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The Director of Central Intelligence

Washington, D.C. 20505

ER 85-2551/1

11 JUL 1985

The Honorable Jerry Lewis  
Chairman  
Republican Research Committee  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your interest in the Intelligence Community as expressed in the Committee's book "Policy Alternatives: Ideas for Tomorrow, Choices for Today."

Due in large measure to the efforts of the Administration and the Congress, the past few years have been a period of restoration for the Community, both in capabilities and spirit.

Because of this support, the Community has made advances on many of the issues espoused in your report. For example, we continue to enhance the capabilities of our technical means of acquiring information and have plans for significant capabilities for the future. Efforts to improve our access through human sources are equally vigorous. I can also assure you that gains continue to be made in the coordination of intelligence community activities.

We appreciate the opportunity to comment on the book. If you need further assistance, please feel free to call.

Sincerely,

/s/ William J. Casey

William J. Casey

Act.EA/ExDir/JM:sg (5 July 85)

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**U.S. House of Representatives**  
**Washington, D.C. 20515**

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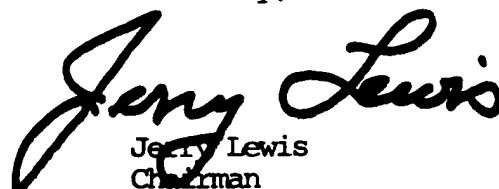
The Honorable William Casey  
Central Intelligence Agency  
Washington, D.C. 20205

Dear Mr. Casey:

In early January the House Republican Research Committee released a book of policy alternatives entitled "Ideas for Tomorrow, Choices for Today." Many of the book's ideas require legislative action, and the Committee is tracking their progress through the 99th Congress. In addition, a number of the proposals entail administrative action. Please review the enclosed sections, which bear on your agency's work. I would be most grateful if you could tell me of any recent action embodying proposals listed in these pages.

I shall look forward to hearing from you. If the Research Committee can be of any further assistance, please do not hesitate to get in touch with us.

Sincerely,

  
Jerry Lewis  
Chairman

Enclosure



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## Regulatory Process

### The Setting

Federal rules and red tape, despite their good intentions, cost the US economy over \$100 billion a year—an expense consumers ultimately pay. In past years, the absence of a workable regulatory oversight process led to inefficiency, because bureaucrats had no incentive to consider how their rules would affect economic growth. In 1981, President Reagan set up the first systematic process for managing federal regulation. Under Executive Order 12291, executive agencies must gauge the likely economic effects of all proposed and final rules, and the Office of Management and Budget must review them before they are issued. A new problem has cropped up, however. In 1983, the Supreme Court declared existing legislative vetoes unconstitutional, thereby depriving Congress of a check on agency discretion. Furthermore, President Reagan's review process is not yet statutory and thus could be scrapped by a future administration.

### Current Policy

President Reagan continues to back regulatory reform. Because of his work to date, the growth of new regulations has been cut by more than a third, and government-imposed business paperwork has shrunk by several hundred million man-hours a year.

In spite of progress in specific regulatory areas, overall process reform has had a hard time on Capitol Hill. In 1982, the Senate unanimously passed a bill requiring cost-benefit analysis and authorizing a two-house legislative veto. This bill did not reach the House floor. The 98th Congress had hearings on regulatory reform, but took no major action.

### Policy Alternatives

- Authorize the congressional veto by use of a joint resolution of approval for major rules and a joint resolution of disapproval for others.
- Require agencies to undertake regulatory analyses for new major rules and their alternatives. Agencies would have to choose the most cost-effective alternative unless otherwise forbidden by law.
- Provide for a regulatory budget: a ceiling on the amount of regulatory costs that could be imposed on those subject to federal regulation.

# Intelligence

## The Setting

Since the formation of the House and Senate Select Committees on Intelligence, Congress has increasingly influenced intelligence policy. Congress has curbed covert action in Central America and elsewhere. Lawmakers have criticized intelligence agencies for apparent failures to forecast the Shah's downfall, the Soviet invasion of Afghanistan and attacks on US diplomatic posts, to name a few. American intelligence has indeed had its shortcomings—stemming largely from an erosion of morale and support, which hit bottom in the 1970s. But the intelligence community did better than that period's headlines suggested. As President Kennedy once told CIA officials, "Your successes are unheralded, your failures are trumpeted."

## Current Policy

The Administration has restored the intelligence community's vitality, but skepticism and even hostility linger among congressional Democrats. Under their pressure, Congress has hampered operations through curbs on intelligence-gathering and covert action, and through news leaks calculated to torpedo operations. The Intelligence Committees were intended to be non-partisan, but politics has colored their work, especially when intelligence activities have involved foreign policy controversies. On the positive side, Congress has responded to Administration requests for improved intelligence resources, and has exempted certain sensitive intelligence files from the Freedom of Information Act.

## Policy Alternatives

- Revise Intelligence Committee appointment procedures to ensure an orderly transition of membership. And to protect the intelligence community's budgetary interests, the Committee should continue to emphasize its current policy that some of its members serve on either the Appropriations, Armed Services, Judiciary or Foreign Affairs Committees. Before the establishment of the Intelligence Committees, each of these bodies had exercised oversight in this field.
- Ensure that sensitive classified material from the Intelligence Committee is shared with other committees on a case-by-case basis only.
- Establish criminal penalties for unauthorized disclosure of classified information by those with access to sensitive information. Criminal penalties currently apply only to unlawful disclosure of communications intelligence, identities of covert agents and energy-restricted data.
- Continue procurement of technical intelligence systems and improve recruitment of intelligence agents, with an emphasis on ethnic and native-speaking candidates.

# Ideas For Tomorrow, Choices For Today:

POLICY INITIATIVES OF THE COMMITTEE  
ON THE FIRST ONE HUNDRED DAYS

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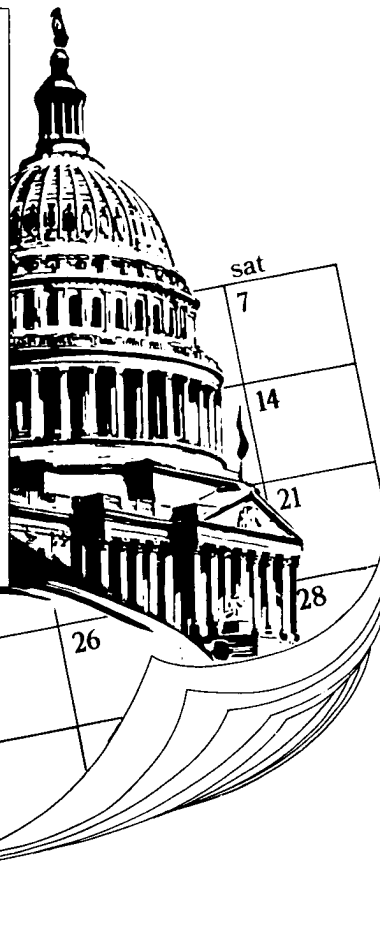
House Republican  
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# Ideas For Tomorrow, Choices For Today:

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ON THE FIRST ONE HUNDRED DAYS

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House Republican  
Research Committee

Jerry Lewis, Chairman

# **Ideas For Tomorrow, Choices For Today:**

**POLICY INITIATIVES OF THE COMMITTEE  
ON THE FIRST ONE HUNDRED DAYS**



**House Republican  
Research Committee**

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## Preface

Children born this year will cast their first vote in the twenty-first century. Will they be struggling with scarcity and insecurity? Or will they be building upon growth and strength? This year could start to tell the tale.

The American people have already chosen which path they want. In giving President Reagan a mandate, they approved his record and endorsed his principles: hope, opportunity and peace through strength.

House Republicans won an even greater victory than our seat gain would suggest. About half the people voted for our candidates; and in contested races, Republicans won a clear majority of the total popular vote. Were it not for congressional districts sculpted to favor the other party, Republicans might be running the House already.

Someday soon, we will. Looking to that day, we enter the 99th Congress with a vision of the future, in which government encourages initiative, protects family values, maintains a strong national defense, and joins with private and community organizations in helping the needy. This document, prepared by the Committee on the First 100 Days of the House Republican Research Committee, presents a roadmap of where we want to lead America. The House's Democratic rulers may try to obstruct our proposals, but by drawing a roadmap, we can show America where the roadblocks are—and who put them there.

This is an outline of things to be done, not a rigid schedule of legislation. Our responsibility as a party demands that we prepare for the future we envision. Even if some of our proposals must await further economic improvement, the vision remains to inspire our party and, we believe, a majority of Americans.

The agenda consists of five major sections:

- Economic Growth and Opportunity
- Free Individuals and Strong Families
- Natural Resources and Human Frontiers
- Fair and Efficient Government
- A Strong America in a Peaceful World.

Each section comprises a number of one-page issue papers. Each paper is organized as follows:

- “Setting” discusses the issue’s historical background.
- “Current Policy” describes recent efforts to remedy the problem.
- “Policy Alternatives” outlines future options. (The document’s final pages contain a list of relevant sample bills from the 98th Congress.)

In drafting this document, the Committee on the First 100 Days solicited ideas from scholars, public policy institutes, private sector groups, congressional committees and their staffs. Although they do

not bear responsibility for the final document, their insight and variety are reflected here: like a roadmap, each set of options offer several routes to the same destination. Given this abundance of ideas, no one should expect that every Republican will endorse them all. Our party enjoys both a sense of common direction and an exciting diversity of thought, so the agenda does not exhaust the range of issues and options that House Republicans are going to consider. (Because of the complexity of the titlements issue a special task force of the Research Committee will be issuing a supplementary report.) As new challenges arise, we will craft new solutions. President Kennedy put it this way: "All this will not be finished in the first one hundred days. Nor will it be finished in the first one thousand days, nor in the life of this Administration, nor even perhaps in our lifetime on this planet. But let us begin."

## **A Dream Coming to Birth An Introduction**

The Democratic leaders have a problem with Franklin Roosevelt: grasping for his ghost, they have lost his spirit. Unlike them, FDR believed in change. Forty-eight years ago, he started his second Administration with words that echo true today: "With this change in our moral climate and our rediscovered ability to improve our economic order, we have set our feet upon the road of unending progress. Shall we pause now and turn our back upon the road that lies ahead? Or, shall we continue on our way? For 'each age is a dream that is dying or one that is coming to birth.'"

FDR's party has run out of dreams: it only offers recurring nightmares. It was sometime in the 1960s that Democratic policies went bad. The "Great Society" promised hope to the poor, but its programs ultimately spawned dependency and despair. Indeed, the poverty rate stopped falling just when social spending hit new highs. Joblessness and inflation also worsened under the policies born in the 1960s. Even so, the House Democratic leaders want to turn back to that road, carrying a satchelful of taxpayer dollars. They paint a glossy picture of what would happen if only we had more of the same; but that reality lies in the gutter, where the glitter doesn't glow.

The Democrats failed because they have a mythology instead of a philosophy. They believe that coercion works better than incentives, that progress comes gift-wrapped in red tape. Bureaucratic values must outweigh individual values, they assume, so all power must flow to Washington, DC.

The Atari Democrats lay claim to new ideas. But upon a close look, most of their "new ideas" are antiques touched up with varnish and gilt. What else is "industrial policy" but a disinterred Reconstruction Finance Corporation, an idea that wore out decades ago? The party is a loveless marriage between the New Deal and the Big Chill, who live in a house with shuttered windows.

The House Republicans offer a better way.

Our premise is simple: America's real energy comes not from government, but from millions of good hearts and creative minds. Our country is embarking on a massive peaceful revolution—and the revolutionaries range from scientists closing in on cancer cures to children tapping their ABCs on a computer keyboard. Government's role is to encourage this revolution and help bring its benefits to all Americans.

In many ways, government can best welcome the future just by getting out of the way. We propose long-range procedural reforms to curb government spending and return the money to its rightful owners, the people. Their savings and investments can do far more good than Congress's obese appropriation bills. We will take a fresh

look at regulatory reform. Because of technological innovation, many rules that may have still made sense only a few years ago are now going stale.

Government should also provide entrepreneurs with incentives and support. Enterprise zones could bring jobs and hope to communities that some write off as burnt-out cases. NASA's efforts and other research programs could make way for discoveries that will change our lives. Who knows what diseases could be cured and what resources could be found?

Even as America masters the changes in the material world, it must stay anchored to the traditional values of family and fairness. We think government can play a positive role in helping families find opportunities for adoption, day care and good education. Children have the right to mature into this great era unscarred, and we propose policies to guard them from abuse. Although the future belongs to the children, America should never leave the old and the handicapped behind; the benefits of technology should be channeled to their aid. Compassion also entails respect for individual liberties. We support equal opportunity for women, minorities and all other Americans.

Americans have no monopoly on such aspirations. People everywhere are seeking peace, freedom and opportunity. Democracy has spread beyond the North Atlantic nations to countries in Asia and Latin America. We look forward to a day when the term "Free World" applies to the entire globe. Yet, there still remain many national rulers who do not share our values. They employ terror, subversion and aggression; mounting evidence suggests that they have dropped "yellow rain" onto Afghan soil and spilled the Pope's blood onto Roman pavement.

House Republicans hope that the next century will be free from violent conflict. But we agree with President Eisenhower: "No matter how earnest is our quest for guaranteed peace, we must maintain a high degree of military effectiveness at the same time we are engaged in negotiating the issue of arms reduction. Until tangible and mutually enforceable arms reduction measures are worked out, we will not weaken the means of defending our institutions." This is also President Reagan's path, and we should keep to it.

Our country once enjoyed a bipartisan consensus on foreign policy. Since the late 1960s, some Democratic leaders have turned their backs on the tradition exemplified by Harry Truman, Hubert Humphrey and Henry Jackson. Yet House Republicans do not despair. The principle of peace through strength is still embraced by most Democratic voters, as well as many Democratic officials. We invite them to join with us in restoring consensus. After all, a democracy's security rests not so much on hardware or strategy as on the people's unity and will.

Novelists warn us that the future could go wrong. In one story, reading is forbidden. In another, the people are drugged into docility. And in the most famous tale of this kind, *1984*, Big Brother watches everyone's thoughts and deeds. The real 1984 has come and gone



without any of these disasters coming true, but we should not lapse into complacency. It is hard work to build a good future: idleness could cost us all the opportunities described above. House Republicans are unafraid of tough challenges, and we stand ready to clear the way for a better world. We believe that the future is not a matter of chance; it is a matter of choice. It is not something to be waited for; it is something to be achieved.

## Economic Growth and Opportunity

President Reagan inherited a sickly economy in 1981. Inflation, unemployment and interest rates were all up; productivity, savings and investment were all down. After four years of President Carter and twenty-six years of Democratic congressional rule, America needed strong medicine. And the Reagan Administration provided it, in the form of a *four point Economic Recovery Program*:

- a three-year, across-the-board cut in personal income taxes;
- an effort to brake federal spending;
- a plan to reform burdensome and outdated regulations;
- a reformed monetary policy to ensure price stability through steady, predictable growth of the money supply.

The House Democratic leadership balked much of this program, but the President did win some victories, especially the tax cut. As a result, the economy rebounded. Now as we enter the first 100 days of the second Reagan Administration, Congress should consider a *five part Economic Growth and Opportunity Program* that builds upon the policies of the past four years. Aimed at bolstering our productive strength and preventing a resurgence of inflation, this new program includes:

- simplifying the tax code, which would broaden the tax base, permit lower marginal rates and provide incentives for savings and investment;
- improving the budget process so as to curb spending for well-intended but inefficient programs;
- supporting monetary policy that would allow greater public scrutiny of Federal Reserve Board policy and enable the Fed to control the money supply more coherently and predictably;
- reforming regulation to encourage competition and offer consumers the widest choice at the lowest price, yet also to protect consumers where necessary;
- nurturing opportunities for employment, enterprise, innovation and trade.

In working with Congress on these programs, the President should have access to expert advice that looks to the general interests of the American economy. The Council of Economic Advisers, unconstrained by the institutional perspectives of other agencies, has performed this role in the past. Having a strong, possibly reformed, CEA to help formulate and promote sound policies could aid the Administration in winning legislative approval for its economic agenda.

In short, the plans outlined here show that economics need not be the dismal science. It can also be the science of hope, growth and opportunity.

## **Tax Reform**

### **The Setting**

In 1962, President Kennedy said, "Every dollar released from taxation that is spent or invested will help create a new job and a new salary. And these new jobs and new salaries can create other jobs and other salaries and more customers and more growth for an expanding American economy." The subsequent Kennedy tax cut proved just that. But Congress soon forgot the lesson and indulged in the ruinous cycle of tax-and-spend. By 1980, average and marginal tax rates had risen to levels that threatened economic growth.

### **Current Policy**

The Economic Recovery Tax Act (ERTA) of 1981 cut income taxes by 25% over three years. Much of this reduction, however, has been offset by other revenue measures: the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, the gasoline tax increase, the Social Security tax increases in 1983, and the 1984 Tax Reform Act. Still, the Reagan tax cut has contributed to an unprecedented growth in the American economy.

Now as we prepare to spur more growth by further reducing government's reach, we also face the separate challenge of tax reform. Fairness and simplicity are important goals in their own right, and they require prompt attention.

### **Policy Alternatives**

To encourage investment and innovation, several other papers in this document recommend tax incentives, which are less costly and more efficient than bureaucratic outlays. Obviously, such proposals would be modified as we simplify the tax code.

- Enact a modified flat tax such as the Treasury Department proposal or the Kemp-Kasten "Fair and Simple Tax" to simplify the tax code, broaden the tax base, permit lower marginal rates and close loopholes that allow some rich people and corporations to escape their fair share of taxes.
- Along with a modified flat rate, provide enhanced savings incentives that broaden the use of IRAs, and create a super savings account (Roth-Moore BEST Tax).
- Increase tax-free ceilings on IRAs to encourage further saving.

## **Congress and the Deficit**

### **The Setting**

The federal government is running huge deficits because it spends too much, not because it taxes too little. In 1966, federal revenues amounted to 18.1% of the gross national product; in 1983, the figure stood at 18.6%. Yet at the same time, outlays shot up from 18.6% to 24.7%. Consequently, the deficit has risen from less than 1% of GNP to slightly under 5% today. (Fiscal 1969 brought a small surplus.)

Under the Constitution, Congress holds the power of the purse, so much of the responsibility for deficits belongs on Capitol Hill. Since 1981, Congress has promised spending cuts if tax increases were enacted to deal with the deficit. Despite the promises, congressional deficit-reduction packages have tended to emphasize revenues over savings.

High deficits have propelled the economy into uncharted waters. There is no consensus on the exact nature and magnitude of the effects, but some things are clear. Excessive government spending uses up productive resources that could be put to more efficient use by private business or made available to future generations. We are burdening our children with more than a trillion dollars of debt; the interest alone already takes up more than a tenth of the budget.

Congress's immediate task is to prevent an exponential growth in the debt, the deficit and federal interest expense.

### **Current Policy**

The Reagan Administration has carried out a number of Grace Commission recommendations to improve management and efficiency. For the next fiscal year, the President is proposing significant budget savings. The House Democratic leadership, however, has done little to improve the congressional budget process.

### **Policy Alternatives**

- Enact broad-based spending reductions. Specifically, give careful consideration to the President's proposed savings.
- Stimulate economic growth. Reform of taxation, regulation and monetary policy—described in other issue papers—will encourage savings and investment, and thereby generate more revenue.
- Amend congressional rules to require that legislation allocating new funds would have to provide a source for those funds, either in the form of new revenue or a cut in existing programs.
- Streamline the congressional budget process by providing for a single budget resolution to control discretionary budget authority and establishing a Joint Budget Committee.
- To ensure greater openness in the budget process, require appropriation bills to be marked up and made public seven days before a floor vote.

## **Further Budget Reform**

### **The Setting**

The troubles described in the previous paper signal a deeper problem: Congress is biased toward overspending. Budgets are set by adding expenditures for separate programs. People with a stake in each program work to get it funded; the majority of people, each paying only a few tax dollars for that program, might not fight it. Congress takes few political risks by voting the funds, but the costs add up.

Some costs are not immediately obvious. Many off-budget outlays have virtually the same economic impact as direct expenditures, but are not treated as part of the budget. Neither are unfunded future liabilities (e.g., various subsidies). Although it is hard to measure such items, it is evident that they distort the overall fiscal picture. The budget cuts and procedural changes outlined earlier can do a great deal of good over the next few years. But to guard against excess in the longer run, the government should adopt further reforms.

### **Current Policy**

President Reagan has long advocated structural reforms such as the item veto and the balanced budget amendment.

### **Policy Alternatives**

- Adopt a constitutional amendment requiring a balanced budget and limiting the total amount the government can tax and spend.
- Adopt a constitutional amendment allowing the president to veto line items in appropriation bills.
- Adopt a constitutional amendment requiring a two-thirds vote of Congress on bills and joint resolutions making appropriations and on concurrent resolutions on the budget.
- Allow the president limited authority to impound funds. Such power was removed by the 1974 Budget Act.
- Consider a two-year budget cycle, which would permit longer planning horizons and more orderly decisionmaking.
- Bring off-budget items into the budget. In 1984, over \$14 billion was not subject to ceilings set in budget resolutions.
- Adopt a capital budget within the unified budget to distinguish between capital spending and operating costs.
- Require the Federal Financing Bank, after a federal agency has made a direct loan, to sell the obligation to the highest bidder. Any difference between the amount lent and the amount sold would measure the federal subsidy. The current credit accounting system obscures the true cost of federal credit assistance.

## Monetary Reform

### The Setting

A healthy economy depends on a sound dollar. A monetary structure that fosters a steady and predictable money supply is an essential condition for growth without inflation. Monetary policy is set by the Federal Reserve, which acts independently of other federal economic policymakers. The Fed's key policymaking body, the Open Market Committee, meets privately each month to review the economy and determine whether the money supply should be eased or tightened. The Committee makes its decisions public after an interval of several weeks; critics say this interval allows for volatile speculation in financial markets due to uncertainty about Fed policy.

### Current Policy

Members of Congress, as well as elements of the domestic and international business communities, have questioned the Federal Reserve's short-run discretionary management of the economy. Despite a 1979 change in operating procedures to focus on growth in monetary aggregates, say critics, control of the money supply has been uneven. According to Milton Friedman, "the problem is not the person who happens to be chairman, but the system."

### Policy Alternatives

- Require prompt disclosure of Fed decisions concerning the future course of monetary policy.
- Make the Treasury Secretary an *ex officio* member of the Reserve System's Board of Governors. This proposal would restore a status the Secretary had for many years until the 1930s.
- Establish a cabinet-level monetary policy advisory task force to study reforms aimed at improving international stability in prices and exchange rates. Reforms could include guidelines for the Fed such as: combined price/quantity rules; freeze of "high-powered" money; an index of prices to be used as an intermediate monetary target for the Fed; and a constant rate of growth of M1, the base measure of money.

## **Regulatory Process**

### **The Setting**

Federal rules and red tape, despite their good intentions, cost the US economy over \$100 billion a year—an expense consumers ultimately pay. In past years, the absence of a workable regulatory oversight process led to inefficiency, because bureaucrats had no incentive to consider how their rules would affect economic growth. In 1981, President Reagan set up the first systematic process for managing federal regulation. Under Executive Order 12291, executive agencies must gauge the likely economic effects of all proposed and final rules, and the Office of Management and Budget must review them before they are issued. A new problem has cropped up, however. In 1983, the Supreme Court declared existing legislative vetoes unconstitutional, thereby depriving Congress of a check on agency discretion. Furthermore, President Reagan's review process is not yet statutory and thus could be scrapped by a future administration.

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In spite of progress in specific regulatory areas, overall process reform has had a hard time on Capitol Hill. In 1982, the Senate unanimously passed a bill requiring cost-benefit analysis and authorizing a two-house legislative veto. This bill did not reach the House floor. The 98th Congress had hearings on regulatory reform, but took no major action.

### **Policy Alternatives**

- Authorize the congressional veto by use of a joint resolution of approval for major rules and a joint resolution of disapproval for others.
- Require agencies to undertake regulatory analyses for new major rules and their alternatives. Agencies would have to choose the most cost-effective alternative unless otherwise forbidden by law.
- Provide for a regulatory budget: a ceiling on the amount of regulatory costs that could be imposed on those subject to federal regulation.

## **Banking**

### **The Setting**

The current regulatory system for banking is a green-eyeshade institution in a microchip world. The nation's banks, working under rules first developed during the Great Depression, have not been able to compete in offering all the broad financial services demanded in today's complex economy. The regulatory agencies, by imposing uncoordinated and often conflicting requirements, have introduced serious inefficiencies into the financial industry.

In response to market demand unmet by the banking structure, nonbanking organizations have moved into financial services, causing fierce competition for investment funds. Handicapped by rigid rules, the banking community has had trouble meeting the challenge. Thus the rise in the number of "problem institutions" and outright failures often stems from too much government regulation, not too little.

### **Current Policy**

Current regulatory policies remain much as they were fifty years. Individual components of financial services are separately regulated to assure monetary stability, protection of customers, and encouragement of socially desirable investments. The statutory scheme allows regulators to control entry, determine product lines, fix prices and limit both expansion and creditor risk (through deposit insurance). In response to recent economic problems, Congress has modified restrictions on interest rates and the expansion of financial services. But the basic system remains intact.

### **Policy Alternatives**

- Authorize depository institution holding companies to broaden the scope of their financial services and activities.
- Provide for geographic deregulation of banking by easing restrictions on interstate banking operations.
- Realign regulatory responsibilities. The recommendations of the Vice President's task force provide a useful starting point for such an effort.
- Provide for variable premium deposit insurance rates that would take into consideration the nature of the financial services provided by the institution, as well as its financial health.



## **Communications Deregulation**

### **The Setting**

Under its 1934 legislative mandate, the Federal Communication Commission has regulated interstate communication by wire and airwave. The FCC's creators assumed that communication technology was not flexible enough to allow the free play of market forces. But as we near the year 2000, the airwaves are no longer the "limited resource" of yesteryear. Changing technologies and new forms of competition outmode much of the present regulation. Advances in satellite and cable communications increase capacities, foster competition, and destroy "spectrum monopolies." Democratic leaders who cling to the archaic belief that more government is better government fail to grasp the extent of this competitive environment and the need to remove government interference.

### **Current Policy**

The FCC and Congress both have moved toward deregulation. In 1981, the FCC deregulated major aspects of commercial radio, and three years later it took similar action on commercial and public television. Last year, Congress streamlined regulation of cable TV. These and other reforms have cut industry paperwork burdens by 17 million hours in the past two years.

The restructuring of the American telephone industry started with the divestiture of AT&T. The company gave up control of its local operating companies in exchange for the right to enter more competitive markets. So that local and long-distance rates may reflect actual costs, the FCC has implemented access charges for businesses and has planned a one dollar a month charge for residential customers.

### **Policy Alternatives**

- Codify FCC radio regulation rules and extend them to television. These measures would abolish mandatory compliance in providing programming formats, learning community needs, keeping program logs, and restricting commercial advertising.
- Encourage the FCC to create a lottery system for broadcast licensing and to rely more on markets in spectrum allocation.
- Shift Broadcasting Fund money from the Corporation for Public Broadcasting to public radio stations.
- Abolish rules under which Washington dictates the amount and kind of attention broadcasters give to issues and candidates. These rules are: the "fairness doctrine," the "equal time" standard, and the "reasonable access" rule.
- Expedite the Postal Rate Commission's decision that the Postal Service shall privatize its electronic mail system (E-COM).

## **Transportation**

### **The Setting**

The Department of Transportation, along with independent agencies such as the Interstate Commerce Commission (ICC) and the Federal Maritime Commission (FMC) regulate ships, trucks, buses, planes and airports. Prudent action on transportation safety can make good sense, but price and entry regulation has proven harmful to consumers by stifling competition.

### **Current Policy**

President Reagan aims to replace red tape with free market efficiency, while preserving essential services. Congress has also embraced this goal. The 1980 Motor Carrier Act eased trucking regulation; consequently, prices have fallen and quality has improved. Similar results have come from the 1980 Staggers Rail Act, the 1982 Bus Regulation Reform Act, and the 1983 Shipping Act. The ICC has carried out surface transportation reform. But it has reached the limits of administrative deregulation, as evidenced by the recent court reversal of several decisions.

Indeed, ICC motor carrier rate regulation may be obsolete. In 1982, more than 750,000 tariffs were filed, but fewer than 300 were protested. This paper chase does little but keep carriers from charging market rates. On January 1, 1985, the Civil Aeronautics Board (CAB) was sunset.

### **Policy Alternatives**

- Sunset the ICC and transfer its residual functions. The FTC could handle consumer protection, while Transportation could meet the other few legitimate regulatory needs.
- Eliminate further Operating Differential Subsidies for shipping. ODS subsidizes shippers for differences between foreign and domestic manning costs. The upshot: reduced incentive to control costs.
- Allow federal mass transportation capital funding for private contracting. Program funds now go only for new equipment. If such funds are available, local officials should be able to use them to contract with private operators who already own equipment. This first step would start to promote economy and flexibility.
- Direct the Transportation Department to study proposals to transfer operation of the air traffic control system from the Federal Aviation Administration to the private sector. Such a study should look at potential effects on air safety.
- Relieve the burden on the general taxpayer through increased reliance on user fees. The inland waterway system, for example, can expect proposals for increases in the fuel tax or similar user fees, which better reflect actual costs.

## Industrial Innovation

### The Setting

Many Democrats insist that America has become a "zero-sum society" and that the main goal of economic policy should be well-shared scarcity. They conclude that the US should write off industries that have lost ground and concentrate only on new "sunrise" industries. This diagnosis is misguided and the prescription is wrong-headed. America *can* improve its competitiveness in traditional industries that have global growth potential. To this end, firms must improve their use of technology and human capital. But if the Democratic leaders want central planning, they must forsake dynamism and life. A managed economy is a barren one, which can inch ahead only by copying from abroad.

Innovation cannot be forced. Creative ideas, improved products, new companies and revitalized factories do not spring from the furrowed brows of harried bureaucrats. Rather, they are the product of individuals with the vision and courage to take risks. Innovation can only be *fostered* by an economic environment that encourages growth and the entrepreneurial spirit.

### Current Policy

Congressional Republicans and President Reagan have made great strides in furthering innovation. Among their legislative achievements: an incremental research and development tax credit; a law allowing businesses to retain rights to federally-funded research that would not violate patent laws; modification of antitrust laws to encourage joint research ventures; and a new intellectual property law covering semiconductor designs.

### Policy Alternatives

- Until a reformed tax code is in place, extend and refine the research and development tax credit.
- Modify antitrust laws to require greater use of the "rule of reason" test, which would require that corporate arrangements be judged by their competitive effects.
- Allow foreign nationals who are trained here in science and engineering to remain in the United States after receiving their education.
- Amend the Freedom of Information Act to protect confidential business information. A business should be notified when a request is made for information it has submitted, and if it thinks the information should be withheld, it should have an opportunity to tell the agency why.

## Job Opportunities

### The Setting

From 1965 through 1980, Democratic Congresses spent \$85.5 billion (1980 constant dollars) on bureaucratic programs for employment. During that time, unemployment *rose* from 4.4% to 7.0%. The Reagan Administration took office determined to chart a more effective course. During the Reagan recovery, more than six million Americans have found work. Yet there are still pockets of joblessness. Now our challenge is to foster investment in human capital, and help workers develop the skills they need for the coming decades. One obstacle is the government itself. Certain federal restrictions on employment may have once made sense, but they clash with the economic conditions of the 1980s.

Minimum wage requirements for teenagers tend to backfire by keeping employers from hiring teens for part-time or summer work. With a youth opportunity wage—set below the adult minimum—many teenagers could gain the experience they need to start a successful worklife. The National Conference of Black Mayors has endorsed the youth opportunity wage.

Curbs on household manufacturing date from a time when high-tech was science fiction and few women worked in business. Today, a person should be able to work at home as long as there is no health or safety threat. Household manufacturing would help those who need to stay home during the day: single parents, the handicapped and the elderly.

### Current Policy

The Labor Department has taken administrative action to reduce barriers to household manufacturing; however, legislative action is desirable to support this decision. President Reagan backs the youth opportunity wage, which has been blocked by the House Democratic leadership. His Administration has met great success with the Job Training Partnership Act, which replaced the CETA program.

### Policy Alternatives

- Provide tax incentives for employers to finance worker retraining, and allow workers to make penalty-free withdrawals from IRAs to meet retraining expenses.
- Allow the long-term unemployed who now receive federal supplemental compensation payments to opt instead for reemployment vouchers. Recipients would offer these vouchers to potential employers, who would thus have an incentive to hire them. This proposal contains safeguards against displacement of current workers.
- Enact a youth-opportunity wage.
- Affirm the legality of household manufacturing.

## **Housing and Community Revival**

### **The Setting**

Many communities are struggling. Population movements, changing business patterns and rising service costs all worsen community decline. Past federal remedies often backfired. Urban renewal, long championed by big-government Democrats, uprooted neighborhoods and tore down four homes for every home it built. As a leader of New Jersey's Puerto Rican community said in 1981, "If, 80 years ago, the federal government had developed a deliberate plan to destroy our cities, it would not have been more successful than has been the case."

### **Current Policy**

President Reagan is trying to break the grip of past failures. The Administration backs enterprise zones, which would revive depressed areas by cutting red tape, taxes and other government-imposed costs. Many states are working with this concept, and the results are promising. The Administration introduced its enterprise zone bill in 1983 with over 100 Democratic cosponsors. The House Democratic leaders, however, have refused to let such legislation come up for a vote.

Access to housing and pride in home ownership are also important components of community strength. Traditional housing policies have fallen short, so creative new programs are needed. Rental vouchers and increased ownership opportunities for the poor could help more people at no additional cost to the taxpayers.

### **Policy Alternatives**

- Provide for enterprise zones. The Administration's bill would allow the Secretary of Housing and Urban Development to name 25 enterprise zones a year for three years.
- Provide further home ownership and resident management opportunities for families living in public housing. One way would be to allow tenants or tenant associations to buy their dwellings at no more than one-fourth of market value and with no down payment.
- Substitute housing vouchers for low-income housing programs, with the current voucher demonstration project as a model.
- Direct the Department of Housing and Urban Development to draft model legislation for states and localities that would encourage privatization of selected public services. This approach could save money and foster the development of small business.
- As recommended by the Grace Commission, direct HUD to improve accounting practices and internal financial controls. Accounting systems are primarily manual and even where automated, are mostly outdated.

## **International Trade**

### **The Setting**

Over half a century ago, the United States enacted harsh trade barriers. Intended to help US markets, these barriers instead wiped out jobs and spread the Great Depression worldwide. Today, the Democratic leaders would repeat that blunder. They say "domestic content" would help the auto industry, but in fact it would provoke retaliation and cost hundreds of dollars per car. Their "industrial policy" proposals are more insidious: in the name of helping "sun-rise" industries, industrial policy would offer only porkbarrel and protectionism.

America does face competition, but we must resist protectionist pressures. Open trade expands world commerce, which helps Americans by improving wages, opportunities and living standards. The best competitive response is to keep strengthening our domestic economy.

### **Current Policy**

President Reagan opposes "protectionism and quotas which will make all of us worse off in the long run." But free trade must be fair trade: America will not stand still for unfair practices such as the European Community's agricultural supports or Japan's auto subsidies. Demonstrably victimized domestic markets may need a hand in countering certain unfair foreign trade practices.

The United States urges other nations to follow our lead in open trade. President Reagan's Caribbean Basin Initiative opened US markets to a dozen Caribbean countries. In 1984, he signed a trade package that includes: extension of a generalized system of preferences, a US-Israel free-trade area, and expansion of executive authority to respond to other countries' trade policies. As other countries follow this example, export subsidies, such as those of the Export-Import Bank, may no longer be necessary.

### **Policy Alternatives**

- Urge the Administration to start a new round of trade talks among the GATT countries. Areas to be discussed could include: non-tariff barriers, agricultural products, high-tech products, trade in services, price-support agreements for commodities.
- Reduce nontariff barriers through strengthening and defining Multilateral Trade Negotiation agreements.
- Require economic impact reports to be filed with measures that restrict imports.
- Establish a free-trade area with Canada.
- Link future trade assistance for US industries to adjustments on their part, such as facility modernization and worker retraining.
- Reevaluate voluntary auto import quotas.

## **Export Controls**

### **The Setting**

The United States restricts the export of certain goods for national security purposes. High-technology firms face extensive rules and licensing procedures designed to prevent the diversion of sensitive technology, especially to East Bloc countries. Export licensing ties up some \$20 billion of overseas business each year and handicaps US firms on the world market.

The president's power to restrict exports is a potential tool of foreign policy. But President Carter's 1979 grain embargo proved that good intentions can lead to disastrous results. The only ones who really suffered were American farmers—and five years later, the Soviets remain in Afghanistan. Secretary of State Shultz says, "We should not sacrifice long-term interests in order to express immediate outrage."

### **Current Policy**

Many current high-tech controls are ineffective. A 700-page Defense Department manual of controlled technology lists common items such as the Apple II computer. It makes little sense to ban the export of technologies available from any mail order catalog. Says President Reagan, "With the cooperation of our Western allies, we should assign the highest possible control to those relatively few technologies with unquestionable strategic value and worry less about the most commonly available technologies."

The 98th Congress did not enact an extension of the Export Administration Act, which authorizes presidential export restriction. Provisions included: streamlining licensing; assessing foreign availability; clarifying the roles of the Commerce Department, the Defense Department, and the Customs Service. The Act attempts to balance the need to prevent diversion of sensitive technology against the need to ensure American competitiveness abroad.

### **Policy Alternatives**

- Give a strong legislative mandate to the US Coordinating Committee (CoCom) negotiators to strengthen controls on critical technology while decontrolling items freely available to the Eastern Bloc. Special attention should be given to developing a coordinated CoCom policy for high-technology trade with the People's Republic of China.
- Strengthen the Commerce Department's ability to make prompt determination of the foreign availability of technology.
- Decontrol exports of technology already available overseas.
- Provide relief from export disincentives by amending the Foreign Corrupt Practices Act.

## **Free Individuals and Strong Families**

America is a rainbow coalition. This country draws strength from pluralism, from a great array of minds, talents, energies and faiths. This variety is too precious to waste; we must not let it be stifled by prejudice. House Republicans believe in equal opportunity, and we strive to end discrimination on account of religion, sex, race, or national origin. We favor continued vigorous enforcement of civil rights statutes, but the protection of freedom requires more. Policies for economic growth, described elsewhere in this document, enable people to fulfill their individual promise. A renewed fight against crime, started in the 1984 omnibus crime bill, can stem the fears that restrict every American's liberty.

A society is only as strong as its families. Economic growth begins at home, because people have traditionally worked, saved and invested not for their own pleasure but for their families' security. The home is where children learn the values needed to advance civilization: integrity, responsibility, compassion. House Republicans fight for policies that support rather than shatter families. In our vision of the future, good families have greater opportunities to adopt; parents can readily find day care and quality education; the old and the handicapped can live in dignity; and the young can grow up in safety.

In this section, we suggest policy alternatives to promote all of these goals. In a few select cases, these key alternatives involve tax incentives. As explained earlier, though, major tax reform would require modification of such proposals. Similarly, budgetary constraints may delay implementation of several ideas. Nevertheless, our goals remain.



## Women

### The Setting

Women have gained from the economic progress of the past few years. While Americans on average got a 23% tax cut, married working women received a 31% reduction. Opportunities burgeon and beckon. Today more than two-thirds of the women between ages 25 and 44 work in paid jobs. And women business-owners make up the fastest growing segment of the small business community.

Still, equal opportunity does not exist everywhere—especially not in the House committee system. Women constitute 80% of committee staff earning \$20,000 or less, but only 23% of those earning \$40,000 or more. The Democratic majority's leadership professes support for equality. Why have they failed to get their own house in order?

### Current Policy

The Economic Equity Act, signed by President Reagan in 1984, improves the treatment of women in areas such as tax law, insurance and pensions. The President backs equal pay for equal work, as well as expanded career opportunities. More than a thousand women directed policy and operations in the first Reagan Administration.

### Policy Alternatives

- Provide for spousal IRAs by allowing married individuals to compute their IRA tax deduction on the basis of the spouses' earnings.
- Forbid any level of government from enforcing a classification based on sex unless such a classification is necessary to achieve a compelling government interest.
- Establish a commission to study sex discrimination in the legislative branch.
- Amend Title VII of the 1964 Civil Rights Act to extend the ban on discrimination to cover employees of the House of Representatives.
- Provide employers with a tax credit for hiring and training displaced homemakers.
- Require that the Veterans Administration shall effectively inform female veterans about their benefits. There are more than one million women veterans, but the federal government has traditionally neglected their interests.
- Reexamine retirement benefits for spouses of military personnel who are divorced during active service or retirement. Part of retirement pay should be guaranteed to spouses, based on length both of service and marriage.

## Civil Rights

### The Setting

President Reagan has said, "Ours is a nation based on the sacredness of the individual, a nation where all women and men must be judged on their merit, imagination and effort, not on what they are, but on what they do." Jesse Jackson voiced a similar sentiment at the Democratic Convention: "Democracy guarantees opportunity, not success."

America has made progress in extending opportunity to all its people, especially during the economic recovery. But our country has yet to achieve total justice. Many undocumented aliens cross our borders each day, only to be exploited by that handful of employers who scorn human dignity. Blacks and other minorities still face hurdles in pursuit of the American dream. And anti-Semitism lives on. Louis Farrakhan's despicable statements shocked millions of Americans who thought we had outgrown such bigotry. Neither party condones anti-Semitism; but because of certain political pressures, Democratic leaders refused to denounce it in their platform. The Republicans had no such hesitation: their platform "repudiates and completely disassociates itself from . . . any form of bigotry, racism, anti-Semitism or religious intolerance."

### Current Policy

During the President's first term, the Justice Department brought a large number of civil rights violators to court. The Administration continues to back programs to bring jobs and hope to our nation's inner cities. In 1983, Congress reconstituted the US Civil Rights Commission and extended it for six years. In 1984, the House did pass immigration reform legislation, but only after the Democratic leadership had blocked it for a year and a half.

### Policy Alternatives

- Enact heavy fines and prison sentences for destruction or theft of religious property. Recent years have seen thousands of crimes against synagogues and other religious places.
- Enact immigration reform legislation, along the lines of the Simpson-Mazzoli bill.
- Support a constitutional amendment making naturalized citizens eligible for the presidency, provided they have been citizens for at least 11 years and are otherwise qualified. Naturalized Americans—even those brought here as infants—are now barred from the presidency. The proposed change would be a symbol of opportunity to all young immigrant citizens, including Mexican Americans, Cuban Americans and Asian Americans.
- Enact legislation promoting economic and social equity for women, as described in the section entitled "Women."

## **Crime and Punishment**

### **The Setting**

In 1975, crime expert James Q. Wilson wrote: "Wicked people exist. Nothing avails except to set them apart from innocent people. . . . We have trifled with the wicked, made sport of the innocent and encouraged the calculators. Justice suffers, and so do we all."

The Reagan Administration has moved to create a climate where the innocent are protected and the guilty are punished. It has increased the federal funds and personnel for crime-fighting. Through such actions, and by the example it has set for state and local law enforcers, the Administration has helped to reduce crime.

### **Current Policy**

Overcoming obstruction by the House Democratic leadership, President Reagan and congressional Republicans spearheaded the most far-reaching reform of federal criminal law in history. Among other things, this legislation will: authorize judges to detain dangerous defendants, abolish federal parole, reform bail and sentencing, curb the insanity defense, foster the seizure of mob assets, increase penalties for drug dealers, and re-establish grants for state anti-crime efforts. Unfortunately, Congress failed to enact several other reform proposals initially included in this legislation.

More criminals are now behind bars than ever before, and justice reforms will swell their ranks. The nation must move ahead with creative approaches to its prisons.

### **Policy Alternatives**

- Provide that evidence obtained from a good-faith search shall not be excluded from a federal proceeding.
- Reform habeas corpus procedures.
- Explore privatization. Amend the Internal Revenue code to allow firms to build correction facilities and lease them to state or local governments; the firms would receive tax incentives. Set up a limited test project to estimate the savings that could result from the private management of federal penal facilities.
- Permit the transportation of certain domestic prison-made goods, establish tax and wage criteria for prison industry programs, and allow for a deduction in prisoners' wages to pay for their room and board and to reimburse their victims.
- Impose the death penalty for murders committed by federal prisoners serving life sentences.

## **Excellence in Education**

### **The Setting**

Between the elections of John Kennedy and Ronald Reagan, federal spending on education increased fivefold (adjusted for inflation), yet standard test scores plunged. Simply throwing money at the schoolhouse was not—and is not—the right approach to education. President Reagan has turned the country's attention to the need for educational excellence and has encouraged reform at the state and local levels. Our slide into classroom mediocrity has now halted. Efforts to increase hours of instruction, lengthen the school year and re-emphasize the basics have all been part of what one report calls the "tidal wave of school reform which promises to renew American education."

### **Current Policy**

States pay about 50% of the cost of public schooling, while localities pay 42% and the federal government 8%. Although the states and localities have answered the President's call for improvement, there is still a need for federal initiatives.

### **Policy Alternatives**

- As a condition of federal aid, require: minimum lengths for the school day and school year, a system for student promotion based on achievement and attendance, and a merit pay system for teachers.
- Allow businesses a tax credit for providing math and science teachers with summer jobs that acquaint them with the applied uses of high technology.
- Establish an "Academic Olympics" demonstration project for the District of Columbia. Students from disadvantaged schools would compete in tests of academic skill; achievement would be recognized with monetary and honorary rewards. The program would also provide incentives to schools for improvements both in attendance and overall performance on standard tests.
- Provide for the use of federal work-study funds, together with donations from high-tech industries, to place college students as teacher's aides in high school math and science courses.
- Direct the Secretary of Education to develop a model proficiency test, similar to a bar exam, to stiffen teaching standards. State adoption of this program would be voluntary.

## **Financing Education**

### **The Setting**

Widespread access to education represents an investment in a healthy democracy and a growing economy. In the late 1970s, high interest rates and inflation threatened to put education beyond the reach of many Americans. Economic recovery has improved the outlook, but hardships persist. The need for laboratory equipment and information technology, among other things, continues to boost the cost of higher education.

Independent primary and secondary education is also hurting. Many poor and middle-income families send their children to independent schools. About 40% of these schools' students come from families with incomes less than \$25,000; two-thirds have incomes below \$35,000. Our public schools must prosper, of course, but there is room as well for the diversity and competition provided by the independent sector. Sociologist James Coleman says the tuition barrier to these schools is "almost certainly harmful to the public interest and especially harmful to the interests of those least well-off."

### **Current Policy**

The Reagan Administration has restored the traditional role of the student and family in meeting the costs of higher education, and it has targeted aid to the neediest students. In 1984, over \$13 billion in federally supported student aid was available.

President Reagan supports tuition tax credits for the parents of children who attend independent primary and secondary schools. He believes it is a matter of fairness for families that fund public schools with their taxes and pay again, through tuition, for the education they choose for their children.

### **Policy Alternatives**

- Allow families to establish a tax-deferred savings account (similar to an IRA) for their child's post-secondary educational expenses. Such a proposal would include penalties for use of these accounts for other purposes.
- Establish tuition tax credits. The full tax credit would go only to parents with taxable incomes of \$40,000 or less. There would be no credit for tuition paid to schools that racially discriminate.
- As recommended by the Grace Commission, merge the National Direct Student Loan program and the auxiliary-loan program into the more cost-effective Guaranteed Student Loan program. According to the Congressional Budget Office, this step would save \$2 billion in outlays over five years.

## **Adoption**

### **The Setting**

Many couples yearn to adopt children. At the same time, half a million children live in foster homes, and only a fraction will ever be adopted. And of the 50,000 children for whom adoption was initiated in 1983, only a third were actually placed. The unadopted are usually "special needs" children: older, minority, or handicapped. The foster care system is not the best path for homeless children: according to several studies, a disproportionate number of prison inmates are products of that system.

To compound the tragedy, many couples wanting to be parents are victimized by fraudulent adoption rings. Such organizations start by making children available to a small number of couples; this lures the victims, who pay thousands of dollars only to have their hopes shattered. Federal attention is justified because these rings typically cross state or national lines.

### **Current Policy**

The states govern the legal and procedural aspects of adoption. The federal government provides money to the states to support adoption services. The Administration is studying methods of improving the system. Among other things, the Department of Health and Human Services is undertaking demonstration projects to promote adoption as an alternative for women who have unwanted pregnancies. And legislation signed by the President in 1984 provides grants to encourage the adoption of handicapped and other hard-to-place children.

### **Policy Alternatives**

- Establish a nationwide information exchange system to assist in matching children with good adoptive families.
- Provide federal criminal penalties against fraudulent adoption rings in interstate or international commerce.
- Provide further help for families adopting special-needs children. Adopting and raising handicapped children may entail significant expense; modest tax deductions could be an appropriate response.
- Direct the Department of Health and Human Services to improve data on adoption practices and procedures. Lawmakers of both parties want better information in this area.
- Direct the Department of Labor to study the question of parental leave for new adoptive fathers and mothers. Adoptive families face strenuous times of adjustment, just as birth families do.

## **Child Care**

### **The Setting**

Since 1977, the number of preschool children with working mothers has grown by more than half. Day care is thus becoming a basic American need. Unfortunately, there have been cases of neglect and abuse by people working in day care centers. State and local standards for hiring and operation vary widely; more standardization might assure better care. Mandatory federal guidelines, however, could be so cumbersome and costly that they would make day care too expensive for those who need it most.

It is important to distinguish between supervisory and educational services. The Head Start program has been Washington's best educational effort on behalf of preschool children. Started in the 1960s, Head Start provides disadvantaged children with compensatory education, medical care and nutritious meals. Unlike most social programs, Head Start shuns centralized bureaucratic control and it encourages parental involvement. According to independent analysis, former Head Start participants are more likely to finish high school, steer clear of crime and avoid teenage pregnancy.

### **Current Policy**

The Reagan Administration supports Head Start because of its success in expanding opportunities for underprivileged children. President Reagan has signed legislation extending Head Start's authorization and increasing its appropriation. He has also signed measures to expand the program, promote even more parental participation and increase incentives for the program's employees.

### **Policy Alternatives**

- Encourage day care by either increasing the tax credit for dependent care services for low and moderate income taxpayers, or providing modest tax incentives to firms for offering day care as an employee benefit.
- Aid mobile young parents by establishing a day care information data base, which would be accessible by home computer. People who move from one state to another often have difficulty in promptly finding day care services for their children.
- Continue to provide adequate funding for Head Start.
- Review the federal government's current leave and personnel policies affecting the parents of newborn infants. The federal government should strive to be a model employer by way of easing employees' child care problems.

## **Protecting America's Youth**

### **The Setting**

Children are in danger. Thousands disappear every year, never again to be seen by their families. Some are abused, sexually assaulted or sold on the illegal-adoption market: a healthy child can bring as much as \$30,000. Others, like Adam Walsh, are murdered.

Missing youths are not the only victims of child abuse. Most cases occur in the home, and only a fraction are ever reported. Abuse may involve violence, or denial of such basic needs as food and medical care. Abusers try to cover their tracks by intimidating their victims into silence, whether in the home or elsewhere.

The American people are increasingly aware of the need to protect children. They are rebelling against the permissiveness that spawned child pornography, and they support measures to track down and punish those who prey upon our children.

### **Current Policy**

President Reagan has said that youths "should have the right and the opportunity to walk our streets, to play and to grow and to live their lives without being at risk." In June 1984, he opened the National Center for Missing and Exploited Children, which assists parents and law enforcers in finding missing children. He has also signed bills to strengthen the federal effort against child pornography and to support state programs on child abuse and domestic violence.

A number of states are helping children who become wards of the court. The Court-Appointed Special Advocate (CASA) program is a community-based effort of trained volunteers serving as advocates of abused and neglected children. The Reagan Administration is encouraging efforts to extend CASA across America.

### **Policy Alternatives**

- Mandate life sentences for those found guilty of kidnaping children, and require capital punishment in cases where the victim dies as a result of the crime. Such legislation should provide for exceptions in non-violent cases that arise from domestic disputes.
- Amend the Racketeer-Influenced and Corrupt Organizations (RICO) law to extend its coverage to the sexual exploitation of children.
- Provide matching grants to states for establishing clearinghouses for information on missing children.
- Deny federal funds to youth organizations that do not screen employees for records of crimes against children.
- Direct the Department of Health and Human Services to study the causes and symptoms of teenage suicide.



## **Home Care for the Elderly**

### **The Setting**

Thanks to medical innovations, Americans are living longer. Within sixteen years, the number of Americans over 85 will double. Increased longevity is good but it brings a challenge, because elderly people often need help to care for themselves. About 1.3 million now live in nursing homes. However well-run a nursing home may be, it cannot supply the freedom of a private dwelling or the emotional warmth of a family. Many nursing home residents are only moderately impaired, so they could live alone or with family if adequate assistance were available.

The federal government and the states annually pay \$14 billion for nursing home care under Medicaid. Medicare pays an additional half-billion dollars for extended care services. Alternatives to institutionalization could decrease admissions, save money, and even improve care.

### **Current Policy**

President Reagan firmly believes in strengthening families and neighborhoods. For example, the Department of Health and Human Services is undertaking a demonstration program to compare the costs of home care and community-based services with the cost of institutional care.

### **Policy Alternatives**

- Provide tax credits for home care of elderly relatives who would otherwise be institutionalized. Another alternative would be tax deductions for home care of elderly relatives suffering from disabling ailments such as Alzheimer's Disease.
- Establish a nationwide system of long-term care centers to coordinate services for the elderly such as nutrition and homemaking. The program would be national in application but decentralized in administration, involving on a local basis the people who are to be served.
- Support research and demonstration projects on home care technologies. Assistive devices can help the impaired elderly prepare food and perform other household chores. In emergencies, electronic monitoring systems could summon aid to seniors who are alone.

## **Handicapped and Disabled**

### **The Setting**

In years to come, American science will conquer deafness, blindness, paralysis and other handicaps. Meanwhile, however, our country must give a hand up to those who suffer these disadvantages. Over five million Americans need help in such basic daily activities as walking and dressing. Thirteen million have work disabilities.

Government has to avoid policies that foster dependency. Handicapped people should have opportunities to live and work on their own—not only for their sake but for the country's. The United States would have been a poorer place if Franklin Roosevelt or Helen Keller had not taken up an active life.

### **Current Policy**

President Reagan has declared 1983-1992 the Decade of Disabled Persons. During his term, minimum accessibility guidelines have been adopted and he has signed legislation making it easier for the handicapped to register and vote. He is also committed to enforcing laws barring discrimination against any otherwise handicapped people, in any program receiving federal aid.

The Job Accommodation Network, a computerized system created by the President's Committee on Employment of the Handicapped, helps employers determine what physical and other accommodations are necessary to help handicapped people do their jobs.

### **Policy Alternatives**

- Establish a computerized job bank to match disabled people with jobs they can perform. For instance, a person who has trouble walking could be matched with a position that does not require much mobility.
- Provide a tax deduction for the purchase of teletypewriters for the deaf and the speech-impaired.
- Hire handicapped youths as congressional pages. The New York State Legislature has been successful in employing handicapped people as messengers.
- Permanently authorize the law allowing disabled persons on Supplemental Security Income (SSI) to work gainfully without losing medicaid benefits. Disabled program participants cannot easily buy private health insurance; loss of medicaid would discourage those who would otherwise want to work. This provision saves money because SSI does not pay cash benefits to the self-sufficient.

## **Welfare**

### **The Setting**

In 1964, big government declared war on poverty—and poverty won. During the Eisenhower-Kennedy prosperity, the percentage of Americans in poverty had plummeted, but under Great Society programs, improvement slowed and then stopped. By President Carter's last three budget years, poverty was growing at a 9.1% annual rate.

Why the failure? The only dependable route from poverty is work, family and faith in the future. Our welfare system smothers all three. Transfer payments and social services can add up to a package that makes work look like a bad bargain. The government encourages minor unmarried parents to move away from home by offering higher benefits if they do so. And by stressing redistribution over opportunity, welfare destroys hopes for individual initiative.

### **Current Policy**

President Reagan has started to heal the damage. His economic policies have created new jobs and have beaten the needy's worst enemy—inflation—thereby guarding their buying power. His Administration has launched real welfare reform by targeting benefits to the needy through tighter eligibility standards. In August 1984, he signed legislation to address the failure of many absent parents to pay child support.

### **Policy Alternatives**

- Require minor unmarried parents to stay with their parents or legal guardian in order to receive welfare benefits.
- Improve income verification in means-tested assistance programs. The Congressional Budget Office says this step would save \$1.5 billion over five years.
- Require states to adopt workfare programs. A number of jurisdictions have had great success with workfare, which requires able-bodied welfare recipients to earn their check in whole or part by doing community work. According to Senator William Proxmire, workfare reminds recipients "of the discipline of work, getting up in the morning, reporting on time, making an effort and getting paid for it."
- Authorize pilot projects to integrate human service delivery systems. There are over 60 federally-funded programs for direct human service delivery; this maze confuses the needy and tempts the undeserving to manipulate welfare to their advantage.

## **Natural Resources and Human Frontiers**

A century and a half ago, Alexis de Tocqueville described our land this way: "Those costs so well suited for trade and industry, those deep rivers, that inexhaustible valley of the Mississippi—in short, the whole continent—seemed the empty cradle of a great civilization. It was there that civilized man was destined to build society on new foundations, and for the first time apply theories till then unknown or deemed unworkable, to present the world with a spectacle for which past history had not prepared it."

The spectacle goes on. American genius and American resources are combining to make life better for generations to come. One scholar put it well when he spoke of "technologies of freedom." Scientific progress promises to liberate human beings from the shackles of distance, scarcity and disease. To those who talk about limits to growth, we say, "Look to the skies." American space missions show that there are no limits to what the human mind can do.

Recent years have also brought renewed respect for the environment. Our legacy to the future must include cleaner air, water and soil, as well as more efficient use of natural resources. Our grandchildren should be able to behold the same natural beauty that Tocqueville saw.

Here we discuss how government can foster progress in both the natural world and the world of the mind.

## Space

### The Setting

On January 13, 1920, a *New York Times* editorial scoffed at Dr. Robert Goddard's prediction that rockets would someday go into space. Everybody knows that rockets cannot fly in a vacuum, said *The Times*, so Dr. Goddard "seems to lack the knowledge ladled out daily in high schools." As we know now, Goddard's work laid the foundation for modern rocketry and space exploration.

Shortsighted criticism continues to this day, but space flight has brought benefits in communications, weather forecasting and many other areas. And most recently, the space shuttle missions have boosted national pride and inspired a new generation of Americans.

Space holds boundless promise. With zero-gravity and a near-perfect vacuum, people working in space could make products that are difficult or impossible to manufacture on the ground. Interferon, which could help in cancer treatment, now is very expensive but could be produced in orbit at a practical cost.

### Current Policy

In his 1984 State of the Union address, President Reagan announced that he was directing NASA to develop a manned space station. Supporters of the project say that a manned station would outperform an unmanned one by allowing a greater variety of experiments and more flexibility in fixing sudden technical problems. Congress has appropriated \$155 million for initial work on the program; NASA will issue a report this spring.

The President has also signed legislation providing for the commercialization of land remote-sensing satellites, an early step toward extending private enterprise into space.

### Policy Alternatives

- Support continued development of a manned space station, maximizing the private sector's role in defining the American mission in space.
- Adopt a policy of recovering the full cost of space shuttle services from commercial users, and encourage development of alternative launch services by private business.
- For tax and tariff purposes, treat articles made aboard American spacecraft as if made in the United States. Currently, space-based businesses could not enjoy the same treatment as their earth-bound counterparts.
- Promote marketplace efficiency in space by having firms bid for orbital slots for their communication satellites. (Allocation of slots is now a complex bureaucratic decision.) Competition would produce lower telecommunication costs for consumers.

## Basic Research

### The Setting

Basic research is the quest for scientific knowledge that does not necessarily have short-term applications. In the long run, however, investments in basic research pay huge practical dividends. Just as the development of penicillin stemmed from a seemingly arcane study of bread molds, the twenty-first century's medical cures and technical breakthroughs hinge on today's basic research.

The congressional budget *process* has handicapped federal efforts in this field. Scientific research projects often take years to carry out, but Congress budgets the money one year at a time; long-range planning suffers as a result. Numerous and lengthy congressional hearings also take a significant amount of time from agency officials involved with research.

### Current Policy

Federal support for civilian basic research rose 23% in real terms between fiscal 1982 and 1984. The Administration has re-established a traditional approach to this area by strengthening basic research and allowing the private sector to fund potentially profitable ventures in applied research. The *Special Analyses* volume of the 1985 budget stated the Administration's position this way: "The continued growth of scientific knowledge in fields such as mathematics, physics, chemistry, biology and the various engineering disciplines provide the foundation for the achievement of long-term national objectives of a strong defense, economic security, and an enhanced quality of life."

### Policy Alternatives

- Retain a strong commitment to the funding of basic research, as reflected in the Administration's recent budgets.
- Improve the budgeting *process* for research and development. Among steps recommended by the Grace Commission: initiate multiyear budgeting, reduce the level of detail required in research budgets, and tighten the budget review cycle. According to the Commission, the resulting increase in efficiency would save \$3.7 billion over three years.
- Allow scientific and education organizations to issue tax-exempt bonds to finance scientific facilities and equipment for colleges and universities.
- In research funding decisions, expand the use of peer review by scientists and engineers. Peer review would help prevent the misallocation of research funds for political purposes.
- Provide further incentives for creativity by giving federal laboratory employees greater proprietary rights to technology they develop.

## **Energy Innovation**

### **The Setting**

The federal government has spent billions of tax dollars to develop new energy sources and wring more energy from existing sources. The results to date have been disappointing. According to the Grace Commission, federal energy research is hampered by duplication of effort and unseemly competition for funds. Indeed, the greatest boon to applied energy research thusfar has been President Reagan's commitment to deregulation, which encourages private entrepreneurship and industrial creativity.

One specific problem area has been the Synthetic Fuels Corporation, created under the Carter Administration to help finance the production of synthetic oil and gas. Poor management and a changing energy market have hobbled the Corporation.

### **Current Policy**

The Reagan Administration wants to curb direct government involvement in the commercialization of new energy technologies. Accordingly, it has sought to reduce funding for a number of applied research programs. Nevertheless, it backs basic research.

In 1984, the President recommended a \$9 billion cut for the Synthetic Fuels Corporation. Although Congress approved a smaller cut, there would have been no reduction at all if the House Democratic leadership had prevailed.

### **Policy Alternatives**

- Abolish the Synthetic Fuels Corporation.
- Charter a private energy research trust fund, voluntarily financed by the energy industry, to take over most of the applied research that our taxes now support. This approach would remove politics from this research and reduce federal outlays.
- Continue to support energy-related basic research.

## **Fossil Fuels**

### **The Setting**

Coal, oil and natural gas supply most of America's energy. During the late 1970s, we underwent a fossil fuel crunch, which President Carter blamed on "a crisis of the American spirit." Under the Reagan Administration, however, our fossil fuel situation has improved dramatically. US oil production has gone up and imports have gone down. Gasoline prices have fallen. Natural gas prices are levelling off. Coal fulfills a growing share of our domestic energy needs and it strengthens our foreign trade position. For every ton we import, we export more than a hundred.

President Reagan's policies have furthered this energy abundance. During his first month in office, he ended the remaining price controls on crude oil and petroleum products. Confounding the old-line defenders of regulation, decontrol helped consumers and spurred new production.

### **Current Policy**

The Reagan Administration supports efforts to reduce and modify the federal role in fossil fuel markets. At the same time, it has been guarding against import disruptions by filling the Strategic Petroleum Reserve to the equivalent of 200 days of OPEC oil.

### **Policy Alternatives**

- Decontrol enhanced-recovery natural gas. The term refers to natural gas contained in existing sources but which would not be available without special techniques.
- Enact a "contract carriage" provision for natural gas pipelines, which would provide incentives for supplying the least expensive gas possible.
- Repeal the Fuel Use Act of 1978. This law forbids new powerplants from using natural gas or petroleum as their main fuel. Existing plants must go off these fuels by 1990. These requirements contribute to higher prices and misallocations.
- Abolish mandatory auto fuel economy standards. Such regulation was supposed to hasten production of efficient small cars; however, it was the marketplace, not the government, that brought about fuel conservation. Now these standards block production of large (but relatively efficient) cars and thereby jeopardize thousands of auto industry jobs.
- Make the coal leasing system more flexible so that developers can promptly adjust to market fluctuations. Under current law, if developers cannot find a market for their coal, they cannot mine it, and must forfeit the lease and all other opportunities despite their good faith intentions.



## **Nuclear Energy**

### **The Setting**

Nuclear reactors, which annually generate 300 billion kilowatt-hours of electricity, could provide America with a virtually inexhaustible energy supply. Utilities, however, are being forced to abandon nuclear projects worth billions of dollars. Some of the difficulty stems from valid concerns about safety, but federal red tape is also to blame. The laws governing this industry have not been overhauled since the 1950s, and a quagmire of federal rules prolong construction time, divert the industry from vital safety work, and impose new requirements without regard to overall plant and industry safety.

As Canada has shown, it is indeed possible to develop nuclear energy safely and efficiently. No planned reactors have been cancelled there, compared with 105 US orders dropped since 1972. The Canadians take half as long to build their reactors as we do, and they are even exporting nuclear-generated power to the US.

### **Current Policy**

President Reagan supports nuclear power, and the Department of Energy has proposed reforms to streamline nuclear powerplant licensing. The 97th Congress passed the Nuclear Waste Policy Act, which sets up a schedule for the building of nuclear waste repositories.

### **Policy Alternatives**

- Encourage the development and use of standardized nuclear powerplant designs and improve the efficiency of the licensing process.
- Renew the Price-Anderson Act, which provides government indemnity to back up companies insuring nuclear powerplants, and which sets a liability limitation.
- As soon as possible, ratify state compacts for the disposal of low-level waste.
- Reform the Nuclear Regulatory Commission so it can make decisions more promptly and effectively. One option is to replace with present five-member Commission with a single administrator who has clear authority and is accountable to Congress and the President.

## **Critical Materials**

### **The Setting**

American industry relies heavily on foreign suppliers for materials such as chromium and manganese. This dependence casts a shadow on national security: for instance, a single jet fighter requires over a ton of such critical minerals. They also go into essential civilian technologies, such as pollution control.

Supplies could be disrupted by foreign wars, international political upheavals or other causes. To buffer the potential blow to national defense, the federal government has established a stockpile of certain strategic materials. But the stockpile is now out of balance: there is a surplus of some materials and a shortage of others.

### **Current Policy**

In July 1984, President Reagan signed the National Critical Materials Act of 1983. This law sets up a council to develop a national program for research and innovation. The Administration has also created a special advisory committee, which will make recommendations on strengthening the domestic minerals industry and reducing our dependence on imports.

### **Policy Alternatives**

- Make it easier for the government to barter for critical materials. The Commodity Credit Corporation has \$10 billion worth of surplus agricultural products, many of which could be traded to other countries in return for the materials we need. And from the stockpile itself, we could barter surplus materials for those that are now in short supply.
- Start a salvage program. The government's obsolete machines and vehicles often contain important metals that could be extracted before the possessions are thrown away. Cobalt and lead could be salvaged from jet engines and car batteries, for instance.
- Use strategic materials as collateral. High-debt nations that possess needed materials could ship them here for storage. The US government would then issue the depositing country a warehouse receipt that could help secure credit for the export of American goods. The United States would not own the materials (therefore, no budget outlay), but we would reserve the right to buy them during an emergency.

## **The Land**

### **The Setting**

Parks, national forests, wilderness areas and other public lands make up nearly one-third of America's land area—mostly in the West. Land can often be put to alternative uses, such as recreation or resource development. Balancing these competing interests—providing for “multiple use”—is a basic task for public land management.

Until the Reagan Administration, the consensus of those living in the West was that the federal government had bungled its responsibilities by paying too little attention to local needs.

### **Current Policy**

After President Reagan's election, the federal land agencies started to regulate more reasonably and take greater account of state and local advice. The Administration aimed to enhance energy and mineral production on public lands. This effort originally met with strong opposition, but Interior Secretary William Clark worked to quell controversy.

In 1981, the Administration found that past neglect had left our national parks in shabby shape: many even had health and safety hazards. The Administration has since undertaken a five-year, \$1 billion program to restore the park system. The President supports further parkland acquisition now that the system is recovering.

In 1984, Congress approved more wilderness bills than at any time in the past twenty years. The legislation protects a total of 8.3 million acres.

### **Policy Alternatives**

- Establish a central databank to enable businesses and conservationists to learn which lands are available for which purposes. Land use plans are filed in local offices, but the absence of a central databank has led to confusion.
- Step up sales of unneeded public land, and deposit the receipts in the general fund. This is a Grace Commission proposal, which the Congressional Budget Office says will save \$130 million over five years.
- Require federal agencies involved in public land management to incorporate in their rules provisions for the continuous involvement of state governments in public lands policy.
- Set up a computer directory and registration system for parks, monuments and recreation facilities. Many are now underused.

## **Environmental Protection**

### **The Setting**

Our country has gone a long way toward making the environment safer and healthier. By most measures, the air is cleaner now than when the Clean Air Act passed in 1970, and we have also seen improvement in the quality of surface water. But the work is not finished. In parts of the country, rainfall is more acidic than normal; many people worry that acid rain may be killing aquatic life and damaging buildings. The United States produces some 250 million tons of toxic waste each year. Safe management of these wastes is a continuing challenge, and many old dumps are polluting the environment. Before 1981, the federal government had not spent one dollar to clean up these dumps, but now the Superfund has started to remedy the problem.

Hazardous waste and other contaminants are getting into our groundwater. Although the states must have the main responsibility for carrying out groundwater protection, the federal government should help.

### **Current Policy**

The 98th Congress did not act on reauthorization of the Clean Air Act. In 1984, the House voted to reauthorize the Clean Water Act, but the issue did not reach the Senate floor. Also in 1984, President Reagan signed a bill strengthening and extending the Resource Conservation and Recovery Act (RCRA), the main law regulating hazardous waste management. In that year alone, the Administration spent \$410 million under the Superfund program to clean up toxic waste dumps. It supports a reauthorization of this program. And the 98th Congress agreed to President Reagan's request to double acid rain research funds.

### **Policy Alternatives**

- Enact a strong reauthorization of the Clean Air Act.
- Step up research into acid rain's causes, effects and potential remedies.
- Enact a strong reauthorization of the Clean Water Act.
- Enact a Superfund reauthorization that would, among other things, hasten cleanup and encourage development of innovative environmental technologies.
- Use private inspectors to augment federal and state programs for hazardous waste site inspection. (Under the RCRA bill, EPA will soon report on this option.) Insurance companies that write environmental coverage have a great incentive to take part.
- Strengthen the Safe Drinking Water Act to improve groundwater quality. In 1984, the House passed such a bill, but the full Senate did not take it up.

## **Soil Conservation**

### **The Setting**

One-third of our cropland is eroding at rates that harm its long-term productivity. Because of depressed farm income, farmers push more marginal land into production, in an effort to cover their losses with greater volume. Ironically, this worsens erosion.

### **Current Policy**

The US Agriculture Department provides farmers with technical and financial help to encourage soil conservation. Yet over two-thirds of federally financed soil conservation practices have been applied to land that has little potential for significant erosion. The Department has developed a targeting program to direct resources where they are most needed; however, this program requires close monitoring.

Federal commodity programs may conflict with conservation. Farmers often bring fragile land into production, aiming to expand their "base" for acreage reduction programs. High support prices encourage farmers to intensify their production strategies, which often increases the land's exposure to wind and water.

Tax policy also clashes with conservation. Landowners, often absentee, reap capital gains benefits by buying fragile rangeland at low cost, then cultivating and selling it for a higher cost as farmland with an acreage base. Landowners do not receive tax credits for conservation practices.

### **Policy Alternatives**

- Support the Sodbuster concept, which would deny participation in farm programs for erodible land brought into production for the first time in ten years, unless it has an approved conservation plan. Conversely, to receive technical soil conservation assistance, farmers should be required to take part in commodity programs.
- Apply the Sodbuster concept in the tax structure to deny capital gains benefits to those who bring highly erodible land into production for the first time in ten years. This could help finance soil conservation tax credits.
- Develop a conservation base, which would encourage producers not to plow fragile lands in an effort to increase their acreage base for commodity programs.
- Support private sector initiatives to foster activities such as conservation tillage.

## **Commodity Stabilization Programs**

### **The Setting**

Harvested crop acreage grew by 55 million acres during the 1970s, and farm indebtedness increased 75% from 1976 to 1980. Hurt by the Carter grain embargo, a depressed world economy, high interest rates and inflation, the farm economy fell to its lowest point since the Great Depression. Surpluses were swollen by farmers who were trying to produce their way out of the doldrums and were responding to high price supports. Foreign competitors also responded to high US prices supports. Between 1979 and 1983, for instance combined wheat production from foreign sources rose from 38 to 61 million metric tons.

### **Current Policy**

Commodity stabilization programs try to support prices and stabilize farm income. A principal price tool is the non-recourse loan, which eligible farmers may obtain by using their crop as collateral. If the market price tops the congressionally-set loan level, the farmer sells the crop and repays the loan. If the market price goes lower than the loan level, the farmer turns the crop over to the Commodity Credit Corporation in repayment, with no further obligation.

Target prices are an income-stabilization tool. Congress sets a target price per bushel or pound of a given commodity. When the market price goes lower, producers receive a "deficiency payment" for the difference between the two, or the difference between the target price and the loan level, whichever is less.

In 1981, Congress curbed the Agriculture Secretary's power to set loan and target rates in response to the market. Congress has since annually passed a "mini farm bill" to adjust rates. Although these tools aim to reduce uncertainty, constant changes actually increase it.

### **Policy Alternatives**

- Enact a new farm law to replace the 1981 legislation. Without new legislation in 1985, many outdated laws would go back into effect and important programs such as Food for Peace would expire.
- Set the loan rate as a percentage of the 5-year moving average price, with the high and low years disregarded. This will orient the loan rate to the market, and reduce the chance that it will interfere with world markets.
- Authorize the Secretary of Agriculture to set target prices.
- Provide that high carryover stocks of major commodities will trigger increased export credit for those commodities. Any resulting cost would be offset by lower outlays for target prices.
- Phase out paid land diversion.
- Disqualify small "hobby" farms from price support programs.

## **Fair and Efficient Government**

As James Madison wrote, "If men were angels, no government would be necessary." Today, people are still not angels, but their government can be fair and efficient. House Republicans believe in the power of ideas rather than the idea of power. Debates should be settled by the strength of ideas, not by artificial rules contrived to tilt the playing field. This principle is at risk in today's House of Representatives. A Democrat of the past once called for a "Fair Deal," but the House Democratic leadership has used the rulebook to magnify its already-formidable power. Fair?

A truly representative government is close to the people. House Republicans heed President Eisenhower's warning against concentrating too much power in a policymaking elite. Citizen participation and decentralization continue to be guiding principles.

Government also has a duty to be efficient. People work hard to pay their taxes, so every needless government expenditure cheats them of their labor.

In two years, America will celebrate its Constitution's bicentennial. By enacting proposals outlined here, Congress can remain true to the standard of statesmanship that was born in Philadelphia during the hot summer of 1787.

## Sunshine in the House

### The Setting

The House of Representatives belongs to the people, but the people cannot get an accurate picture of its workings. The printed record is open to distortion and the televised record is incomplete. Able to work in the shadows, the Democratic leadership has managed to keep the House from even considering such vital issues as the balanced-budget amendment. The public is aware that something is amiss, and increasingly distrusts the institution. Since 1966, says the Harris Poll, trust in Congress has fallen by more than half.

### Current Policy

Not long after assuming the Speakership, Mr. O'Neill said, "We need a system which insures accountability" (*Congressional Record*, October 12, 1977, p. 33443). His tone then changed. In a 1979 interview, he said, "We have too much openness" (*New York Times*, June 4, 1979, p. D10). The Democratic leadership has since refused to take reform seriously.

### Policy Alternatives

- Provide for full and unedited broadcasting of House proceedings. Viewers should be able to see who attends floor debate and how each member votes. Under current procedures for televising floor debate, the camera shows only the member who is speaking.
- Require honesty and accuracy in the *Congressional Record*. A member may now drastically alter her or his floor remarks before the *Record* goes to press.
- End the secrecy surrounding discharge petitions, the device by which members may dislodge a bill from a committee. Citizens are currently kept from learning who has signed such a petition unless and until it has gathered the required 218 signatures.
- Abolish proxy voting in committees. Members may now abandon a committee meeting and hand their proxies to a ranking colleague. Often, a couple of majority members can dominate a meeting simply because they have the proxies.



## **Fairness and Efficiency in the House**

### **The Setting**

The House of Representatives has become a wasteful bureaucracy whose autocratic and partisan Democratic leaders have held the reins tightly for too long. No institution can stay in the same hands for more than thirty years without giving way to tyranny and excess. Under Democratic mismanagement, the legislative process has suffered and the people have been denied the representation they deserve. Committee ratios are but one example: Democrats hold a disproportionate share of committee assignments. One House Democrat recently conceded that the Republicans won 41.8 percent of the House seats "and they ought to have close to 41.8 percent of the committee assignments in order that the House will more fairly reflect the American electorate."

The bloated cost of running Congress—seven times what it was in the mid-1960s—is another symptom of institutional senility. The cost of the franking privilege more than doubled between 1981 and 1984.

Serious efforts for equity and efficiency must be undertaken to right past wrongs and to ensure that, no matter which party governs, the minority party is treated fairly.

### **Current Policy**

The Democratically controlled House undertook no major institutional reforms in the 98th Congress.

### **Policy Alternatives**

- Make committee ratios proportionate to party strength in the House.
- Stem the proliferation of subcommittees and other legislative panels. Consolidate those whose jurisdictions overlap.
- Require each House committee to adopt an oversight agenda. These agendas would then be incorporated into a resolution for full House consideration. This requirement would bring order and clarity to what is now a haphazard process.
- Make waivers of House rules harder to obtain; ensure that such waivers are publicly recorded.
- Establish a bipartisan committee to screen proposals before they are made eligible for consideration under a suspension of the rules.
- Stop excessive use of the congressional frank. Methods might include: limiting personal office allowances for computer lists and use of computers for targeted mailings; and reducing the annual number of postal patron mailings from six to four.

## **Campaign Finance**

### **The Setting**

America needs strong political parties to focus political debate and encourage citizen participation. Federal law hampers our parties by limiting the sums they may directly give their federal candidates or spend on their behalf. At the same time, the law allows wealthy individuals and groups to spend unlimited amounts on independent expenditures. These sources have every right to participate, of course, but they should not supplant broad-based political parties as the main factor in campaigns.

One proposed remedy—public financing—has serious drawbacks. Not only would it further weaken parties and allow bureaucrats to control elections, it would give incumbents an even greater edge than they enjoy already. To match incumbents' local fame, challengers must make greater campaign efforts—which would be hard to do under the expenditure caps entailed by public financing schemes. And to be truly effective, such proposals would have to cover primaries as well as general elections; this would mean enormous expense.

### **Current Policy**

The House Democratic leadership brought no major campaign finance legislation to the floor during the 98th Congress.

### **Policy Alternatives**

- Convert the current 50% credit for contributions into two separate credits: a 100% credit for small contributions to congressional candidates from the taxpayer's home state; and a 50% credit for contributions to political parties. This would end the existing credit for other sorts of political contributions and it would suspend the new credits should the revenue loss exceed that for the existing credit. By broadening the contributor base, it would strengthen parties and give them an advantage over fundraising organizations not entitled to the tax credit.
- Remove limits on the amounts that party committees may spend on behalf on congressional candidates, and raise the limits on how much they may directly give to the candidates. This would foster a closer relationship between parties and their candidates.

## **Federalism**

### **The Setting**

Washington, DC, is no place to make choices for Kansas City or San Jose. As much as possible, domestic public policy should be made in the statehouses and town halls, where the people can best keep an eye on their public servants. In the years before the Reagan Administration, the federal government restricted state and local discretion by developing hundreds of categorical grant programs, each tightly bundled with rules and red tape. According to New York Mayor Edward Koch, federal directives amounted to a "mandate millstone" that stifled creativity and imposed needless costs. As he put it: "As a member of Congress, I voted for many of [these programs] with every confidence that we were enacting sensible permanent solutions to critical problems. It took a plunge into the Mayor's job to drive home how misguided my congressional outlook had been."

### **Current Policy**

"The federal government did not create the states," said President Reagan in his first inaugural, "the states created the federal government." In 1981, he persuaded Congress to consolidate 57 categorical grant programs into 9 block grants, which are broader and less restrictive. This consolidation cut annual paperwork by six million hours and allowed federal agencies to reduce the staff associated with the predecessor categorical programs by 80%. His Administration has also improved intergovernmental relations by giving state and local officials greater opportunity to air their views of federal aid programs before final decisions are made.

### **Policy Alternatives**

- Further consolidate federal assistance into block grants.
- Require the federal government to report the total direct costs imposed on state and local governments by federal rules.
- Forbid the federal government from imposing further mandates unless it reimburses states and localities for the resulting costs.

## **Voluntarism**

### **The Setting**

The big-government era hinged on the notion that government programs are the only way to handle social problems. That philosophy implied a cynical view of our country's spirit: civic responsibilities have to be squeezed out of Americans in the form of tax dollars. Nonsense. Americans have always been the world's most generous people. In the 1830s, Tocqueville observed that citizens were forever forming associations to improve community life. Today there are some 375,000 charitable organizations—ranging from the Red Cross to small local service clubs—which spend over \$100 billion a year. And millions of Americans serve their fellow citizens either through informal groups or as individuals.

Voluntary efforts can be far more sensitive than bureaucratic social programs in addressing social needs. Government's challenge is not to supplant these efforts but to nurture them.

### **Current Policy**

President Reagan has used the moral authority of his office to encourage voluntarism. His Task Force on Private Sector Initiatives amassed a databank of innovative efforts and organized local task forces throughout the country.

Despite the President's commitment to voluntarism, IRS bureaucrats have deemed volunteer officials of charities to be personally liable for the charities' tax problems. This can only serve to discourage volunteer service.

### **Policy Alternatives**

- Authorize a test of the semi-postal device. Used throughout Europe, semi-postals are postage stamps with a surcharge, whose proceeds go to charity. (They are issued in addition to, not instead of, regular stamps. Purchase is voluntary.) This way, the government could help private organizations for the aged, handicapped, or homeless without raising taxes or appropriating funds.
- Allow federal agencies to accept the voluntary services of individuals and nonprofit organizations to carry out any appropriate agency activities.
- Provide that volunteer officials of a charity shall not be personally liable for any failure of the charity to pay taxes.

## **A Strong America in a Peaceful World**

In 1956, President Eisenhower said: "The force and impact of one word—Peace—reach all persons, all problems in our land. Its meaning embraces past achievements, present problems, future hopes. It touches all things in our life and knowledge: from home and school, factory and farm, to the most distant points on earth—a frontier in Europe, an island in the Pacific, a canal in the Middle East. And this meaning reaches, too, from the highest kind of principle to the most personal kind of fact."

House Republicans are guided by the related principles of peace and freedom. We aim to keep our children out of war, and we hope for a world where all children can grow up in a true democracy. Indeed, ensuring individual freedoms can promote peace both at home and abroad.

Pursuit of our principles must be grounded in realism. Unlike the now-dominant wing of the Democratic Party, we know that the Soviet leaders are not like Americans. These leaders think of "security" only as communist control, and they will snatch every chance to further such control. Only through strength can we bring the Soviets to just and lasting agreements.

Warfare and terror can erupt from other countries, too; our government must keep a watchful eye on places such as Libya and North Korea. But we also realize there are opportunities for peace and partnership. The United States should deepen its friendships with emerging nations in Latin America, Asia and Africa, as well as with our traditional allies.

President Reagan has done much to advance peace and freedom across the globe. He has rebuilt our defenses, raised our prestige and restored realism where his predecessor had wandered. Now we are poised to bargain from a position of strength across the range of arms control issues.

No matter how much we have done, America will have much more to do in the years to come. Congress ought to back the Administration's basic principles rather than undercut them. While exercising proper oversight, lawmakers should refrain from disrupting the daily workings of diplomacy and defense. Within budgetary constraints, Congress must keep strengthening our armed forces.

This section explores ways of improving national security and foreign relations.

## US-Soviet Relations

### The Setting

In 1939, Winston Churchill called the Soviet Union "a riddle wrapped inside a mystery inside an enigma." Its internal decision processes remain shrouded, and its rhetoric—by turns encouraging and threatening—can still puzzle the most learned Kremlinologist. But the character of its *actions* is utterly clear: Soviet foreign policy has always been ruthless and aggressive. Over the years, some political leaders have ignored this simple fact, preferring to believe that "the Soviets will see their interests the same as we see ours," as one put it. Because of the pressure exerted by these leaders, especially during the 1970s, the United States did not always resist Soviet power. The result was predictable: continued Soviet support for terrorism and guerrilla warfare against democracies, and an unrelenting military buildup.

The Reagan Administration, however, has taken a different tack resulting in a more realistic and stable relationship. By recognizing the basic differences in American and Soviet goals, the Reagan Administration has sought to work with the Soviet Union in areas such as arms control while at the same time refusing to bow to Soviet demands.

### Current Policy

Until recently, the Soviet Union refused to meet with American negotiators unless the United States made unilateral concessions. Scheduled talks between Secretary Shultz and Foreign Minister Gromyko, however, have added a hopeful note to the situation. In any future talks, the Administration will not sacrifice its basic principles on arms control, trade and Soviet aggression and adventurism in the free world. The President reasserted this policy in his victory speech on election day.

### Policy Alternatives

- Carry out confidence-building measures such as: establishment of risk reduction centers in Washington and Moscow; accelerated improvement in the "hot line"; mutual agreement for advance notification of all strategic test launches and training exercises involving American, Soviet, Warsaw Pact or NATO forces.
- Expand cultural and scientific exchanges with the Soviet Union.
- Maintain the credibility of the American security guarantee to our allies in Western Europe, Asia and the Americas.
- Provide regular and systematic consultation between the United States and its allies to maintain unity in the face of Soviet diplomatic and military pressure.

## **Arms Control: Soviet Compliance**

### **The Setting**

In a 1984 news story, a working man from House Speaker O'Neill's home area was asked about arms control. Nobody wants war, he said, but "a lot of people don't trust the Russian government—not the Russian people, the government; it has murdered millions of its own people. . . . Look at Poland and Afghanistan. If we're going to get rid of these nuclear bombs, we have to strike a bunch of deals with a murderous dictatorship, and be damn sure they keep to their side of the agreement!" His comments reflect America's mood: a desire for arms control, and a concern for verification. Over the years, the United States and the Soviet Union have reached a series of arms control agreements, most notably the SALT I and SALT II accords. Recent intelligence revelations, however, indicate that the Soviets have violated many agreements, both in spirit and letter.

### **Current Policy**

The Administration has proposed: reducing the number of strategic warheads to 5,000 on both sides, abolishing intermediate nuclear forces in Europe (and limiting forces that could substitute for them), curtailing conventional forces in Europe, and banning chemical and biological weapons. The Administration has also sought procedures to assure Soviet compliance with the Nuclear Threshold Treaty. According to Administration policy, any agreement must be verifiable and enforceable. Soviet compliance remains the obstacle to arms control.

### **Policy Alternatives**

- Oppose needless congressional constraints on arms control.
- Provide greater opportunities for public presentation of evidence on Soviet non-compliance.
- Strengthen the compliance oversight office of the Arms Control and Disarmament Agency while creating similar offices in the Department of Defense and the National Security Council.
- Pending improvement in verification and introduction of a policy for ensuring Soviet compliance, avoid agreements needlessly limiting American options on strategic defense and anti-satellite warfare. But press for talks on the future of such systems. As in all arms talks, avoid hard-to-verify provisions.

## **Strategic and Theater Nuclear Forces**

### **The Setting**

One of the Reagan Administration's first goals was restoring our strategic deterrent by rebuilding and improving the nuclear arsenal. The Administration responded to Soviet deployment of 378 SS-20 intermediate range nuclear missiles by continuing the deployment of the Ground-Launched Cruise Missile and the Pershing II missile in Western Europe. The SS-20 missiles, each carrying three warheads, can strike all NATO military targets and European population centers, as well as similar targets in Japan. The past four years have seen improvement in the Trident submarine and the missiles it carries. The strategic triad's land and air-based legs have not fared as well. Congress has approved only a fraction of the 100 MX missiles the President has requested, linking funding in the next fiscal year to arms-control progress. The 99th Congress should promptly address the issue of strategic weapons if the United States is to improve its strategic position.

### **Current Policy**

In the continuing resolution passed at the end of the 1984 session, Congress approved 21 MX missiles for production, pending reauthorization in the next Congress. The B-1 bomber has been funded for production through fiscal 1985; total procurement will reach 52 bombers by the end of that year. In addition, the Trident submarine and cruise missile programs have received modest support from Congress. The air-launched cruise missile, however, has been cancelled in anticipation of the stealth cruise missile.

### **Policy Alternatives**

- Continue deployment of the MX. Congress should approve funds to harden existing silos and, in light of Soviet silo improvements, upgrade present MX warheads. Minuteman missiles, including guidance and warheads, should also be improved. Continue the maneuverable warhead (MARV) program.
- Support research and development of the Midgetman, a single-warhead mobile ICBM that should serve first as a follow-on to MX and then as its replacement.
- Meet the fiscal 1988 deployment goal of 99 B-1 bombers.
- Support development of the stealth bomber, which will give the United States a significant penetrating capability well into the twenty-first century.
- Procure additional Tridents with new and improved ballistic missiles and continue with plans to deploy sea-launched cruise missiles.
- Continue to improve strategic command and control functions.



## **Strategic Defense**

### **The Setting**

The Anti-Ballistic Missile (ABM) Treaty of 1972 originally allowed the United States and the Soviet Union to maintain two ABM sites each. A subsequent agreement between President Nixon and Chairman Brezhnev reduced that number to one. The United States built, then dismantled, a nuclear ABM interceptor system around a Minuteman installation. The Soviet Union continues to maintain an ABM network around Moscow. Early in the Reagan Administration, presidential advisors and organizations raised the question of renewed ABM defense. In March 1983, the President outlined plans for research into a strategic defense program. Congress has provided limited funds for research, none for procurement. To date, testing has yielded positive results: a missile launched from the continental US was intercepted and destroyed by a non-nuclear ABM projectile over the South Pacific. In the 1960s, ABM systems compensated for shortcomings in guidance by using nuclear devices to increase the interceptor's destructive range. Because of the improved guidance of today's systems, the intercepting missile does not now require a nuclear warhead.

### **Current Policy**

Administration policy has focused on research and development. When seeking \$1.7 billion in the Defense Authorization bill, the Administration had indicated that the funds would be used only for continued development and testing of alternative ABM systems. House-Senate action on the 1985 Continuing Resolution set the figure at \$1.4 billion.

### **Policy Alternatives**

Policy alternatives are limited by the President's intention to abide by the 1972 ABM Treaty. With the Treaty's scope, however, several policy options are available:

- Promptly study the requirements of deploying a point defense ABM system around an existing Minuteman field as allowed by the Treaty. This would provide experience in ABM management and increase the survivability of part of our land-based ICBM force.
- The President, in consultation with Congress, should review the ABM Treaty and continued US adherence, given the changes in strategic offensive systems in the last decade, and the shift in relative strength of Soviet and US strategic forces.
- Emphasize the development of a credible strategic defense through the establishment of an agency within the Defense Department to evaluate and test the technical and strategic aspects of ballistic missile defense.

## **Anti-Satellite Warfare**

### **The Setting**

Anti-satellite warfare is a phenomenon of the highly technical character of strategic weaponry and intelligence-gathering in the 1980s. As military planners have tried to deal with the changing nature of conflict, satellites have become increasingly important to national security. Satellites now track missiles, detect troop movements, provide rapid communication, forecast combat-relevant weather, and provide electronic sensing and highly detailed photography of once inaccessible parts of East Bloc countries. The United States and the Soviet Union have come to rely on space-borne systems as a source of information in peacetime and an active military element in any possible conflict.

### **Current Policy**

President Reagan has designated Lt. Gen. James Abrahamson as Director of the Strategic Defense Initiative with responsibility for coordinating space weapon and anti-satellite (ASAT) efforts. Congress has shown reluctance toward ASAT, and in the fiscal 1985 Continuing Resolution, limited the number of tests. Furthermore, these tests cannot be conducted before March 1985, so that Congress and the President may reconsider their impact on arms control.

### **Policy Alternatives**

- Promptly approve testing of ASAT systems in excess of the current three-test limit.
- Support continued development of Strategic Defense and ASAT systems. Limited procurement funds should also be approved upon presidential assessment that the Soviets will not make reasonable agreements in this area.
- Defend current satellites by: storing replacement satellites in space or on the ground for quick launch; hardening satellites against attack; providing satellites with evasive capability; deploying more satellites with backup capabilities.
- Improve and harden ground-based communications networks as backups to satellite systems.

## Legislating War Powers and Foreign Policy

### The Setting

The Constitution provides both the president and Congress a role in foreign policy and national security. But as Alexander Hamilton wrote in *The Federalist* #47, "Of all the cares and concerns of government, the direction of war most peculiarly demands those qualities which distinguish the exercise of power by a single hand." Resolving this tension is a perennial problem of American government. The War Powers Resolution, passed in 1973, requires the President to consult with Congress before sending troops into hostilities, and curbs executive authority to keep those forces in hostile situations. The law was enacted in reaction to the Vietnam War, but there is little evidence that it would have prevented American involvement in Southeast Asia: Congress consistently and continually supported such involvement. Congress has enacted many other restrictions on foreign policy. Currently, 17 House committees and 19 Senate committees have some jurisdiction over foreign affairs. Supporters of strong executive authority say this fragmentation of power hampers our role in the world. According to President Ford, "You can't have 535 commanders in chief. You can't have 535 secretaries of state."

### Current Policy

In the 1983 *Chadha* decision, the Supreme Court cast doubt on the War Powers provision allowing Congress to force withdrawal of troops fighting overseas. President Reagan has questioned the constitutionality of other provisions as well.

### Policy Alternatives

- Amend the War Powers Resolution to eliminate the 48-hour notification provision and the 60-day deployment limitation.
- Establish a presidential-congressional closed committee to allow for formal dialogue on foreign policy.
- Convene regular informal meetings on foreign policy between members of Congress and executive officials.

## **Terrorism**

### **The Setting**

Concrete barriers surround the Capitol. Citizens must pass through metal detectors to visit their lawmakers. And all over the world, tyranny's opponents worry that they will be silenced by a bullet or a bomb. Terrorism is spreading. The past decade has brought 6,500 terrorist incidents, and 2,500 were directed against Americans. The carnage in Beirut underscored the human cost. And the attempted murder of the British cabinet in Brighton showed once again how hard it is to prevent terrorist attacks. State-sponsored terrorism—which Senator Henry Jackson called “warfare by remote control”—is a new and dangerous development. Countries such as Libya and North Korea sponsor terrorism to gain strategic advantage when conventional methods fail. Behind them often stands the Soviet Union, which provides training and financial support, and which remains ready to scavenge the wreckage the terrorists cause.

### **Current Policy**

In 1984, the President signed legislation providing for a number of steps to fight terrorism, including rewards for those who furnish information that helps the government catch terrorists. The Administration's policy is to take the initiative against known terrorists, so it can stop them before they can act.

### **Policy Alternatives**

- Continue to improve our ability to gather intelligence about terrorist groups and consider the use of pre-emptive force against terrorists on a case-by-case basis.
- Explore an international agreement for consultation in the event of a nuclear incident brought about by a terrorist act.
- Ensure that American military and diplomatic personnel continue to take the proper steps, through administration and training, to protect themselves against terrorists.
- Improve security at all American embassies and overseas offices.
- Provide for federal punishment of diplomats who use firearms to commit felonies. Diplomatic immunity could now be abused so as to shield terrorists: in 1984, a Libyan hit man killed a British police officer but could leave the country unpunished because he had diplomatic immunity.

## **Intelligence**

### **The Setting**

Since the formation of the House and Senate Select Committees on Intelligence, Congress has increasingly influenced intelligence policy. Congress has curbed covert action in Central America and elsewhere. Lawmakers have criticized intelligence agencies for apparent failures to forecast the Shah's downfall, the Soviet invasion of Afghanistan and attacks on US diplomatic posts, to name a few. American intelligence has indeed had its shortcomings—stemming largely from an erosion of morale and support, which hit bottom in the 1970s. But the intelligence community did better than that period's headlines suggested. As President Kennedy once told CIA officials, "Your successes are unheralded, your failures are trumpeted."

### **Current Policy**

The Administration has restored the intelligence community's vitality, but skepticism and even hostility linger among congressional Democrats. Under their pressure, Congress has hampered operations through curbs on intelligence-gathering and covert action, and through news leaks calculated to torpedo operations. The Intelligence Committees were intended to be non-partisan, but politics has colored their work, especially when intelligence activities have involved foreign policy controversies. On the positive side, Congress has responded to Administration requests for improved intelligence resources, and has exempted certain sensitive intelligence files from the Freedom of Information Act.

### **Policy Alternatives**

- Revise Intelligence Committee appointment procedures to ensure an orderly transition of membership. And to protect the intelligence community's budgetary interests, the Committee should continue to emphasize its current policy that some of its members serve on either the Appropriations, Armed Services, Judiciary or Foreign Affairs Committees. Before the establishment of the Intelligence Committees, each of these bodies had exercised oversight in this field.
- Ensure that sensitive classified material from the Intelligence Committee is shared with other committees on a case-by-case basis only.
- Establish criminal penalties for unauthorized disclosure of classified information by those with access to sensitive information. Criminal penalties currently apply only to unlawful disclosure of communications intelligence, identities of covert agents and energy-restricted data.
- Continue procurement of technical intelligence systems and improve recruitment of intelligence agents, with an emphasis on ethnic and native-speaking candidates.

## **The Americas**

### **The Setting**

"It must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures," said President Truman in 1947. Today, that principle is being tested in Central America. Communists are trying to topple El Salvador's democratic government. Nicaragua's Sandinista regime abets this effort, in addition to repressing religious and political liberty within its own borders. Throughout the region, Cuba and the Soviet Union supply freedom's enemies with arms and ammunition. Countries elsewhere in the Americas possess vast natural resources, but most lack the funds and technology needed to use them effectively. As a result, these nations have relied on US economic and military assistance. The international debt crisis has grown worse as South American countries such as Bolivia continue to borrow from the International Monetary Fund and other lending institutions.

### **Current Policy**

The bipartisan Jackson Commission advised long-term support for democratic development in Central America through economic and security assistance and strong-willed diplomacy. President Reagan is working to carry out the Commission's recommendations, with 70% of his aid program earmarked for social and economic development. He has encouraged the Contadora group's efforts at regional talks, and he supports the democratic aspirations of the Nicaraguan people. Relations between the US and South America have improved. The 1984 US-Brazil Cooperation Pact, covering economic and cultural issues, signaled renewed US interest in the continent.

### **Policy Alternatives**

- Continue economic and security assistance to El Salvador, Honduras, Guatemala, Costa Rica and friendly South American nations.
- Supply military and non-military support to the anti-Sandinista freedom fighters in Nicaragua and Honduras.
- Establish a scholarship program to enable Central American, South American and Caribbean students to attend colleges in the United States.
- Consider reestablishing a "School of the Americas" in a friendly country in the region.
- Continue to improve diplomatic and unofficial exchanges on the range of issues affected the United States and its South American allies, with particular emphasis on drug trafficking and its link to international terrorism.

## **Asia**

### **The Setting**

Once dependent on American aid, Asia's free nations now have the fastest-growing economies in the world. Japan has become one of America's main trading partners, while economic exchange with the Republic of Korea has risen over 4,000% in the last twenty years. This rapid increase in trade has also brought diplomatic and economic strain between the United States and its Asian allies. At the same time, our common security interests remain strong.

### **Current Policy**

Relations with the People's Republic of China continue to improve while we maintain a strong commitment to the Republic of China on Taiwan. American military forces are in Korea, Japan and the Philippines. Our goal remains to ensure a peaceful Asia, and there is concern over increased Soviet military strength in the region. The Administration has urged Japan to improve its self-defense. American policy also emphasizes the growth of the free Asian economies, along with robust and fair trade.

### **Policy Alternatives**

- Review the current disposition of US forces in Asia. Consider the addition of another naval fleet dedicated to Northeast Asian defense, thereby freeing the Seventh Fleet to patrol the Indian Ocean and Southeast Asian waters.
- Continue to back the Association of Southeast Asian Nations (ASEAN). Encourage the discussion of a joint ASEAN-US accord in addition to the present bilateral arrangements.
- Before considering normalized relations with Vietnam, seek a full accounting of the remaining American MIAs and POWs, as well as the removal of Vietnamese forces from Cambodia.
- Encourage the continued growth of democracy in Asia.
- Provide further impetus to Asian economic growth through support of current Administration efforts to reduce trade protectionism in Asia.

## **Africa**

### **The Setting**

The continent of Africa has posed difficult policy questions for the United States since the end of the Second World War. During its transition from colonial status to complete independence, Africa has suffered problems that also plague other quarters of the Third World: political instability, economic stagnation, armed conflict and widespread starvation. One foreign policy challenge is to help Africa solve its problems so that it may use its great natural resources for economic development. Another is to stand firmly for freedom and democracy. We must never watch idly as a government denies basic human rights to the majority of its people simply because of the color of their skin.

### **Current Policy**

The Administration has engaged in diplomatic efforts to resolve international conflicts on the African continent and has directed significant aid to the starving people of Ethiopia. Its goal is to assist Africa in becoming economically competitive, resistant to Soviet influence, and receptive to human rights. As President Reagan said when congratulating Bishop Tutu on his Nobel Prize: "All Americans join me in recognizing your labors in seeking to promote non-violent change away from apartheid, toward a form of government based on consent of the governed and toward a society that offers equal rights and opportunities to all its citizens without regard to race. The United States has heard the appeal for justice voiced by South Africans who suffer under apartheid rule."

### **Policy Alternatives**

- Continue US relief to those suffering from famine, especially in the Horn of Africa. Oppose the misuse of US and international funds.
- For the longer run, join with African nations in preventing such disasters. Specifically, US aid programs should persuade them to move away from policies that worsen economic decline. Instead of subsidizing socialism, we should seek to export democratic capitalism.
- Continue to speak out against national policies that codify prejudice, such as apartheid. Although the United States should acknowledge improvements in human rights where they have occurred, our country is in a unique position to press for further positive change.



## **Middle East**

### **The Setting**

The United States has long tried to bring peace to the Middle East. Despite our best efforts, Lebanon remains in turmoil. At the same time, however, our determination to play an active role in the Camp David process has won us support from moderate Arab countries. Israel's partner in the Camp David Accords, Egypt, has been a force for stability. The Administration has supported Egypt and other moderate regimes against subversion, and it wants them to take part in efforts seeking a long-term settlement of the region's disputes. For three decades, the United States has had a strong relationship with Israel. We are allies in defense of freedom. Our country helps Israel maintain its strength not just because it is in our national interest to do so, but because it is morally right.

### **Current Policy**

President Reagan continues the American effort at making peace. His willingness to stand up to Libya has made moderate nations in the region feel more secure. The Administration's skillful crisis management throughout the Iran-Iraq war has kept that conflict from damaging our vital interests. As the President has said, "We'll keep open the Straits of Hormuz, the vital lifeline through which so much oil flows to the United States and other industrial democracies. Making this clear beforehand, and making it credible, makes a crisis much less likely."

### **Policy Alternatives**

- Reaffirm that the United States should not recognize or negotiate with the Palestine Liberation Organization so long as it continues to promote terrorism, rejects Israel's right to exist and refuses to accept UN Resolutions 242 and 338.
- Continue economic and military aid to Israel while encouraging the Israelis in their efforts at constructive dialogue with their Arab neighbors.
- Promote political reform in Lebanon and encourage the establishment of security arrangements that will allow for an Israeli withdrawal.
- Continue working for better relations with the moderate Arab world while seeking to isolate radical states such as Libya and Iran.

## **NATO and the Western Alliance**

### **The Setting**

The North Atlantic Treaty Organization (NATO) is one of the strongest alliances the world has known. While NATO's basic unity remains firm, the United States and its allies have had differences on certain issues. There has also been debate as to Western Europe's contribution to defense efforts. We must encourage these nations to assume responsibilities that more closely match their capabilities. Some European political forces advocate neutralism, equating the United States and the Soviet Union because of their superpower status. But neutralism's popular support does not run deep. In recent European elections, victory went to parties that support deployment of intermediate range missiles. Only the Dutch leaders have chosen to delay deployment. In handling differences with our Western allies, then, a serious policy of persuasion and cooperation will bring results.

### **Current Policy**

The Administration strongly supports NATO. According to Ambassador Kirkpatrick: "There is no perfect alliance. There are no perfect friends, and as James Reston commented concerning this debate on NATO defense improvement: 'There is no perfect security. There is only the struggle. With friends at our side doing the best we can.' The American Government and the people it serves have every intention of continuing that struggle, side-by-side with our European friends."

### **Policy Alternatives**

- Continue current deployments of Pershing II and cruise missiles.
- Encourage Western European nations to shoulder a greater burden of their own conventional defense.
- Establish a monitoring bureau to evaluate the political, economic and security aspects of NATO and its relationship to the Soviet Union and the Warsaw Pact.
- Encourage our European allies to support democratic initiatives in Central America.
- Strengthen NATO by encouraging France to contribute military support.

## United Nations

### The Setting

During what would be the last 100 days of his life, Franklin Roosevelt announced the formation of the United Nations. In doing so, he voiced his hope that the UN would be a force for liberty and peace. Since then, however, the democracies have often stood in lonely opposition as the forces of collectivist tyranny have bent the UN to their will. In 1983, Ambassador Jeane Kirkpatrick put it this way: "Americans still believe in the ideals and goals of the UN Charter. As in the past, the people of this country are ready to serve and support them—with our efforts and our money. But we will not be accomplices in a betrayal of those ideals and goals. To do so would mock the good faith of all the Americans whose tax dollars support our activities here."

### Current Policy

The Administration supports continued American participation in the United Nations, but with reservations about its politicization and occasional "radicalism." Congress has echoed this concern with legislation requiring the State Department to report annually on UN members' voting records. The February 1984 report shows that countries receiving substantial American aid consistently supported the Soviet Union against American policy objectives. The US has withdrawn from the UN Educational, Scientific and Cultural Organization, citing "endemic hostility toward the institutions of a free society."

### Policy Alternatives

- Curb US contributions to the UN. Options include a freeze on contributions, or rollback to 1980 levels.
- Continue the accountability policy, linking foreign aid to UN members' voting records.
- Stem espionage by Soviet Bloc employees, through strict enforcement of PL 47-357.
- Work with other free nations to study formation of a United Nations of the Democracies. A world body composed of countries sharing our values might be a better forum for confronting concerns now slighted by the UN, such as terrorism. (Formation of such a body would not imply contemplated withdrawal from the UN.)
- Review the option of capping US contributions to the World Bank and International Monetary Fund. Study the possibility of a rollback to 1980 levels.
- Refrain from returning to UNESCO until it resumes its original purposes and principles.

## **Armed Forces**

### **The Setting**

Under President Reagan's leadership, the armed forces are recovering from the declines they suffered during the Carter Administration. Improvements in morale, weaponry and training have bolstered readiness and combat sustainability. In the Air Force, tactical sortie time is up 70%, and adversary combat training is up 30%. With congressional approval, the Administration is on its way toward meeting the goal of a 600-ship Navy. Marine recruitment has been at a peak and recruits' test scores stand at record levels. For the Army, the Administration has stressed improved battlefield weapon systems.

### **Current Policy**

The Administration backs further development of the armed forces. It continues to review the use of high technology in national defense.

### **Policy Alternatives**

- Give immediate attention to the systematic upgrading of aging naval vessels. By planning to replace them, Congress can keep up a reasonable production pace, improve military capability and cut costs by avoiding disruption of production facilities.
- Propose that the Marine Corps consider an experiment with British model unit assignments, in which soldiers may spend their entire career in a single unit. Such assignments should be limited and experimental, pending evaluation. If successful, this effort would build on the Marines' comradery and other basic strengths.
- Renew emphasis on the purchase of light attack and transport helicopters for the Army. Current inventory is aging. The light unidesign helicopter is an inexpensive option for strengthening anti-armor capabilities, especially in Europe.
- Provide officers and enlisted personnel with greater opportunities to learn the languages and cultures of areas of possible conflict. This would improve combat and intelligence capabilities.
- Increase production and stockpiling of modern ammunition and supplies. Through false economies in these important accounts, past Congresses hindered improvements in readiness and combat sustainability.

## **Unconventional Warfare**

### **The Setting**

Mao Zedong explained the guerrilla's philosophy: "Make wiping out the enemy's effective strength our main objective; do not make holding or seizing a city or place our main objective." Since the Korean War, the United States and its allies have often had to confront such military opposition. Vietnam and insurgencies against friendly governments such as El Salvador are but two examples. Terrorism places new responsibilities on American forces, which remain oriented toward the traditional World War II style warfare. The renewed emphasis on the Army Rangers and Special Forces, Navy SEALs and the secret DELTA force has had some triumphs in opposing unconventional foes. Yet US forces in the field basically remain unable to confront what has become the combat technique of the 1980s.

### **Current Policy**

The Reagan Administration has increasingly emphasized the creation of forces dedicated to unconventional combat. As a result, the Army Special Operations Command and the Joint Chiefs of Staff Special Operations Agency were formed. The Special Forces have increased manpower ceilings and non-traditional units such as Delta Force have received favorable consideration.

### **Policy Alternatives**

- Organize a coordinating task force in the office of the Secretary of Defense to assess the military requirements and develop mission responsibilities for non-conventional warfare by selected units.
- Tailor military assistance to guerilla-besieged countries to the special requirements of such warfare. Instructors should be thoroughly schooled in guerilla strategy and tactics. Military assistance should be predicated on the special needs of combat with emphasis on small arms, night fighting and detection devices, and helicopter gunships and transports.
- Initiate research on special warfare weapons and tactics that would allow the United States to take the offensive against guerrillas.
- Establish a coordination mechanism with the Office of the Director of Intelligence at the cabinet level to insure that Defense Department efforts complement the paramilitary operations of the intelligence services.

## **Manpower and Veteran Issues**

### **The Setting**

Much of the Defense budget goes to manpower and personnel. Military analysts say these expenses are justified because conventional deterrence hinges on the human element. Aside from pay, personnel expenditures include: retirement and veteran benefits, hospital and medical benefits, commissary and PX privileges, and education benefits. Service personnel may attend college in off-hours at reduced cost or save for their post-service schooling through the military participatory education fund, which requires a small individual contribution. Policy analysts have suggested alternatives to the current military retirement system. But the system's defenders argue that the military's purpose is to fight, which requires young and dynamic people who voluntarily stay in the service. Retirement at twenty years guarantees a young force and is a key element of personnel retention.

### **Current Policy**

The all-volunteer force has seen dramatic improvement in the number and quality of its recruits. Retention remains high and force levels remain strong. The Administration's policy is to increase salaries and benefits to keep pace with the private sector, with an eye toward holding onto those finishing their first or second term of service.

### **Policy Alternatives**

- Preserve the all-volunteer force, with emphasis on retention in critically short areas. Study the increased use of pay bonuses for recruitment and retention.
- Increase pay for enlisted personnel, particularly in the non-commissioned officer ranks and hard-to-fill occupational areas: combat troop assignments and drill sergeants.
- Review the Veterans Administration's medical construction requirements for increased future need and provide funds to improve outpatient services.
- Encourage the formation of a working group of private pension plan representatives and Defense Department officials to study alternatives to the current military retirement system. Such alternatives, however, should not reduce the level of benefits for those now serving in the armed forces.

## **Defense: Economy, Efficiency and Management**

### **The Setting**

From President Kennedy's heyday to President Carter's nadir, the Defense Department's share of the budget sank from almost 40% to less than 25%. The Reagan Administration has addressed this decline by proposing increases in the defense budget. As a result, the way the Pentagon spends money has come under closer scrutiny. But the allocation of resources is not the only area of defense management that needs study. The organization of the Department itself, both its civilian and military structures, requires investigation to determine whether procedural and structural changes are warranted.

### **Current Policy**

The Administration has ferreted out areas of mismanagement and waste. The Carlucci initiatives and the Planning Programming and Budget System (PPBS) revisions have both addressed the Pentagon's shortcomings in budgeting and acquisition. The Defense Department has carried out internal reviews aimed at improving fiscal practices.

### **Policy Alternatives**

- To improve management and save costs, establish two-year cycles for budgeting, authorization and appropriation for defense.
- Consolidate overlapping offices in the Defense Department.
- Review the Department's organizational structure, which has not significantly changed since the National Security Act of 1947.
- Consolidate strategy planning under a National Security Council group. This group would have expanded powers for and review. Currently, most cabinet departments many agencies share responsibility in this area.
- Consider placing the Joint Chiefs of Staff in the formal military chain of command with responsibility for all services and the various unified, specified and joint commands.
- Improve procurement: strengthen the Defense Resources Board to coordinate service and agency budgets; establish an independent agency to evaluate weapons; require guarantees on weapon systems whenever it is cost-efficient to do so; implement multi-year contracting based on quality and cost; improve computer systems for procurement.
- Consider cost-saving initiatives: close underused military facilities and consolidate operations; standardize parts, equipment and inventory procedures.
- Work toward consensus between the legislative and executive branches on a stable level of growth for the defense budget.

## Conclusion

A longtime Democratic operative recently noted "the country is in transition. The Republicans understand this better and they're setting the national political agenda." He was right. America *is* in transition—from an age of big government to an age of individual initiative, from a period of vacillation on the world stage to an era of peace and freedom buttressed by American strength. Republicans *do* understand this better. Our party *is* setting the national political agenda. As political scholar James Q. Wilson has observed, "the Republican party has become the party of change." This document helps continue the Republican commitment to progress and points to new directions for the future. Here we have offered ideas for tomorrow and practical choices for today. Our proposals can open the way for a better future, but they are only a start. Government cannot—and should not—set down a narrow path for society to follow. Each American must be free to make his or her own future. Government's challenge is to nurture that freedom. The Committee on the First One Hundred Days recognizes the need for leadership that stimulates individual creativity and therefore presents *Ideas for Tomorrow, Choices for Today* as a set of policy alternatives for the 99th Congress and beyond.



## Legislative References

A number of bills introduced in the 98th Congress made proposals similar to ones put forth here. Below is a list of such bills. Note that changing conditions—especially reform of the tax code—may require some modification of this legislation.

### **Economic Growth and Opportunity**

#### *Tax Reform*

- Flat Tax Proposal: Kemp/H.R.5533; Hefel/H.R.6420
- Broader Use of I.R.A.'s: Roth-Moore BEST Tax
- Tax-Free Ceilings: Daub/H.R.765

#### *Further Budget Reform*

- Balanced Budget Amendment: Lagomarsino/H.J.Res.112; similar proposals by Lent, Shumway, and Hartnett
- Line-Item Veto: Archer/H.J.Res.52; similar proposals by Hyde, Bereuter, Solomon, Bateman
- Two-Thirds Majority on Concurrent Resolutions: Lewis/H.J.Res.593
- President's Authority to Impound Funds: Michel/H.R.5000
- Two-Year Budget Cycle: Quayle/S.95
- Capital Budget: Clinger/H.R.1244
- Sale of Loans by the Federal Financing Bank: Gradison/H.R.5288

#### *Regulatory Process*

- Congressional Veto: Lott/H.R.3939
- Cost-Benefit Analysis: Lott/H.R.3939
- Regulatory Budget: Durenberger/S.1736

#### *Banking*

- Broaden Activities of Holding Companies: Garn/S.2851
- Geographic Deregulation: D'Amato/S.2107

#### *Communications*

- Codify FCC Regulations: Goldwater/S.55
- Shift Broadcasting Fund Money: Broyhill/H.R.5248
- Abolish the Fairness Doctrine, Equal Time Standard, and Reasonable Access rule: Packwood/S.1917

#### *Transportation*

- Federal Mass Transportation Capital Funding: Moody/H.R.5165

#### *Job Opportunities*

- Worker Retraining: Johnson/H.R.5159
- Reemployment Vouchers: Quayle/S.Amdt.518

- **Youth-Opportunity Wage:** Campbell/H.R.485; Pack-wood/H.R.5721
- **Household Manufacturing:** Snowe/H.R.6026

*Housing and Community Revival*

- **Enterprise Zones:** Conable/H.R.1955
- **Home Ownership of Public Housing:** Kemp/H.R.6317

*International Trade*

- **Strengthen Multilateral Trade Negotiation Agreements:** Roth/S.Res.463
- **Economic Impact Reports for Import Restrictions:** Chafee/S.Amdt.4337

*Export Controls*

- **Amend the Foreign Corrupt Practices Act:** Heinz/S.414

**Free Individuals and Strong Families**

*Women*

- **Spousal R.A.'s:** Michel/H.R.4500
- **Forbid Government Classifications Based on Sex:** Kramer/H.R.1131
- **Sex Discrimination Study:** Snowe/H.Con.Res.355
- **Include House of Representative Employees under Civil Rights Act:** Solomon/H.R.1916
- **Tax Credit for Employment of Displaced Homemakers:** Hatch-Hawkins/S.2143

*Civil Rights*

- **Destruction or Theft of Religious Property:** D'Amato/S.2816
- **Naturalized Citizens Eligible for Presidency:** Eagleton/S.J.Res.72

*Crime and Punishment*

- **Evidence From Good-Faith Searches:** Lungren/H.R.2239
- **Reform Habeas Corpus Procedures:** Lungren/H.R.2238
- **Explore Privatization:** D'Amato/S.2933
- **Prison Industries Reform:** McCollum/ H.R.3362
- **Death Penalty Provision:** Petri/H.R.4905

*Excellence in Education*

- **Improvements as a Condition of Federal Aid:** M. Edwards/H.R.3192
- **Business Tax Credits:** McCurdy/H.R.836, with GOP cosponsors

*Financing Education*

- **Tax-Deferred Savings:** L. Martin/H.R.4147; Fields/H.R.4794
- **Tuition Tax Credits:** Gradison/H.R.1730

*Adoption*

- Nationwide Information Exchange System: Fish/H.R.572
- Criminal Penalties for Fraudulent Adoption Rings: Dole-Denton/S.2299; Brooks/H.R.5030, with GOP cosponsors

*Child Care*

- Increase Tax Credit for Dependent Day Care Services: Michel/H.R.4500

*Protecting America's Youth*

- Life Sentences Mandatory for Kidnapers: McCain/H.R.5842
- Expand RICO to Cover Exploitation of Children: Hawkins/S.3043
- Clearinghouses on Missing Children: T. Lewis/H.R.5826
- Crimes Against Children: Regula/H.R.5486

*Home Care For The Elderly*

- Tax Credits for Home Care: Conte/H.R.3797; Fiedler/H.R.965; Tauke/H.R.2094. Home Care for Ailing: Snowe/H.R.4274
- Establish Long-Term Care Centers: Conable/H.R.5726

*Handicapped and Disabled*

- Tax Credit for Teletypewriters: Hammerschmidt/H.R.612
- SSI Workers with Medicaid Benefits: Bartlett/H.R.6263

*Welfare*

- Minor Unmarried Parents and Welfare Benefits: Petri/H.R.5093
- Workfare Programs: Stangeland/H.R.695
- Human Service Delivery Systems: Campbell/H.R.2563

**Natural Resources and Human Frontiers**

*Space*

- Articles made aboard American Spacecraft: Bateman/H.R.5975

*Basic Research*

- Financing Scientific Facilities for Colleges: Brown/H.R.2118

*Energy and Innovation*

- Abolish the Synthetic Fuels Corporation: Broyhill/H.R.5761; Weber/H.R.3380

*Fossil Fuels*

- Repeal the Fuel Use Act of 1978: Nickles/S.512
- Abolish Mandatory Auto Fuel Economy Standards: P. Crane/H.R.514
- Coal Leasing Flexibility: Kogovsek/H.R.1530

*Nuclear Energy*

- Standardize Nuclear Power Plant Design: Broyhill/H.R.5053

*Critical Materials*

- Foster Bartering for Critical Materials: C.Evans/H.R.3991

*Environmental Protection*

- Acid Rain Research: Rahall/H.R.1405
- Strengthen the Safe Drinking Water Act: Madigan/H.R.5959

*Soil Conservation*

- Support the Sodbuster Concept: Jones/H.R.3457, with GOP cosponsors

**Fair and Efficient Government**

*Sunshine in the House*

- Full Broadcasting of House Proceedings: Lott/H.Res.580
- Honesty and Accuracy in *Congressional Record*: Brown/H.Res.518
- End Secrecy surrounding Discharge Petitions: Brown/H.Res.518
- Abolish Proxy Voting in Committees: Brown/H.Res.518

*Campaign Finance*

- Restructure Current Tax Credits for Contributions: McCugh-Conable/H.R.3737
- Remove Limits on Party Committees: Frenzel/H.R.3081

*Federalism*

- Block Grants: Michel-Lott/H.R.2647-H.R.2650
- Costs of Federal Rules: Durenberger/S.2401
- Federal Reimbursement of Costs: Durenberger/S.2401

*Voluntarism*

- Voluntary services for agency activities: M.Edwards/H.R.1323
- Remove Personal Liability of Volunteer Officials: Conable/H.R.4494

**A Strong America in a Peaceful World**

*US-Soviet Relations*

- Risk Reduction Centers: Courter/H.Res.475

*Strategic Defense*

- Ballistic Missile Defense within DOD: Kramer/H.R.3073; Whitehurst/H.Res.215

*Anti-Satellite Warfare*

- Development of Strategic Defense and ASAT: Whitehurst/H.Res.215; Bennett/H.Res.259

*Terrorism*

- Punishment of Diplomats who use Firearms to Commit Felonies: Broomfield/H.R.5928

*The Americas*

- Scholarship Program: Regula/H.R.4677

## Suggested Readings

In developing ideas for this project, the Committee consulted a number of books and articles. Space does not permit a full listing, but for those who want to do further reading on our themes, here is a sample of useful works. (We do not necessarily endorse every argument made in each of these works, nor do we expect that each author would automatically endorse every proposal in this document.)

### Domestic Policy and Economics

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### Foreign Policy and National Security

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Approved For Release 2009/09/18 : CIA-RDP87M00539R002203530034-7

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