line-item veto and product-liability reform — are dead this year, House Speaker Newt Gingrich said yesterday.

The House and Senate have been bogged down over substantial differences in both bills, and Mr. Gingrich said neither issue was likely to be resolved before Congress adjourns this fall.

House and Senate negotiators have been talking for weeks about a compromise on the line-item veto. No such talks have begun on product liability because the differences between the House and Senate bills are so vast neither side has felt compelled to meet.

"My sense is that we won't get to them this year," Mr. Gingrich

House, Senate differences too wide to overcome, Gingrich says

said. The speaker also defended the GOP leadership's reluctance to move too fast to trim agencies and programs Republicans have long criticized as wasteful and unnecessary.

While Republicans have moved to reduce funding for public housing, environmental protection and little-known government agencies, they have preserved funds for programs they once assailed.

Spending bills this year call for cuts of 20 percent to 50 percent to the Legal Services Corp., the Appalachian Regional Commission and the Economic Development Administration. Republicans have long argued these agencies should be abolished.

So far, the Legal Services Corp.

is scheduled to receive \$274 million, the Appalachian Regional Commission \$142 million and the Economic Development Administration \$348 million.

What's more, Republicans have preserved millions in spending for local water projects, rejecting a Clinton administration proposal to return more power to state governments and ending the federal role in local flood control.

House Republicans also endorsed hundreds of millions of dollars for "demonstration" road and highway projects authorized in the 1991 highway bill.

Budget watchers have criticized local water projects and the "demonstration" road and highway projects as classic examples of pork barrel spending.

Republicans have cut \$22 billion from the 1995 budget, which is the largest single-year reduction in domestic discretionary spending in years.

Republicans also cut \$16.4 billion from the 1995 budget to pay for \$9 billion in emergency aid for states ravaged by hurricanes and floods and to nominally reduce the deficit. The bill is stalled in the Senate and each week that passes the likely savings from the 1995 budget grow smaller.

"We've seldom before had people willing to put pork on a diet," Mr. Gingrich said. "And you now have an entire committee that's sort of the dietary pork center."

Nevertheless, nearly 50 percent of the GOP's scheduled spending cuts are not due until 2001 and

2002

Over time, he said, Republicans will overcome political pressures to have preserved pet projects and reach a balanced budget.

"The number zero is magic," Mr. Gingrich said. "I mean, if we were going for half the deficit we have today, we could not do this. If you say to people over and over again, 'Do you want to balance the budget or do you want to flinch? There's no third path here.' And by doing that week after week, I mean, we're getting tremendous response."

Mr. Gingrich also said the coming debate over Medicare reforms will be the most important test of his leadership and the cohesion of the Republican majority in Congress.

Current plans call for Republicans to reduce the rate of growth in Medicare, the federal health insurance program for 35 million elderly Americans, by \$270 billion over seven years.

This change will reduce Medicare's annual growth from a projected 10 percent to roughly 6 percent.

Democrats have begun waging a nationwide campaign to protest the Medicare changes and Mr. Gingrich said if they succeed in frightening Republicans from changing the system the GOP could lose its majority status.

"If we win the Medicare debate ... we have established a framework for a conservative majority for a generation," Mr. Gingrich said. "And if we lose that debate and the left can assault us among senior citizens, we are in for a long 1996."

The Washington Times
* THURSDAY, JULY 13, 1995

Grassley blasts AmeriCorps' early cost

By Ruth Larson
THE WASHINGTON TIMES

Sen. Charles E. Grassley yesterday attacked President Clinton's pet national service program and called on AmeriCorps officials to justify "outrageous costs to federal taxpayers."

"Taxpayers are paying far more for this program than advertised," the Iowa Republican said in a statement. "We're told we're getting a good government program. Instead, it appears to be a Great Society-style boondoggle."

Mr. Grassley has been an outspoken critic of the AmeriCorps program, which is a little more than half way through its first year. Releasing the results of a General

Accounting Office study he commissioned in the fall, the senator blasted the program for costing nearly \$27,000 per participant, far higher than the administration's original \$18,000 estimate.

"The president's goals of helping more young people go to college and serve their communities are commendable," Mr. Grassley said. "However, when compared to other proven programs, both public and private, AmeriCorps is by far the most expensive and least effective way to achieve these goals."

But at the Corporation for National Service, which oversees AmeriCorps, officials were crying foul, saying Mr. Grassley and the GAO were presenting grossly mis-

leading figures.

External Affairs Officer Rick Allen pointed out that AmeriCorps is still in its start-up year and that the GAO used less than a year's worth of data.

"This is like asking, 'What do you think your checkbook will look like in December?' I haven't even written all the checks yet," Mr. Allen said.

After visiting seven AmeriCorps sites, the GAO found that the average participant receives about \$13,000 in benefits, including pay, health care and educational grants. The rest — more than half the costs — covers administrative expenses, despite administration assurances that overhead would not top 5 percent.

Participant costs are considerably higher for those working for federal agencies. For example, the GAO reported that some Agriculture Department-sponsored programs were spending more than \$43,000 per participant. On average, participants working with federal agencies cost \$31,592 each, or \$26,037 for those at non-federal groups.

Mr. Grassley also was critical of the fact that 93 percent of costs are being paid with federal, state and local tax dollars. Private contributions from individuals and businesses represent the other 7 percent, not the 50 percent promised.

"When other federal government programs to help veterans

COST OF AMERICORPS

Sen. Charles E. Grassley, Iowa Republican and longtime critic of the AmeriCorps service program, yesterday released a General Accounting Office report showing that program costs are rising and taxpayers are footing 80 percent of the bill.

Federal contribution to AmeriCorps	\$264 million
State and local government contributions	\$50 million
Private contributions	\$22.7 million
Average funding per participant	\$26,947
Federal portion	\$21,100
State and local share	\$4,028
Private share	\$1,819
Funding per participant working for federal agencies	\$31,592
Funding per participant working for other organizations	\$26,037

Source: General Accounting Office

The Washington Times

and the poor are being asked to accept tough fiscal realities, neither those beneficiaries nor taxpayers should be asked to lay out \$19.81 an hour for government-paid volunteers and big bu-

reaucracy," Mr. Grassley said. Mr. Allen complained that Mr. Grassley had gone public with "very preliminary figures."

"This report is not a draft report stage."

Republicans fume over Vietnam ties

Funds for policy may be in peril

By Nancy E. Roman
THE WASHINGTON TIMES

House Republicans yesterday assailed President Clinton's decision to normalize diplomatic relations with Vietnam, saying it was a slap in the face for the families of 2,200 soldiers still unaccounted for.

Rep. Benjamin A. Gilman, New York Republican and chairman of the International Relations Committee, said the decision was "premature at best" and "could lead to legislation barring the use of federal funds to establish diplomatic relations or to advance our economic relations with Vietnam."

"We must ask whether normal relations can be built on a foundation of questions and doubt," Mr. Gilman said during a committee hearing.

House Speaker Newt Gingrich, Georgia Republican, said yesterday that he has not talked with Mr. Gilman about legislation and does not know whether he would support it. "But I support it coming to a vote," he said, adding that the issue will be debated over the next few weeks.

No Democrats on the committee attended the hearing, leaving it mostly a GOP forum for denouncing the decision as insensitive and driven by money-making interests.

Rep. Christopher H. Smith, New Jersey Republican, said Hanoi officials have feigned cooperation while concealing information about missing Americans.

"They are laughing at us in Hanoi again," he said.

Rep. Dana Rohrabacher, California Republican and committee member, said normalization is not necessary for trade because Americans have been free to export to Vietnam since the trade embargo was lifted.

"American businessmen are looking for taxpayer subsidies and loan guarantees," he said. "It's a travesty."

Rep. Dan Burton, Indiana Republican, said the president's decision is consistent with his decision to return Cuban refugees to Fidel Castro's communist regime.

"Why is this government so hell-bent to work with leftist regimes?" he said.

Rep. Pete Peterson, Florida Democrat, a former fighter pilot who was held for 6½ years as a prisoner of war in Vietnam, was the first to testify in support of the president's decision.

Although the wounds caused by the war with Vietnam are deep



Rep. Robert K. Dorman, a GOP presidential candidate, takes a turn yesterday at attacking the Vietnam policy.

Hanoi welcomes ties, seeks trade

FROM COMBINED DISPATCHES

HANOI — Welcoming diplomatic ties with the United States, Vietnam focused yesterday on the benefits of increased trade.

President Clinton hardly mentioned economic issues Tuesday when he announced his decision to recognize Vietnam. Mr. Clinton instead stressed the view that full diplomatic relations with Hanoi will help the U.S. quest for an accounting of American servicemen missing from the Vietnam War.

Establishing diplomatic relations, however, means the United States is more likely to grant Vietnam most-favored-nation trading status.

"We will implement that full relationship in a comprehensive way by immediately starting talks on establishing normal trade relations," Deputy Foreign Minister Le Mai said yesterday at a news conference.

Prime Minister Vo Van Kiet said on television he hopes for exchanges in trade, science and technology "on the basis of equality and mutual respect for

each other's independence."

Both men also pledged to continue working with the United States to clarify the fate of the 2,202 Americans still missing from the war.

Mr. Mai said many Vietnamese feel compassion for the families of missing Americans because they have been unable to recover the remains of about 300,000 Vietnamese war dead.

Among those whose bodies were never found are Mr. Kiet's first wife and two small children; killed when their boat came under U.S. fire in 1966.

Other Asian leaders yesterday reacted with uniform enthusiasm to Mr. Clinton's decision to establish full diplomatic ties.

"It is past time for the two countries to put behind them the tragic past, heal the wounds and search for common ground for the future," Philippine President Fidel Ramos said at a news conference.

Another former U.S. wartime ally, South Korea, said: "We welcome that President Clinton announced normalization of ties with Vietnam."

and have been slow to heal, "the time has come," Mr. Peterson said.

He noted that Hanoi has returned 167 sets of remains since the United States lifted the trade embargo a year ago, saying that many Americans are unaccounted

for because they were lynched in the streets.

"Obviously, I'm emotional about this, because I lost hundreds of my own friends, but I also know that hate and recrimination do not

solve our problems. We must move forward."

But most of the House members who served in Vietnam testified that Mr. Clinton's decision to normalize relations with the former enemy nation was misguided.

Rep. Sam Johnson, who spent seven years as a POW and was decorated with two Purple Hearts, said Mr. Clinton — who evaded the draft during the war — promised the families of those missing in Vietnam that he would not normalize relations until a full accounting had taken place.

"For the friends of servicemen, it was a slap in the face," the Texas Republican said. "They call us a 'paper tiger' — that's what they call us, and it's justified by this decision yesterday."

Rep. Randy "Duke" Cunningham, California Republican and ex-fighter pilot, broke down when recalling the atrocities inflicted upon POWs by their Vietnamese captors, and again when telling of a California boy who repeatedly asked Mr. Cunningham to tell him about his father.

"This is a government that embraces Castro and Iraq. . . ." he said. "Mr. Chairman, I think that's wrong."

Senate Majority Leader Bob Dole, Kansas Republican, has suggested withholding money for U.S. diplomatic operations in Vietnam.

"Unfortunately, President Clinton did not address the central issue: Is Vietnam continuing to withhold information and remains which could easily be provided?" he said.