

3 Ex-Treasury Secretaries Caution Rubin on Default

New Move Seen Raising Constitutional Issues

From news services and staff reports

The Clinton administration's next action to avoid a government default could be "a fateful step" raising constitutional issues, three Republican former Treasury secretaries said yesterday.

Nicholas F. Brady, James A. Baker III and Donald T. Regan made the assertion in a letter to Treasury Secretary Robert E. Rubin.

On Thursday, the chairman of the House Rules Committee threatened to begin impeachment proceedings against Rubin if he continues extraordinary steps to avoid exceeding the \$4.9 trillion ceiling on the national debt.

The three secretaries, who served under presidents Reagan and Bush, wrote Rubin that they understood "the pressures you confront" and recalled that they "were also compelled to take temporary actions in order to preserve the credit of the United States."

Since mid-November, Rubin has been tapping two trust funds set aside for civil service retirees. He hasn't specified what he would do next, saying only "I believe we will

find ways" to avoid default during the first five days of February when \$50 billion in payments to debt holders, Social Security recipients and military personnel come due.

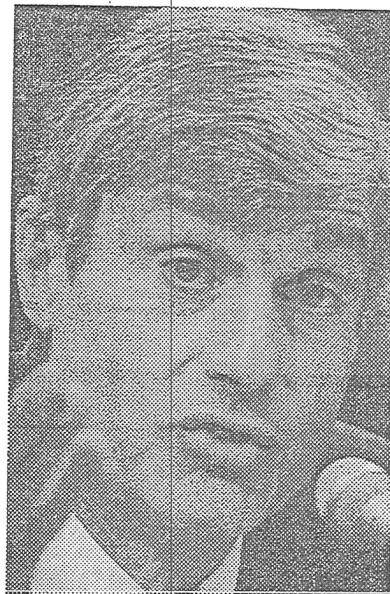
The three Republican former secretaries told Rubin, "It now appears . . . you will be required to take broader actions, including perhaps extraordinary and unprecedented measures.

"This will be a fateful step, and one that could, in our view, raise serious legal, perhaps even constitutional issues," they wrote. "We believe this moment should be avoided at all costs."

They said Rubin should avoid the crisis by using his influence to persuade President Clinton to agree to balance the budget in seven years.

Rubin responded in a letter to the three that he is "committed" to a balanced budget that "protects priorities the president has identified," and added that they should use their influence to urge Congress to pass an increase in the debt limit with no strings attached.

"It is wrong and dangerous for anyone to use the creditworthiness



ROBERT E. RUBIN

. . . "wrong" to abuse nation's credit

of this great nation as a tool to achieve their side of any policy debate, no matter how strongly they believe in their position," Rubin wrote.

Meanwhile, Democrats in Congress harshly criticized the Rules Committee chairman, Rep. Gerald B.H. Solomon (R-N.Y.), for suggesting that Rubin could be impeached for violating the Constitution's grant of borrowing power to Congress.

The senior Democrat on the House Judiciary Committee, Rep. John Conyers Jr. of Michigan, said the threats were silly and "the height of hypocrisy."