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**Folder Title:**  
Texas State Legislature 4/26/89 [OA 6263]

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Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>26</b>	<b>18</b>	<b>7</b>	<b>6</b>

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Davis/Wallace  
April 19, 11 a.m.  
Title: Texas  
Draft: Two

PRESIDENTIAL REMARKS: TEXAS STATE LEGISLATURE  
CAPITOL, AUSTIN  
APRIL 26, WED., TIME -- T.B.D.

((It's a good thing this isn't Bill Clement's birthday . . .  
From where I'm standing, another Plaid Day in the Texas  
Legislature could blind a fella.))

In all sincerity, happy belated birthday Bill . . .  
Lieutenant Governor (Bill) Hobby, it's great to see you again.  
Speaker Gib Lewis, distinguished legislators, fellow Texans,  
thank you . . . I'm delighted to be back in Austin, with so many  
friends . . .

I will want to discuss a few issues facing Texas and all of  
America. But before I do, let me say a few words about what it  
means to me to be a Texan.

Like the former kingdom of Hawaii, Texas is a nation that  
had to reconcile itself to being a state. But, like Hawaii, we  
will never reconcile ourselves to being ordinary. From the Pecos  
to the Pedernales, from the rapids of the Rio Grande to the broad  
expanse of the muddy Red River, there is no place on earth like  
Texas . . .

Nor is there another capital in America quite like this one, built of a rose-tinged granite that blushes in a low sun. And, this being Texas, we had to build a capital that is exactly one foot taller than the one in Washington. Texas certainly stands tall, in the heart of this President . . .

Perhaps for this reason, Larry McMurtry is one of my favorite writers. In Lonesome Dove, he describes the mythic Texas, and conjures that sense of place we all know so well. I am inspired by a man of letters who can convincingly adopt the voice of cowboys and outlaws -- men whose only schooling was in dodging bullets, whose only lessons were in how to rustle cattle.

But, unlike Davy Crockett, I first set out for Texas not on horseback from Tennessee, but from Yale in a red Studebaker. More than forty years later, that trip is still a vivid memory -- the lonesome road, a neon Pearl Beer sign appearing in the desert twilight like an apparition. Stopping at a cafe, I didn't know if a chicken fried steak was a chicken fried like a steak, or a steak that tasted like chicken . . .

Still, Barbara and I settled in Texas, as did so many before us. We raised five children, built a business. And in that span of forty years, I watched this state grow into greatness. The Texas of the epic movie Giant seemed almost ordinary in the

fifties, with bluejeaned millionaires as common as cactus in Odessa and Midland. I'm no historian, but it has been noted that the wealth of merchants preceded the Renaissance of Michelangelo. In my lifetime I have seen the oil wealth of West Texas finance the building of great cities, and the expansion of first-class land grant colleges -- the origins of a Texas Renaissance, if you will. The energy business helped make Texas what it is today -- the Third Coast of the United States . . .

This Texas Renaissance lasted for years, even decades. But you also know another more recent chapter of the Texas story -- oil cheaper than fancy mineral water, skylines of empty buildings, expensive homes to be had for monthly payments, and thousands of laid-off workers.

Now, I'm no cowboy. I pitch horseshoes, but I don't ride broncos. But I understand that cowboys have a term for the most dangerous and cunning bronco of all: They call it a "sunfisher." These broncos will rebel against a rider by adopting a motion not unlike the sunfish of the Gulf -- a full-force leap into the air, back arched high, flank twisting the rider to the left, head and upper torso twisting the rider to the right, in an attempt to tear him apart. Let me suggest that in the 1980s, the whole state of Texas feels like it has been on just such a ride . . .

An old saying goes that there never was a horse that hasn't been rode, and never was a man who hasn't been thrown. I guess Texans have proven that. It is also said that strong men and women are challenged by adversity. I believe Texans have proven that, too . . .

When a rider is thrown, he can do one of two things. He can slink away and never again attempt another act of horsemanship. Or, he can dust himself off, put one boot in the left stirrup, throw the other boot over, and get firmly back into the saddle. I won't kid you. There may be a few more bumps and bruises ahead. But make no mistake, Texas is back in the saddle again.

State unemployment has dipped to its lowest level in four years, signaling the diversification of the Texas economy. In 1970, the energy sector accounted for nearly 25 percent of state output. Last year, it accounted for only 11.4 percent. And yet Texas has more than regained the 208,000 jobs it lost from 1986 to 1987, with employment in plastics, aviation, electronics, space and computer programming leading the way. The Dallas-Fort Worth "Metroplex" leads in defense and aviation technology; Houston in space and biomedical research; Austin, in microelectronics.

Another sign that Texas is becoming a world center of technology is the selection of Ellis County as the site of the

6

Clements says, this "cannot be safely shunted aside as merely a Texas or a producing state problem."

Some are questioning the future of America's energy production in the aftermath of the wreck of the Exxon Valdez off Alaska. I am as concerned as you are by the reports from Prince William Sound. I want to use federal resources intelligently in the clean-up effort, and to work with industry to try to prevent another tragedy. But shutting down oil exploration and production in Alaska is no answer. What a travesty it would be if we transferred our domestic oil industry to foreign producers and foreign tankers in the name of ecological protection.

Still  
Dangerous

Shutting down Alaska would do nothing to prevent a foreign tanker from wrecking off the coast of Louisiana or Texas. Shutting down Alaska would merely increase our dependence on foreign oil.

To reduce our dependence on foreign oil, we must return to high levels of exploratory drilling. I propose to restore the central role of small producers in U.S. energy exploration with tax credits and other incentives. And I want to do something else. Texas has a 65-year supply of one of the cleanest forms of energy known to man -- natural gas. I call on Congress, at long last, to fully decontrol the natural gas industry . . .

I know there are still a few dark clouds remaining on your economic horizon. I know that you are concerned about the

continuing crisis in many savings and loan institutions. I have asked for measures to restore these institutions to financial health. And I have asked for a \$50 million appropriation for the Justice Department, so that those who willfully abuse the trust of small savers can expect to be pursued, and put in prison . . . The Senate has acted expeditiously. I call on the House of Representatives to pass a responsible S & L bill as soon as possible.

Texas, like all of America, faces many challenges. But I believe that by working together, as Republicans and Democrats, as federal and as state officials, we can lick any problems down the path. Jefferson's dictum of the best government being that which is closest to the people applies here, in Austin. Federalism works because of your leadership and your initiative.

True, some problems of the recent past linger. Some areas of the state are recovering more slowly than others. But the way is clear to a future as bright and promising as the blue Texas sky -- a new reliance on a diversified economy, and the technologies of the next century. This is the secret of the Texas turnaround, and its unfolding is a tribute to the leadership of Bill Clements, Senators Gramm and Bentsen, and the men and women of the Texas Legislature . . . Texas is starting to feel like its old self again. There is again a feeling among

Texans that anything is possible -- who knows, the Texas Rangers might even win the World Series . . .

As we face our future in the White House, Barbara and I take with us memories of people and places from a state that has been home for most of our lives.

We remember driving the kids across Texas, and slowing down so we could take in the fields of bluebonnets and Indian paintbrush.

We remember the people of Houston, many of them mature and skeptical, but who nonetheless listened to a green young man and sent him to Congress.

And I remember Lyndon Johnson at his ranch, an elder Democrat giving advice to a young Republican, his white hair -- longer in retirement -- blowing in the gentle Hill Country breeze like the mane of an old lion.

Bar and I treasure all of this -- the sights and sounds of half a lifetime, the trust of many friends, and the love of a family. All this and more, we remember whenever we think of home. That is why we thank God that we are Texans . . .

Let me thank you for inviting us back to Austin. God bless you. And God bless the United States of America.

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*John Parker  
X 5614*

Another sign that Texas is becoming a world center of technology is the selection of Ellis County as the site of the Superconducting Super Collider . . . . When built, the SSC will enable us to study elemental particles with names like quarks, mesons (May-sahns) and neutrinos. I can understand how some people just can't see a practical side for America to invest billions of dollars in such an arcane field of study.

Well, as Tom Luce, chairman of the Texas National Research Laboratory Commission said, with a little imagination, you can: "conclude that future research in the field of high energy could some day help us conquer cancer." Or discover a way to boost the amount of information on a microchip. Or answer questions that eluded Einstein, giving us a glimpse of what the universe was like at the instant of Creation. The SSC is a key to understanding nature, and to developing the technologies and industries of the 21st Century. Let me assure you, I will back the construction of the SSC with all the powers of the presidency  
. . . .

And let me also salute you, the members of the Texas House and Senate, and the voters of this state, for having the vision to take an early lead on this project . . . .

Still, no matter how diversified and high-tech Texas becomes, a strong domestic energy industry is important to the

future of this state and all of America. I find it disturbing that nearly 50 percent of America's oil is imported. As Bill Clements says, this "cannot be safely shunted aside as merely a Texas or a producing state problem."

The future of America's energy production is in doubt in the aftermath of the wreck of the Exxon Valdez off Alaska. I am as disgusted as you are by the reports from Prince William Sound. I want to use federal resources intelligently in the clean-up effort, and to work with industry to try to prevent another tragedy. But shutting down Alaska is no answer. Shutting down Alaska would do nothing to prevent a foreign tanker from wrecking off the coast of Louisiana or Texas. Shutting down Alaska would merely increase our dependence on foreign oil. What a travesty it would be if we did nothing to protect the environment, while transferring our domestic oil industry to foreign producers and foreign tankers . . .

To reduce our dependency on foreign oil, we must return to high levels of exploratory drilling. I propose to restore the central role of small producers in U.S. energy exploration with tax credits and other incentives. And I want to do something else. Texas has a 65-year supply of one of the cleanest forms of energy known to man -- natural gas. I call on Congress, at long last, to fully decontrol the natural gas industry . . .

I know there are still a few dark clouds remaining on your economic horizon. I know that you are concerned about the continuing crisis in savings and loan institutions. I have asked for measures to restore these institutions to financial health. And I have asked for a \$50 million appropriation for the Justice Department, so that those who willfully abuse the trust of small savers can expect to be pursued, and put in prison . . . The Senate has acted expeditiously. I call on the House of Representatives to pass a responsible S & L bill as soon as possible.

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Let me thank you for inviting us back to Austin. God bless you. And God bless the United States of America.

# # #

# Economy of Texas healing, study says

By Cheryl Arvidson

TIMES HERALD WASHINGTON BUREAU

WASHINGTON — According to a study released today by Sen. Lloyd Bentsen, D-Texas, the Texas economy is moving away from its heavy reliance on the oil and gas industry, a development expected to end the state's long tradition



of Bentsen "boom or bust" economic cycles that track the price of oil.

The study, by Professors Harold Gross and Bernard Weinstein of the Cox Business School at Southern Methodist University, said although oil and gas, and financial and real estate sectors remain soft, the Texas economy is experiencing a modest recovery. More significant, they said, oil and gas and agriculture, traditional mainstays of the Texas economy, have contributed little if anything to the rebound.

This has occurred, the professors concluded, because over the past 20 years, Texas has been weaning itself from the oil and gas industry and into a more service-oriented industrial base. The change was accelerated in the 1980s, the authors said, when oil prices collapsed, but probably would have occurred anyway.

In 1970, the study said, the oil and gas sector accounted for nearly 25 percent of Texas' economic output, compared with only 5.6 percent for the nation as a whole. And the remaining industrial sectors, particularly manufacturing, accounted for a much smaller share of output than for the rest of the country.

But by 1987, the oil and gas sector had constricted to the point that it made up only 11.4 percent of the economic output in Texas. That lower figure comes despite considerable evidence that the oil and gas industry appears to be consolidating in Texas, the professors said. Meanwhile, sectors such as construction, transportation, public utilities and trade began to approximate more closely the rest of the country.

"To see it go from 25 percent of the economy down to 11 percent of the economy, that shows that it's not going to be something that's just going to have an overpowering influence on our economy in the future," Bentsen said. "It means that we won't see the kinds of wild swings that we've seen in Texas before."

*Study*

And although Texas did not participate in the national economic expansion during the Reagan years, the state's economy is beginning to reflect the same, gradual move toward services-producing — not goods-producing — employment that has occurred elsewhere.

To be sure, energy will remain a significant component the state's economy, if for no other reason than the past several years have witnessed some consolidation of the U.S. oil and gas industry in Texas," the study said. "Nevertheless, while output, employment and income from energy will likely continue to be 'over-represented' in the state vis-a-vis the nation, the energy sector plays a proportionately smaller role in Texas' prosperity today than it did at the beginning of the decade."

And although a disproportionate share of Texas' real, non-farm personal income is still concentrated in the state's traditional industries, there is an "unmistakable shift away from those industries in tandem with trends in the national economy."

The researchers said their study showed that in terms of output, income and employment between 1970 and 1987, the trends indicate "the Texas economy is becoming more integrated with the national economy and, hence, less vulnerable to cyclical swings in the price of crude petroleum and other commodities."

"Practically, this implies smoother, shorter business cycles for the Texas economy, the prospect of which should prove encouraging to would-be investors in the state concerned about volatility and the higher risks associated with it," the study said. "Similarly, the impacts of greater integration with the national economy will be felt on the state's fiscal front in the form of steadier, more predictable revenue streams, as well as a steadier, more predictable demand for public services."

The researchers speculated

that another major implication of a state economy more closely resembling the rest of the country will be an end to the "us against them" mentality in areas such as federal tax policy and spending priorities. They went so far as to suggest state residents may be less pro-oil and more pro-consumer in energy policy.

"For example," the study said, "as oil and gas comes to play a proportionately smaller role in the Texas economy, Texans may well become more 'consumerist' in their attitude to federal tax and regulatory policies that affect the oil and gas industry."

And although the end of "boom or bust" might be good for long-term planning, the researchers said the change has a down side.

"Obviously, as the Texas economy achieves a greater degree of integration with the nation's, the state will be far less vulnerable to cyclical swings in commodities prices but perhaps much more exposed to national expansions and recessions."

<b>FUNDING SUMMARY</b>					
<i>(Revenue change in millions of dollars)</i>					
	1989	1990	1991	1992	1993
R&E expense allocation proposal.....	n.a.	-1,699	-749	-814	-887

## **g. Enhancing Energy Security**

### **OVERVIEW**

Sufficient energy supplies at reasonable prices are vital to the economic well-being of this country and to the preservation of our national security.

Domestic production should be stimulated but not by protectionist measures such as an oil import fee. An oil import fee would amount to a tax increase on everyone who uses energy. New energy exploration is needed—not more taxes.

Tax incentives can give the domestic oil and gas industry the necessary stimulus. Tax incentives are particularly needed for the small producers who are so vital to our energy security. Historically, independent producers have drilled a majority of America's exploratory wells.

There is a need to encourage new methods for recovering oil from old fields, as well as finding new fields.

Our national security requires a strong domestic oil and gas industry.

### **PRINCIPLES**

- The President is committed to the development of programs to reduce America's dependence on foreign oil.
- The President believes that a return to high levels of exploratory drilling is needed to achieve greater domestic production. Such exploratory drilling requires independent producers with financial strength.
- The President believes that tax incentives targeted to exploratory drilling, tertiary enhanced recovery projects, and independent producers is the most cost-effective method of achieving these goals.
- The President believes incentives are needed because current prices of U.S. oil are low relative to the costs of finding and producing that oil. When the energy sector recovers, the proposed incentives would be phased out.
- The President believes that at long last the Federal Government should fully decontrol natural gas.

### **POLICIES**

The President proposes four incentives to encourage the finding of new oil and gas fields and the reclaiming of old fields. The credits would be phased out if the price of oil reaches \$21 per barrel.

The President proposes a 10 percent credit on the first \$10 million of expenditures (per year per company) on exploratory intangible drilling costs (IDCs) and a 5 percent credit on the balance. The credit may be applied against both the regular tax and the minimum tax but will not eliminate more than 80 percent of the tentative minimum tax in any year in conjunction with all other credits and net operating loss carryforwards. Unused credits may be carried forward. The limits on the full 10 percent credit increases the proportion of the incentive going to the smaller independents.

To encourage increased production from enhanced recovery methods, the President proposes a 10 percent credit for capital expenditures on all new tertiary enhanced recovery projects. Tertiary enhanced recovery projects use steam, carbon dioxide, or chemical injectants to remove oil and gas from oil fields. The credit would function in the same manner as the credit for exploration.

The President proposes elimination of 80 percent of current preference items generated by exploratory IDCs by independent producers under the minimum tax. IDCs are now an item of minimum tax preference to the extent the total expense exceeds an allowance based on net income and a first year amortization amount. The taxpayer is denied the benefit of amortization relating to later years. Further, net income is reduced by percentage depletion even though percentage depletion may be treated as a minimum tax preference. These problems are greatest for independent producers doing exploratory drilling. The proposal addresses this particular application of the minimum tax by eliminating 80 percent of the independent producer exploratory IDC amount that would otherwise be included as a preference.

The President also proposes modification of the oil and gas depletion rules that discourage the transfer of marginal wells to independent producers and result in the premature abandonment of producing wells. Independent oil producers are limited in their use of depletion deductions by two provisions: (1) "proven" properties transferred from integrated oil companies to independent producers are ineligible for percentage depletion, and (2) the deduction may not exceed 50 percent of the owner's net income from the property. The President proposes to remove the transfer rule restrictions and to raise the deduction limit to 100 percent of the property's net income.

**FUNDING SUMMARY**  
(Revenue change in billions of dollars)

	1989	1990	1991	1992	1993
10 Percent credit for exploratory drilling .....	—	-0.2	-0.3	-0.3	-0.4
10 Percent credit for new tertiary enhanced recovery .....	—	*	*	*	*
Eliminate 80 percent of exploratory IDC tax preferences from minimum tax for independent producers .....	—	-0.1	-0.1	-0.1	-0.1
Modification of oil and gas depletion rules.....	—	*	*	*	*

\* \$50 million or less.

## **h. Pushing Out the Research Frontier: The Superconducting Super Collider**

### **OVERVIEW**

The Superconducting Super Collider (SSC) is a critical part of this Administration's initiative to strengthen the position of the Nation as a world leader in science and technology. The SSC holds the potential for new breakthroughs in science, technology, and education. It will produce discoveries, innovations, and spin-offs that could touch profoundly every American. The Superconducting Super Collider will be the world's most powerful atom smasher, producing particle collisions with total energies approaching 40 trillion electron volts, an energy 20 times greater than the highest energies available in the world today. The heart of the facility is a 53 mile racetrack shaped accelerator. Particles will be guided around this accelerator by nearly 10,000 state-of-the-art superconducting magnets. The total project cost is estimated at \$5.9 billion, the largest pure science project ever envisaged for actual construction.

*"We will succeed in that competition by doing what we do best—by exploiting our comparative advantage. And our greatest single strength for the future is not mining or manufacturing or even agriculture—it is our ability to expand the limits of our knowledge. From that will flow the scientific and technological advances that will enable us to compete and to raise the living standards of all the nations of the world."*

George Bush

### **PRINCIPLES**

- The Administration is committed to the construction of the SSC. The SSC will be a one-of-a-kind experimental facility that will ensure continued progress in advancing our knowledge of matter and energy at its most fundamental level.
- The SSC will provide the capability for the U.S. to remain the world's leader in the field of high energy physics well into the next century.
- The SSC will be used by scientists around the world. The facility will attract an international community of scientists who will travel to the U.S. to conduct state-of-the-art research.
- The SSC will also serve as a valuable training ground for students from over 100 university-based research teams located across the country.
- The Administration believes that the SSC should be a truly international facility. One third of the total project funding should be provided by non-Federal sources such as the host State and foreign countries that will share in the scientific and technological benefits that will accrue from the SSC.

### **POLICIES**

The President is proposing budget authority of \$250 million in 1990 for the Federal share of the construction of the Superconducting Super Collider.

The current request will allow DOE in 1990 to complete site-specific designs of the technical systems and conventional construction facilities. Increases are also being proposed in the operating budget for the design, fabrication, and testing of the superconducting magnets by

### PROPOSED CHANGE

(In millions of dollars)

	1989	1990	Dollar Change	Percent Change
Budget Authority .....	100	250	+150	+150
Outlays .....	100	206	+106	+106

U.S. industry. Finally, construction funds are proposed to order long-lead time, critical procurements such as power stations and superconducting materials. The actual initiation of conventional construction on the site will be dependent upon the details of the non-Federal cost sharing commitments to the project obtained in 1990.

### FUNDING SUMMARY

(In millions of dollars)

	1989	1990	1991	1992	1993
Budget Authority .....	100	250	392	494	450
Outlays .....	100	206	375	380	370

## i. Expanding Biomedical Research: The Promise of a Healthier Future

### OVERVIEW

Biomedical research holds out the promise of a healthier America, made possible by improved understanding of disease, refined prevention techniques, and better therapies.

Progress requires both knowledge and readiness—a readiness to seek out and use valuable discoveries. For example, scientists recently discovered that frogs produce magainins, which shield them from infection. This discovery may lead to powerful new antibiotics for humans.

The Administration seeks to accelerate basic research in partnership with industry, which has the role of developing new applications and marketing them. New partnerships are being formed to shorten the time between laboratory discoveries and their application.

Promising new techniques, like mapping of the human genome, hold new opportunities to discover the cause of many diseases, leading to their future remedy.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 6, 1989

PRESS BRIEFING

BY

SECRETARY OF TREASURY NICHOLAS BRADY;  
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET RICHARD DARMAN;  
ATTORNEY GENERAL RICHARD THORNBURGH;  
CHAIRMAN OF THE FEDERAL RESERVE ALAN GREENSPAN;  
CHAIRMAN OF FEDERAL HOME LOAN BANK BOARD DANNY WALL;  
HEAD OF FEDERAL DEPOSIT INSURANCE CORPORATION WILLIAM SEIDMAN;  
COMPTROLLER OF CURRENCY

Room 450  
Old Executive Office Building

4:35 P.M. EST

Q What's this going to cost the taxpayers?

SECRETARY BRADY: Thank you, Mr. President.

From the day five months ago that I was sworn in as Secretary of the Treasury, achieving a sound and responsible resolution to the savings and loan crisis has been a top priority. As the President has said, there are no simple or painless solutions to the problem. When he took office just 18 days ago, the President reaffirmed our commitment to fix it now, fix it right, and fix it for good. He also directed us to consult with Congress, and this we have done.

Two watch words guided us as we undertook to solve this problem: never again. Never again should we allow a federal insurance fund that protects depositors to become insolvent. Never again should we allow insolvent federally insured deposit institutions to remain open and operate without sufficient private capital at risk. Never again should we allow risky activities permitted by the states to put the Federal Deposit Insurance Fund in jeopardy. Never again should we allow fraud committed against financial institutions or depositors to be anything but a serious white collar crime. We're going to find the wrongdoers, as the President said, recover the assets they've stolen, and put them in jail for a very long time.

The plan I'm about to describe to you meets all of these requirements. It is a blueprint for comprehensive reform and financing. It is supported by all the federal bank regulators -- the Federal Reserve, the Comptroller of the Currency, the Federal Home Loan Bank Board, and the Federal Deposit Insurance Corporation.

I will first describe the reform program and then turn to the financing structure. But before I begin, let me stress that insured depositors need not worry. Insured deposits are as safe today as they were yesterday, regardless of whether these savings are in savings and loans or commercial banks. Savers with insured accounts will continue to be protected in the future. The banks that are open today will be open tomorrow. Our aim is to ensure that there will be no disruption of services in local communities. Above all, federally insured savings are and will remain backed by the full faith and credit of the federal government.

Now for the reform program. The current organization of the thrift system dates back to the New Deal era. However, as the events of the 1980s have demonstrated, this system is antiquated.

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The Federal Home Loan Bank Board, under the leadership of Chairman Danny Wall, has addressed this crisis in an expedited manner, under extremely difficult circumstances, with very low funding, and a limited staff. The men and women who work at the Bank Board and the FSLIC deserve our thanks for this tireless effort under difficult circumstances.

But to correct the long-term structural problems inherent, we proposed the creation of an independent insurance agency to protect depositors. FSLIC will be consolidated with the FDIC. The existing expertise and manpower of the FSLIC will be incorporated into the FDIC. However -- and I stress this point -- two separate insurance funds, with separate premium screens, one for the S&Ls and one for the commercial banks, will be maintained. The two separate funds cannot be comingled.

In conjunction with this step, we propose to reorganize the existing regulatory structure to ensure the availability of home financing in the future. The entire supervisory structure will be accountable to the Chairman of the Federal Home Loan Bank System instead of to the industry they regulate. And the Chairman of the revitalized Federal Home Loan Bank System, like the Comptroller of the Currency, will report to the Secretary of the Treasury.

In a further measure to put our financial institutions on a sound footing, we will require that the level of private capital be uniform for all banks and S&Ls in adequate quantities to act as a buffer to the federally insured deposit funds. Therefore, by June 1, 1991, all insured institutions must meet the uniform capital standards applicable to FDIC insured banks. For the savings and loans, this will mean roughly doubling the required capital.

Further, we are upgrading safety and soundness measures. If this plan is enacted, in the future, depositors will be protected through a range of new measures, including a capital requirement that will be pegged to the risk of the S&L investments; stricter standards for granting insurance, prohibitions in restrictions on growth and risk-taking by undercapitalized institutions; and where risky activities authorized by the states pose a threat to the insurance fund, federal deposit insurance standards will prevail.

Requirements for receiving federal deposit insurance will be determined by the FDIC. There will be no more windmill farms, no prize cattle herds financed by federally guaranteed deposits. And the new uniform accounting, supervisory and disclosure methods will help enforce these measures.

Lest anyone have any doubts about how serious we are about cleaning up the thrift industry and keeping it clean, we are upgrading enforcement and increasing penalties to make fraud against the financial institutions and depositors a most serious white collar crime. Under our plan, the maximum civil penalty will be increased from the current \$1,000 per day to \$100,000 per day. Under our plan, the U.S. government will make every effort to recover the squandered funds by increasing funds available for enforcement.

These reform measures are vitally important to the future of the thrift industry. Without them we will not have a healthy private savings and loan industry to provide home financing to Americans. But, as you all are acutely aware, reform and a financial solution to the problems of the current system go hand in hand. When combined with the \$40 billion already spent, the \$50 billion of new funds provided by this program will bring to \$90 billion the total amount available to address the problems of insolvent S&Ls.

We believe it is essential that we resolve with all deliberate speed the cases of the insolvent S&Ls you've all read about. We will do so through the creation of a new organization called the Resolution Trust Company, the RTC. It will be a corporation whose function is to isolate insolvent S&Ls, separate

them from healthy ones, and resolve them in an orderly fashion. The RTC mechanism will allow one consolidated resolution process where accounting for and controlling the funds will be a clear and straightforward process.

In short, strict accountability will be ensured. The RTC will not have a big staff and the FDIC will manage the resolutions. The work of the RTC will be overseen by a board consisting of the Secretary of the Treasury, the Chairman of the Federal Reserve, and the Comptroller General. And a funding corporation will sell \$50 billion in bonds over the next three years to finance the resolutions.

Our plan for refinancing the recovery and restructuring of the S&L industry uses both private and public funds to resolve insolvent thrifts. This plan is on budget. In other words, every set of additional public funds spent counts as an increase in budget outlays. Funds for the payment of principal will come from the S&L industry itself.

In all, this plan provides funds for three purposes. First, S&L industry and Treasury funds are used to finance the RTC's resolution of the insolvent thrifts. Second, S&L insurance premiums are used to create an insurance fund for healthy S&Ls. And third, increase commercial bank insurance premiums help bring the FDIC insurance fund for commercial banks up to a fully funded level. But let me reiterate, no commercial bank insurance premiums are used to resolve insolvent S&Ls or to go into the S&L insurance fund.

The S&L industry financing comes from three sources -- retained earnings of the Federal Home Loan Banks, funds from the disposal of assets received by the insurance fund from insolvent S&Ls, and deposit insurance premiums charged to individual S&Ls. Commercial bank resources required to bring the FDIC fund up to a fully funded level will also come from an increase in insurance premiums. The FDIC will reduce insurance premiums to both commercial banks and S&Ls once it determines that their respective funds are fully financed and pegged to the more historical reserve-to-deposit ratio of 1.25 percent.

FSLIC and the FDIC will immediately begin a joint supervisory program -- by "immediately," I mean tomorrow -- with personnel also contributed by the Federal Reserve and the officer of the Comptroller of the Currency. Over the next several weeks, FDIC personnel will assume supervisory control of insolvent S&Ls to protect depositors. This program will stabilize these institutions by curbing losses and will give a head start for the tough job ahead.

This then is the administration's solution to the savings and loan crisis. If enacted by Congress in a timely manner, it will provide a sound, long-term solution to the S&L problem. I join the President's call on Congress to work with us to turn this plan into law as soon as possible. Working together, we can recreate and rejuvenate the vital thrift industry which has served our country so long and so well in the past.

Q How much is it going to cost?

Q How much money do you think it's going to cost the taxpayers? I mean, we know about the \$90 billion. If you could give us an idea of what it's actually going to cost out of our pockets.

SECRETARY BRADY: Well, \$90 billion is both -- it counts for money that's been spent and the \$50 billion that will be spent. Our best estimates in the first 10 years is that it will come roughly half from the industry and half from the taxpayers.

Q Is that all the money that it's going to cost us -- \$90 billion?

SECRETARY BRADY: That's what we think. We think the problem -- the size of the problem is \$90 billion. Actually there is a slight reserve in there so that if there are any unforeseen unpleasant circumstances that show up, we've got some room in there to take care of it.

Q Let me make certain I understand that... If it's half from the taxpayers and half from the S&Ls, that's \$45 billion from the taxpayers and over 10 years it's \$4.5 billion a year?

SECRETARY BRADY: That's about right.

Q Mr. Secretary, there -- in the fact sheets we were given, it says there is -- of the \$40 billion already committed that the S&L industry will pick up part of that and that Treasury the rest. I don't understand how you get the \$40 billion.

SECRETARY BRADY: I'm going to let Dick Darman comment on that. (Laughter.)

Q Can you explain the relationship of the \$45 billion to the estimate here that there was a \$40 billion already committed and that Treasury will pick up the rest of that?

DIRECTOR DARMAN: You people are too tall for me.

Let me try to give you a more detailed breakdown. In Fiscal Year '90, the net budget outlays associated with this, everything considered, the new element that has to go to cover some interest and Treasury contribution to some funding of the old piece which is still left over for funding, which is what I think you are referring to, would be \$1.9 billion for Fiscal Year '90, \$6.0 billion for '91, \$3.8 billion for '92, \$3.7 billion for '93, \$1.5 billion for '94. That's a total of, if you add \$11.1 for Fiscal Year '89, which deals with some of what has already happened -- a good deal of what has already happened -- that's not new -- the total for '89 through '94 would be \$28.1 billion. I think you may have that in the fact sheet. I haven't seen the latest version.

The number for '89 to '99 -- comparable number -- would actually be \$39.9 billion on our estimates.

Q I take it you're estimating the funds -- a couple of funds will be capitalized by that? Is that the reason, and that the premiums would decline or what? Or that the amount -- the contributions would decline?

DIRECTOR DARMAN: No. These numbers bounce around for a variety of reasons, and -- you mean, over time? All that's left to pay for as you move out is the -- or, the main thing left to pay for is the Treasury contribution to interest. It's offset by some other things that are happening -- some asset sales along the way, some premiums coming in, things going out. There are a lot of flows, but the nets are the ones that I gave you. We can give you a more detailed backup if you'd like to see it all the way across.

The Treasury payments for the bond interest itself -- and then I'll retire from the podium and let it get back to substance, not numbers -- for the bond interest itself, those numbers go in Fiscal Year '91, .4; '91, 1.6; '92, 0.9; '93, 0.8; '94, 1.1; and the five-year total for that component is \$6.3 billion. So that is part of the 28 billion.

Q And that is taxpayer payments to help pay for the bond interest? That's separate and beyond what the savings and loans have contributed?

DIRECTOR DARMAN: It is in addition to what they will have contributed. Let me just clarify one thing. There is zero Treasury or public or taxpayer -- whatever label you want to use --

money that is involved with respect to the principal of these bonds. Those are covered entirely and in advance by private sources. There is, however, a shortage when it comes to servicing the interest, a projected shortage, when it comes to serving the interest on these bonds. And to make sure that the bonds can be sold at a low cost in the market, the Treasury is saying it will cover the difference between what will be covered by the premium flow for that interest and the total interest burden. That's the number that I gave you for interest. And it's only the interest that is the public money. Indeed, it's not all of the interest, as your question suggests. It's only a portion of the interest, and it's none of the principal -- zero on the principal.

Q I take it that number is the 39.9 -- that's the taxpayers number? Not 45, it's 39.9?

DIRECTOR DARMAN: The 39.9 is the total net of everything over a 10-year period, that's correct. And it bounces around year to year.

Q Secretary Brady, President Bush said that he did not know -- said there was no guarantees that this higher cost for bailing out the S&Ls would be passed on to the consumer. Do you have any concern at all about the recent trend towards higher interest rates in the United States and the affect that has on the dollar?

SECRETARY BRADY: Well, to get to President Bush's question, it was asked first of all, there's no way of knowing that'll be passed on to the depositor. But competition is a very hard force in this country, and perhaps those who pass it on won't get the deposits; the guys that might absorb it will get the deposits. So I don't think there's any way of saying whether it will or won't be passed on until we see how it works. My own private opinion is competition will take over and the guys that don't pass it on are -- will be able to give the depositors more money.

Q Are you concerned about interest rate levels at present, though? The trend towards higher rates?

SECRETARY BRADY: I think you better wait until Chairman Greenspan gets up here. I don't want to comment on that.

Q You said that \$40 billion has already been spent. But \$40 billion has been committed, at least the way I understand this. Can you explain why you're only having to raise \$50 billion?

SECRETARY BRADY: Well, the problem is somewhere between \$80 billion and \$90 billion big. When people say that, and all the estimates that you've been reading over the past months, they also include in that figure that amount of resolutions that have already been taken care of by Danny Wall and FSLIC. So you shouldn't add that to the total. You add the 40 that's been in the past and what we say is some 40 to 50 to go, and that gets to the 80 and the 90.

Q But the money -- what has been committed in the future, but that money hasn't already been laid out by the government.

SECRETARY BRADY: Well, in a sense, it has been laid out by the government because it's been committed in bonds and resolutions that the FSLIC has made. So someday you've got to pay those off, so it's committed.

Q But there will be adequate funds in the FSLIC to --

SECRETARY BRADY: There are adequate funds in this program to pay off not only what has been committed before December 31st, 1988 and what we are proposing from here on.

Q How much of this will require congressional

legislation and how much of it can be done administratively without Congress' approval?

SECRETARY BRADY: In terms of congressional legislation, all the first part of what I mentioned to you this afternoon, which is the creation of the Resolution Trust Company and certainly all of the reforms that go along with that -- increasing the penalties and the like, take congressional action. But starting tomorrow morning, Chairman Wall and Chairman Seidman have said that they're going to put the two funds together -- FSLIC from an administrative standpoint will start to go into FDIC, although the two funds will remain separate.

Q Mr. Secretary, I'm puzzled by the fact that the fact sheet there's a small, only 10-percent increase in the insurance premium to be paid by the S&Ls and an increase of nearly 50 percent to be paid by the banks. Since you're saying that these premiums are not going to be comingled, why are the bank proportionately taking a much bigger hit than the S&Ls?

SECRETARY BRADY: Well, to start off with, the banks come from a much lower level and the funds that are generated out of the bank premiums to take a fund which is at a historical low level compared to what it should be and bring it back up. And you can't do that in one year; it takes some time.

Q If I may follow up, what are some of the problems that have accrued apparently in recent years with the banks that require a virtual doubling of the bank's insurance premium?

SECRETARY BRADY: Well, we can get into that a little bit later; Bill Seidman can tell you. But the same problems that the banks have had -- I mean the same problems that the S&L industry have had, the bank industry has also had. It isn't just particular to the S&L industry.

Q Mr. Secretary, when you reorganize the Bank Board, do you anticipate Mr. Wall will remain as Chairman?

SECRETARY BRADY: He will remain as Chairman.

Q Mr. Secretary, I know when you fellows start talking about a billion here and a billion there, to paraphrase Ev Dirksen, you're not yet talking about real money. But I need the difference between the \$39.9 billion that Dick Darman talked about and the \$45 billion that you talked about clarified, please.

SECRETARY BRADY: Dick?

Q Is that just difference in estimates or is that part of round figuring the other more precise figure?

DIRECTOR DARMAN: I think the Secretary was rounding, if I'm correct.

SECRETARY BRADY: Correct.

Q Is that right, Mr. Secretary?

Q Could we get the total figure that the taxpayer is going to have to pay? Mr. Darman only gave us the five-year figure. What is the total amount?

DIRECTOR DARMAN: I gave you a five-year figure of \$28.1 billion and a 10-year figure of \$39.9. I don't have the figure over the whole life, but the proportion of the interest that is covered by the public sector rises as you go beyond 10 years. But the present value of that is an extremely small number because, obviously, you're talking about 20, 30 years from now.

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Overall, just to give you a rough feel, if you looked at the total expenditures involved and you said, what percent is public? In five years it's about 25 percent. Over the 10-year period it's about 42 percent. Over the 30-year period, in nominal terms, it's about 54 percent. That is not the correct way to look at this. If you looked at it in present value terms, the public share would be substantially smaller. But if you looked at it the way people ordinarily look at it, you would say over the 30-year life, it would be about half and half.

Q Dick, in terms of your short-term problem and what the President has to do on February 9th, this will require a line for additional outlays in the Fiscal '90 budget, is that correct?

DIRECTOR DARMAN: This will be included in the February 9th presentation with, I hope, exactly the numbers I've read to you now. And we will, I hope, still meet the Gramm-Rudman-Hollings targets.

Q So to be specific, that means \$1.9 billion additional in Fiscal '90?

DIRECTOR DARMAN: Obviously, if you're going to spend this money and it's treated as outlays and you're going to budget it, then it means it's got to be in the budget. It will be in the budget and I would hope and expect we will still meet the Gramm-Rudman-Hollins targets.

That said, I might note that the baseline estimates that have been done prior to our doing this analysis presumed that there would be about this level of expenditure required. So it is not something which suddenly shows budget planning way off. It fits roughly within the funds that have been allocated.

Q But to be specific, that's \$1.9 billion over and above what the Reagan administration left you?

DIRECTOR DARMAN: No, that's incorrect. No, it's \$1.9 billion in '90 period. In fact, in the Reagan budget, that number was \$2.1 billion. So it's slight -- it's almost the same as in the Reagan budget.

Q To follow that, the Reagan budget also had \$10 billion for '89 and you've got \$11.1 billion. So you've dumped some of your current costs that went over it, you dumped it back into the past.

DIRECTOR DARMAN: Rich, if you'll pardon my saying so, the word "dump" is not really appropriate. (Laughter.) The November estimates were done before the December action. When we put out our budget, you will see that we take account of the December action. And because the December action was taken after the November estimates, it wasn't in those estimates, but it will be in our estimates. We haven't dumped anything. We will properly account for what has already been done.

Q Mr. Brady, the competitive implications of requiring the S&Ls to be brought up to a standard of financial management that banks meet is likely to produce fewer of the benefits that bring deposits to them in the first place. Has this contingency been taken into effect in assessing future ability to contribute to this deposit premium fund?

SECRETARY BRADY: Yes. I think that the fact that we're requiring more capital in the system and that the whole system is sounder will, in effect, reduce the amount of money they have to pay for their deposits. It should come down.

Q Do you expect them to -- there be a failure rate as they try to bring themselves --

SECRETARY BRADY: Well, there may be some, but in the long run we'll have a much sounder and safer system. We've got some assumptions for institutions not being able to stand the competitive climate in our assumptions. It's accounted for in the figures. But I don't think it's going to be all that big.

Q Sir, are you anticipating to continue the moratorium on S&Ls and the banks going from one fund to the other, or --

SECRETARY BRADY: We are -- that moratorium, if the legislation is enacted, will be part of the legislation.

Mr. Attorney General, they want to ask you a question.

ATTORNEY GENERAL THORNBURGH: There are really two important roles that the law enforcement community can play here. One is the obvious prosecution of those persons who have violated the laws in connection with failures and shortfalls in the system as it presently exists. The other is to provide some suggestions for remediation as we develop these cases and uncover patterns that can be dealt with better within the regulatory structure.

The review of the Department of Justice activities in this area began shortly after I assumed office, and we are able to be fairly precise about where the needs are and how we can utilize the figure that has been announced today as a goal for increased resources for the Department of Justice. The \$50 million will be allocated to increasing our investigative capability through the Federal Bureau of Investigation, providing more prosecutors and more support personnel in the areas in which these problems exist. And in addition to resources, the increased civil and criminal penalties which Secretary Brady spoke about, the addition of new seizure and forfeiture language which will enable us to recoup some of the resources that have been diverted out of the system all provide a package that we are, I think, confident will greatly enhance the ability to contribute to restoring the credibility and integrity of the system as a whole.

Q Are those, sir, who mismanaged in the past, largely beyond your reach?

ATTORNEY GENERAL THORNBURGH: We have a number of indictments that have resulted in convictions thus far, a number awaiting trial, and a number of investigations in various stages. It's been clear, however, that lack of resources has been a major problem in providing the deterrent capability that we ought to have in our law enforcement operations.

Q Since about half, or 40 percent or half of these frauds or collapses have occurred in Texas, do you plan to allocate about 40 percent or half of the enforcement resources to Texas, too?

ATTORNEY GENERAL THORNBURGH: Well, as you know, we already have a substantial commitment to the Dallas task force and we will be looking at ways in which to bring that up to the level necessary to pursue every allegation within that jurisdiction, but we have the advantage there of not only having a head start in terms of the placement of resources, but a laboratory within which this special effort has been undertaken that can be used in replicating in other districts across the country.

Q If I could ask Secretary Brady -- President Bush in his opening remarks said that broader factors in the economy figured into the S&L crisis that we have now. Many people feel that this proposal will be simply throwing good money after bad unless some more steps are taken to deal with the highly-leveraged position that the overall economy is in. That is, the creation of unsecured notes, the junk bonds that are used in leveraged buyouts, and so forth, which they believe has actually contributed to the condition that the

S&Ls find themselves in now.

SECRETARY BRADY: Well, I don't really think that's what caused the problem in the S&L industry. The S&L industry problem was caused by mismanagement to some extent, fraud to some extent, but also some severe depressions in some of the industries that these people did business in.

Also, it's a mistake, we have found out, to federally insure one side of the balance sheet and on the other side of the balance sheet let the institutions who can go and get federally insured funds invest in any kind of activity that they want. So the main stem of this program is to make sure that two things happen -- if people want to do that, they've got an awful lot more of their own money at risk first so that the federal government has some cushion there before they have to come up with their guarantees, but also to make sure that the type of investments that these people can get into is severely restricted from what they were.

Q How about the LBOs? Do you think that there should be any actions taken to divert the level of activity that's going on now?..

SECRETARY BRADY: We've had extensive hearings on this subject. I'm sure you read about the results of those hearings -- Chairman Greenspan testified, I testified. I think the general conclusion, not only from the people in Congress who listened, but to those of us that testified, is that this is a trend that we should watch very closely, that some of the reasons that we should be concerned about it are more philosophical reasons, which are that so much of our talent and expertise in this country is used to come up with financial engineering when the rest of the world is setting long term plans. But for a fix right now, I think the general conclusion so far, from the people that I've talked to that come out of those hearings, is people want to watch and wait some more.

We'll just take a couple more questions. We're going to -- we have a complete briefing for those who want to stay and some fact sheets to hand out, but why don't we take two or three more questions.

Q Mr. Secretary, can we go back to the \$40 billion? As I understand it, is the amount of notes that were issued under Mr. Wall's resolution -- right?

SECRETARY BRADY: I'm going to let Mr. Darman come up here and repeat what he said before to you.

Q How is that going to be repaid?

DIRECTOR DARMAN: It's the -- the \$40 billion is not the amount of the notes. About 20 is the amount of the notes, and the remainder is an estimate of the value of the yield maintenance agreements that are associated with those notes, and other costs associated with those deals. The notes -- the roughly \$20 billion in notes have already been scored as outlays in the federal budget. The remaining portion has not yet been scored because in most cases the remaining portion has not yet been paid. The deals have been concluded, the obligations are there, but the additional funds are paid over time and it's a projection as to what those expenses will be. So some of those are costs that continue into the future even though these deals have already been concluded and the \$40 billion has already been committed.

Some of that continuing stream can be funded from the S&L premiums, but that -- when you add up everything that has to be funded, with the premium structure that is projected, you still come up short by the amount that I indicated over the period. So part of the amount that I indicated you could think of -- and I identified it specifically -- as paying the interest. The remainder is filling a

gap which exists above and beyond the interest in part from the expenses -- future expenses associated with deals already done.

Q So what you're saying is that the principle -- no principle will be repaid, that's limited to the \$50 billion in bonds? There is a portion of those notes and deals that you will have to cover out of general revenue funds?

DIRECTOR DARMAN: Well, this takes all of that into account. The 30 year cost, the 10 year, 15 -- all of that takes fully into account a presumption as to what the repayment schedule and how that's going to be financed and so on. And I think that will all be laid out in the detailed fact sheets you'll get.

SECRETARY BRADY: We're going to take one more question from this lady here. But I just want to comment on one thing. The \$50 billion that's going to be raised by the Resolution Trust Company is coming all from S&L industry funds, that is not coming from the taxpayers.

Q I have a two-part question. First of all, I just want to understand -- the \$40 billion that Danny Wall committed last year, the GAO estimates that the Bank Board is going to have a short fall of about \$26 billion. Is that what you're saying you have included in your estimate?

DIRECTOR DARMAN: No, we don't have exactly the same estimate, but we have a little bit different estimate than was used, I think, by Danny Wall, and we are taking our revised estimate into account. But what you say is the amount of the shortfall depends on where you say your allocating what's coming in. What's coming in --

Q They said over ten years -- the GAO said over 10 years --

DIRECTOR DARMAN: I understand, but there's a question of whether -- what you assume else is being paid for with the stream of money coming in. What you'll see, I think, in the sheets that we'll hand out is an easier way to look at it. Just separate out the pieces, look at all collections coming in, all obligations for things going out, and you can see what the gap is there and which portion is paid publically and which is --

Q But regardless of what the short fall is, you're saying it will only be interest rates --

DIRECTOR DARMAN: No, --

Q That the taxpayers will only pay --

DIRECTOR DARMAN: No, that's with respect to the \$50 billion that Secretary Brady has correctly said will be raised, and the principle of -- with that \$50 billion, the principle obligation -- \$50 billion -- will be covered entirely and in advance by private sources. It's not dependent on any future stream because it will be covered, if I might say, it would be covered by the purchase of zero coupon bonds immediately from private sources, from industry sources. And those zeros mature and fully cover the \$50 billion. This isn't some promise dependent upon a future income stream.

Q Well, what about the \$40 billion? We understand that for the 50, but the 40 --

DIRECTOR DARMAN: Some of that is not adequately covered and a portion --

Q How much?

DIRECTOR DARMAN: Well the difference, roughly speaking, the net amount that isn't covered is the difference between the

number I gave you for the interest portion and the bottom line for total outlays.

Q Can you give us a number? How much are taxpayers going to have to pay of the \$40 billion?

DIRECTOR DARMAN: I can't break it up that way for you. I gave you the amount that really matters which is how much the taxpayers are going to have to pay, period.

Q And second, the follow-up question on that is, when you talk about a \$90 billion problem, that's on principle, that doesn't count the interest payments, correct?

DIRECTOR DARMAN: That is a way of putting it that would be correct. If you looked at the total debt servicing associated with it, the number would be larger than 90, which is why some of these numbers we've been using here don't correctly add.

Q What's the number if you add the total amount --

SECRETARY BRADY: Let me just say, you know, that is a way to look at it, but it -- I mean if you buy a house and the person sells it to you for \$100,000 you don't -- and somebody asks you how much it cost, you don't say \$100,000 plus all the interest that it cost you.

Q I do when I'm thinking about tax dollars.

SECRETARY BRADY: Well, you know, when we account for an aircraft carrier or some capital item in the budget we don't -- we say what the thing cost when you buy it from the guy that sells it to you and not what the financing charges are and the portion of the deficit over --

Q Just humor me, how much is the total payment, principle and interest?

Q Can somebody else ask a question.

Q Yes, please.

DIRECTOR DARMAN: Maybe this would humor you. I have already given you that. The total I gave you is for all of the above, it is the way you would want it, not the small way. If we wanted to give it the way people normally think about a house, the number would be lower.

SECRETARY BRADY: We're going to -- thank you all very much. We've got Richard Breeden and Bob Glauber here who have got fact sheets and all of the backups and we urge you to stay here and work with them and get the subject cleared up.

END

5:15 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 6, 1989

NEWS CONFERENCE OF THE PRESIDENT

Room 450  
Old Executive Office Building

4:10 P.M. EST

THE PRESIDENT: Well, for the more than half a century, the U.S. has operated a deposit insurance program that provides direct government protection to the savings of our citizens. This program has enabled tens of millions of Americans to save with confidence. In all the time since creation of the deposit insurance, savers have not lost one dollar of insured deposits. And I am determined that they never will.

Deposit insurance has always been intended to be self-funded. And this means that the banks, the savings and loans and credit unions that are insured pay a small amount of their assets each year into a fund that's used to protect depositors. In every case these funds are spent to protect the depositors, not the institutions that fail.

For the last twenty years, conditions in our financial markets have grown steadily more complex, and a portion of the savings and loan industry has encountered steadily growing problems. These financial difficulties have led to a continuous erosion of the strength of the Federal Savings and Loan Insurance Corporation -- FSLIC. Economic conditions have played a major role in this situation. However, unconscionable risk-taking, fraud, and outright criminality have also been factors.

Because of the accumulation of losses at hundreds of these thrift institutions, additional resources must be devoted to cleaning up this problem. We intend to restore our entire deposit insurance system to complete health.

While the issues are complex, and the difficulties manifold, we will make the hard choices, not run from them. We will see that the guarantee to depositors is forever honored, and we will see to it that the system is reformed comprehensively so that the situation is not repeated again.

To do this, I am today announcing a comprehensive and wide-ranging set of proposals. The Secretary of the Treasury, Nicholas Brady, will describe these proposals to you in detail in a few minutes. However, I think it's important to summarize some of the major points.

The proposals include four major elements. First, currently insolvent savings institutions will be placed under the joint management of the FDIC and FSLIC pursuant to existing law. This will enable us to control future risk-taking and to begin reducing ongoing losses.

Second, the regulatory mechanism will be substantially overhauled to enable it to more effectively limit risk-taking. The FDIC would become the insurance agency for both banks and thrifts under this system, although there's no commingling of funds. The insurer will have the authority to set minimum standards for capital and accounting. Uniform disclosure standards will also be implemented. The chartering agency for thrifts would come under the general oversight of the Secretary of the Treasury.

MORE

Third, we will create a financing corporation to issue \$50 billion in bonds to finance the cost of resolving failed institutions, which will supplement approximately \$40 billion that has already been spent.

All of the principal of these bonds, and a portion of the interest on them, will be paid from industry sources. However, the balance would be paid from on-budget outlays of general revenues. Hopefully, some of these revenues will be recovered in the future through sale of assets and recovery of funds from the wrongdoers.

Fourth, we plan to increase the budget of the Justice Department by approximately \$50 million to enable it to create a nationwide program to seek out and punish those that have committed wrongdoing in the management of these failed institutions. These funds will result in almost doubling the personnel devoted to the apprehension and prosecution of individuals committing fraud in our financial markets.

As you can see, these proposals are based upon several overriding principles.

First, I will not support any new fee on depositors.

Second, we should preserve the overall federal budget structure, and not allow the misdeeds and the wrongdoings of savings and loan executives and the inadequacy of their regulation to significantly alter our overall budget priorities.

And third, I have concluded that this proposal, if promptly enacted, will enable our system to prevent any repetition of this situation.

And fourth, I have decided to attack this problem head-on, with every available resource of our government because it is a national problem. I have directed that the combined resources of our federal agencies be brought together in a team effort to resolve the problem.

And fifth, I believe that banks and thrifts should pay the real cost of providing the deposit insurance protection. The price the FDIC charges banks for their insurance has not been increased since 1935. We propose to increase the bank insurance premium by less than seven cents per \$100 of insurance protection that they receive. Every penny collected would be used to strengthen the FDIC so that the taxpayers will not be called on to rescue it a few years from now.

And I make you a solemn pledge that we will make every effort to recover assets diverted from these institutions, and to place behind bars those who have caused losses through criminal behavior. Let those who would take advantage of the public trust and put at risk the savings of American families anticipate that we will seek them out, pursue them and demand the most severe penalties.

In closing, I want to just say a word to the small savers of America. Across this great land families and individuals work and save, and we hope to encourage even greater rates of savings to promote a brighter future for our children. Your government has stood behind the safety of insured deposits before, it does today, and it will do so at all times in the future. Every insured deposit will be backed by the full faith and credit of the United States of America, which means that it will be absolutely protected.

For the future, we will seek to achieve a safe, sound and profitable banking system. However, integrity and prudence must share an equal position with competition in our financial markets. Clean markets are an absolute prerequisite to a free economy, and to the public confidence that is the most -- that is its most important ingredient.

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I've determined to face this problem squarely, and to ask for your support in putting it behind us. I have ordered that the resources of the Executive Branch be brought to bear on cleaning up this problem. I have personally met with the leadership of Congress on this issue. My administration will work cooperatively with Congress as the legislation that we will submit in a few days' time is considered. I call on the Congress to join me in a determined effort to resolve this threat to the American financial system permanently, and to do so without the delay.

I welcome the leaders that are with me here on this platform. I think their support says a lot about the efficacy of our proposal. And now I propose to take just a few questions. On the technical aspects, I will defer to these people, and then I'll be glad to turn this over to Secretary Brady. I believe we start with Helen and then Terry and then get going --

Q Mr. President, are you guaranteeing that the extra costs -- premiums, increases and so forth -- will not be past on to the depositors and taxpayers? And also, what is your responsibility in this debacle -- I mean, the Reagan-Bush zeal for deregulation of business and banking?

THE PRESIDENT: On the first place, we're not guaranteeing that. I would hope that wouldn't happen, but there is no guarantee what the institutions will do. Secondly, there is enough to be said for everybody in this together trying to solve this problem, so I can't equate any personal -- not inclined to go into any personal blame, simply to say that we've got to solve this problem and we're on the path to doing that.

Q Mr. President, the House votes tomorrow on that controversial pay raise plan, and the Senate has already voted against it. Would you sign a bill that vetoes the pay raise, not only for the members of Congress, but also for federal judges and other high officials in the government?

THE PRESIDENT: I've said I support it.

Q Mr. President, there is a feeling that part of this problem is attributable to deregulation of the financial industry. In retrospect, do you think that deregulation might have gone too far in the last ten years or so? And in the future, is your marching order to your administration to be a little more careful in regulating this particular industry?

THE PRESIDENT: Jerry, I don't know the answer. I'd be most interested to know what our experts here feel about whether -- how much of the problem could be attributed to deregulation. I just don't know the answer to your question, so I can't reply.

Q Mr. President, you have placed considerable stress in these early days of your presidency on ethics and propriety, yet in recent days there has been controversy on Capitol Hill concerning the propriety of some of Tower's alleged behavior, questions raised over the weekend about the financial investments on the private funds of the man in charge of ethics, your counsel, Boyden Gray, and other questions involving members of the administration -- or members-to-be of the administration. And I wonder, sir, what has happened here? Is it too harsh behavior on our part, too lax behavior on your part? What?

THE PRESIDENT: I don't think anything has happened. I learned long ago in public life not to make judgments based on allegations. But having said that, I want to have my administration aspire to the highest possible ethical standards. And we have appointed a commission to go out there now and try to detail what these standards should be. And we are in a new era on these matters. Matters that might have been approved and looked at one way, may have

a different perception today. And so what I want to do is finalize our standards and then urge everybody in all branches of government to aspire to those standards. But I do think, Brit, that it's fair that we not reach judgment on Senate hearings before the Senate hearings are concluded because it's very hard to filter out fact from fiction, spurious allegations from fact. And I am not about to make a judgment based on a sensationalized newspaper story. I'm simply not going to do that. That wouldn't be fair and I'm not sure how ethical it would be. So let's wait and see this -- you're referring to the Tower matter up there -- that matter has been looked at by the FBI, the committee now has that, they have the responsibility to make determinations, and I'll be very interested to see what they say. But I am not going to make -- jump to conclusions based on stories that may or may not have any validity at all.

Q Mr. President, even if, as your spokesman says you do, you continue to back Senator Tower for the position, there are those you've heard who say that the best thing he could do for you is to step aside because even if confirmed he then would become damaged goods, weaker in administering a very, very tough job on your behalf. How do you respond to that suggestion?

THE PRESIDENT: Well, I think people would not want a person to step aside in a rumor, particularly if the rumor is baseless. And the process -- what the problem is -- the process is taking a little longer than I would like, and yet I think the Senate has got to do what they're doing -- looking at these allegations very carefully. But you know, as I said here at this same podium a while back, the American people are basically fair. And if these allegations prove to be allegations, without fact behind them, I think the people are going to say wait a minute, what went on here, how come it was all this -- we read this one day and then kind of a puff of smoke the next. And so, I don't think in your substantive question though, that if it proves -- if the Senate committee gives its endorsement to the Senator, particularly after all of these allegations, that there is any danger at all of damage to his credibility or his ability to do the job.

Q Mr. President, there are new and substantive allegations that Senator Tower lost control over the highly classified security documents and computer disks that were used in Geneva under his watch. If those allegations prove to be founded, would you then withdraw his nomination?

THE PRESIDENT: I would not answer hypothetical questions of that nature. You're telling me something that I haven't heard before. And we did have access to FBI reports. So if this matter is now before the Congress, let them investigate it. But I can't go into a hypothesis. All I would be doing would be adding to I think speculation that is not helpful at this juncture.

Q But, sir, will you pursue these allegations in the Executive Branch? Are you going to track what the FBI is looking into? Are you going to personally surveil these kinds of allegations yourself?

THE PRESIDENT: Every rumor and every innuendo, no. But if you're making -- if there's some substantive allegation of this nature, of course it would concern me.

Q Mr. President, back to S&Ls if we might, millions of -- (laughter) -- millions of Americans save alternatively. That is they save in mutual funds, stocks, and that kind of thing. As I read it, you've now outlined a plan that places a lot of the S&L bailout on the backs of the general treasury. How fair is that?

THE PRESIDENT: We've got a major problem and something has to be done. And this is the fairest system that the best minds in this administration can come up with. And so I again would ask you to ask the specifics of the treasury burden, to the Chairman of

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the Federal Reserve, or the Secretary of the Treasury, ask how they see that. But look, as I've said, there is no easy answer to this. All I want to do is make a sound proposal, work to put it into effect, and have that proposal such that the country won't have to face this problem again.

Q Mr. President, you said you dropped the deposit fee idea, but this plan you've given us has an increase in premiums that may be paid by consumers, as well as a large amount of taxpayers funds. Isn't that the same thing -- consumers and taxpayers are still going to have to pay the price for this?

THE PRESIDENT: Well, as I indicated earlier on, there is no guarantee of passing this on to the consumer, nor is there a guarantee it won't be passed on. But this arrangement has been there since -- for 50 years, and you might argue whether it's been passed on or not. I just don't know, I haven't seen the flow through in the industry. But nothing is without pain when you come to solve a problem of this magnitude.

Q Mr. President, you've talked to several members of Congress in various receptions and dinners and personal conversations over the past couple of weeks, and in many of them you have discussed this -- your plan for this problem. What is your feeling of the reception that it's going to get on Capitol Hill and of the selling job that awaits you now to get it passed?

THE PRESIDENT: We may have a big selling job, but I've been encouraged so far with the spirit epitomized by the members of Congress, particularly at the joint leadership meeting the other day. We didn't go into every detail of this. These plans were still being formulated and I wanted to get their views. I was encouraged by what Bill Seidman told me earlier on about how he -- what he felt the receptivity of the plan will be. But I don't think it's fair to the Congress to say that they have signaled to me that they are going to be enthusiastic on this plan, although I hope they are.

Q Mr. President --

THE PRESIDENT: I'm going to take about three more and then turn this over to these gentlemen here who are prepared to go into as much detail as you want.

Q Mr. President, these allegations that surround Tower now, at least variations on the theme, surfaced early in the transition -- allegations of womanizing and taking money from defense contractors -- that sort of thing. Have you satisfied yourself that he is still the nominee you want? Can you give us at this time a full-hearted endorsement of Tower?

THE PRESIDENT: Yes, I can and I will right now because some of the very same allegations that were floated that long ago apparently have been looked at and examined by the best possible examiners -- and I'm talking about the FBI -- and found to be groundless. So therefore I'm not about to change my view. If somebody comes up with facts, I hope I'm not narrow-minded enough that I wouldn't take a look. But I am not going to deal in the kinds of rumors that I've seen reported and then knocked down and then reported and then knocked down.

Q Mr. President --

THE PRESIDENT: One -- two to go.

Q There have been hints that Gorbachev may propose steps to diffuse the situation in Central America. I wonder if you see the possibility of superpower deals in Central America, and if so, what -- if you could suggest what would be acceptable for you?

THE PRESIDENT: I don't know about a deal, but I can see

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a possibility of cooperation in Central America because I would like the Soviets to understand that we have very special interests in this hemisphere, particularly in Central America, and that our commitment to democracy and to freedom and free elections and these principles is unshakeable, and I don't think they really have substantive interests in this part of the world -- certainly none that rival ours. So I would like to think they would understand that and there are so many areas where we could demonstrate a new spirit of cooperation, and this would clearly be one of them. So I'd like to think that is the way that the matter would be approached by the Soviets.

Yes, follow-up.

Q If I could follow up and ask you whether an understanding on Central America -- whether you'd be willing to include abandonment of aid to the Contras as part of such an understanding?

THE PRESIDENT: I wouldn't make a deal on that with the Soviets, nor would that come up. I don't believe we'd ever have a -- I can't see a situation of that nature arising, knowing as I do what will be negotiated and discussed with the -- so I think that's so hypothetical as to not even be a possibility of any kind.

Yes, Charles. And then I do have to run.

Q Mr. President, we still don't know what the taxpayers' burden is in here. Out of this \$40 billion, it says first from S&L funds and the shortfall from Treasury funds. How big is it, and have you, in going through your budget had to knock out some things to pay for this?

THE PRESIDENT: We've had to knock out a lot of things on the overall budget for a lot of different reasons. But I'd like to leave this for Dick, for the questioning, to give the specific amounts. It is shared, as I've indicated, and he can give you the amounts that are involved.

Listen, thank you all very much, and now I'm going to turn this over to Secretary Brady. And then in order I guess they'll refer to each of these others.

Q Mr. President, one more word for the small --

Q -- seats back here, Mr. President?

THE PRESIDENT: What was that substantive question?  
(Laughter.)

Q In the back -- we didn't see you get back in this area.

THE PRESIDENT: We didn't get that far back, no, but if there's been an egregious offense to those in the back benches, I will take one parting question. And inasmuch as you raised it, fire away.

Q Thank you very much, sir. Back on the ethics issue, a couple of --

THE PRESIDENT: Mindful that the last questions always does get you in great trouble -- (laughter) -- go ahead.

Q Your perspective nominees -- one of your perspective nominees and your counsel have just recently changed their minds on matters that would have violated the ethics rules under the Reagan administration. Did you have difficulty in getting the word out that times would be tougher under your administration?

THE PRESIDENT: No, I don't think so. For example, if you're referring to the Boyden Gray matter, which I think you are, that matter was reviewed every single year by the Office of Government Ethics, and he was deemed in compliance every single year. But now we've got a new ballgame here. He's the General Counsel here in the White House and I'm the President, and I've set out rhetorically the highest possible standards and we're trying to back that up by findings from this commission. And so I do think that we've got to be very careful about perceptions of impropriety when it comes to conflict of interest. Not rumors or innuendos of one sort or another. I don't think you can -- I should deal in those things. But when it comes to perceived conflicts of interest, I'd like our people to bend over backwards.

And I think that's what has happened in both the question of Lou Sullivan, whether he's entitled to -- all he did was ask, am I entitled to continue these arrangements with this small university. And all Boyden did, in my view now, is to try to go a step beyond what the government ethics office has said to avoid the perception of impropriety. But -- so I think it might be different now. I have to approach it differently as President. Not that you have lower standards, but I just think that again this whole question of perception we've got to look at it very, very carefully. But I want to be fair. I do not want to have the loudest charge, no matter how irresponsible, be that that sets the standards. We've got to achieve more objective standards. And that's why I'm putting a lot of faith in the -- hope to put a lot of faith in the findings of Judge Wilkey and former Attorney General Griffin Bell. And they will be looking at all these matters in terms of reality, and then, to some degree I'm sure, in terms of perception. So what might be legal and might be perfectly sound ethically might have to be altered given this new approach because of perception. It's a delicate one. I don't want to have the standards set in such an irresponsible way that good people just throw up their hands and say, look, who needs that kind of grief, who needs it, why should I have to give up all my whatever it is -- a health plan from the XYZ company. And yet, on the other hand, we're in a different time now. We're in a time when we've got to try to set these standards as high as possible. So I think Dr. Sullivan did the right thing in asking what was proper. I think Boyden Gray did the correct thing every year in asking what was proper and reviewing his own personal holdings in a family company with the Ethics Office, but now taking another step because of perception in this case.

So we've got to reach -- we've got to work with these individuals to find the proper answer and we've got to work with the commission to try to codify these standards.

Q Sir, by following, you said during the campaign very clearly that your staffers would not take outside income. I wonder why they need a legal opinion to understand that?

THE PRESIDENT: They had a legal opinion saying it was perfectly proper from this family company, and so now we're changing that and saying, look, there is this different perception problem here in this new era, so let's bend over as far backwards as we possibly can to -- you know, to recognize that.

Thank you all very much.

Q What about leveraged buy-outs, Mr. President?

THE PRESIDENT: There's your LBO man right there.

THE PRESS: Thank you.

END

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April 19, 9 a.m.  
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PRESIDENTIAL REMARKS: TEXAS STATE LEGISLATURE  
CAPITOL, AUSTIN  
(Date -- T.B.D.)

((It's a good thing this isn't Bill Clement's birthday . . .  
From where I'm standing, another Plaid Day in the Texas  
Legislature could blind a fella.))

In all sincerity, happy belated birthday Bill . . .  
Lieutenant Governor Bill Hobby, it's great to see you again.  
Speaker Gib Lewis, distinguished legislators, fellow Texans,  
thank you . . . Barbara and I are delighted to be back in  
Austin, with so many of our friends . . .

I will want to discuss a few issues facing Texas and all of  
America. But before I do, let me say a few words about what it  
means to me to be a Texan.

Aside from the former kingdom of Hawaii, Texas is the only  
nation to have to reconcile itself to being a state. But, like  
Hawaii, we will never reconcile ourselves to being ordinary.  
From the Pecos to the Pedernales, from the rapids of the Rio  
Grande to the broad expanse of the muddy Red River, there is no  
place on earth like Texas . . .

Nor is there another capital in America quite like this one, a rose-tinged granite that blushes when the sun is low. And, this being Texas, we had to build a capital that is exactly one foot taller than the one in Washington. I find this appropriate. Texas certainly stands a little taller in the heart of this President . . .

Perhaps for this reason, Larry McMurtry is one of my favorite writers. In Lonesome Dove, he describes the mythic Texas, and conjures that sense of place we all know so well. I am awed by a man of letters who can convincingly adopt the voice of cowboys -- men whose only schooling was in dodging bullets, whose only lessons were in how to rustle cattle.

But I first set out for Texas not on horseback, but in a crimson red Studebaker with wrap-around windows and lots of chrome. More than forty years later, that trip is still a vivid memory -- the lonesome road, a neon Pearl Beer sign appearing in the desert twilight like an apparition. Stopping at a cafe, I didn't know if a chicken fried steak was a chicken fried like a steak, or a steak fried like a chicken . . .

Still, Barbara and I settled in Texas, as did so many before us. We raised five children, built a business. And in that span of forty years, I watched this state grow into greatness. The

Texas of the epic movie Giant seemed almost ordinary in the fifties, with bluejeaned millionaires as common as cactus in Odessa and Midland. It has been noted that the rude wealth of merchants preceded the Renaissance of Michelangelo. I'm no historian, but in my lifetime I have seen the oil wealth of West Texas finance the building of great cities, and the expansion of first-class land grant colleges -- the origins of a Texas Renaissance, if you will. The energy business made Texas what it is today -- the Third Coast of the United States.

This Texas Renaissance lasted for years, even decades. But you also know the rest of the whole sad story -- oil that became cheaper than fancy mineral water, skylines of empty buildings, expensive homes to be had for monthly payments, and thousands of laid-off workers.

Someone once said that Texas is a state of mind. That could be true, but a philosopher also told us that a state is a body of free men and women, united to enjoy common rights and advantages. If that is so, it follows that the same free men and women join together in the face of adversity.

Strong men and women are challenged by hard times, and I believe that Texans have proven that . . .

Now, I am no cowboy. I pitch horseshoes, but I don't ride broncs. But an old saying goes that there never was a horse that hasn't been rode, and never was a man who hasn't been thrown. I guess Texans have proven that, too.

The cowboys have a term for the most dangerous and cunning bronco of all: They call it a "sunfisher." These broncos will rebel against a rider by adopting a motion not unlike the sunfish of the Gulf -- a full-force leap into the air, back arched high, flank twisting the rider to the left, head and upper torso twisting the rider to the right, in an attempt to tear him apart. Let me suggest that in the 1980s, the whole state of Texas feels like it has been on just such a ride . . .

When a rider is thrown, he can do one of two things. He can slink away and never again attempt another act of horsemanship. Or, he can dust himself off, put one boot in the left stirrup, throw the other boot over, and get firmly back into the saddle. I won't kid you. There may be a few more bumps and bruises ahead. But make no mistake, Texas is back in the saddle again . . .

State unemployment has dipped to its lowest level in four years, signaling the diversification of the Texas economy. In 1970, the energy sector accounted for nearly 25 percent of state output. Last year, it accounted for only 11.4 percent. And yet

Texas has regained the 207,000 jobs it lost from 1986 to 1987, with employment in plastics, aircraft, electronics, missile and space manufacturing, and computer programming leading the way. Dallas leads in defense technology; Houston in biomedical research; Austin, in microelectronics.

Another sign that Texas is becoming a world center of technology is the selection of Ellis County as the site of the Superconducting Super Collider . . . . When built, the SSC will enable us to study elemental particles with names like quarks, mesons and neutrinos. I can understand how some people just can't see a practical side for America to invest billions of dollars in such an arcane field of study.

Well, as Tom Luce, chairman of the Texas National Research Laboratory Commission said that with a little imagination, you can: "conclude that future research in the field of high energy could some day help us conquer cancer." Or discover a way to boost the amount of information on a microchip. Or answer questions that eluded Einstein, giving us a glimpse of what the cosmos was like at the first trillionth of a second into Creation. The SSC is a key to understanding our universe, and to developing the technologies and industries of the 21st Century. Let me assure you, I will back the construction of the SSC with all the powers of the presidency . . .

And let me also salute you, the members of the Texas House and Senate, and the voters of this state, for having the vision to take an early lead on this project . . .

Still, no matter how diversified and high-tech Texas becomes, a strong domestic energy industry is important to the future of this state and all of America. I find it disturbing that nearly 50 percent of America's oil is imported. As Bill Clements says, this "cannot be safely shunted aside as merely a Texas or a producing state problem."

The need for domestic energy production is especially pressing in the aftermath of the wreck of the Exxon Valdes off Alaska. I am as disgusted as you are by the reports from Prince William Sound. I want to use federal resources intelligently in the clean-up effort, and to work with industry to try to prevent another tragedy. But if we shut down Alaska, we would not do anything to protect the environment, if a foreign tanker wrecked off the coast of Louisiana or Texas. We would merely increase our dependence on foreign oil. What a travesty it would be if we, in the name of ecological protection, transferred our domestic oil industry to foreign producers and tankers . . .

To reduce our dependency, a return to high levels of exploratory drilling is needed. I propose to restore the central role of small producers in U.S. energy exploration with tax

credits and other incentives. And I want to do something else. Texas has a 65-year supply of one of the cleanest forms of energy known to man -- natural gas. I call on Congress, at long last, to fully decontrol the natural gas industry, and to do so this year . . .

I know there are still a few dark clouds on your economic horizon. I know that you are concerned about the continuing crisis in savings and loan institutions. I have asked for measures to restore these institutions to financial health. And I have asked for a \$50 million appropriation for the Justice Department, so that those who willfully abuse the trust of small savers, and try to play Monopoly, will pass go -- straight to jail . . . The Senate has acted expeditiously. I call on the House of Representatives to pass a responsible bill to meet this crisis as soon as possible.

This state is still mired in some of the problems of the recent past. But the way to a bright and promising future is clear -- Texas will increasingly rely on a diversified economy, and become a birthplace for the technologies of the next century. Texas has turned around in no small measure because of the leadership of Bill Clements, Senators Gramm and Bentsen, and the men and women of the Texas Legislature. There is again a feeling in Texas that anything is possible -- who knows, the Rangers

might even win the World Series . . . In short, Texas is starting to feel like its old self again.

As we face our future in the White House, Barbara and I take with us memories of people and places from a place that has been home for most of our lives.

We remember driving the kids across Texas, and slowing down so we could take in the fields of bluebonnets and Indian paintbrush.

We remember the people of Houston, many of them mature and skeptical, but who nonetheless listened to a green young man and sent him to Congress.

And I remember Lyndon Johnson at his ranch, a retired Democrat giving advice to a young Republican, his long, white hair blowing in the gentle Hill Country breeze like the mane of an old lion.

Bar and I treasure all of this -- the sights and sounds of half a lifetime, the trust of many friends, and the love of a family. All this, we remember when we come back. And for this and so much more, we thank God that we are Texans . . .

Let me thank you for inviting us back to Austin. God bless you. And God bless the United States of America.

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