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Subseries:	Chron File, 1989-1993

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Folder ID Number:	13700-007

Folder Title:
Cincinnati Chamber of Commerce 1/12/90 **[OA** 8309**]**

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George Bush for President

FOR IMMEDIATE RELEASE
Tuesday, April 26, 1988

CONTACT: ALIXE GLEN
(202) 842-1988

EXCERPTS OF REMARKS FOR
VICE PRESIDENT GEORGE BUSH
OHIO ASSOCIATION OF BROADCASTERS
CINCINNATI, OHIO
TUESDAY, APRIL 26, 1988

where he learned how toothpaste is put in the tube.

I spent part of the morning at Procter & Gamble's R&D facility. What an impressive operation that is. It's a textbook example of something I've thought about for a long time... the importance of quality.

I believe that quality is the answer to the challenge we face from our foreign competitors. Jim Houghton, the chairman of Corning Glass, is one of the most outspoken proponents of this philosophy. And once you hear his definition, you'll understand why. His definition of quality is this: "Understand the customer's requirements and meet them 100 percent of the time."

That's a tough standard, but you've got to admit: If you meet it, you're going to be successful.

Providing what the customer wants -- that's the driving force that defines free enterprise. The customer is king. In your business, you know that better than most -- you live with ratings every day. When the customer has 10 or 20 or 40 channels to choose from, the competition is ferocious.

But our economic system is built on competition, and it works because the surest way to succeed is to produce the best value for the customer.

Procter & Gamble grew to be the giant that it is because it understood this principle sooner than anyone else in its field. Its market testing is legendary, and its R&D efforts, as I saw today, are state-of-the-art. It believes in the quality motto: "Understand the customer's requirements and meet them 100 percent of the time."

Quality is important not just to compete in the export market -- quality is important to compete right here at home. Each of us will buy more American products when we shop if each of us, when we work, make those products the best in the world.

You can see the quest for quality right here in Ohio.

promised — no raise taxes — veto (2) make the tough calls — reduce = better workers — remember who we are

733 15TH STREET, N.W., SUITE 800, WASHINGTON, D.C. 20005
TELEPHONE: (202) 842-1988
Paid for by George Bush for President

Here in Cincinnati, the General Electric plant makes the best jet engines in the world -- and you don't have to take my word for it, that's right out of Fortune magazine. In Akron, state-of-the-art work is being done in the area of polymers, which are used to make plastics and other synthetic products.

And up in Cleveland is the world-renowned Cleveland Clinic. You wouldn't think the quality motto would apply to health care, but that's exactly what they strive for: "Understand the customer's requirements and meet them 100 percent of the time."

The battle we've been having with our foreign competitors has had a profound effect on American business and industry. The quest for quality is just one example. We've also seen new attention to cost control, to lean management, and to marketing abroad. And the lower dollar is finally kicking in.

The result: Exports are up dramatically. Real exports last year increased 17 percent. We've strengthened our position as the world's largest exporter of manufactured goods. Next year the U.S. share of the world market is projected to be 50 percent larger than that of West Germany or Japan.

A lot of people talk about the decline of American industry. Transition would be a better word. The fact of the matter is that we are in the midst of an industrial revival in this country. Let me cite a few facts:

Between 1974 and 1984, large companies eliminated nearly a million and a half factory jobs, but at the same time, 41,000 new companies created almost as many new industrial jobs.

We're in the midst of the longest peacetime expansion ever -- more than 15 1/2 million new jobs. The Europeans call it "the American miracle" -- and with good reason: That's more jobs created in the last five years than Europe and Japan have created in the last 20 years.

And don't believe the myth that those jobs are bad jobs. Nearly two-thirds of them are in the higher-paying skilled occupations, and over 90 percent of them are full-time.

To maintain that strong economy, we've got to get the federal budget deficit down, and we've got to do it by holding the line on spending.

Some people on the other side say, "Raise taxes." Well, I've been in government a long time, and I've seen what happens when the government raises a dollar in revenues: Congress spends a dollar fifty.

I've yet to have anyone walk up to me and say, "Mr. Vice President, we're not taxed enough. I hope you'll be the President to raise my taxes." I will not raise the taxes of the working men and women of this country.

The answer to the deficit is for the President to make the tough calls and take the heat. That's what a President is there for -- to lead. And that's why I want the same tool that 43 governors have -- the line-item veto.

Ultimately, though, what we do in Washington will have less impact on our competitiveness abroad than what our people do every day in their jobs.

That's one reason I've been stressing education. Better schools will mean better American workers, and better workers will mean better and more competitive American products -- and if we've learned one thing from our foreign competitors, it is this: Quality sells itself.

At Ford they say, "Quality is Job One." Well, if I may borrow a phrase from General Motors, "What's good for Ford is good for the country."

Let me conclude with a story told by Jim Houghton, the Corning chairman who believes so strongly in quality. It seems there was a fellow named John Jelliff who ran a silk-screening machine in one of the Corning plants. He didn't think it worked very well:

"So John -- who's got a high school education -- decided to do something about it. He went out and started tinkering in his basement.

"And then John went to his managers, who were all busy preaching the gospel of quality. And he said something like, 'If you really believe in what you're saying, you'll let me make my own machine.'

"Well, they hemmed and they hawed and scratched their heads, but in the end, they said yes. They offered some help in the form of nuts and bolts and a minor part or two.

"Sure enough, some time later, here came John, lugging this contraption in through the parking lot.

"John set up his machine. And, wonder of wonders, it was a better machine. It took 45 percent less time to set up. What's more, it increased production by 40 percent."

Houghton concludes, "These people are our competitive advantage."

In the years ahead, we will face a powerful challenge from abroad -- unprecedented economic competition -- but in Chinese the characters for challenge can also be read as opportunity.

The answer to this challenge -- to this opportunity -- is right here at home, in our hearts and in our heads -- in our people.

Let's remember who we are. We're the United States of America. We spanned a continent with railroads and highways and jet planes; we put a man on the Moon. We're the greatest country -- the freest, fairest, most productive country -- that has ever existed on the face of the Earth.

Let's remember what made our free enterprise system such a mighty engine of prosperity -- our determination to succeed, our pride in what we produce, our ingenuity and flexibility and openness to change.

The answer we seek for the problems of the '90s -- for the problems of the 21st century -- the answer is quite clear. It lies within ourselves. It is the spirit of America.

Thank you very much.

# # # #

McNally/Simon
January 5, 1989 90
Draft One (B:OHIO)

PRESIDENTIAL REMARKS: CINCINNATI CHAMBER OF COMMERCE
HYATT REGENCY BALLROOM, CINCINNATI
FRIDAY, JAN. 12, 1990, 1:30 P.M.

[[ACKNOWLEDGEMENTS]]

We're pleased to be back here in Cincinnati. Actually, I was hoping to get out here for Opening Day for the Reds. But they tell me I'm three months too early. **Same problem I ran into on Pearl Harbor Day.** \\\\

It is fitting that, in the days leading up to the State of the Union Address, we should meet again in Cincinnati. The last time I visited was in November 1988, in the final days of the Presidential campaign. And earlier, Cincinnati was one of my last stops before the convention in New Orleans.

On the trip before that, in April 1988, we spent part of one morning at Proctor and Gamble's ~~R & D facility~~ plant. They taught me a trick every President wants to know: **How to put toothpaste back into the tube.** \\\\

All in all I came here four times during the Presidential campaign. I talked of America's future and of future generations. I talked of certain principles. Told you I was ready to make the tough calls -- to use the veto where principle was involved -- and to take the heat.

And today I've come back to Cincinnati to tell you I'm ready to make good on that pledge.

On the day I took office, I put my hand out to Congress, to the Democratic majority, and reminded us all that the American people did not send us to Washington to bicker.

We sent proposals to Congress on the big three, the three C's: Capital gains. Clean Air. Combatting crime.

Responsible proposals. Carefully thought out. Based on principle.

Now a year has passed. A new year has begun. And it's time -- it's past time -- for Congress to tend to this unfinished business.

America wants it done right.

America wants it done responsibly.

And America wants it done now. \\\

We are always willing to listen to ideas and alternatives. But we are not willing to compromise our principles.

Compromise our principles -- and there's not going to be a fight. \\ **But there is going to be a veto.** \\\

Today free market ideas are taking hold around the world. A world no longer on the brink of war. A world on the brink of the greatest expansion of free trade ever seen.

Boyd Hollingsworth

Against this backdrop, a majority in both Houses of Congress has called for a tax cut on capital gains. We need this infusion of new venture capital to keep America competitive, to fuel our continuing economic boom.

As the world turns to freer markets, this is no time to become wishy-washy about where America stands. **The jury is no longer out. Markets work. Government controls don't.** \\\

And since the debate has all but ended on this issue, perhaps our most die-hard ideologues can now turn their attention to a question that deeply divides America to this day: \\ Is it Texas or Cincinnati that produces the world's best chili? \\\\

Of course ... this also is a question to be decided by the market. \\

The economic challenge of the 90's is to make markets work better. **And one of the best ways a government can do that is to do what people around the world are asking their governments to do: Get out of the way!** \\\

BBA 12/11/89 p. 1

It works. Here at home, we remain in the midst of the longest peacetime economic expansion in our nation's history, an expansion that has created an astonishing 20 million new jobs since 1982. That's as many as the total number of jobs in the central Midwest -- **as many jobs as there are in Ohio, Kentucky, Indiana, Michigan, Illinois and Wisconsin, combined.** \\

BLS see file

It's not due to the genius of Washington. It's the genius of places like Cincinnati -- the Ohio River valley -- and the solid American values that have flourished here and helped inspire the world.

A world that is watching. A world that is ready.

Because from Central America to Central Europe, one reason that free ideas and free trade are on the march is because middle

America has never lost sight of the principles that continue to make this country a beacon of hope and opportunity.

The headlines tell of other nations buying American. That's good news -- not bad. We've been urging our own people to "Buy American" for years. They are all investing in the greatest job-creating machine of the 20th century. The most stable economy on earth.

And just as the world's people are voting with their feet, so the world's investors are voting with their pocketbooks. And the results are in: America is the choice.

And so, we don't have to look elsewhere to know what works. If you want to follow the smart money advice of the 1990's, go to where the Japanese are going. Look at what Europeans, East and West, are looking at. **Look at the <u>U.S.A.</u> Look at what the rest of the world calls "the American miracle."**

You saw it happen here in Cincinnati U.S.A., "The Blue Chip City," where 150,000 more people are at work than were working six years ago.

Cincinnati produced its American miracle the old-fashioned way, the <u>American</u> way. It's an old tradition here. When he first opened his slaughterhouse in 1810, Richard Fosdick was warned that meat couldn't be cured in Cincinnati's climate. But he didn't know that it couldn't be done. He continued his experiments until he discovered the rock-salt process for curing meat -- and made this city the principal hog market of the world.

Renewing our emphasis on innovation is one of the ways modern Cincinnati has prospered. You've also built a diverse economic base. Stripped away corporate fat. Renewed our emphasis on quality -- ~~General Electric~~ America makes the best jet engines in the world. \\\ just ask the folks at G E.

Vera Hartman ITA 377-4211

Steps like these have helped ~~strengthen~~ regain our position as the world's largest exporter ~~of manufactured goods.~~ And just last week it was announced that November's orders to U.S. factories for manufactured goods rose to the second highest level ever.

AP 1-5-90 Commerce Dept.

Cincinnati has also maintained high worker productivity, and worked to educate and train our people for the 21st century.

In fact, on this matter of education, it seems there is something special going on here in Cincinnati.

3 X

Two years ago business, educational, and community leaders here came together to take on a mighty task: reduce the numbers of students at risk -- the staggering 40 percent dropout rate in public schools.

CYC S13-621 0033

The result was the Cincinnati Youth Collaborative -- an intensive people-to-people "mentoring" program that many of you are supporting, a program that has already seen some early success.

see file

It has America talking. Your Governor visited one of the participating classrooms at McKinley before coming out to the Education Summit I hosted in Virginia last fall. And ~~later this afternoon~~ earlier today I ~~will have~~ had an opportunity to see the programs at Taft High School firsthand.

CYB S13-621-0033

These are far-sighted efforts. Gutsy. Innovative. Sure to make a difference in the lives they touch. And ultimately, these are the kind of efforts that will determine how America fares in the competitive, free-trade world of the 1990's.

VP speech 4-26-88 In 1988, I called on Cincinnati to "remember who we are -- the freest, fairest, most productive country that has ever existed on the face of the earth."

The way of the future is free people. The way of the future is free trade. **And free people and free trade is what America is all about.** \\\

Of course, it's not enough that trade be "free."

It's also got to be fair. \\\

And it's not enough to tear down the Berlin Wall.

We've also got to tear down the tariffs and other barriers to American trade. \\\

Delta 800-241-4141 A global game is afoot, a game in which a Cincinnati businessman can now fly non-stop to London and Frankfurt -- any day of the week.

If the rules are fair and the same for everybody -- we can play this game. It's called competition. **We invented it. We won it before. And we're going to win it again.** \\\

To flourish -- to triumph -- we need to boost savings and investments. Cutting the capital gains tax would be a good start.

Leg. affairs x 7092 There are other matters that require urgent attention when Congress gets back later this month. Our Clean Air Act proposals

recognize that in the emerging global economy, environmental destruction knows no borders -- **and that a healthy economy requires a healthy environment.**

And a kinder, gentler environment also means a society where every man, woman and child can live and prosper in an environment free from fear. That means freedom from crime, and especially the increasingly violent crime that's been spawned by drug abuse and trafficking. **On our anti-crime package as well, it's time for Congress to act.** \\

There is much to be done in the months ahead. But as a new year begins, Americans should also pause to take some pride in what we have accomplished together. Let me suggest two areas.

More than anything else, a kinder, gentler nation is one in which everyone who wants a job, has a job. **And today America has the lowest unemployment rate since 1972 -- and Ohio has its highest employment in history.** \\\

Ec. Report of the Pres. table B-39 1989 - 5.3%
Ohio Bureau of Empl. 614-644-2689
1973 reached peaked Sept. 89

For more than 40 years, three generations of Americans have stood steadfast in a world often filled with challenge, rebuke and even insult. Firm in our belief in America's might and in America's destiny as leader of the free world, our spirit did not falter, our troops did not flinch.

And today, after the watershed events of 1989, **the free world we're leading is growing bigger all the time.**

In the past month we saw democracy restored to the brave people of Panama. We saw a cruel dictator brought before the bar

of justice. And we saw a proud people weep with gratitude over the courage of American soldiers.

And somehow, it seems more than a coincidence. **Because in that same month, ~~it was announced~~ we hear that the Bald Eagle -- the American Eagle -- may soon be coming off the endangered species list.**

Fish + Wildlife Service public affairs

Ladies and gentlemen -- America is back. \\ And this time, America is back to stay.

Thank you. God bless you. And God bless Cincinnati!

# # #

Greater Cincinnati
Chamber of Commerce

TO: Bob Simon/Carolyn Cawley
Speechwriting

Persons on dais at the Greater Cincinnati Chamber of Commerce speech by President Bush:

Joe — intro - POTUS

Joseph H. Head, Jr., Immediate Past Chairman of the Greater Cincinnati Chamber of Commerce; Managing Partner, Graydon, Head & Ritchey — Rob Portman's old boss

John G. Smale, Co-chairman of the Cincinnati Business Committee; Chairman of the Executive Committee of the Board of Directors, The Procter & Gamble Company

Hon. Charles Luken, Mayor, City of Cincinnati

(To be named Jan. 10), President, Hamilton County Board of Commissioners — Bob Taft II

John P. Williams Jr., President, Greater Cincinnati Chamber of Commerce

Ronald R. Roberts, Executive Director, Cincinnati Business Committee

Jim Scott, Master of Ceremonies; on-air personality, WLW Radio

Cong. Bill Gradison + Tom Luken

Joe Morgan ?

1500 in audience

Gordo - x1511

Carli Mussen

300 Carew Tower · 441 Vine Street · Cincinnati, Ohio 45202-2812 · 513/579-3100

31-71

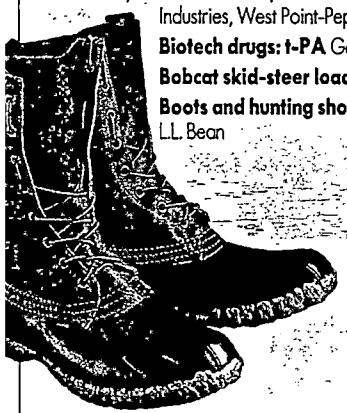
Roger Ruhal

the back pockets scratched chair backs, the paint on the hood of a car, and anything else the wearer sat on. The back-pocket rivets were removed, but despite occasional complaints from cowboys, the crotch rivet remained. In the late 1930s, Walter Haas Sr., the company president, went on a fly-fishing trip wearing a pair of 501s. One night he squatted close to the campfire, which heated the rivet. In the whooping war dance that followed, Haas the president met Haas the customer. A week later the board of directors abolished the copper crotch rivet by unanimous vote.

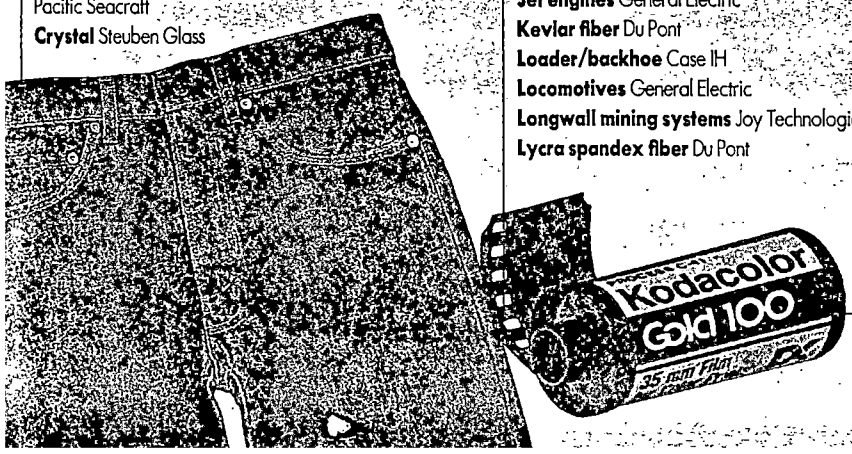
As the copper rivet anecdote suggests, the achievement and preservation of product excellence take common sense, diligence, and attention to details—as they always have. What is different today is that the pursuit of quality, whether in planes, pacemakers, percales, or pianos, is no longer voluntary. If U.S. industry expects to win still more customers and market share, it has no choice but to improve its products. For the customer, quality is irresistible. For industry, it is essential. F

100 Products That America Makes Best

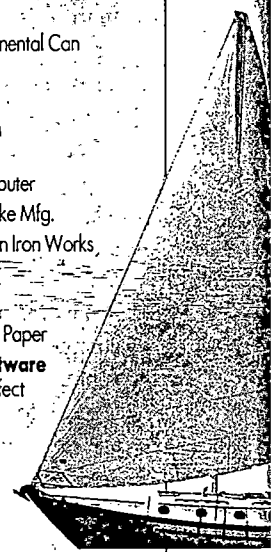
All-electric plastics injection-molding machine Cincinnati Milacron
Aluminum foil Reynolds Metals
Atomic clock Frequency Electronics, Hewlett-Packard
Ball point pens A.T. Cross
Balloon and laser angioplasty catheters C.R. Bard, Eli Lilly, Trimedyne
Bamboo fly-fishing rods Walt Carpenter
Bed sheets and towels Burlington Industries, Dan River, Dundee Mills, Fieldcrest Cannon, J.P. Stevens, Springs Industries, West Point-Pepperell
Biotech drugs: t-PA Genentech
Bobcat skid-steer loaders Melroe
Boots and hunting shoes Timberland, L.L. Bean



Brain electrical activity mapping system Nicolet Instrument
Camera film (color) Eastman Kodak
Central office switching equipment AT&T
Charcoal briquettes Kingsford Products
Charge couple device image sensor Eastman Kodak
Clothes dryers Whirlpool
Combines Case IH, Deere
Computer operating systems software: MS-DOS, Unix, VM, VMS Microsoft, AT&T, IBM, Digital Equipment
Copiers Eastman Kodak, Xerox
Cotton denim Cone Mills
Cruising sailboats, 37 feet and under Pacific Seacraft
Crystal Steuben Glass
Data parallel supercomputers Thinking Machines
Digital plotters Hewlett-Packard
Dishwashers General Electric
Distributed database management technology Tandem Computers
Ditch Witch trenchers Charles Machine Works
Drugs: Capoten and Vasotec Squibb, Merck
Dustbuster Plus hand-held cordless vacuum cleaners Black & Decker
Electrodeposition primers PPG Industries
Electrohydraulic servo valves Moog
F-16 jet fighters General Dynamics
Fast food: hamburgers McDonald's
Financial, engineering, and scientific hand-held calculators Hewlett-Packard
501 jeans Levi Strauss
Flashlights Mag Instrument
Flutes Wm. S. Haynes
FM two-way radios Motorola
Frequency and time interval analyzers Hewlett-Packard
Fur coats Peter Dion, Goldin-Feldman, Ben Kahn, Maximilian, Louis Milona
Glass fiber for communications Corning Glass Works
Gore-Tex waterproof breathable fabric W.L. Gore
Handbags Coach Leatherware
Hay and forage equipment Ford New Holland
Heating controls Honeywell
Heavy earthmoving equipment Caterpillar
Ice cream and sorbet New York Fruit Ice
Industrial and commercial floor sweepers and scrubbers Tennant
Instant camera films Polaroid
Integrated voice and data communications systems (T-1 multiplexers) Network Equipment Technologies
Intelsat VI satellite Hughes Aircraft
Ion chromatographs Dionex
Jazz music
Jet aircraft: 747 family of planes Boeing
Jet engines General Electric
Kevlar fiber Du Pont
Loader/backhoe Case IH
Locomotives General Electric
Longwall mining systems Joy Technologies
Lycra spandex fiber Du Pont

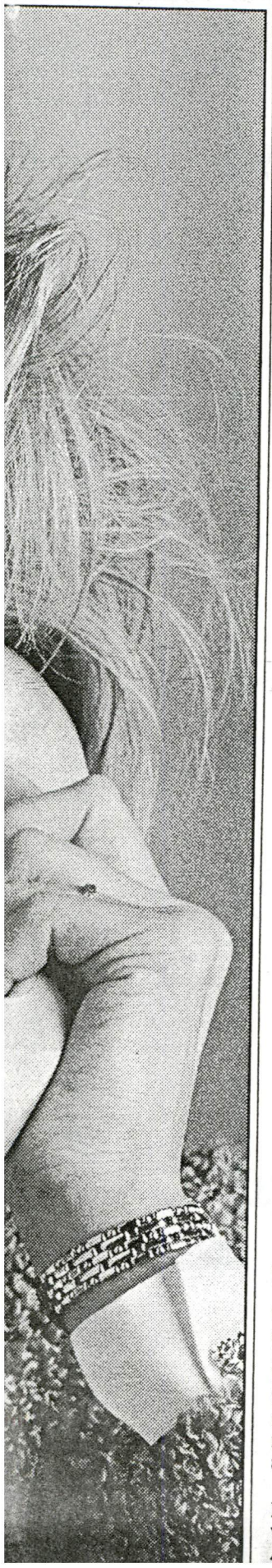


Magnetic resonance imaging scanners General Electric
Marlboro cigarettes Philip Morris
Mass spectrometers Finnigan
Men's ready-to-wear suits Oxxford Clothes
Micro-precision machine and measuring tools Moore Special Tool
Microprocessors: Motorola 68000 family, Intel 80X86 family Motorola, Intel
Microwavable food in shelf-stable packaging: Impromptu, Top Shelf General Foods, Geo. A. Hormel & Continental Can
Microwave ovens Litton Industries
Minicomputers Digital Equipment, Hewlett-Packard, IBM
Minisupercomputers Alliant Computer Systems, Convex Computer
Multimeters Hewlett-Packard, John Fluke Mfg.
Offshore drilling equipment Cameron Iron Works
Oscilloscopes Tektronix
Pacemakers Medtronic
Paper towels Procter & Gamble, Scott Paper
Personal computer applications software Lotus Development, Microsoft, WordPerfect
Personal computers Apple Computer
Pianos Steinway & Sons
Post-it note pads 3M
Powerboats Cigarette Racing Team, Donzi Marine
Pressure transmitters for industrial process plants Rosemount
Row-crop planters Case IH
Scotch S-VHS videotape 3M
Scotchcal drag reduction tape 3M
Sheet and strip stainless steel Allegheny Ludlum
Soft drinks Coca-Cola
Stationery Crane
Stereo loudspeakers International Jensen, Allison Acoustics, Infinity Systems
Sunglass lenses Corning Glass Works
Supercomputers Cray Research
Symbion J-7 and Thoratec artificial hearts Symbion, Thoratec Medical
Tampax Tambrands
Technical workstations Apollo, Silicon Graphics, Sun
Teflon Du Pont
Telephone sets AT&T
Thermos vacuum containers Halsey Taylor/Thermos
Thin film hard disks Komag, Seagate Technology
Tillage equipment Krause Plow
Tractors, 100 hp and over Deere
Washing machines Maytag, Whirlpool



USAT 12/18/89

NFL: WEEK 16



Sharpen your pencils.

It's the last weekend of the NFL's regular season and time to sort out the 10 playoff finalists for the Super Bowl XXIV title.

Included on this page are the official NFL playoff tiebreakers and game-by-game results of the 17 contenders so you can figure out everything yourself. Standings, 9C

Playoff possibilities

Seventeen of 28 NFL teams remain in contention for the Super Bowl XXIV title going into the final weekend of the regular season. Clinching possibilities:

AFC EAST

▶ **Buffalo:** Can clinch division title with victory at New York Jets (would win tiebreaker with Miami based on two-game sweep; would win tiebreaker with Indianapolis based on better division record; would win three-way tiebreaker based on better record in games among the three teams). If Buffalo loses, it can still win the division if Indianapolis and Miami lose; it can be a wild card if Indianapolis, Kansas City, Cincinnati, Pittsburgh, the Los Angeles Raiders and Seattle all lose.

▶ **Miami:** Can clinch division title with victory at home against Kansas City, plus losses by Buffalo and Indianapolis. For a wild card, it must beat Kansas City and will need losses by Indianapolis, Pittsburgh and Cleveland.

▶ **Indianapolis:** Can clinch division title with victory at New Orleans, plus loss by Buffalo. Can clinch a wild card with a victory; be eliminated with a loss.

AFC CENTRAL

▶ **Houston:** Clinches division title with home victory against Cleveland. If Houston loses, it will be a wild card with one loss by Buffalo, Cincinnati or Indianapolis.

▶ **Cleveland:** Clinches division title by winning at Houston. For Cleveland to be a wild card if it loses, only one of the following teams can win: Buffalo, Indianapolis, Cincinnati, Pittsburgh and the Los Angeles Raiders.

Cincinnati: Cannot win division title. To get a wild card, it will need a victory at Minnesota. Under one scenario, it also will need losses by two of the following four teams: Buffalo, Miami, Indianapolis or the Los Angeles Raiders. If three of those four win, it will need a victory by Pittsburgh or a loss by Houston to get into a tiebreaking equation that would come down to net points in conference games — a department in which Cincinnati has a 68-point edge after Sunday's 61-7 victory.

▶ **Pittsburgh:** Cannot win division title. Must win at Tampa Bay to have a chance at a wild card. If Cleveland beats Houston, the Los Angeles Raiders, Cincinnati and Indianapolis

NFL 1989 TEAM SCHEDULES

AMERICAN CONFERENCE

All times Eastern

BUFFALO

1989 record: 8-7-0

27	at Miami	24
14	Denver	28
47	at Houston	41, OT
31	New England	10
14	at Indianapolis	37
23	L.A. Rams	20
34	N.Y. Jets,	3
31	Miami	17
28	at Atlanta	30
30	Indianapolis	7
24	at New England	33
24	Cincinnati	7
16	at Seattle	17
19	New Orleans	22
10	at San Francisco	21
Dec. 23	at N.Y. Jets,	12:30

CINCINNATI

1989 record: 8-7-0

14	at Chicago	17
41	Pittsburgh	10
21	Cleveland	14
21	at Kansas City	17
26	at Pittsburgh	16
13	Miami	20
12	Indianapolis	23
56	Tampa Bay	23
7	at L.A. Raiders	28
24	at Houston	26
42	Detroit	7
7	at Buffalo	24
21	at Cleveland	0
17	Seattle	24
61	Houston	7
Dec. 25	at Minnesota,	9

CLEVELAND

1989 record: 8-6-1

51	at Pittsburgh	0
38	N.Y. Jets	24
14	at Cincinnati	21
16	Denver	13
10	at Miami	13
7	Pittsburgh	17
27	Chicago	17
28	Houston	17
42	at Tampa Bay	31
17	at Seattle	7
10	Kansas City	10
10	at Detroit	13
0	Cincinnati	21
17	at Indianapolis	23
23	Minnesota	17, OT
Dec. 23	at Houston,	8

DENVER

1989 record: 11-4-0

34	Kansas City	20
28	at Buffalo	14
31	L.A. Raiders	21
13	at Cleveland	16
16	San Diego	10
14	Indianapolis	3
24	at Seattle	21
24	Philadelphia	28
34	Pittsburgh	7
16	at Kansas City	13
14	at Washington	10
41	Seattle	14
13	at L.A. Raiders	16
7	N.Y. Giants	14
37	at Phoenix	0
Dec. 24	at San Diego,	4

HOUSTON

1989 record: 9-6-0

7	at Minnesota	38
34	at San Diego	27
41	Buffalo	47, OT
39	Miami	7
13	at New England	23
33	at Chicago	28
27	Pittsburgh	0
17	at Cleveland	28
35	Detroit	31
26	Cincinnati	24
23	L.A. Raiders	7
0	at Kansas City	34
23	at Pittsburgh	16
20	Tampa Bay	17
7	at Cincinnati	61
Dec. 23	Cleveland,	8

INDIANAPOLIS

1989 record: 8-7-0

24	San Francisco	30
17	at L.A. Rams	31
13	Atlanta	9
17	at N.Y. Jets	10
37	Buffalo	14
3	at Denver	14
23	at Cincinnati	12
20	New England	23
13	at Miami	19
7	at Buffalo	30
27	N.Y. Jets	10
10	San Diego	6
16	at New England	22
23	Cleveland	17
42	Miami	13
Dec. 24	at New Orleans,	1

KANSAS CITY

1989 record: 7-7-1

20	at Denver	34
24	L.A. Raiders	19
6	at San Diego	21
17	Cincinnati	21
20	at Seattle	16
14	at L.A. Raiders	20
36	Dallas	28
17	at Pittsburgh	23
20	Seattle	10
13	Denver	16
10	at Cleveland	10
34	Houston	0
26	Miami	21
21	at Green Bay	3
13	San Diego	20
Dec. 24	at Miami,	1

L.A. RAIDERS

1989 record: 8-7-0

40	San Diego	14
19	at Kansas City	24
21	at Denver	31
20	Seattle	24
14	at N.Y. Jets	7
20	Kansas City	14
7	at Philadelphia	10
37	Washington	24
28	Cincinnati	7
12	at San Diego	14
7	at Houston	23
24	New England	21
16	Denver	13
16	Phoenix	14
17	at Seattle	23
Dec. 24	at N.Y. Giants,	1

MIAMI

1989 record: 8-7-0

24	Buffalo	27
24	at New England	10
33	N.Y. Jets	40
7	at Houston	39
13	Cleveland	10
20	at Cincinnati	13
23	Green Bay	20
17	at Buffalo	31
19	Indianapolis	13
31	at N.Y. Jets	23
17	at Dallas	14
14	Pittsburgh	34
21	at Kansas City	26
31	New England	10
13	at Indianapolis	42
Dec. 24	Kansas City,	1

NEW ENGLAND

1989 record: 5-10-0

27	at N.Y. Jets	24
10	Miami	24
3	Seattle	24
10	at Buffalo	31
23	Houston	13
15	at Atlanta	16
20	at San Francisco	37
23	at Indianapolis	20
26	N.Y. Jets	27
24	New Orleans	28
33	Buffalo	24
21	at L.A. Raiders	24
22	Indianapolis	16
10	at Miami	31
10	at Pittsburgh	28
Dec. 24	L.A. Rams,	1

N.Y. JETS

1989 record: 4-11-0

24	New England	27
24	at Cleveland	38
40	at Miami	33
10	Indianapolis	17
7	L.A. Raiders	14
14	at New Orleans	29
3	at Buffalo	34
10	San Francisco	23
27	at New England	26
23	Miami	31
10	at Indianapolis	27
27	Atlanta	7
20	at San Diego	17
0	Pittsburgh	13
14	at L.A. Rams	38
Dec. 23	Buffalo,	12:30

PITTSBURGH

1989 record: 8-7-0

0	Cleveland	51
10	at Cincinnati	41
27	Minnesota	14
23	at Detroit	3
16	Cincinnati	26
17	at Cleveland	7
0	at Houston	27
23	Kansas City	17
7	at Denver	34
0	Chicago	20
20	San Diego	17
34	at Miami	14
16	Houston	23
13	at N.Y. Jets	0
28	New England	10
Dec. 24	at Tampa Bay,	1

SAN DIEGO

1989 record: 5-10-0

14	at L.A. Raiders	40
27	Houston	34
21	Kansas City	6
24	at Phoenix	13
10	at Denver	16
16	Seattle	17
13	N.Y. Giants	20
7	at Seattle	10
20	Philadelphia	17
14	L.A. Raiders	12
17	at Pittsburgh	20
6	at Indianapolis	10
17	N.Y. Jets	20
21	at Washington	26
20	at Kansas City	13
Dec. 24	Denver,	4

SEATTLE

1989 record: 7-8-0

7	at Philadelphia	31
24	Phoenix	34
24	at New England	3
24	at L.A. Raiders	20
16	Kansas City	20
17	at San Diego	16
21	Denver	24
10	San Diego	7
10	at Kansas City	20
7	Cleveland	17
3	at N.Y. Giants	15
14	at Denver	41
17	Buffalo	16
24	at Cincinnati	17
23	L.A. Raiders	17
Dec. 23	Washington,	4

NATIONAL CONFERENCE

ATLANTA

GREEN BAY

1989 record: 9-6-0

21	Tampa Bay	23
35	New Orleans	34
38	at L.A. Rams	41
23	Atlanta at Milw.	21

PHILADELPHIA

1989 record: 10-5-0

31	Seattle	7
42	at Washington	37
28	San Francisco	38

THE WHITE HOUSE

WASHINGTON

January, 8, 1989

MEMORANDUM FOR THE

CHIEF OF STAFF
DAVID BATES
ANDREW CARD
JAMES CICCONI
DAVID DEMAREST
MARLIN FITZWATER
BOYDEN GRAY
FRED MCCLURE
BONNIE NEWMAN
ROGER PORTER
SIG ROGICH
BRENT SCOWCROFT
CHASE UNTERMEYER
SUSAN PORTER ROSE
ED ROGERS
JOE HAGIN
JIM WRAY
CHRISS WINSTON
BOBBIE KILBERG
SICHAN SIV
PATTY PRESOCK
LINDA CASEY
WILLIAM KRISTOL
TIMOTHY MCBRIDE
ROSE ZAMARIA
PAUL BATEMAN
DAVID VALDEZ
BILLY DALE
JAY ALLISON
JOHN HERRICK
LAURIE FIRESTONE
PEGGY SWIFT
JEAN LAMB
DEB ANDERSON
USSS/PPD OPS
WHCA AUDIO/VISUAL
WHCA OPERATIONS
MEDICAL UNIT
PRESIDENTIAL DOCUMENTS

THROUGH: SIG ROGICH
ASSISTANT TO THE PRESIDENT FOR
PUBLIC AFFAIRS AND INITIATIVES

FROM: JOHN G. KELLER, JR. JGK.
DEPUTY ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF PRESIDENTIAL ADVANCE

SUBJECT: **TRIP OF THE PRESIDENT TO CINCINNATI, OHIO ON JANUARY 12, 1990**

For your use and planning purposes, the attached is a preliminary outline schedule for the Trip of the President to Cincinnati, Ohio. Please keep in mind that the following information has not been finally approved and is subject to change.

Attachments

PRELIMINARY OUTLINE SCHEDULE

Friday, January 12, 1990

GUEST AND STAFF INSTRUCTIONS:

9:40 am — Vans depart West Basement en route Andrews Air Force Base Distinguished Visitors Lounge.

10:10 am — Those with own transportation should arrive Andrews Air Force Base Distinguished Visitors Lounge at this time.

10:25 am — MARINE ONE departs White House en route Andrews Air Force Base.

(Flying Time: 10 Minutes)

10:35 am — MARINE ONE arrives Andrews Air Force Base.

10:40 am — AIR FORCE ONE departs Andrews Air Force Base en route Cincinnati, Ohio.

(Flying Time: 1 Hour 15 Minutes)
(Time Change: None)
(Interchange: TBD)

11:55 am — AIR FORCE ONE arrives Greater Cincinnati Airport.

12:00 pm — MARINE ONE departs Greater Cincinnati Airport en route Union Station Landing Zone.

(Flying Time: 15 Minutes)

12:15 pm — MARINE ONE arrives Union Station Landing Zone.

12:20 pm MOTORCADE departs Union Station Landing Zone en route Taft High School.

(Drive Time: 10 Minutes)

12:30 pm MOTORCADE arrives Taft High School.

* BRIEFING ON CINCINNATI YOUTH COLLABORATIVE AND LUNCHEON
  - Photo Opportunity at Beginning
  (12:35 pm - 12:55 pm)

* DISCUSSION WITH MENTOR GROUP
  - Press Pool
  (1:00 pm - 1:30 pm)

* TAFT HIGH SCHOOL STUDENT ASSEMBLY
  - Open Press
  (1:35 pm - 1:50 pm)

2:05 pm MOTORCADE departs Taft High School en route Hyatt Hotel.

(Drive Time: 10 Minutes)

2:15 pm MOTORCADE arrives Hyatt Hotel.

* STAFF PHOTO
  - Official Photographer Only
  (2:20 pm - 2:35 pm)

* ADDRESS CINCINNATI CHAMBER OF COMMERCE
  - Open Press
  (2:40 pm - 3:05 pm)

3:15 pm MOTORCADE departs Hyatt Hotel en route Union Station Landing Zone.

(Drive Time: 10 Minutes)

3:25 pm MOTORCADE arrives Landing Zone.

3:30 pm MARINE ONE departs Union Station Landing Zone en route Greater Cincinnati Airport.

(Flying Time: 15 Minutes)

3:45 pm MARINE ONE arrives Greater Cincinnati Airport.

3:50 pm AIR FORCE ONE departs Cincinnati, Ohio en route Andrews Air Force Base.

(Flying Time: 1 Hour 5 Minutes)
(Time Change: None)
(Interchange: TBD)

4:55 pm AIR FORCE ONE arrives Andrews Air Force Base.

5:00 pm MARINE ONE departs Andrews Air Force Base en route Camp David.

(Flying Time: 35 Minutes)

5:35 pm MARINE ONE arrives Camp David.

JOBS

THE CINCINNATI ENQUIRER SATURDAY, SEPTEMBER, 23, 1989

Greater Cincinnati It's Blue Chip

BUSINESS

Cincinnati drives Ohio job growth

One in four new jobs created here; reinforces area as 'hot spot'

BY DICK KIMMINS
Gannett News Service

COLUMBUS, Ohio — Nearly one out of four new jobs created in Ohio between August, 1988, and August, 1989, was created in metropolitan Cincinnati, the Ohio Bureau of Employment Services reported Friday.

According to the regular monthly survey of 10,000 businesses conducted by the state agency, there were 4.8 million Ohioans employed last August, an increase of 127,000 jobs, or 2.7%, from the same period a year earlier.

The August report set a record for total Ohio employment.

John P. Williams Jr., president of the Greater Cincinnati Chamber of Commerce, said he was pleased by the report but not really surprised. "It's exciting and it's reinforcing," he said, citing the area's economic growth in all sectors.

"When you look at the eight northeastern states (of the Midwest), Cincinnati has been shown to have the second most-diverse economy. Chicago is first; Cincinnati second. Diversity plays to growth."

"From a development point-of-view, Cincinnati is one of the two hot spots in the state, along with Columbus."

In a companion study of Hamilton and adjacent Ohio counties, total employment in metropolitan Cincinnati rose to 736,800 last August. That is 31,700 more working men and women in the area than there was in August 1988.

Most of the annual job growth measured by the state in metropolitan Cincinnati has been in the service sector, where 9,700 new jobs have been created in the period by hotels, business services, recreation centers and hospitals.

Retail stores added 8,200 employees and manufacturing companies added 3,300 workers, while construction trades counted 3,500 more employees.

The growth in the local manufacturing sector is more lucrative to the area's economy. The state measurers not only total job expansion, but wage and salary scales as well.

Manufacturing wages averaged $502 a week in August while retail trade workers averaged weekly wages of $174. Retail wages have increased 2.9% from August, 1988, while average manufacturing wages have increased 5.4%.

Most of the growth statewide between July and August this year, an increase of 20,000 jobs across Ohio, was related primarily to automobile production as workers returned to their plants following summer vacations and model changeover layoffs, reported the state.

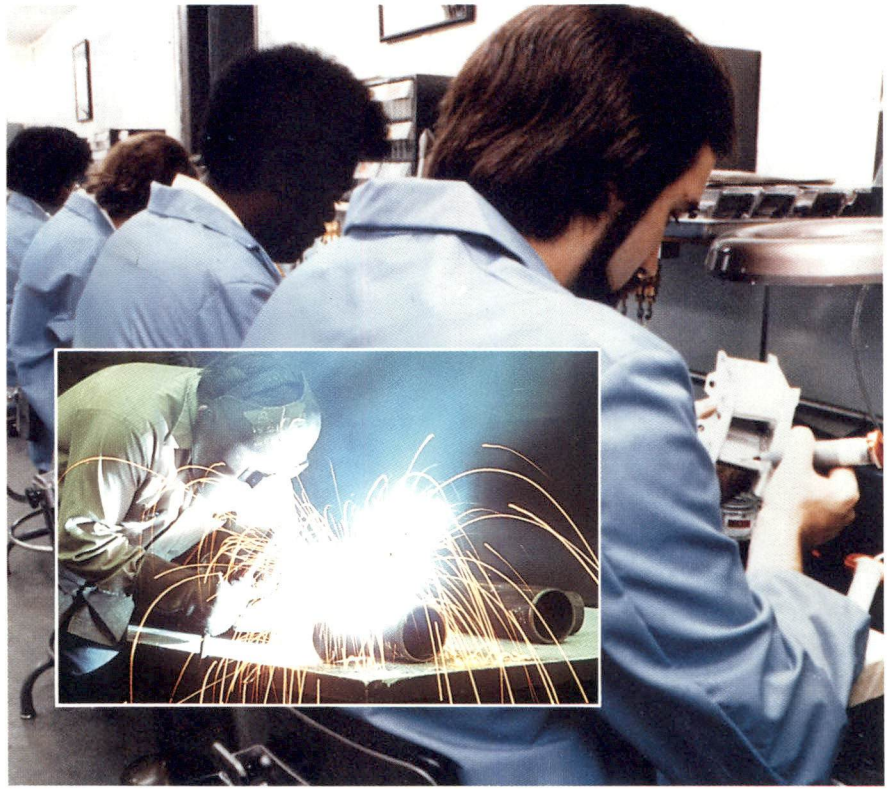
The growth in non-manufacturing employment to a record 3.69 million men and women was due to continued expansion in the service sector and the end of a labor dispute in the coal mining industry.

The fastest rate of growth between August a year ago and last August was in the construction trades. Total employment in that sector grew 8% in the period.

I like America! Ohio

Labor Market

THE BLUE CHIP CAMPAIGN FOR ECONOMIC DEVELOPMENT
A program for the eight-county region of Southwestern Ohio, Northern Kentucky, and Southeastern Indiana



High productivity, low labor turnover, and few work stoppages characterize the 894,500 people in the workforce in this region of 1.7 million.

The Greater Cincinnati Region is ranked one of the ten most diversified economies in the U.S. Employment has experienced significant gains in the last 15 years.

Colleges, universities, technical schools and vocational schools help to provide the diversity of skilled workers needed to support business growth.

The University of Cincinnati graduates 600 engineering students each year, and the Cincinnati Technical College graduates 600-700 students each year with 99% job placement.

Thirty-five area school districts participate in the Great Oaks Vocational School Program, which provides education for 3,000 eleventh and twelfth grade students. Great Oaks Adult Education Program trained 70,000 adults in cooperation with local business and industry.

In addition, an outstanding network of high schools, including one of the nation's premier alternative school programs, graduates high caliber students into the workforce.

Total Labor Force

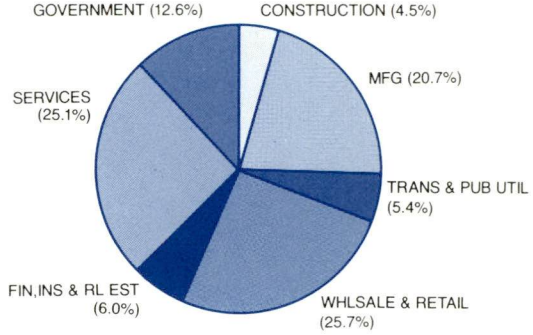
	1988	1987	1986	1985	1984
Total Civilian Labor Force	894,500	873,100	855,400	836,200	819,700
Employed	847,300	820,300	798,400	773,300	750,800
Unemployed	5.7%	6.3%	7.1%	8.1%	8.7%

The above figures are for the 8-county Consolidated Metropolitan Statistical Area.

Source: Ohio Bureau of Employment Services

This excellent availability of both skilled and semi-skilled workers makes Greater Cincinnati a natural for manufacturing, distribution and warehousing.

Employment—Cincinnati PSMA*

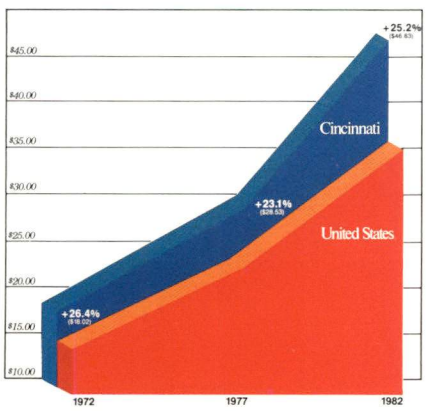


	1988	1987	1986	1985
Non-agricultural	700,200	677,700	650,800	628,100
Manufacturing	144,500	146,000	147,700	147,100
Services	175,800	168,000	155,900	147,100
Wholesale/Retail	179,600	170,800	164,400	159,300

*Cincinnati PMSA includes Hamilton, Warren and Clermont Counties in Ohio; Boone, Campbell and Kenton Counties in Kentucky; and Dearborn County in Indiana

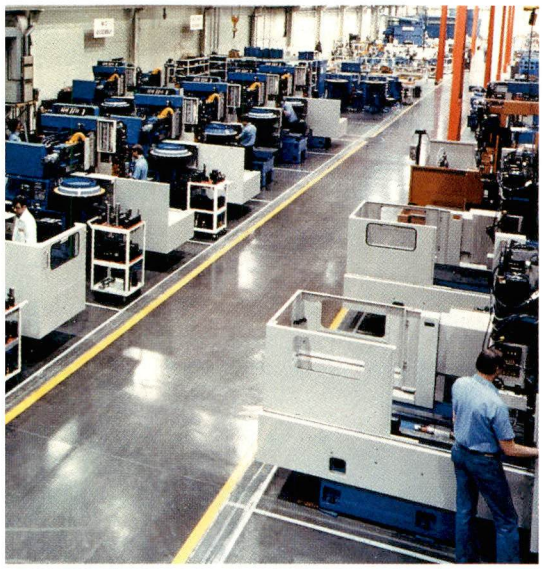
Source: Ohio Bureau of Employment Services

Cincinnati vs. United States
Comparative Analysis of Labor Force Productivity



Greater Cincinnati's worker productivity is high. A comparison of manufacturing industries in the Greater Cincinnati area versus the U.S. indicates the value added per production worker man-hour exceeds the nation's performance by over 25%. It's like getting two free hours of output every day.

Sources: Census of Manufacture, U.S. Department of Commerce, Bureau of Census, 1972, 1977, 1982.



Labor Factors

Approximately 17% of the U.S. workforce is unionized and this figure applies to the workforce in Greater Cincinnati.

Work stoppages/strikes and absenteeism/turnover rates are no longer published for metropolitan areas. Regional information published by The Bureau of National Affairs (BNA) indicates that currently the North Central Region of the U.S. (which includes Greater Cincinnati) has lower work stoppage rates than the Northeast, South and West. (1988).

Major Employers

General Electric—			
Aircraft Engine Business Group	17,600	Cincinnati Public Schools	5,500
Procter & Gamble Co.	13,400	Hamilton County	5,205
University of Cincinnati	11,013	Cincinnati Milacron Inc.	5,000
U.S. Government	10,302	U.S. Postal Service	4,698
Kroger Co.	10,000	Cincinnati Gas & Electric Co.	4,600
City of Cincinnati	6,879	Bethesda Hospital	4,300
Armco, Inc.	6,000	Cincinnati Bell Telephone Co.	4,100

Entry Wage Rates

Unskilled	$3.35- 5.85	Maintenance Mechanic	$10.03
Semiskilled	4.00- 7.00	Precision Assembler Bench	8.41
Skilled	5.00-12.50	Electronic Assembler	5.81
Secretary	6.25	Welder, Arc	6.15
Machinist	6.91	Drafter, Mechanical	5.83
Material Handler	7.34	Drafter, Electrical	7.53
General Laborer	6.80	Electronic Technician	8.96

Note: Job orders that have been filled through the local Ohio Bureau of Employment Services 6/87-6/88 in Hamilton, Clermont and Warren Counties. No fewer than 10 placements. Average wage calculated by totalling hourly wage rates of all placements for specific job and dividing by number of placements. Source: Ohio Bureau of Employment Services

Comparative Wage Index

(U.S. Average = 100)

Area	Office Clerical	All Industries Data Process.	All Industries Skilled Mainten.	All Industries Unskilled Plant
Atlanta	100	102	99	90
Chicago	101	100	108	120
Cincinnati	**98**	**93**	**98**	**102**
Cleveland	97	94	104	108
Detroit	113	104	111	132
Kansas City	98	93	101	98
Louisville	93	92	104	103
Minneapolis	95	96	106	110
Portland	101	97	104	107
St. Louis	95	97	103	101

Source: U.S. Department of Labor—1987

Greater Cincinnati Chamber of Commerce
120 West Fifth Street, Suite 300 • Cincinnati, Ohio 45202-2785
(After July 1, 1989: 300 Carew Tower • 441 Vine Street
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Transportation

THE BLUE CHIP CAMPAIGN FOR ECONOMIC DEVELOPMENT
A program for the eight-county region of Southwestern Ohio, Northern Kentucky, and Southeastern Indiana



Greater Cincinnati is one of the most strategically located metropolitan regions for manufacturers and other businesses in the United States. Consider this:

Within 300 miles of Cincinnati is:

- 19% of the nation's population
- 17% of the nation's manufacturing establishments
- 25% of the nation's value added by manufacturing

Within 600 miles of Cincinnati is:

- 62% of the nation's population
- 65% of the nation's purchasing power
- 65% of the nation's manufacturing establishments
- 71% of the nation's value added by manufacturing

Air, highway, river and rail transportation all combine to give Greater Cincinnati ready access to all of the factors mentioned above.

Air Transportation

The Greater Cincinnati International Airport is located just 15 minutes from downtown Cincinnati. It is one of the nation's fastest growing airports, servicing over eight million passengers in 1988, and experiencing an annual growth rate of about 10%.

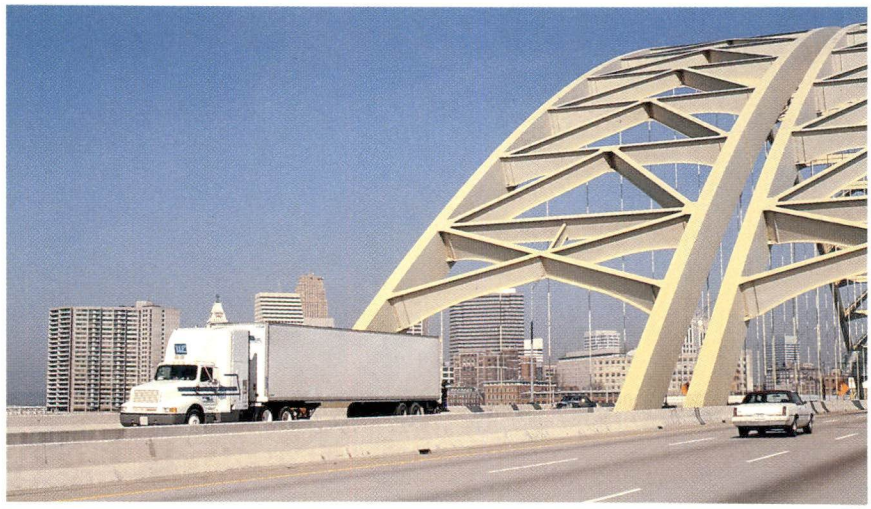
The airport is one of five major hubs for Delta Air Lines and the home base for Comair, the "Delta Connection."

Delta's present nonstop Cincinnati-to-London and Cincinnati-to-Frankfurt flights (beginning June, 1989) have helped make Cincinnati one of the most convenient points for international connections of any city in the U.S.

Twelve major national and regional airlines provide Cincinnati with 660 daily and weekday arrivals and departures with nonstop service to 70 U.S. cities and Toronto.

Three cargo air carriers—DHL (with Cincinnati as one of its two national hubs), Evergreen





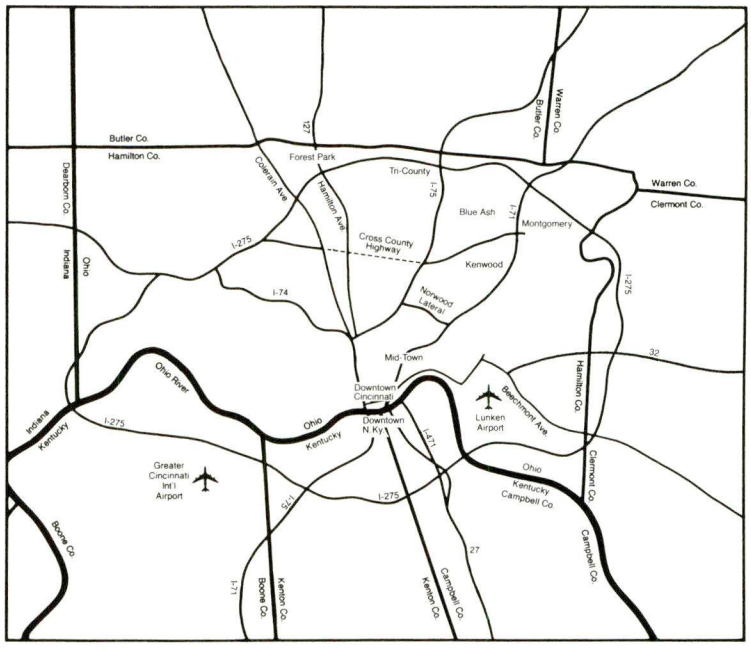
International and Wright International Express—provide service to 52,000 markets in 183 countries with door-to-door delivery.

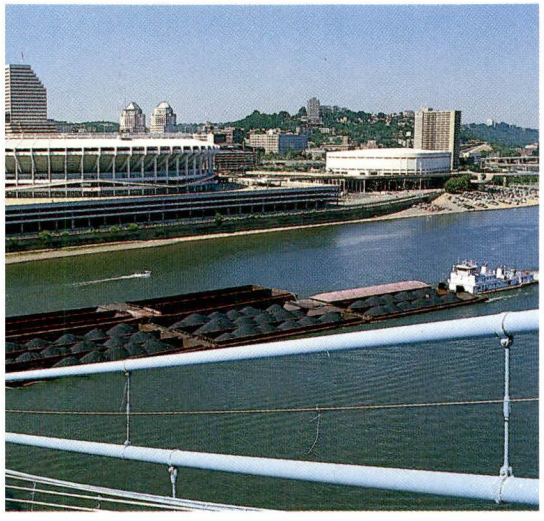
The airport is currently undergoing a period of expansion, with $70 million of airport construction completed in 1987 and $95 million in construction in 1988. A new 10,000 foot north-south runway is under construction and scheduled for completion in 1990.

The Interstate System

Three interstate expressway systems—I-75, I-71 and I-74—link Cincinnati with the rest of the nation. I-275 and I-471 are the region's interstate connectors.

These interstates are home to Greater Cincinnati's 60 interstate motor freight carriers who provide service to markets in all the mainland states. Twenty major markets receive one-day service from the carriers, with another 30 getting second-day service.





The U.S. Post Office Bulk Mail Distribution Center in Cincinnati, one of 12 regional facilities in the nation, enables mail to be delivered overnight to most areas of the U.S. Its location in Greater Cincinnati attests to the region's strength as a major distribution center.

Railroads

The Greater Cincinnati area is served by three major railroad systems—the CSX Corporation, the Norfolk Southern Corp., and Conrail. In addition, the Indiana and Ohio Railroad provides service in Southeastern Indiana and Southwestern Ohio.

More than 110 freight trains arrive and depart Cincinnati railroad yards daily. The Chessie System's $71 million Queensgate computerized hump yard is considered one of the most modern and efficient classification facilities, blending rail and motor transportation into an intermodal network with service to the U.S. and abroad.

River Transportation

More than 175 million tons of cargo are transported annually by Ohio River barges. Greater Cincinnati is home to two major barge and towing companies.

Additionally, more than 30 out-of-town barge lines link Cincinnati with the nation.

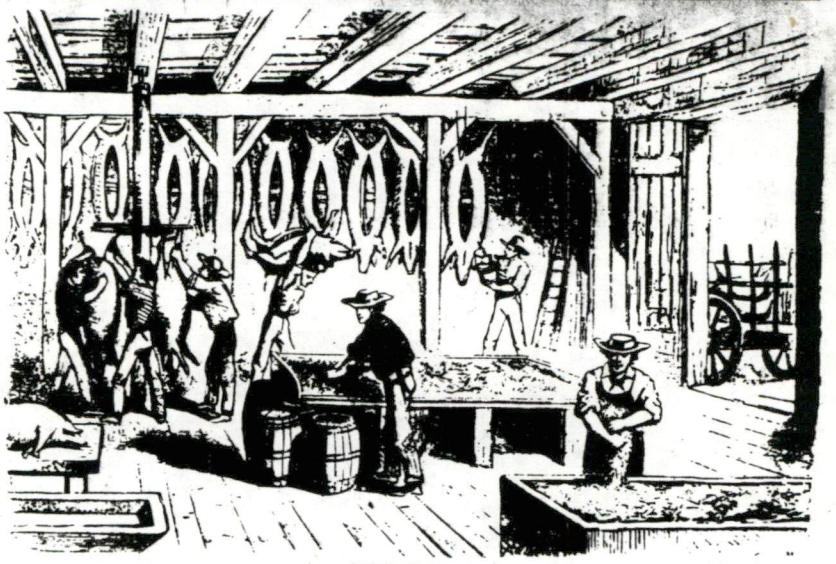
Ten public river terminals located along the 30 miles of the Port of Cincinnati shoreline provide warehousing, open storage, land tanks, silos, cranes, and fleeting.

Greater Cincinnati Chamber of Commerce
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Bicentennial flashback



A sketch from an 1860 *Harper's Weekly* shows the cooling and drying portion of hog butchering in Cincinnati. The magazine described this as "A familiar scene in 'Porkopolis.' "

City reigned as 'Porkopolis'

BY RONNIE AGNEW
The Cincinnati Enquirer

Throughout most of the 1800s, Cincinnati had quite a reputation as the nation's largest meat-packing city. And packers' ledgers were bursting with plenty of profits.

So successful was the meat packing industry here that the city was given the nickname "Porkopolis" by banker George Jones in his letters to London correspondents.

Richard Fosdick, who opened a slaughterhouse in 1810, was given credit for the boom in the industry. After being warned that pork and beef couldn't be cured in Cincinnati's climate, he continued his experiments and eventually discovered the rock-salt process for curing meat.

In 1815, only five years after the opening of the city's first packing house, Cincinnati was exporting about $50,000 worth of meat, 95% of it pork.

By 1826, many packers were clustered along Deer Creek (now Eggleston Avenue) and processing houses were scattered all over the city. The first slaughterhouses were in the valley between Mount Auburn and Walnut Hills along Deer Creek. The packing houses dumped their offal into the creek, causing residents to change its name to Bloody Run.

When Nicholas Longworth donated land adjacent to the city for Eden Park, the slaughterhouses packed up and moved to Brighton and the Mill Creek Valley, to be closer to the canal and the stockyards.

During the 1832-33 season, 85,000 hogs were packed in Cincinnati plants, and by 1850, Cincinnati was the principal hog market of the world. Brighton became the focal point of the hog industry.

In some years, more than 500,000 hogs were slaughtered, and Cincinnati's hams routinely were the main course at fashionable hotels, resorts, wealthy homes — even at the White House.

At the height of the meat packing industry, hogs ran in the streets.

When Cincinnati was the world's center of packing trade, it had several hundred slaughterhouses.

The decline of the local industry was gradual. Not until 1885 did Chicago's meat production surpass that of Cincinnati.

After Chicago took over in the 1880s, the local industry fell to $10 million, the lowest figure in 50 years.

The Heritage Foundation Backgrounder

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The Thomas A. Roe Institute for Economic Policy Studies

May 2, 1989

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CAPITAL GAINS TAXATION: THE EVIDENCE CALLS FOR A REDUCTION IN RATES

By Ronald Utt
John M. Olin Fellow

INTRODUCTION

How to tax capital gains remains one of the most controversial issues confronting economic policy makers. Though a number of countries, like the Republic of Korea, do not tax capital gains at all, the United States approach has been a roller coaster. In the mid-1970s, for example, capital gains were taxed as high as 35 percent; this top rate was cut to 28 percent in 1978 and cut further to 20 percent by the 1981 Reagan tax reduction. Then the pendulum swung abruptly, and surprisingly, back in the comprehensive overhaul of the tax code in 1986. As a result, capital gains today are taxed at the same rate as ordinary income. This rightly alarms many economists because a high capital gains tax discourages investment, savings, and entrepreneurial risk-taking. Without these, the U.S. will become economically less competitive in the world.

Bipartisan Support. The Bush Administration, too, is alarmed by the economic disincentives spurred by today's high tax on capital gains. To remedy this, George Bush is proposing to reduce the maximum tax on certain capital gains from the current 33 percent to 15 percent. This call for a lower rate on capital gains is echoed in Congress, where nearly a dozen capital gains rate reduction bills have been introduced by Republicans and Democrats. These proposals have bipartisan support. Yet the prospect of capital gains rate reductions has generated intense opposition from a variety of sources – notably organized labor.

Note: Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

Opponents of capital gains rate reductions attempt to build their case on three arguments:

1)**Equity and Fairness** – Capital gains preferences, critics say, favor the wealthy by providing a disproportionate share of the benefits to upper income taxpayers.

2)**Cost** – A capital gains tax rate reduction is said to increase the federal deficit because it will reduce tax revenues.

3)**Effectiveness** – A lower capital gains rate, critics argue, will have little affect on the decisions of individuals to invest or engage in entrepreneurial activity.

Each of these criticisms is challenged by supporters of capital gains tax reductions. They marshall an extensive collection of facts and research to demonstrate that the opponents' positions either are exaggerated or simply untrue. In particular, the two capital gains tax rate increases and the two tax decreases since 1969 provide solid evidence how individuals, businesses, and markets respond to such changes. What the last two decades reveal is that investors, businesses and venture capital markets are sensitive to changes in the capital gains tax rate. The data show that when rates are raised, venture funding slows or declines; conversely, when rates are cut, the venture capital market spurts.

Many opponents of the tax cut will concede that the cut will create economically useful incentives, but they worry about the ostensible loss of tax revenues. Studies reveal, however, that these concerns are unwarranted. Detailed econometric studies of the record since World War II indicate that capital gains tax rate cuts actually generate tax revenues by encouraging individuals to invest in taxable assets, unlock realized and taxable gains and redeploy capital efficiently – generating taxable income.

Evenly Spread Gains. The evidence also indicates that the fairness concerns are misplaced. When income is properly measured, the data reveal that capital gains realizations are spread rather evenly throughout different income levels and do not accrue only to the rich. Indeed, households earning less than $20,000 accounted for more than a quarter of all capital gains reported by taxpayers in 1985.

Lawmakers considering legislation to reduce taxes on capital gains should examine this evidence carefully. Critics of tax cut proposals will level charges that a cut would be bad for the economy and the budget, and unfair to moderate and low-income taxpayers. Yet the data refute them, suggesting strongly that a cut would boost the economy while spreading tax benefits to all major income groups.

WHY TAXING CAPITAL TROUBLES MANY ECONOMISTS

The debate over the wisdom of cutting taxes on capital gains begins with the very idea of whether the realized appreciation of any capital asset should

be taxed. Many economists contend that such gains should not be taxed at all because they reflect either inflation or the market's assessment that a company's (or asset's) future earnings will be higher.

Inflation Penalty. If the gain is in part due to inflation, then a capital gains tax serves to confiscate existing wealth accumulated from past income that already has been taxed at least once. Moreover, the tax, or penalty for inflation, is imposed only when the asset is converted from one form to another, thereby discouraging capital mobility and the efficient allocation of scarce resources.

This inflation penalty is not trivial. Under circumstances similar to those occurring in the 1970s and early 1980s, it could lead to very high implicit tax rates. For example, under current law, an investment providing a real return of 5 percent in an economy with 8 percent inflation would be subject to an effective tax rate of 57.5 percent on real earnings if sold after five years.[1] Economic columnist Warren Brookes noted that a 1970 investment in stock that was sold in 1988 would pay an effective tax rate of 339 percent on the net real gain because the rate of inflation over the period was almost as great as the appreciation in the stock market.[2]

Triple Taxation. When the gains reflect the market's reevaluation of the company's future profit potential, then the taxation of such gains, when realized, constitutes the triple taxation of income from capital: first when it is earned by the corporation and paid in corporate income tax; next when paid out as dividends and taxed at the shareholder's personal rate; and a third time when the gains are realized through the sale of the shares.

The tax code in the past has attempted to compensate for market reevaluation by providing special treatment for capital gains. For example: residential housing, which represents the single biggest investment for most households, is largely free of capital gains tax as long as the proceeds from the sale are reinvested in another residence, or if they represent a one time cashing out of the investment close to retirement. Similarly, professional investors in income-producing real estate are able to avoid capital gains taxes through a technique known as a "tax free exchange of property."[3] Investments in financial assets, however, have never been permitted this privilege, although the capital gains exclusion, which was an integral part of the tax code until 1987, reflected an inadequate attempt to do so.

Absent appropriate tax exclusions, the gauntlet of taxation faced by investors discriminates against capital income, discourages savings and investment, and harms U.S. international competitiveness by raising the cost of capital for Americans relative to that of foreign competitors, many of

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1 James M. Poterba, "Venture Capital and Capital Gains Taxation," National Bureau of Economic Research *Working Paper* No. 2832, January 1989, p. 17.

2 Warren Brookes, "Fairness, Envy and Capital Gains," *The Washington Times*, March 14, 1989.

3 This process allows certain investors to postpone the taxation of capital gains in real estate by immediately reinvesting the proceeds of the sale in another income-producing property.

whom fully exempt capital gains from income taxes. In fact, Belgium, Italy, Japan, The Netherlands, Hong Kong, Malaysia, Singapore, South Korea and Taiwan exempt all capital gains from income taxation, while long-term (six months) capital gains in Germany are exempt. Meanwhile, effective capital tax rates in the U.S. have been increasing. The January 1989 *Economic Report of the President* calculates that the effective tax rates on investment in equipment due to the Tax Reform Act of 1986 quadrupled from 10 percent to 39.6 percent.

effect on competitiveness ?

THE IMPACT OF CAPITAL TAXATION ON INVESTMENT DECISIONS

Advocates of a reduced tax rate or an exclusion for capital gains contend that these changes would increase savings and investment by decreasing the cost of capital to a firm and increasing the return on investment to the investor. At present, the gauntlet of corporate income taxes, the taxation of capital gains, and personal income taxes creates a large gap between what business earns on an investment and what the individual shareholders ultimately receive. This gap often is referred to as the "tax wedge." Reduced tax rates would encourage individuals to acquire a financial asset by raising the after tax rate of return on the asset. Such rate reductions would make investments in new and growing firms relatively attractive because most benefits of such investments would be in the form of capital appreciation rather than income paid in taxable dividends.

For the firm, a lower capital gains rate would reduce the effective cost of capital and encourage the acquisition of productive assets. For the new and growing firm, with limited income but unlimited promise, a lower rate or capital gains exclusion would encourage investors to take risks by offering the opportunity for a potentially higher reward.

What the Data Reveal

Several studies and surveys on the affect of capital gains rates on the willingness of investors to acquire shares in new firms support the view that rate reductions have stimulated venture capital market growth. Although some analysts challenge this, arguing that a substantial portion of venture funding comes from non-taxed sources such as pension funds, the surveys and studies do not support this and instead indicate that the individual investor is an important participant in the venture capital market.

In a 1988 study by economists John Freear of the University of New Hampshire and William Wetzel of Babson College, questionnaires were sent to the chief executive officers of 1,073 technology-based ventures founded in

New England between 1975 and 1986.[4] The results from the 284 firms responding indicate:

1) **More new technology-based firms raise** equity-type capital from private individuals than from any other outside source, including venture capital firms.[5]

2) **Private individuals are the primary source** of outside equity-type capital for new technology-based firms when total funds raised each time the firm goes to the financial market is under $1 million.

3) **Private individuals tend to invest earlier** in the life of a new technology-based firm than do other outside sources of equity type capital, including venture-type[6] funds.[7]

Significantly, an analysis of the ebb and flow of venture capital over time indicates that there is a close correlation between the availability of such funds and changes in the capital gains tax rate. Table 1, which presents the trend in Initial Public Offerings (IPOs) as one measure of venture capital raised in organized securities markets, illustrates the sensitivity of new offerings by firms going public to the capital gains tax rate.[8]

Soaring Capital. As the table indicates, when rates increased between 1969 and 1978, initial public offerings declined significantly, from an annual average of nearly $2 billion between 1969 and 1972 to an average of just $225 million between 1975 and 1978. But following the major rate reductions in 1979 and again in 1982, the capital raised through IPOs soared, stalling at a plateau beginning in 1986-1987 when the rate was raised from 20 percent to 28 percent under the 1986 Tax Reform Act. Since then the amount raised has declined slightly and likely will continue this trend through 1989.

Table 2 illustrates the same connection between capital formation and capital gains tax rates using figures from the venture capital market[9]. As in the case of IPOs, the venture capital market has expanded when capital gains tax rates are cut, and has declined or stagnated when rates are increased.

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4 John Freear and William E. Wetzel, "Equity Financing for New Technology-Based Firms," paper prepared for the Babson Entrepreneurship Research Conference, Calgary, Alberta, May 1988.

5 Equity-type investments are those that provide a share of the ownership to the investor and a right to participate in the profits.

6 "Venture-type" funds are professional investment companies that specialize in investing in promising new companies.

7 The authors' hypothesis that total equity type capital raised by these firms from private individuals exceeds the total capital raised from other outside sources, including venture capital funds, was not validated by the study. Indeed, the study found that the firms in the sample raised five times more capital from the funds than they did from individuals. Although many of these funds are tax-exempt, many of their investors are not, and the profits and gains of these funds are passed on to the investors who are taxed as individuals or corporations according to whether the earnings were ordinary income or capital gain.

8 IPOs refer to new capital issued through initial public stock offerings of corporation. This capital flows largely to relatively young rapidly growing companies.

9 Venture capital here refers to funds raised by companies that specialize in investing in the shares of new businesses.

Opponents of capital gains tax relief argue that such correlations merely are coincidence, not causation. They contend that the growth in the venture capital market really reflects the development and commercialization of new technologies, or the general improvement in equity markets that occurred during the same period.

Table 1
New Capital Raised Through Initial Public Stock Offerings (IPOs)

Capital Gains Tax Rate	Number of IPOs	Dollars Raised (billions)
27.50%	1,026	$2.61
28.91	358	0.78
29.82	391	1.66
30.50	568	2.72
30.91	100	0.33
31.55	15	0.05
31.81	15	0.27
33.49	34	0.23
33.77	40	0.15
34.13	45	0.25
25.97	81	0.51
26.67	237	1.40
24.81	448	3.22
20.00	222	1.45
20.00	884	12.62
20.00	354	3.9
20.00	362	8.6
20.00	719	22.4
28.00	541	24.2
28.00	280	23.4

oing Public: The IPO Reporter (Philadelphia, Pennsylvania) and the U.S. Treasury.

Yet such alternative explanations of the correlation are not, of course, necessarily independent of capital gains tax rates, because changes in the capital gains tax rates have a direct influence on these other factors by improving the incentives in the market and encouraging individuals to invest in shares. Lower capital gains tax rates increase the incentive to invest, and this increased demand for assets raises the price of financial assets, such as common stocks. Similarly, when investor interest is increased in securities offering capital gains potential, new and growing firms capable of providing such potential will be encouraged to bring their shares to market. Comparative observations by M.I.T. economist James Poterba in his recent

study for the National Bureau of Economic Research offer some support for this view. According to Poterba:

> In the decade between 1976 and 1986, the stock of commitments to the U.S. venture capital industry rose at a compound annual rate of 17.1%. Measured in constant dollars, the pool of venture capital funds in 1986 was 4.85 times as large as the pool one decade earlier. In Canada, by comparison, the annual growth rate of venture funds was only 5.7%, so that in 1986 the pool of funds was 1.75 times as large as in 1976. While international comparisons are difficult because of problems in controlling for institutional differences, the finding that venture capital investment grew more rapidly in the United States, the country that reduced its capital gains tax rate, is further supporting evidence for a potential link between capital gains taxation and venture capital.[10]

Elsewhere in his study, Poterba presents additional information to underscore this relationship.

> Since the Tax Reform Act of 1986, which raised individual capital gains tax rates from 20% to 28% (or in some cases 33%) venture funding has been stable. Total revenue commitments increased six percent between 1986 and 1987, and preliminary 1988 data suggest that this level has at least been maintained through 1988. The recent growth of venture capital investment in other nations, however, suggests that the post-1986 U.S. performance may reflect a negative effect of tax reform. In the U.K., the flow of venture capital commitments nearly doubled between 1986 and 1987. In Canada, venture funding rose even more dramatically, from $209 to $800 million. While the growth of venture capital in Canada and Britain may in part reflect the maturation of their venture capital industries, they provide a useful contrast to the recent U.S. experience.[11]

THE IMPACT OF CAPITAL GAINS TAXES ON TAX REVENUES

Although the evidence strongly indicates that lower capital gains rates encourage individuals to fund risky ventures, many policy makers still question whether the benefits are worth the potential losses in tax revenues due to a lower tax rate on capital gains. Skeptics also believe that a lower rate of taxation bestows disproportionately greater benefits on higher income individuals than on moderate income Americans.

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10 Poterba, *op. cit.*, pp. 4-5.
11 *Ibid.*, pp. 2-4.

Table 2
Supply of Venture Capital Financing, 1969-1987

Year	Net New Commitments to Venture Capital Firms (billions)	Maximum Personal Tax Rate on Capital Gains (percent)
1969	$ 505.7	27.50
1970	271.8	28.91
1971	251.8	29.82
1972	156.9	30.50
1973	133.2	30.91
1974	124.2	31.55
1975	19.8	31.81
1976	93.3	33.49
1977	68.2	33.77
1978	978.1	34.13
1979	449.2	25.97
1980	961.4	26.67
1981	1,627.8	24.81
1982	2,118.6	20.0
1983	5,097.7	20.0
1984	4,590.0	20.0
1985	3,502.3	20.0
1986	4,650.1	20.0
1987	4,900.0	28.0
1988	---	28.0

Source: Column 1, Venture Economics, *Venture Capital Yearbook 1988*, p. 17. Entries as presented in 1987 dollars, deflated using the GNP deflator. Column 2, U.S. Treasury.

Proponents of a lower capital gains rate counter that, contrary to the intuitively plausible proposition that rate cuts reduce revenues, experience demonstrates just the opposite: every instance of a capital gains rate cut has been followed immediately by a significant increase in capital gains realizations (net capital gains proceeds received from the sale of assets and reported to the Internal Revenue Service) and by higher taxes paid on those gains. By lowering the tax cost of selling assets, and thereby increasing the after-tax yield on such assets relative to other sources, lower capital gains tax rates can lead to greater capital gains realizations and increased total tax payments by the owners of those assets.

Stimulating Investment. Lower capital gains rates, experience shows, also increase the attractiveness of such assets relative to other sources of income or consumption. This encourages more purchases of such assets, which bids up their prices, leading to higher realizations of capital gain when the assets are sold – both because there are more investors now holding such assets and because the increased demand raises their price and profits. Again, this rise

in value and volume can mean higher tax payments even at a lower tax rate. And to the extent that such tax rate reductions stimulate more investment, business formations and entrepreneurial activity, then general income tax revenues also would rise.

What the Data Reveal

As Table 3 indicates, the rate cuts of both 1979 and 1982 were followed by large increases in reported capital gains and by increases in capital gains tax payments. Conversely, the tax rate increase enacted in 1969 was followed by declining realizations and lower capital gains tax revenues. Indeed, the $5.9 billion of capital gains revenues received in 1968 was not exceeded until 1976.

Some opponents of a cut in capital gains tax do admit that a rate reduction does boost immediate tax yields, but then they argue that the observed increase merely reflects a change in the timing of realizations that would ultimately occur at higher tax rates. Today's tax gains from a cut, they contend, simply would be at the expense of higher tax payments in the future under current rates.

Complex, Arcane Research. The primary focus of the debate over the capital gains tax is the predicted effect on tax revenues. As the debate has become more intense, the economic research on the subject has become more extensive and systematic, but unfortunately also more complex and arcane. Nonetheless, a review of the most recent studies suggests that the weight of evidence is shifting in favor of those analysts who argue that revenues will not decline if rates are cut.

A 1987 review of the academic literature by Harvard economist Lawrence B. Lindsey concludes that it is extremely unlikely that the capital gains tax increase in the Tax Reform Act of 1986 will produce any additional tax revenue.[12] Most likely, he says, it will produce less revenue than the much lower tax rates of the old law.

Seeking the Best Rate. According to Lindsey, all but one of the academic studies he reviewed predict 1987-1991 revenue losses in the range of $27 to $105 billion when compared with what would have occurred under prior law. Lindsey notes that these same academic studies imply that the capital gains tax rate that would yield the most revenue lies in the range of 9 percent to 21 percent. This finding has led most of the sponsors of a rate cut to settle on a 15 percent rate.

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12 Lawrence B. Lindsey, *Capital Gains Taxes Under the Tax Reform Act of 1986: Revenue Estimates Under Various Assumptions* (Cambridge, Mass.: National Bureau of Economic Research, 1987.

Table 3
Capital Gains Realizations and Tax Revenues
1954-1985

Year	Capital Gains Realizations (billions of $)	Tax Revenue (billions of $)	Marginal Tax Rate (percent)
1954	7.157	1.010	25.00
1955	9.881	1.465	25.00
1956	9.683	1.402	25.00
1957	8.110	1.115	25.00
1958	9.440	1.309	25.00
1959	13.137	1.920	25.00
1960	11.747	1.687	25.00
1961	16.001	2.481	25.00
1962	13.451	1.954	25.00
1963	14.579	2.143	25.00
1964	17.431	2.482	25.00
1965	21.484	3.003	25.00
1966	21.348	2.905	25.00
1967	27.535	4.112	25.00
1968	35.607	5.943	26.87
1969	31.439	5.275	27.50
1970	20.848	3.161	28.91
1971	28.341	4.350	29.82
1972	35.869	5.708	30.50
1973	35.757	5.366	30.91
1974	30.217	4.253	31.55
1975	30.903	4.534	31.81
1976	39.492	6.621	33.49
1977	45.337	8.104	33.77
1978	50.526	9.104	34.13
1979	73.443	11.669	25.97
1980	74.582	12.459	26.67
1981	80.938	12.684	24.81
1982	90.153	12.900	20.00
1983	119.118	18.468	20.00
1984	138.658	21.534	20.00
1985	168.570	24.495	20.00

Source: U.S. Treasury.

A 1988 study by the Congressional Budget Office (CBO) disputes this reasoning, however.[13] Although the study found changes in tax rates on capital gains produce a significant change in the behavior of investors, it would not be sufficient to generate higher revenues from lowering the tax rate on capital gains to 15 percent. But the authors of the study note the crucial caveat that their statistical estimates are sufficiently imprecise that a conclusion that lower rates will raise revenues cannot be ruled out.

The revenue impact debate currently centers on an updated study recently completed by the U.S. Treasury.[14] The original Treasury study, completed in 1985, concluded that:

> The available statistical evidence shows that the reduction in tax rates on capital gains in the 1978 Act caused a substantial increase in revenue from capital gains taxes in the first year after the tax cut, and in the long run either increased or only slightly decreased the annual Federal revenue from capital gains taxes.[15]

Source of Debate. The 1985 study came essentially to the same conclusion regarding the 1981 capital gains tax rate cuts, but the reluctance of tax critics to accept the broad conclusions of the 1985 study led the Treasury to update its findings. The 1988 report concludes:

> When we extend the original Treasury specifications through 1985, the results imply that the 1978 act produced large and continuing direct revenue gains. Extension of the sample and correction of the flaw in the Treasury report's measurement of inflationary GNP dramatically reduce the estimated losses from the 1981 changes. Finally, substitution of clearly superior regression specifications taken from the 1988 CBO study yields the conclusion that both acts were significantly revenue enhancing.[16]

These results immediately were challenged by the opponents, and that challenge was met just as quickly by the authors.[17] As Joseph Minarik, a critic of the Treasury studies, observes in his most recent critique, "The battle over capital gains taxation will probably last as long as we own our income tax."[18] And so the battle continues, but with the weight of evidence growing in favor

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13 "How Capital Gains Rates Affect Revenues: The Historical Evidence." The Congressional Budget Office, March 1988.

14 Michael R. Darby, Robert Gillingham, and John S. Greenlees,"The Direct Revenue Effects of Capital Gains Taxation: A Reconsideration of the Time Series Evidence," U.S. Treasury, Research Paper No. 8801, May 1988.

15 "Report to Congress on the Capital Gains Tax Rate Reductions of 1978", U.S. Treasury Dept., September 1985.

16 Darby, *et al.*, *op. cit.*, pp. 2-3.

17 Joseph Minarik, "The New Treasury Capital Gains Study: What is in the Black Box?" *Tax Notes*, June 20, 1988; and Michael R. Darby, Robert Gillingham, and John S. Greenlees, "The Black Box Revealed: Reply to Minarik," *Tax Notes*, July 25, 1988.

18 Minarik, *op. cit.*, p. 1471.

of the proposition that a capital gains tax rate cut will not lose revenue, and may even gain some.

TAX REVENUES AND FAIRNESS: WHO WINS?

Closely related to the issue of revenues is that of fairness—who would receive the benefit of a rate reduction and how would this change their tax obligations. Few myths are as enduring as the belief that reductions in the capital gains tax rate shift the tax burden from the rich to the poor. Opponents of capital gains rate cuts assert that the rich would receive a disproportionate share of the capital gains realizations and most of the benefits. By their definitions, the critics note that the wealthiest two percent of the population receive more than a quarter of their annual income in the form of capital gains and that nearly 75 percent of all capital gains realizations are received by taxpayers with incomes over $100,000, while 45 percent of such gains go to those with incomes in excess of $500,000. One such critic notes that Bush's proposal would "save" the richest taxpayers at least $25,000 a year but save only $20 for most of those earning $60,000 or less.[19]

Supporters of the rate cut respond that such tax rate reductions actually would increase tax payments from the wealthy because it would induce them to shift their wealth from tax shelters to taxable investments and to "unlock" gains that were not realized because of high taxes. The evidence supports this view. Past rate cuts have led to substantial increases in capital gains realizations and tax payments, and that an increased share of these tax payments comes from upper-bracket taxpayers. Table 4 demonstrates this.

Table 4

Adjusted Gross Income	Taxes Paid on Capital Gains ($ thousands)		Percentage Increase
	1980	1984	1980-1984
$0-20,000	422,097	574,917	36
20,000-75,000	1,847,440	2,543,912	37
75,000-200,000	1,915,221	3,478,397	82
200,000-500,000	1,443,513	3,405,787	136
500,000 +	2,363,446	9,598,114	306

Source: Estimated by the Office of Tax Policy, U.S. Chamber of Commerce using Statistics of Income, Internal Revenue Service

As the table indicates, the tax payments by the richest segment increased more than eight times that of the lowest income group. Critics may contend that the rise in revenues merely reflects the improving stock market over the period, and that the largest single source of capital gains realizations are from the sales of common stock. But such a contention simply is not supported by

19 Robert S. McIntyre, Statement before the Senate Finance Committee, March 14, 1989.

the facts. Over the period covered in the table, the New York Stock Exchange Composite Index rose by just 36 percent compared with the 306 percent increase in tax payments by the richest income group. Revenue increases of this magnitude reflect increased unlocking of gains, proportionately more investment in taxable assets, and greater mobility of capital.

Table 4 also demonstrates that the cut in taxes actually shifted the tax burden toward the richest groups, in contrast to the popular wisdom. Between 1980 and 1984, the share of capital gains taxes paid by taxpayers earning $20,000 or less declined from 5.3 percent to 2.9 percent, while the share from taxpayers reporting incomes of $500,000 or more rose from 29.6 to 48.6 percent of all taxes paid on capital gains.

While Table 4 and analysis demonstrate the extent to which capital gains rate reductions lead to proportionately greater tax payments by the higher income households, such aggregate data as presented in Table 4, actually overstate the extent to which capital gains realizations are experienced by the wealthier households. In fact, capital gains realizations tend to be spread rather evenly throughout the income distribution when the income distribution is defined to include only "recurring" income – that is, reported income less capital gains realizations.

Important Distinction. This distinction in the measurement of income is important. For many individuals, capital gains realizations are infrequent occurrences and reflect a unique one-time event that makes the taxpayer appear rich by pushing him into the higher income brackets. Realized capital gains tend often to be such non-recurring events as: the sale of a small business upon retirement; an elderly widow liquidating her husband's accumulated investments; the sale of stock to buy a house or pay for a child's college tuition; or the liquidation of an investment portfolio in anticipation of an economic downturn. When aggregated with other income, these give the appearance of being received almost exclusively by the very rich.

Table 5 shows the relationship of capital gains realizations to levels of income net of capital gains. With this correction, it can be seen that realized capital gains actually are distributed rather evenly throughout the income distribution. More than a quarter of realizations were experienced by households earning $20,000 or less, and households earning less than $75,000 received more than half of realized capital gains. Thus, in stark contrast to the claims of the critics, a capital gains rate reduction would provide significant benefits to all income levels, not just to the affluent.

the guy who sells his dry cleaners & retires to Fla. shows up as "rich" in the statistics, but Robin Leach isn't going to find anything interesting for lifestyles of the Rich & Famous!

THE PROPOSALS BEFORE CONGRESS

Nearly a dozen proposals to reduce the rate have been introduced in this Congress. The proposals differ widely in coverage, holding period, rate reduction, complexity and economic impact. To evaluate rival measures, lawmakers need to judge them against a set of base criteria. Among the most important of these:

1)Tax Rates

Since a key goal of a tax cut must be to stimulate the greatest volume of investment with the minimum revenue loss to the Treasury, preference should be given to those proposals that cut the tax rate as deeply as possible while still leaving it within Professor Lindsey's estimated revenue maximizing range of 9 to 21 percent. With 15 percent as the mid-point of this range, proposals which include rate cuts to 15 percent or less should be preferred. Bush's proposal, with rates ranging between 0 and 15 percent, and H.R. 461 and H.R. 499, with flat rates of 15 percent, lead the list. S. 171 with its implied top rate of 16.5 percent is close to this group of leading measures.

Table 5
Distribution of Capital Gains by Recurring Income: 1985

Income Group (thousands of $)	Capital Gains (billions of $))	Percent of All Gains
Under $10	$35.30	20.79
10-20	8.90	5.24
20-30	10.70	6.30
30-40	10.10	5.95
40-50	11.10	6.54
50-75	17.50	10.31
75-100	12.50	7.36
100-150	13.10	7.71
150-200	8.70	5.12
Over 200	41.90	24.68
Total	169.80	100.00

Source: Internal Revenue Service, 1985 Individual Tax Model File, Public Use Sample.

2)Holding Period

In principle there should be no required holding period before an asset becomes eligible for taxation as a capital gain instead of as ordinary income. Required holding periods serve no useful economic purpose and probably distort investment patterns in a counterproductive direction. In practice, however, the tax code has made a distinction between short-term and long-term capital gains, with the preferential rates being applied to the latter as a disincentive to speculation. Qualifying periods have varied from a low of three months to as long as a year. Currently the qualifying period is six months.

Alleged Failing. A popular, though unverified, notion holds that many of America's competitive problems stem from the "shortsightedness" of its business managers. The lengthy holding periods in several of the proposals represent a peculiar, though ineffective, way of curing this alleged failing. In fact, few other industrialized countries, including the "far-sighted" Japanese, make such a distinction.

The many capital gains proposals now under consideration contain required holding periods ranging from none in H.R. 461, one year for H.R. 499 and S.171, and four years for S.348. Inasmuch as all of these proposals seek to encourage entrepreneurial start-ups, the lengthy holding period could discourage such investments. Even a one-year required holding period might be too long. With the average postwar business cycle averaging five years, the four and five year holding periods required by several of the proposals could shift needed investment away from new firms in favor of mature companies.

3) Coverage

In an effort to target the tax incentive to preferred forms of economic activity, each of the legislative proposals would limit the preference to certain types of investments. For instance, S.171 covers only common stock, S.348 covers newly issued common stock in firms with less than $100 million paid in capital, while the Bush plan covers all common stocks as well as bonds, land and non-depreciable real property. S.551, H.R. 461 and H.R. 499 are the most inclusive in coverage, with the latter two proposals including virtually all assets. Excluded from many plans are "collectibles" and depreciable real estate such as office building and apartment complexes. Owner-occupied housing also is excluded, but existing preferences in the tax code serve effectively to shelter realized capital gains on houses.

As with the holding period, the exclusion of certain types of assets distorts investment decisions and leads to an inefficient allocation of capital resources. Bonds are held by investors for their potential capital gain as well as interest income. Precluding them from capital gains taxation could raise bond interest rates relative to the return on equities and penalize those firms dependent upon debt for capital. This interest rate burden would fall more heavily upon the mature and troubled industries with limited access to equity markets. It also could lead to immediate wealth losses for individuals and institutions (such as pension funds) with bonds in their portfolios.

Favoring New Ventures. S. 348 would extend the capital gains tax preference only to the newly issued shares of businesses with paid in capital of less than $100 million, to target assistance to new and growing small businesses. But although new ventures play a vital role in a dynamic economy, there is no particularly good economic reason to assist them at the expense of their larger competitors. Such discrimination could lead to serious distortions, misallocating capital throughout the economy and encouraging costly and unproductive corporate restructurings to take advantage of the tax rate reduction on special classes of shares.

Proposals such as S. 348 also would create complexities among new and existing shareholders of eligible companies and these complexities and uncertainties could offset in whole or in part the benefits of the more favorable capital gains treatment. Growing companies generally issue their shares in increments over their first several years of existence as the need for capital arises and as they become better established in the market. Because newly issued shares would under S. 348 be sold with the one time capital gains tax preference, existing shares – which now would sell without the

preference—would decline in value in secondary trading whenever a new offering is announced. This added uncertainty, combined with the required four year holding period and relatively high capital gains tax rate, suggest that S. 348 would provide very limited incentives to investors, and thus would do little to assist new firms in raising capital.

CONCLUSION

The evidence accumulated since World War II makes a powerful case in favor of a substantial reduction in the capital gains tax rate. Whether the issue is encouraging savings and investment, fairness, or revenues, the data and the studies demonstrate that concerns expressed by critics of a cut are either unwarranted or exaggerated.

Increasing Economic Well-Being. In response to this evidence, the White House and many members of Congress from both political parties have developed proposals and introduced legislation to rectify the mistakes made in the treatment of capital gains by the Tax Reform Act of 1986. While some of these proposals are better than others, collectively they represent a growing appreciation by public officials that low tax rates make important contributions to America's economic well-being. This trend should be encouraged and Congress and the White House should work together to craft legislation to apply a lower tax rate to a broad definition of financial and tangible assets.

All Heritage Foundation papers are now available electronically to subscribers of the "NEXIS" on-line data retrieval service. The Heritage Foundation's Reports (HFRPTS) can be found in the OMNI, CURRNT, NWLTRS, and GVT group files of the NEXIS library and in the GOVT and OMNI group files of the GOVNWS library.

McNally/Simon
January 9, 1990
Draft Four (B:OHIO)

PRESIDENTIAL REMARKS: CINCINNATI CHAMBER OF COMMERCE
HYATT REGENCY BALLROOM, CINCINNATI
FRIDAY, JAN. 12, 1990, 1:30 P.M.

[[ACKNOWLEDGEMENTS]]

We're pleased to be back in Cincinnati. Actually, I was hoping to get out here for the Reds' Opening Day. But they tell me I'm three months too early. **Same problem I ran into on Pearl Harbor Day.** \\\\

It is fitting that, in the days leading up to the State of the Union Address, we should meet again in Cincinnati. The last time I visited was in November 1988, in the final days of the Presidential campaign. And earlier, Cincinnati was one of my last stops before the convention in New Orleans.

On the trip before that we spent a morning at Proctor and Gamble's R & D facility. They taught me a trick every President wants to know: **How to put toothpaste back into the tube.** \\\\

All in all I came here four times during the Presidential campaign. I talked of America's future, and of future generations. I talked of certain principles. Told you I was ready to make the tough calls -- to use the veto where principle was involved -- and to take the heat. **And today I've come back to Cincinnati to tell you I'm ready to make good on that pledge.**

Because up on Capitol Hill some important business has gone unfinished, promises have gone unfulfilled.

We sent responsible proposals to Congress on the Big Four -- the Four C's: Capital gains. America's Children. Clean Air.

And Combatting crime.

In some cases, that business has gone unattended for the better part of a year. **And the Four C's have become MIA's -- Missing In Action in the jungles of Capitol Hill.**

The clock is running. Time and patience are running out.

America wants it done right.

America wants it done responsibly.

And America wants it done now. \\\\

And if it's not done right -- it will be sent back.

That doesn't mean a fight. \\ **But it does mean a veto.** \\\

And I'm also prepared to use the Presidential Veto to hold the line against free spending.

We've seen a lot of exhilarating changes in recent months. A world no longer on the brink of war but on the brink of peace. **But being on the brink isn't the same as being over the top.**

Some think all the answers to this year's problems can be found in the latest Washington craze -- this hypothetical windfall they're calling the "peace dividend." That's like the next-of-kin who spend the inheritance before the will is read.\\

At best it's wishful thinking. At worst it's reckless and irresponsible.

We like what's happening in Central Europe. But just as it would have been impossible -- six months ago -- to predict those thunderous changes, it's impossible today to know what will unfold in the next six months -- let alone the next six years.

But in this world of change, one thing is certain: America

must be ready. America must be strong. And a strong America means not only a strong economy. It also means a strong defense.

And if proof of that were ever needed -- we saw it last month in the courage of our troops in Panama. \\\\

The "peace dividend," if there is a dividend, is not like money in the bank. It is more like an inheritance. A bonus that may come. Something to be hopeful about. But a long ways from having cash in hand. And like an inheritance, it is a special gift, a legacy not only of prosperity but also security, earned by the hard work and sacrifice of those who came before.

Of course, whenever an inheritance looms there are those eager to rush out and squander it -- to buy new things, to spend, spend, spend -- spending money they don't yet have. Then the bills start coming. And what was promised as a bonus becomes a burden. In Washington, that burden comes in the form of an announcement. They'll say: "It's Time to Raise Your Taxes."

That's not going to happen. \\ Because most Americans know that when found money does come along, the first thing to do is pay off your debts. Reduce the deficit. \\

Reducing the deficit isn't just a good idea. It's what the American people want. And it's the law.

The new budget must meet Gramm-Rudman requirements. It must reduce barriers to economic growth. It must keep interest rates low. Because the best anti-poverty program is a good job. And the best jobs program is a sound economy. \\\

A sound economy is a competitive economy. And to keep

America competitive, to fuel our continuing boom, we also need an infusion of new venture capital. That's why we need what a majority in both Houses of Congress has already voted for: **A tax cut on capital gains.** \\\\

As the world turns to freer markets, this is no time to become wishy-washy about where America stands. **The jury is no longer out. Markets work. Government controls don't.** \\\

And since the debate has all but ended on this issue, perhaps our most die-hard ideologues can now turn their attention to the real question that divides America: \\ Is it Texas or Cincinnati that produces the world's best chili? \\\ Of course ... this also is a question to be decided by the market. \\

The economic challenge of the 90's is to make markets work better. **And one of the best ways a government can do that is to do what people around the world are asking their governments to do: Get out of the way!** \\\

It works. Here at home, we're in the midst of the longest peacetime economic expansion in our nation's history, an 86-month expansion that has created an astonishing 20 million new jobs since 1982.

That's due to the genius of places like Cincinnati -- the Ohio River valley -- and the solid American values that have flourished here and inspired the world from Central Europe to Central America.

The whole world is watching. And the whole world is ready. The headlines tell of other nations buying American. That's

good news -- not bad. We've been urging our own people to "Buy American" for years -- to invest in the greatest job-creating machine of the 20th century.

And it's no surprise the world's investors are following suit. The results are in: America is the choice.

We don't have to look elsewhere to know what works. If you want to follow the smart money advice of the 1990's, go to where the Japanese or the Europeans are going. **Look at the U.S.A. Look at what the rest of the world calls "the American miracle."**

You saw it happen here in Cincinnati U.S.A., "The Blue Chip City," where 150,000 more people are at work than were working six years ago. Cincinnati produced its miracle the old-fashioned way -- the American way. It's an old tradition here. When he first opened his slaughterhouse in 1810, Richard Fosdick was warned that meat couldn't be cured in Cincinnati's climate. But he didn't know that it couldn't be done. He continued his experiments until he discovered the rock-salt process for curing meat -- and made this city the principal hog market of the world.

Renewing our emphasis on innovation is one of the ways modern Cincinnati has prospered. You've also built a diverse economic base. Stripped away corporate fat. Renewed our emphasis on quality -- Fortune says Cincinnati makes some of the best jet engines in the world. \\

Ultimately, these are the kind of efforts that will determine how America fares in the competitive, free-trade world of the 1990's. The way of the future is free people. The way of

the future is free trade. **And free people and free trade is what America is all about.** \\\

Of course, it's not enough that trade be "free."

It's also got to be fair. \\\

And it's not enough to tear down the Berlin Wall.

We've also got to tear down the tariffs and other barriers to American trade. \\\

Delta 800-241-4141

A global game is afoot, a game in which a Cincinnati businessman can now fly non-stop to London and Frankfurt -- any day of the week.

If the rules are fair and the same for everybody -- we can play this game. It's called "competition." **We invented it. We won it before. And we're going to win it again.** \\\

Winning in the competitive 90's will take more than investing in products. We must also invest in people. **That means offering every American child an education second to none.**

Our "Educational Excellence Act" remains one of the priorities of my Administration -- sent to Congress almost nine months ago. It calls for choice, flexibility, and accountability. **And it's time Congress accounts for its inaction on this pressing issue.**

CYC 513-621-0053

You in Cincinnati have acted, working to educate and train our people for the 21st century. Three years ago business, educational, and community leaders here came together to take on a mighty task: reduce the numbers of students at risk -- the staggering 40 percent dropout rate in public schools.

The result was the Cincinnati Youth Collaborative -- an intensive people-to-people "mentoring" program that many of you support, and that has already seen some early success.

It has America talking. Your Governor visited one of the participating classrooms at McKinley before coming out to the Education Summit I hosted in Virginia last fall. And earlier today I had an opportunity to see the programs at Taft High School firsthand.

There are other matters that require urgent attention when Congress gets back later this month. Our Clean Air Act proposals recognize that in the emerging global economy, environmental destruction knows no borders -- **and that a healthy economy requires a healthy environment.**

And a kinder, gentler environment also means a society where every man, woman and child can live and prosper in an environment free from fear. That means freedom from crime, and especially the increasingly violent crime that's been spawned by drug abuse and trafficking. **On our anti-crime package as well, it's time for Congress to act.** \\

There is much to be done in the months ahead. But as a new year begins, Americans should also pause to take some pride in what we have accomplished together. Let me suggest two areas.

At home, more than anything else, a kinder, gentler nation is one in which everyone who wants a job, has a job. **And today America has the lowest unemployment rate since 1973 -- and Ohio has reached its highest employment level in history.** \\\

Abroad, for more than 40 years, three generations of Americans have stood steadfast in a world often filled with challenge, rebuke and even insult. Firm in our belief in America's might and in America's destiny as leader of the free world, our spirit did not falter, our troops did not flinch.

And today, after the watershed events of 1989, the free world we're leading is growing bigger all the time.

In the past month we saw democracy restored to the brave people of Panama. We saw the powerful brought before the bar of justice. And we saw a proud people weep with gratitude over the sacrifice of American soldiers.

US Fish & Wildlife Service public affairs

And somehow, it seems more than a coincidence. Because in that same month, we hear that the Bald Eagle -- the American Eagle -- may soon come off the endangered species list.

Ladies and gentlemen -- America is back. \\ And this time, America is back to stay.

Thank you. God bless you. And God bless Cincinnati!

# # #

The Cincinnati Post

Space lab saved

Shuttle crew grabs probe

Associated Press

CAPE CANAVERAL, Fla. — Columbia's astronauts salvaged a valuable space laboratory today, snaring it with a 50-foot robot arm and saving it from a fiery doom in the atmosphere.

"We have LDEF," commander Dan Brandenstein reported.

"Congratulations on a job well done," Mission Control replied. "You've made several scientists quite happy. LDEF is finally coming home."

The astronauts made the dramatic rescue when they steered Columbia alongside the bus-sized Long Duration Exposure Facility and mission specialist Bonnie Dunbar reached out and grabbed it with the wire fingers of the spaceship's mechanical arm.

Capture was made 201 miles above the Earth as the two spacecraft raced in formation at more than 17,400 mph.

While Brandenstein held the shuttle steady, Dunbar used a television camera on the end of the robot to guide the fingers to a grappling device on the side of the satellite.

Columbia was not in position to show the actual capture on TV.

The retrieval ended a celestial chase that began with Columbia's launch on Tuesday and covered 1.3 million miles during which the astronauts circled the globe 50 times.

For more details, please see Page 2A.

Cincinnati hails the chief



ROB CLARK JR./The Cincinnati Post

President Bush, arriving today at Greater Cincinnati International Airport, clasps the hand of Yolande Chan of Hamilton, Ohio, one of five children who won a contest sponsored by the Cincinnati section of the American Chemical Society. Yolande attends Monroe Elementary School.

President visits Taft High, touts 'four C's' in speech

Post staff report

Making his first presidential visit to Cincinnati, President Bush sat down at lunch to discuss an innovative educational program at Taft High School before delivering a speech on his unfinished agenda to the Greater Cincinnati Chamber of Commerce.

Bush arrived at the West End school to be briefed about the Cincinnati Youth Collaborative and its work with students.

In his speech to 1,500 business executives at the Hyatt Regency Hotel, downtown, Bush was expected to press for his four-Cs legislative drive — a capital gains tax cut, a child care tax credit, clean air legislation and tougher laws to combat crime.

White House spokesman Marlin Fitzwater said Bush was not slated to unveil any new initiatives, saving those for his State of the Union message Jan. 31.

Before that speech to a joint session of Congress, Bush is trying to highlight what Congress still has on its plate from last year. "The last thing we want is for the public to forget our commitment to those issues," Fitzwater said.

Air Force One landed on schedule at 11:55 a.m. at Greater Cincinnati International Airport. The smiling and waving Bush was greeted by a host of local dignitaries and five school children who won a science contest.

One of the science contest winners, Erin Johnstone, 11, of Taylor Mill (Ky.) Elementary School, presented Bush with a school T-shirt and a PTA membership card.

Bush then boarded a helicopter — Marine One — for a brief flight to Union Terminal, where the helicopter, accompanied by four others, landed in a horseshoe-shaped corral of U.S. Postal Service trailers. Two police officers, one with a rifle and the other with a pair of binoculars, stood atop the trailers.

The presidential motorcade drove east on Ezzard Charles Drive to Taft High School, where Bush arrived at 12:16 p.m. and entered the school amidst heavy security.

Students watched from windows as the armored limousines pulled up to the school. Among

Please see BUSH, 8A

BUSH in CINCINNATI

- **Our 'education president'** — The education community is giving President Bush mixed reviews so far as he enters his second year in the White House. A sampling of opinions. Page 8A.
- **The greeters** — It's not by accident that certain people get to meet and greet the president when he arrives. A look at who decides, why. Page 8A.
- **The protesters** — Among the president's greeters: protest signs by Fernald-area residents will remind Bush that the federal government owes them $78 million. Page 8A.
- **Historic event** — When Bush visits Taft High School Friday he'll be the first president in more than 73 years to visit a Cincinnati public school. Page 8A.
- **'One of ours'** — A Butler County firm can say 'He's riding in one of ours' as the president's entourage rolls into the city. Page 6B.

Photocopy-Preservation

...Jack Randolph of past chairman Joseph Head, who also is a prominent Hamilton County ...County Republican Party.

"If this was a political visit, we would hope to be able to ar- with Reagan to register her concerns about his tax reform proposals. She got two minutes.

Taft class whipping up meal fit for a president

By Michael D. Clark
Post staff reporter

Today, the nation's chief executive meets Taft High School's chef executive.

"I've never cooked for a president before," said Marian Harper, instructor for Taft's food service catering class. "I've never even seen one before."

Ms. Harper, now in her 28th year as an employee of the Cincinnati Public Schools, gets her chance today when she and her food-service students prepare and deliver lunch to President Bush. A Covington native Ms. Harper has lived in Cincinnati for the last 40 years. Her four children have all graduated from Cincinnati Public Schools.

The 62-year-old, Golf Manor resident, said the menu will feature meat and cheese sandwiches (roast beef, turkey, ham, corned beef), fruit and cheese trays, with a dessert of punch and cookies.

"They said they didn't want anything special. They said that peanut butter sandwiches or bologna would be fine," said Ms. Harper, "Our principal told them we don't eat that, so we can't give it to you."

The White House, however, did put in a last minute order for the president's favorite — mocha ice cream.

"We're making homemade mocha ice cream," Ms. Harper said.

For security reasons, a member of the White House advance team will oversee the students as they prepare Bush's food, said Ms. Harper.

"They (the advance team) said I'd have to taste everything I make," she said. "I don't know if they were kidding."

Youth press on Bush beat

Post staff report

Two students from the new High School for Communication Professions at the Hughes Alternative Center had press passes to cover President Bush's speech today at the Hyatt Regency.

Nanci McKitric, 10th grade, was assigned to do a television news package. Jeremy Begley, 9th grade, was assigned to write a news story.

The students will be chaperoned by Jene Galvin, head of the school, and who has been in the press corps for other presidential events.

"They're very excited. This is a big deal for them," Galvin said.

Nanci's work will be shown to fellow students on VCRs and will also be offered to the Warner Cable access channel.

Jeremy's story will be distributed among students.

Bush

From Page 1A

those greeting Bush were Cincinnati Reds President Marge Schott and Reds pitcher Tom Browning.

Bush then sat down in a classroom for a lunch of sandwiches and cookies to discuss the mission and success of the Cincinnati Youth Collaborative through which business community volunteers and others work with the school's 975 students — 79 percent of whom are black — to improve and enrich their education.

Bush had lunch with U.S. Rep. Willis Gradison, R-Cincinnati; U.S. Rep. Thomas Luken, D-Cincinnati; Cincinnati Public Schools Supt. Dr. Lee Etta Powell; Procter & Gamble Co. President John Pepper, a co-chairman of the Cincinnati Youth Collaborative; Sister Jean Patrice Harrington, collaborative executive director; Cincinnati Board of Education President Virginia Griffin; and school board vice president Charles Hughes.

He then was scheduled to meet in the school library with 10 students and their Cincinnati Youth Collaborative mentors for 30 minutes before addressing a student assembly for 10 minutes in the auditorium.

Bush also met with students involved in other collaborative programs.

The library was decorated with magazine covers featuring Bush, who was to sit on a stool next to Taft Principal Orlando Henderson.

Prior to Bush's arrival, Taft High School students seemed subdued and apprehensive about his visit. Attendance today was listed at 68 percent — 2 percent less than a normal Friday.

English teacher Charlotte Verwold said attendance was down today because "kids expressed a fear to me that something might happen (to Bush) and they didn't want to be near it."

Freshman Lamyla Williams said, "It's scary, very scary. A lot of people want to harm the president." Several students she knows stayed home today, she said.

Many Taft classes focused in part this week on Bush's visit to the school, with the study skills class this morning seeing how many words could be formed out of the letters in "President George Bush."

Freshman Simone Edwards completed the exercise by finding words like "sister, post, vest, set and pressure."

Students received a flyer telling them they would be moved the auditorium shortly after 12:30 p.m. and would pass through a magnetic screening device.

Students were told to leave their belongings in classrooms that would be locked behind them.

"Good behavior and proper decorum are the order of the day," the flyer said.

Outside the school across Ezzard Charles Drive, a dozen demonstrators carried signs protesting the Bush administration's policies on housing and El Salvador. "Dollars for housing, not for war," the protestors chanted when Bush arrived.

The school was surrounded with metal barricades and a blue awning and blue carpet were placed at the entrance of the high school for the presidential arrival.



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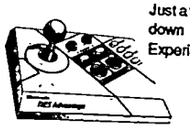
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The Cincinnati Enquirer Jan 13, 1990

Whirlwind visit from Bush



The Cincinnati Enquirer/Gary Landers

President Bush acknowledges a standing ovation while addressing some 1,000 students at Taft High School in West End. He was in town for about four hours.

President talks war, cash, chili

BY HOWARD WILKINSON
The Cincinnati Enquirer

In a four-hour visit Friday to Cincinnati, President Bush offered high school students the promise of the future, a slain soldier's family the sympathy of the nation and congressional Democrats the threat of a fight.

Bush was in Cincinnati to recognize citywide efforts to reduce the number of school dropouts and go before a receptive audience organized by the Greater Cincinnati Chamber of Commerce to pitch his legislative agenda.

During the day he:

■ Told about 1,000 students at Taft High School, in the West End, "If you stay in school, you'll find that the key to success is right under your hat ... Your dreams are within your reach. May every single one of them come true."

■ Met privately at the Hyatt Regency

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Education praised, but no funds likely

BY KRISTA RAMSEY
The Cincinnati Enquirer

Calling Cincinnati's private-sector efforts to improve education "the epitome of my 1,000 points of light," President Bush used a Friday visit to Taft High School to draw national attention to local programs and to drum up support for school volunteerism.

But the president, whose September summit on education gave school reform a high profile, offered no hope of increased federal funds for education.

At Taft, Bush was briefed on efforts of the Cincinnati Youth Collaborative, a group of civic, school and corporate leaders pledged to improve local education, and met with 25 students and adult volunteers in collaborative programs.

Later, he briefly addressed Taft's 1,000 students in a pep rally-like assembly, warning against drug use and urging students to take a more active role in their own education.

In a question-and-answer session with students, Bush called for a return to traditional values and the strengthening of the family as a means to improve education.

He predicted the federal share of total funding for education would remain steady at 7%, promising increases only for Head Start programs for disadvantaged 4- and 5-year-olds.

In answer to students' questions, Bush

(Please see SCHOOLS, Page A-4)



The Cincinnati Enquirer/Gary Landers

Vickie Williams, a 10th-grader at Taft High, left, presents a plaque to President Bush on behalf of the Cincinnati Youth Collaborative and Excel Mentor Program.

Hotel, downtown, with the family of Army Pfc. James Markwell, a Ranger medic from Sharonville killed by gunfire in the Panama invasion.

■ Warned in his principal speech to about 1,500 at the Hyatt Regency that congressional Democrats should not count on possible military savings from reduced world tensions going into domestic programs.

■ Lightened his messages with the promise that when the nation's economic problems are solved, "perhaps our most die-hard ideologues can turn their attention to the real question that divides America: Is it Texas or Cincinnati that produces the world's best chili?"

At Taft, Bush traded questions and answers with 10 Taft students involved with the Cincinnati Youth Collaborative, a business-schools partnership aimed at reducing dropout levels. Bush praised the collaborative as being "a model for the kind of educational excellence I'd like to see sweep this country."

But in response to students' questions,

(Please see BUSH, Page A-4)

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149th year, No. 279
Copyright, 1990
The Cincinnati Enquirer

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DeCourcy responsive; condition stabilized

Doctors say he grasps simple questions

BY ELIZABETH NEUS
The Cincinnati Enquirer



Joseph M. DeCourcy

Hamilton County Commissioner Joseph M. DeCourcy's condition has stabilized, and his life is no longer threatened by injuries he suffered in an automobile crash Jan. 5.

At a brief press conference called Friday to dispel rumors that DeCourcy was near death, his doctors at University Hospital said he had emerged from a coma and is able to respond to simple questions by shaking his head or blinking. His condition was still critical.

"But it's difficult to say a patient like

12:41 a.m. crash on Interstate 275 in Kentucky, just over the Ohio River.

Witnesses told police that DeCourcy, 44, of Anderson Township, was driving the wrong way on the highway and collided with a car driven by Larry Money, 42, of Groesbeck.

Money was in fair condition Friday at St. Luke Hospital East in Fort Thomas, Ky., and was moved out of the hospital's intensive care unit Thursday.

Although DeCourcy was conscious and his condition stable, his prognosis was still in question.

Shuttle grabs orbiting lab for trip home

BY JOHN J. GLISCH
Orlando Sentinel

CAPE CANAVERAL, FLA. — It has a few tears and dings in it but otherwise looks good as new.

The Long Duration Exposure Facility, an orbiting laboratory nearly destroyed after almost six years in space, was plucked from its fatal trajectory Friday by space shuttle *Columbia*.

The five astronauts aboard *Columbia* ended a three-day, 1.3 million mile chase around the world by stretching the shuttle's robot arm to capture the orbiting science platform, completing NASA's first space-salvage job in more than five years.

"Houston, we have LDEF," shuttle commander Dan Brandenstein report-



The Associated Press

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A handshake, hug and smiles greet president

BY DAVE BEASLEY
The Cincinnati Enquirer

Jeff Scheper got a "thank you" and a big hug from the president of the United States when he handed him an envelope full of letters from classmates at Blessed Sacrament School in Fort Mitchell.

Jeff was one of five excited 11-year-olds who had won the chance to shake hands with President Bush when he arrived at Greater Cincinnati International Airport Friday.

Their names were drawn from among 1,500 students who had given correct answers in a contest sponsored by Yolanda Chen of Hamilton



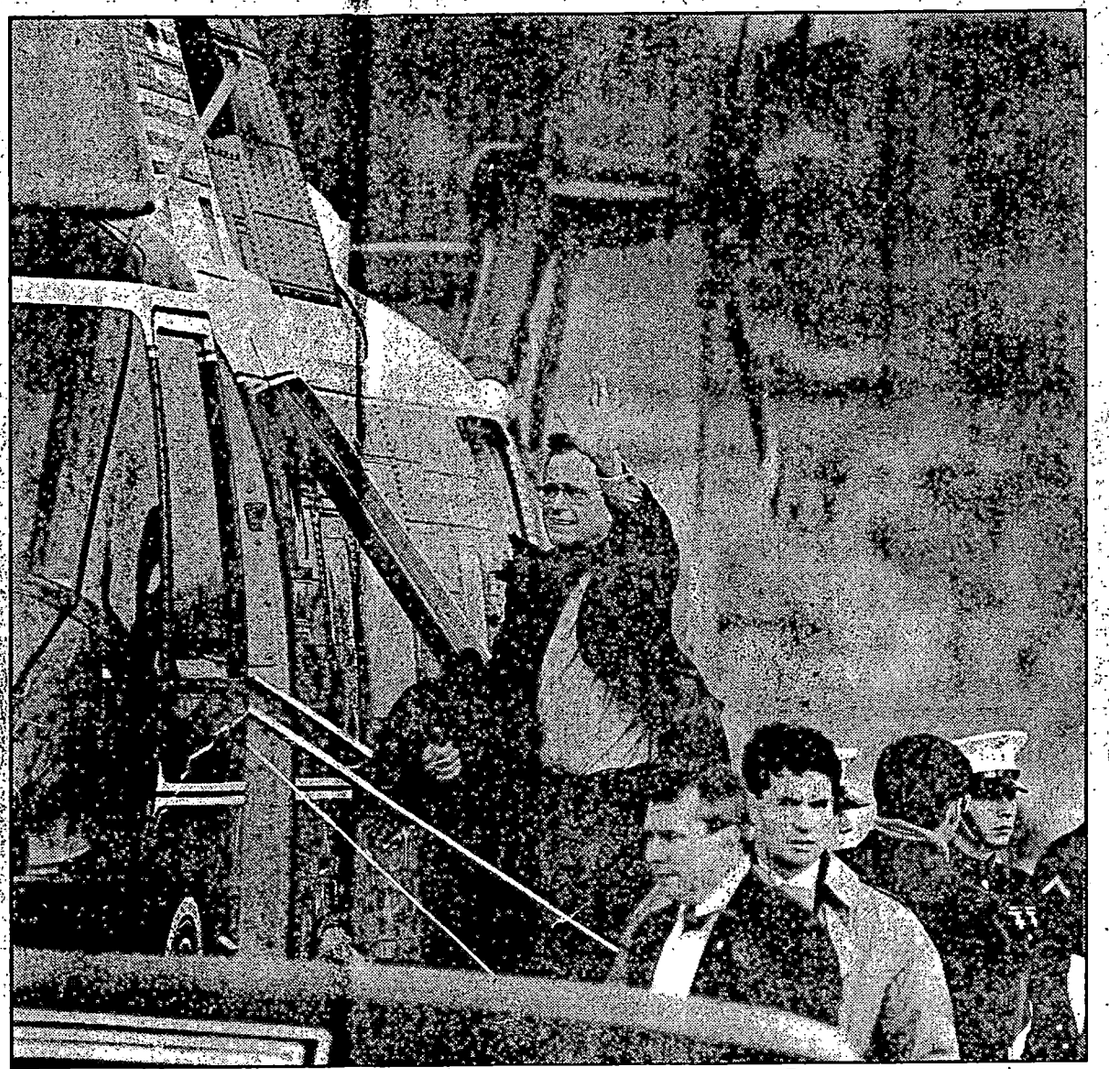
The Associated Press/Rob Burns

Monroe Elementary School, Hamilton. "I was excited when I shook hands with him."

Bush, bareheaded and buttoning his topcoat, came quickly down the steps from *Air Force One*, followed by U.S. Rep. Willis D. Gradison, R-Cincinnati. They were met by the children, their parents and teachers.

"He said it was an honor to meet us," said Erin Johnstone of Taylor Mill (Ky.) School.

"It was very special," to Carrie Laflen of Milford Main Elementary School. "I told him it was



The Cincinnati Enquirer/Gary Landers

President Bush boards a helicopter as he prepares to leave Union Terminal to return to Greater Cincinnati International Airport and then back to Washington.

Bush

CONTINUED FROM PAGE A-1

Bush offered little hope of additional federal funds for education, beyond a promise of national expansion of programs for 4- and 5-year-olds identified as being in danger of eventually dropping out of school.

Bush delivered his speech to students in a spruced-up auditorium that rang with rousing cheers when he entered.

Defending defense

A short motorcade trip took him on to the Hyatt Regency, where he called the year-end U.S. invasion of Panama a "superb, beautifully coordinated effort."

It proved, the president said, "America's need for a ready and effective defense force."

Bush's speech at the Hyatt was interrupted by applause eight times.

Sorry, spendthrifts

The president used the speech to send a message to congressional Democrats who want to take the savings from proposed defense budget cuts and distribute the billions to social programs: Don't count on it.

"Whenever a potential inheritance looms, there are those eager to rush out and squander it — to buy new things, to spend, spend, spend," Bush said. "That's not going to happen because most Americans know we not only must maintain our defenses, but still must reduce the deficit."

test sponsored by the Cincinnati Section of the American Chemical Society.

"I was real excited when he asked me if I was one of the winners," Jeff said.

"He was pretty nice, but Mr. Bush looked different than he does on TV." said Yolande Chan of Hamilton

Yolande Chan of Hamilton thought President Bush looked different in person than on TV.

"I told him it was cold but the people of Cincinnati wanted to give him a warm welcome."

Richard J. Sunberg said more than 3,500 students entered the chemical society's contest to explain how a miniature toy car changes colors when it is submerged in hot or cold water.

Schools

CONTINUED FROM PAGE A-1

held out no hope for more money for college aid or tutorial programs, describing the federal role in education as "properly proscribed."

Earlier, local education leaders who praised the visit for helping to motivate inner-city youth, had asked for specific federal help.

Sister Jean Patrice Harrington, executive director of the Cincinnati Youth Collaborative, called on Bush to fund preschool programs for 3-year-olds who are too young for Head Start and to expand day-care programs for the children of teen-age mothers.

"I am concerned that the magnitude of the problems facing inner-city youth today are far greater than any programs we have in place to address them," Harrington said.

Despite receiving no promises of specific assistance, local leaders said the visit raised their hopes.

"The president sent a powerful message today," said Lee Etta Powell, Cincinnati school superintendent. "By coming to an inner-city school and an inner-city neighborhood, he delivered a big message about the importance of education."

Greater Cincinnati International Airport and then back to Washington.

School secured for Bush visit

THE CINCINNATI ENQUIRER

When a U.S. president visits a high school, classroom rules bend to fit the situation.

One whole wing of student lockers, classrooms and offices were emptied and sealed off for Bush's visit to Taft High School. Teacher Pam Fields said that, since Christmas, Secret Service agents had been familiar faces in hallways.

Each of the school's 1,000 students was sent through a metal detector before entering the auditorium for the Bush speech. Even school officials and local dignitaries were "swept" by Secret Service agents to make sure they carried no concealed weapons.

While the president's lunch with local civic and school leaders was typical cafeteria fare — cold sandwiches, chips and fruit, the menu included mocha ice cream, the president's favorite.

■ ■ ■

U.S. Rep. Thomas A. Luken, a Cincinnati Democrat, went eight years during Ronald Reagan's presidency waiting for the phone to ring with a White House invitation to fly home with the president.

It never happened.

But George Bush invited Luken to come along Friday, with Cincinnati's Republican congressman, Willis Gradison.

"There seems to be a little more bipartisan spirit in this administration," Luken said.

But at the Bush's speech at the Hyatt Regency Hotel, when Bush asked Gradison and Luken to stand up in the audience and be recognized, Luken had left the room.

"Well, we've got the family represented here anyway," Bush said, pointing to Cincinnati Mayor Charles Luken, the congressman's son.

The president told the Greater Cincinnati Chamber of Commerce audience he was "glad to be in Cincinnati for a non-political trip — it's the first one I've had in a long time."

The last four Bush trips to the Queen City were during his presidential campaign. They proved to be profitable. The Indian Hill-Madeira ZIP code was one of Bush's biggest sources of campaign funds.

Notebook

Grieving for Pfc. Markwell

The private meeting with Markwell's family was emotional, said both White House spokesman Marlin Fitzwater and Markwell's stepfather, Bill Rouse.

"We talked about Jim and our loss," Rouse said. "He was very concerned that we were OK, it was a very emotional meeting."

Rouse, and Markwell's mother, sister and brother met with Bush for about 15 minutes.

"After you talk with him for a few minutes you forget that he's the president, except for all the Secret Service agents standing around," said Rouse.

Bush, traveling with Southwest Ohio Congressmen Willis Gradison and Thomas A. Luken, left Greater Cincinnati International Airport for Washington on *Air Force One* about 3:45 p.m.

Reporter Krista Ramsey contributed to this story.

maintain our defenses, but still must reduce the deficit."

Photocopy-Preservation



Presidential trip was a homecoming

Cincinnatians working in White House take flak all the way home

BY JANE PRENDERGAST
The Cincinnati Enquirer

When you work for the president of the United States, and he's headed for your hometown, you get teased.

A lot.

"It was good-natured, but the others were really giving us flak on the way here," said Joseph Hagin Jr., George Bush's appointments secretary. "They all knew that Rob (Robert Portman) and I came from Cincinnati."

The two former Cincinnatians talked about their Washington jobs and lives Friday outside Taft High School, while their boss spoke to students inside.

"It was funny," Hagin said. "We schedule trips like this all the time, but I checked and double-checked everything

corporate and international law at the Cincinnati law firm of Graydon, Head & Ritchey, is the No. 2 man in the legislative affairs office, helping to supervise 10 lobbyists as they work to sell the president's programs on Capitol Hill.

The current priorities are: getting the Clean Air Act reauthorized; passing child-care legislation, and moving on Bush's crime package, which is part of his overall drug program.

"I'm learning a lot, a whole lot," Portman said. "It's an opportunity I'm glad I didn't pass up."

For Hagin, the biggest surprise in his job was the number of hours he and other staff members work. He is responsible for whittling requests for Bush's attention — his office receives 700 to 1,000 weekly —

"I know his family and a lot of his friends," Hagin said. "I know the way he likes to do things.

But, he conceded, "I do have to be the bad guy, in that I have to say no to an awful lot of people. But I get to be the good guy, too — in times like (Friday) here at Taft."

The hectic schedule he keeps is great for his diet, however. Hagin returned to Cincinnati Friday with about 75 fewer pounds than he took to Washington.

Hagin and Portman both said Washington is great professionally, but they envision returning to Cincinnati.

"I miss Cincinnati a lot," said Portman. "I miss the city and all the friends I have back here. And I would like to get back into law full-time in the future."

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The two former Cincinnatians talked about their Washington jobs and lives Friday outside Taft High School, while their boss spoke to students inside.

"It was funny," Hagin said. "We schedule trips like this all the time, but I checked and double-checked everything for this one. I wanted to make extra certain that everything was going to go well here."

Portman, 34, formerly a specialist in corporate and international law at the Cincinnati law firm of Graydon, Head & Ritchey, is the No. 2 man in the legislative affairs office, helping to supervise 10 lobbyists as they work to sell the president's programs on Capitol Hill.

The current priorities are: getting the Clean Air Act reauthorized; passing child-care legislation, and moving on Bush's crime package, which is part of his overall drug program.

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For Hagin, the biggest surprise in his job was the number of hours he and other staff members work. He is responsible for whittling requests for Bush's attention — his office receives 700 to 1,000 weekly — to a manageable number that fits with the president's priorities.

It helps, he said, that he has been associated with Bush for almost 11 years. "I know his family and a lot of his friends," Hagin said. "I know the way he likes to do things.

But, he conceded, "I do have to be the bad guy, in that I have to say no to an awful lot of people. But I get to be the good guy, too — in times like (Friday) here at Taft."

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Hagin, who worked for Federated Department Stores Inc. and was an executive at Chiquita Brands, expects to return "at some point, and probably permanently."



The Cincinnati Enquirer/John Curley

White House aides and former Cincinnatians Joseph Hagin Jr., left, and Robert Portman both say Washington is good professionally, but they miss Cincinnati.



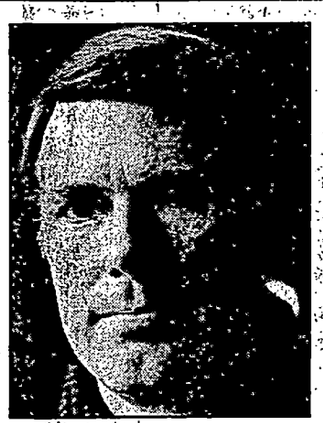
"Very good. Very uplifting. I noticed he said General Electric makes good engines and the country needs a good defense."



"It was great. I guess (I most liked) all of his complimentary remarks he made about Cincinnati."



"I thought it was a great speech. He hit every point we wanted to hear about — the economy, Panama."



"It was very upbeat and positive. He talked about jobs and supporting our youth. And, he spoke very highly of the Cincinnati Youth Collaborative."



"I thought it covered a lot of ground. I think he lent a lot of insight. A fair amount of humor; light and entertaining."



"It was all positive. Everything he said was enthusiastic and Cincinnati came out looking like the fine city it is."

Dorsey Jones, 50, Anderson Township

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The President in Cincinnati

President George Bush



Photocopy-Preservation

The Cincinnati Enquirer/Jim Callaway

President Bush makes a point Friday in his speech to the Greater Cincinnati Chamber of Commerce. Listening, from left, are Robert A. Taft II, Jim Scott, John Smale and Joe Head.

'America must be ready: America must be strong'

This is the text of President Bush's speech to the Greater Cincinnati Chamber of Commerce Friday afternoon.

It is fitting that, in the days leading up to the State of the Union Address, we should meet again in Cincinnati. The last time I visited was in November, 1988, in the final days of the presidential campaign. And earlier, Cincinnati was one of my last stops before the convention in New Orleans. On the trip before that we spent a morning at Procter and Gamble's R&D facility. They taught me a lesson there that's valuable to any politician: how to get the toothpaste back in the tube.

All in all, I came here four times during the presidential campaign. I talked of America's future, and of future generations. I talked of certain principles. Told you I was ready to make the tough calls — and to take the heat. And today I've come back to Cincinnati to tell you I'm ready to make good on that pledge.

Because up on Capitol Hill some important business remains unfinished, promises have gone unfulfilled.

We sent responsible proposals to Congress in four of America's most critical areas: capital gains, America's children, clean air and combatting crime.

In some cases, our proposals have been under consideration with Congress for the better part of a year. And these four issues are bogged down in the jungles of Capitol Hill.

The clock is running. America's patience is running out.

America wants it done right.

America wants it done responsibly.

And America wants it done now.

These four initiatives represent only part of the way in which the events of 1989 will affect the coming year. We've seen a lot of exhilarating changes in recent months that offer new hope for world peace.

We like what's happening in Central Europe. But just as it would have been impossible six months ago to predict those thunderous changes, it's impossible today to know what will unfold in the next six months — let alone the next six years.

But in this world of change, one thing is certain: America must be ready. America must be strong. And a strong America means not only a strong economy. It also means a strong defense — a ready and highly effective defense force.

And if proof of that were ever needed — we saw it last month in the courage of our troops in Panama.

I welcome the dynamic changes in Eastern Europe. I strongly support Mr. Gorbachev's *perestroika* — and his commitment to peaceful change and openness — but this is not a time when we should naively cut the muscle out of our defense posture.

Yet, some think all the answers to this year's problems can be found by spending what they are calling in Washington a "peace dividend." That's like the next-of-kin who spend the inheritance before the will is read.

Unfortunately, what is being packaged as a "dividend," is not money in the bank. It is more like a possible future inheritance. A legacy that will enable us to pass on a better world to our children. And like an inheritance, it is a special gift, a legacy not only of prosperity but also security, earned by the hard work and sacrifice of those who came before.

Of course, whenever a potential inheritance looms there are those eager to rush out and squander it — to buy new things, to spend, spend, spend — spending funds they don't yet have. Then the bills start coming. And the inheritance may not. And what was promised as a bonus becomes a burden. In Washington, that burden comes in the form of a new spending program.

That's not going to happen. Because most Americans know we not only must maintain our defenses, but still must reduce the deficit.

Reducing the deficit isn't just a good idea. It's what the American people want. And it's the law.

The way to reduce the deficit is to restrain spending growth and continue economic growth. It's not the time, as some like to say, to raise your taxes. The new budget must meet Gramm-Rudman requirements. It must reduce barriers to economic growth. It must keep interest rates low. Because the best anti-poverty program is a good job. And the best social program is a sound economy.

A sound economy is a competitive economy. And to keep America competitive, to fuel our continuing growth, we also need an infusion of new venture capital. That's why we need what a majority in both houses of Congress has already voted for: a tax cut on capital gains.

As the world turns to freer markets, this is not the time to become wishy-washy about where America stands. The jury is no longer out. Markets work. Government controls don't.

And since the debate has all but ended on this issue, perhaps our most die-hard ideologues can now turn their attention to the real question that divides America: Is it Texas or Cincinnati that produces the world's best chili? Of course this also is a question to be decided by the market.

The economic challenge of the '90s is to make markets work better. And one of the best ways a government can do that is to do what people around the world are asking their governments to do: Get out of the way. Less regulation, fewer mandated programs from Washington that tie the hands of our health-care providers, our educators, and so many others as well.

It works. Here at home, we're in the midst of the longest peacetime economic expansion in our nation's history, an 86-month expansion that has created an astonishing 20 million new jobs since 1982.

That's due to the genius of places like Cincinnati and the solid American values that have flourished here and inspired the world from Central Europe to Central America.

The whole world is watching. And the whole world is ready.

The headlines tell of other nations buying America. That's good news — not bad. We've been urging our own people to "Buy American" for years — to invest in the greatest job-creating machine of the 20th century.

And it's no surprise the world's inv following suit. The results are in: Ame choice.

We don't have to look elsewhere to works. If you want to follow the smart of the 1990s, go to where the Japanes Europeans are going. Look at the U.S. the rest of the world calls "the Americ

You saw it happen here in Cincinnat Blue Chip City," where 150,000 more work than were working six years ago. produced its miracle the old-fashioned American way. It's an old tradition her first opened his slaughterhouse in 181 Fosdick was warned that meat couldn't Cincinnati's climate. But he didn't kno couldn't be done. He continued his exp he discovered the rock-salt process for — and made this city the principal hog world.

Renewing our emphasis on innovatic ways modern Cincinnati has prospered. built a diverse economic base. Stripped corporate fat. Renewed our emphasis o *Fortune* says Cincinnati makes some of engines in the world.

Ultimately, these are the kind of effo determine how America fares in the con free-trade world of the 1990s. The way is free people. The way of the future is f And free people and free trade is what A about.

Of course, it's not enough that trade It's also got to be fair.



The Cincinnati En

Mayor Charles Luken, center, and Chamber President John Williams, right, greet E

Bush ready to confront Cong

BY HOWARD WILKINSON
The Cincinnati Enquirer

What 1,500 Cincinnatians heard from President Bush Friday in a Hyatt Regency Hotel ballroom may be a shorthand version of his upcoming State of the Union address.

Minus the references to Cincinnati chili and the Reds, that is.

If Bush's 20-minute talk to the city's business and government leaders was a mini-State of the Union speech, some congressional Democrats may not like what they hear in the House chamber Jan. 30.

Bush's talk was sparse on details, but long on how he plans to get his own way in this session of Congress.

The president made it clear that the billions to be saved in defense budget cuts in coming years should not be spread out to help fund social programs, as some congressional leaders have suggested.

"What is being packaged as a dividend is not money in the bank," Bush said. "It is more like a possible future inheritance."

Defense savings, Bush said, will the federal government's efforts massive federal deficit.

"Reducing the deficit isn't just Bush said. "It's what the America And it's the law."

Cincinnati City Councilman Davi the Democrats in the audience for B the Greater Cincinnati Chamber of C that message does not square with publicized "commitment" to social education and the environment.

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Bush's message seemed to be w the chamber audience. His speech w by applause eight times — althou biggest rounds were for presidential Cincinnati chili and newly elected B Famer Joe Morgan.

Photocopy-Preservation



The Cincinnati Enquirer/Jim Callaway

s Luken, center, and Chamber President John Williams, right, greet Bush.

ready to confront Congress

WILKINSON
quirer

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Defense savings, Bush said, will become part of the federal government's efforts to reduce the massive federal deficit.

"Reducing the deficit isn't just a good idea," Bush said. "It's what the American people want. And it's the law."

Cincinnati City Councilman David Mann, one of the Democrats in the audience for Bush's speech to the Greater Cincinnati Chamber of Commerce, said that message does not square with Bush's highly publicized "commitment" to social issues, such as education and the environment.

"It's all very well for the president to go to Taft High School and talk about a commitment to education, but where's the action?" Mann asked.

Bush's message seemed to be well-received by the chamber audience. His speech was interrupted by applause eight times — although two of the biggest rounds were for presidential references to Cincinnati chili and newly elected Baseball Hall of Famer Joe Morgan.

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And it's no surprise the world's investors are following suit. The results are in: America is the choice.

We don't have to look elsewhere to know what works. If you want to follow the smart-money advice of the 1990s, go to where the Japanese or the Europeans are going. Look at the U.S.A. Look at what the rest of the world calls "the American miracle."

You saw it happen here in Cincinnati, U.S.A., "the Blue Chip City," where 150,000 more people are at work than were working six years ago. Cincinnati produced its miracle the old-fashioned way — the American way. It's an old tradition here. When he first opened his slaughterhouse in 1810, Richard Fosdick was warned that meat couldn't be cured in Cincinnati's climate. But he didn't know that it couldn't be done. He continued his experiments until he discovered the rock-salt process for curing meat — and made this city the principal hog market of the world.

Renewing our emphasis on innovation is one of the ways modern Cincinnati has prospered. You've also built a diverse economic base. Stripped away corporate fat. Renewed our emphasis on quality. *Fortune* says Cincinnati makes some of the best jet engines in the world.

Ultimately, these are the kind of efforts that will determine how America fares in the competitive, free-trade world of the 1990s. The way of the future is free people. The way of the future is free trade. And free people and free trade is what America is all about.

Of course, it's not enough that trade be "free." It's also got to be fair.

American child an education second to none.

Our "Educational Excellence Act" remains a priority of my administration — sent to Congress almost nine months ago. It calls for choice, flexibility, and accountability. The time for study is past and the time for action is now.

You in Cincinnati have acted, working to educate and train our people for the 21st century. Three years ago, business, educational and community leaders here came together to take on a mighty task: reduce the numbers of students at risk — the staggering 40% dropout rate in Cincinnati's public schools.

The result was the Cincinnati Youth Collaborative — an intensive people-to-people "mentoring" program that many of you support, and that has already seen some early success.

It has America talking. Your governor visited one of the participating classrooms at McKinley Preschool before coming out to the Education Summit I hosted in Virginia last fall. And earlier today I had an opportunity to see the tremendous programs at Taft High School first-hand.

There are other matters that require urgent attention when Congress gets back later this month. Our Clean Air Act proposals recognize that in the emerging global economy, environmental destruction knows no borders, and that a healthy economy goes hand-in-hand with a healthy environment.

And a kinder, gentler environment also means a society where every man, woman and child can live and prosper in an environment free from fear. That means freedom from crime, and especially the increasingly violent crime that's been spawned by drug abuse and trafficking. On our anti-crime package as well, it's time for Congress to act.

There is much to be done in the months ahead. But as a new year begins, Americans should also pause to take some pride in what we have accomplished together. Let me suggest two areas.

At home, more than anything else, a kinder, gentler nation is one in which everyone who wants a job, has a job. And today America has the lowest unemployment rate since 1973 — and Ohio has reached is highest employment level in history.

Abroad, for more than 40 years, three generations of Americans have stood steadfast in an often hostile and tumultuous world. Firm in our belief in America's destiny as leader of the free world, our spirit did not falter, our troops did not flinch.

And today, after the watershed events of 1989, the free world we're leading is growing bigger all the time.

In the past month, we saw democracy restored to the brave people of Panama. We saw the powerful brought before the bar of justice. And we took pride in the skill, courage and sacrifice of American soldiers.

The Panamanian operation was conducted by highly trained troops — the best trained troops in the world. But it is not simply training, it is patriotism and dedication. I went to two hospitals in San Antonio (Texas) and talked to some of our wounded. I will never, ever forget their spirit. One severely wounded kid said to me: 'My only regret is I'm here — not there with the others.'

Pride in America has never been higher. And somehow, it seems more than a coincidence: In the same month, we hear that the bald eagle — the American eagle — may soon come off the endangered-species list. No matter what you've heard, I love my job.

When I see the exciting things going on in the world, I know things are moving our way and I am proud to be at the helm.

God bless you and God bless America.

Photocopy-Preservation

Youth program hailed as 'point of light'

This is a text of President Bush's remarks to the Taft High School student assembly.

Taft High School and the city of Cincinnati are showing the rest of the country what's possible when students and people in a community strive for excellence together.

You've got students, parents, schools, business and religious groups, all united in a great enterprise: the Cincinnati Youth Collaborative. It's a partnership that builds brighter futures — every day — one student at a time.

I'd like to recognize a very special person, who's brought the CYC to life — a local heroine — Sister Jean Harrington. And let me offer congratulations and best wishes to the man who's taking over — Mr. John Bryant.

You know, you've got something truly unique going on here. On Jan. 29, I understand that every television station in Greater Cincinnati — all six broadcasting companies and two cable channels — will be launching a two-hour program called a Future-Thon.

It's like a telethon for the schools of Cincinnati — but Future-Thon is asking for something more precious than money. It's asking people to volunteer their talents and their time to be role models — to help Cincinnati students get the future they deserve. And the kids of Cincinnati deserve the best.

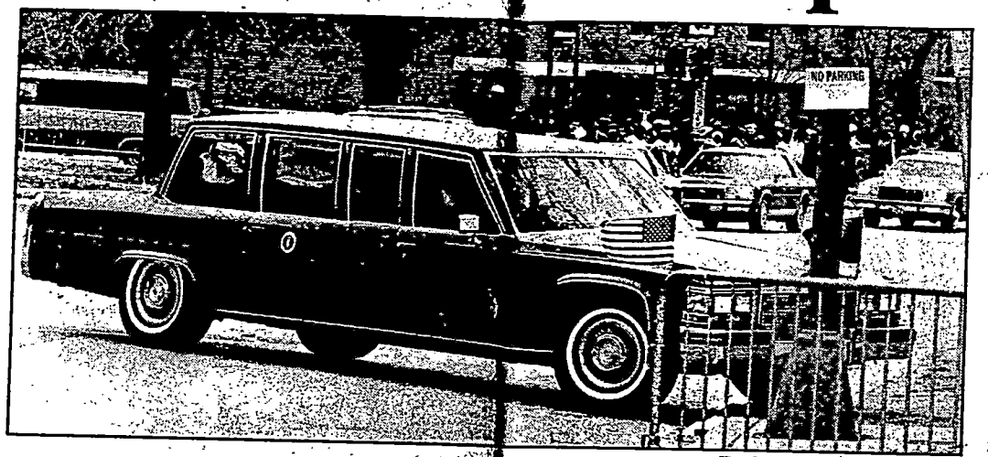
If you've ever thought school was a waste of time, you ought to think about talking to one of the students in the CYC. They'll tell you better than I can, what this program means.

It means scholarships that add up to more than a quarter of a million dollars. It means skills you can count on, and take to a job the day after you graduate. It means classes for college entrance exams, that have sent scores up by 25%. A new child care center, opening next fall. And training in computers, for every student who goes to Taft.

But it offers something even more important. Because with every friendship you build with a CYC mentor — and with every hour you spend with a tutor — you're gaining more than skills.

You're gathering power. Purpose. A friendship you can count on. And once you have that, you can never be stopped — never denied the potential that's yours, and the success that's waiting for you.

Let me offer special thanks to those adults who are serving as CYC mentors. Every adult in America can gain so much, by developing a special relationship with a young person. When you lift the spirits of the young, you raise their horizons to the stars. You give them the promise of a future bright with possibility.



The Cincinnati Enquirer/John Curley

The presidential limousine arrives at Taft High School Friday.



The Cincinnati Enquirer/Gary Landers

President Bush shares lunch with John Pepper, president of Procter & Gamble Co.

I hope the adults here today are just the first of what will soon be thousands like you, helping the young people of our community.

One young woman here, Loretta Englemon, recently said, 'I know what I want out of life. I know where I'm going.' Every student here at Taft is at a point in life when there are a lot of choices to be made. Important choices.

And if life is the sum of the choices you make, whatever challenges you're facing, you understand that drugs only make them harder to handle. You already know how drugs destroy lives — a few of you have seen it happen. Maybe you lost a friend.

Or maybe you see or hear about drug dealers making big money. But in the drug trade there are no benefits. No security. And no retirement plan.

Sure, people have different ideas about success. Some think it's measured by what's parked in your driveway, or what's hanging in your closet. But real success is something else.

An educated man or woman gains so much more. With just a pen or a pencil, and a desire to learn, there are no limits to success.

Maybe it has to do with finding your talents. Using them to reach your fullest potential, whatever path you choose. Working to make a difference for yourself — and those around you.

If you stay in school, you'll find that the key to success is right under your hat. And if you keep struggling to live up to your own expectations, you'll find the strength to succeed deep in your heart.

That's why I'm pleased to announce today that the Cincinnati Youth Collaborative is the 40th White House Daily 'Point Of Light.' On behalf of the Nation, thank you for showing that from now on in America, any definition of a successful life must include serving others.

You go to a great school — in a wonderful town — in the greatest Nation on the face of the earth.

Your dreams are within your reach. May every single one of them come true.

Photocopy-Preservation

The Cincinnati Enquirer/Gary Landers

sident of Procter & Gamble Co.

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The Cincinnati Enquirer/Gary Landers

Bush with Taft Principal Orlando Henderson and Sister Jean Patrice Harrington, executive director of Cincinnati Youth Collaborative.

Photocopy-Preservation

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President Bush shares lunch with John Pepper, president of Procter & Gamble



The Cincinnati Enquirer/Gary Landers

Taft student Anthony Crockett, right, with his mentor, John Lambert. Bush asked Crockett, "Do you feel like you've got somebody who cares?"



The Cincinnati Enquirer/Gary Landers

Vickie Williams smiles as she asks Bush a question during his visit at Taft. "I liked it that he didn't talk down to us," she said.

Cheers, chuckles from Taft students

BY KRISTA RAMSEY
The Cincinnati Enquirer

Taft High School students laughed at President Bush's jokes, called his answers to their questions sincere and gave him a standing, cheering ovation when he ended his visit Friday.

"He came across as being friendly and really caring," said 17-year-old Michael Blanchard, one of 10 students to meet with Bush for a question-and-answer session during his two-hour visit.

"I knew he was kind of friendly, but when he's in the same room joking with you and asking you specific questions, you felt you really mattered."

Tenth-grader Vickie Williams, smiling, said, "He told me he didn't want to put me on the spot with questions, but he did. . . . I liked it that he didn't talk down to us."

Initially sober-faced and visibly tense, the students soon were at ease with the president, who answered questions directly and asked many of his own.

Of special interest to Bush was the school's mentoring program, which matches students to adult volunteers for career guidance. The program is a component of the Cincinnati Youth Collaborative, a cooperative effort of business leaders, officials and educators to encourage students to finish school.

Bush pummeled the teen-agers with questions on the mentoring program. He seemed to relish honest answers.

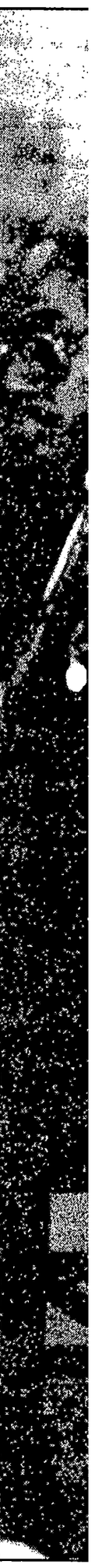
"Do you feel like you've got somebody who cares?" he asked senior Anthony Crockett of his mentor, John Lambert.

"Yeah, but I've always thought I had my act together," returned Crockett, drawing a hearty laugh from Bush.

In a message to all 1,000 Taft students, Bush urged students not to view success as "what's parked in your driveway or hanging in your closet," but as becoming an educated adult.

Taft Principal Orlando Henderson said, "I think his visit will put out the message there is hope if the students are willing to work."

Cincinnati Councilman Peter Strauss, said, "From the nearly 100% attendance at Taft today to whatever it is Monday — that's how we'll know how much work we still have to do."



Bush with
executive c

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The President in Cincinnati



The Cincinnati Enquirer/Gary Landers

President Bush trades questions and answers Friday with Taft High School students and their mentors involved in the Cincinnati Youth Collaborative program.



Students talk with Bush after their mid-morning session with him in the Taft library.

The Cincinnati Enquirer/Gary Landers



Sister Jean Patrice Harrington, executive director, Cincinnati Youth Collaborative, introduces Bush at Taft. Behind from left, are Virginia Griffin, school board president; David Phillips, collaborative deputy director; and Charles Hughes, school board vice president.

The Cincinnati Enquirer/Gary Landers

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The Cincinnati Enquirer/Gary Landers

, introduces Bush at Taft. Behind from left, are
tor; and Charles Hughes, school board vice president.



The Cincinnati Enquirer/John Curley

Cincinnati Reds president and chief executive officer Marge Schott escorted by unsigned Reds pitcher Tom Browning arrive for Bush's speech at Taft.



The Cincinnati Enquirer/Gary Landers

Bush enters the Taft High School library flanked by Secret Servicemen.

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