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**Series:** Speech File Backup Files  
**Subseries:** Chron File, 1989-1993

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**OA/ID Number:** 13758  
**Folder ID Number:** 13758-013

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**Folder Title:**  
National Federation of Independent Business 6/3/91 [OA 8324] [1]

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<b>G</b>	<b>26</b>	<b>21</b>	<b>4</b>	<b>4</b>

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NATIONAL FEDERATION OF IND. BUSINESS  
HYATT REGENCY CAPITOL HILL  
MONDAY, JUNE 3, 1991  
1:00 P.M.

THANK YOU, JOHN (SLOAN). I'M PLEASED THAT PAT SAIKI IS HERE -- AND THAT SHE HAS JOINED OUR TEAM. SHE ALREADY HAS BROUGHT NEW ENERGY TO THE SMALL BUSINESS ADMINISTRATION.

LET ME WARN YOU, I GAVE FOUR COMMENCEMENT ADDRESSES LAST WEEK. IF I LAPSE INTO SAYING THINGS LIKE, "YOUR FUTURE LIES AHEAD OF YOU," OR "YOU'RE AT A CROSSROADS IN YOUR LIFE," YOU'LL KNOW WHY.

ACTUALLY, MY FAVORITE COMMENCEMENT LINE OF ALL COMES FROM WOODY ALLEN. THAT'S RIGHT: WOODY ALLEN. HE ONCE TOLD A GRADUATING CLASS, "MANKIND IS AT A CROSSROADS. DOWN ONE PATH IS DESPAIR AND UTTER HOPELESSNESS. DOWN THE OTHER: TOTAL DESTRUCTION. //

"LET US HOPE YOUR GENERATION HAS THE WISDOM TO CHOOSE CORRECTLY."//

WELL, I DON'T HAVE TO WORRY ABOUT THAT HERE. YOU OFFER SOMETHING OTHER THAN HOPELESSNESS, DESTRUCTION AND DESPAIR. YOU CREATE OPPORTUNITY AND HOPE.

YOU HAVE PLAYED A LEADING ROLE IN HELPING THIS  
ADMINISTRATION ADVANCE THE CAUSE OF FREE MARKETS AND  
ECONOMIC GROWTH. THANKS FOR HELPING US WIN SOME  
IMPORTANT VICTORIES IN CONGRESS -- VICTORIES IN PUSHING  
BACK MANDATED PARENTAL LEAVE AND PUSHING FOR PARENTAL  
CHOICE IN CHILD CARE. *AD* THANKS FOR HELPING PERSUADE  
CONGRESS TO PRESERVE A CRUCIAL DEVICE FOR SECURING FREE  
AND FAIR INTERNATIONAL TRADE -- OUR FAST TRACK TRADE  
PROCEDURES. NOW, WE NEED YOUR HELP IN SECURING CIVIL  
RIGHTS LEGISLATION THAT ENSURES THE MOST BASIC CIVIL  
RIGHT OF ALL: THE RIGHT OF ALL PEOPLE TO PURSUE THEIR  
DREAMS WITHOUT FEAR OF DISCRIMINATION -- OR UNFAIR  
LAWSUITS. //

IN THAT REGARD, LET ME SAY: I LIKE YOUR BUTTONS. //  
I DON'T KNOW ANYBODY WHO DISAGREES WITH THAT SENTIMENT.  
//

CALVIN COOLIDGE ONCE TOLD A GATHERING OF NEWSPAPER EDITORS THAT "THE CHIEF BUSINESS OF THE AMERICAN PEOPLE IS BUSINESS." THAT MUCH MALIGNED QUOTE CONTAINS AN IMPORTANT TRUTH. WE ARE AN ENTERPRISING PEOPLE, AND OUR ECONOMY THRIVES BECAUSE PEOPLE WITH IDEAS ESTABLISH BUSINESSES LIKE YOURS. THEY RISK MONEY. THEY RISK COMFORTS. THEY RISK FAILURE. AND THEY ACHIEVE GREATNESS.

THE GOVERNMENT CAN HELP ADVANCE THE CAUSE OF ECONOMIC FREEDOM IN THREE WAYS. FIRST, IT CAN PROMOTE IT. IT CAN CREATE AN ENVIRONMENT THAT ENABLES ENTREPRENEURS TO FLOURISH -- ESPECIALLY THE MEN AND WOMEN WHO RUN SMALL BUSINESSES.

OUR ECONOMIC GROWTH PACKAGE OFFERS A SERIES OF POSITIVE INDUCEMENTS TO GROWTH. WE WANT TO BRING DOWN THE TAX ON CAPITAL GAINS. THAT REFORM WON'T JUST REDUCE THE COST OF CAPITAL; IT WILL ENCOURAGE INVESTORS TO RISK MONEY ON NEW BUSINESSES -- THEREFORE EXPANDING JOB OPPORTUNITIES FOR ALL AMERICANS -- INCLUDING SMALL BUSINESSES. IT ALSO WILL ENCOURAGE PEOPLE TO SELL ASSETS -- SUCH AS REAL ESTATE -- THAT THEY WON'T SELL NOW BECAUSE THE TAXES ARE TOO HIGH.

THIS ADMINISTRATION ALSO IS DETERMINED TO PUT A LID ON THE GROWTH OF FEDERAL SPENDING. <sup>AP</sup> LAST YEAR'S CONTROVERSIAL BUDGET AGREEMENT -- THE LARGEST DEFICIT-REDUCTION PROGRAM IN HISTORY -- IMPOSED REAL, LONG-TERM CAPS ON SPENDING. YOU NOW SEE MEMBERS OF CONGRESS TRYING TO RETREAT FROM THE SPIRIT OF THAT AGREEMENT, URGING US TO RAISE TAXES SO THAT THEY CAN BUY POLITICAL PORK. NO WAY: <sup>AP</sup> CONGRESS MUST KEEP ITS WORD. IF IT DOESN'T, I WILL VETO SPENDING BILLS THAT VIOLATE OUR BUDGET ACCORD. // <sup>AP</sup>

OUR GROWTH PACKAGE ALSO INCLUDES A COMPREHENSIVE SET OF LONG OVERDUE BANKING REFORMS. THESE REFORMS ARE DESIGNED TO BRING OUR BANKING SYSTEM UP-TO-DATE AND TO MAKE BANKS -- LARGE AND SMALL -- STRONGER AND BETTER ABLE TO SERVE THEIR CUSTOMERS. THE BUSINESS COMMUNITY, PARTICULARLY THE SMALL BUSINESS COMMUNITY -- NEEDS STRONG BANKS THAT CAN PROVIDE MUCH NEEDED FINANCING FOR JOBS AND ECONOMIC GROWTH.

THIS ADMINISTRATION BELIEVES IN FREE AND FAIR TRADE. IN AN AGE OF INTERNATIONAL ECONOMIC COMPETITION, WE CANNOT AFFORD TO SHIELD OURSELVES FROM COMPETITION -- OR TO LOSE THE VAST BENEFITS THAT FREE AND FAIR TRADE WILL PRODUCE. WE WILL USE THE FAST-TRACK PROCEDURES TO PURSUE THREE VITAL TRADE AGREEMENTS: THE URUGUAY ROUND OF GATT TALKS, THE NORTH AMERICAN FREE TRADE AGREEMENT, AND THE ENTERPRISE FOR THE AMERICAS INITIATIVE. THESE AGREEMENTS WOULD OPEN THE WORLD TO AMERICAN PRODUCTS -- AND WOULD CREATE FANTASTIC OPPORTUNITIES FOR AMERICAN BUSINESSES.//

WE ALSO WANT TO CREATE A WORKFORCE THAT CAN PROPEL AMERICA INTO THE 21ST CENTURY; TO MAKE THAT 100 YEARS THE NEXT AMERICAN CENTURY. OUR AMERICA 2000 STRATEGY FOR EDUCATION LAYS OUT A SERIES OF BOLD CHALLENGES: TO CREATE BETTER AND MORE ACCOUNTABLE SCHOOLS THAT PARENTS CAN CHOOSE; TO REINVENT THE AMERICAN SCHOOL BY DEVELOPING A NEW GENERATION OF AMERICAN SCHOOLS; TO TURN OUR LAND INTO A NATION OF STUDENTS -- AND ME INTO A COMPUTER GENIUS; // AND TO CREATE COMMUNITIES WHERE LEARNING CAN HAPPEN.

I UNDERSTAND THE VITAL IMPORTANCE OF A WELL-EDUCATED WORKFORCE TO THE SMALL BUSINESS SECTOR IN PARTICULAR. YOU DEPEND ON SCHOOLS TO EDUCATE OUR KIDS: YOU DON'T HAVE THE RESOURCES TO PROVIDE REMEDIAL EDUCATION. YOU DEPEND ON SCHOOLS TO PROVIDE SENSIBLE MEASURES OF EDUCATIONAL ACHIEVEMENT. THAT'S ONE OF THE REASONS WE ARE DEVELOPING A SERIES OF VOLUNTARY NATIONAL ACHIEVEMENT TESTS.

I'LL BE TALKING TODAY TO GROUPS THAT ARE HELPING US DEVELOP SOUND EDUCATIONAL GOALS AND MEASUREMENTS. YOU CAN BE SURE I'LL STRESS THAT THEIR BUSINESS WILL GIVE A BIG BOOST TO AMERICA'S BUSINESSES.

BUT IT'S NOT ENOUGH JUST TO ENCOURAGE GROWTH. GOVERNMENT'S SECOND ROLE MUST BE TO REMOVE SOME OF THE OBSTACLES IT HAS CREATED. REGULATIONS COST THE ECONOMY AT LEAST 185 BILLION -- THAT'S BILLION -- DOLLARS LAST YEAR. THAT'S \$1,700 FOR EVERY TAXPAYER. THE GOVERNMENT GENERATED 5.3 BILLION HOURS' WORTH OF PAPERWORK DURING THE SAME PERIOD. I THINK WE CAN ALL AGREE -- WE DON'T NEED THIS MUCH PAPERWORK. *AP* [MAYBE THE SURGEON GENERAL COULD PUT A WARNING LABEL ON THE FEDERAL REGISTER: DO NOT ATTEMPT TO LIFT THIS UNLESS YOUR LAST NAME IS SCHWARZENEGGER.]

THE VICE PRESIDENT'S COUNCIL ON COMPETITIVENESS HAS ZEROED IN ON REGULATIONS THAT TURN WOULD-BE EDISONS INTO PAPER-PUSHERS. IT HELPS WEIGH THE COSTS AND BENEFITS OF REGULATION -- SO THAT WHEN THE GOVERNMENT ISSUES RULES, THEY WILL PRODUCE MORE BENEFITS THAN RED TAPE.//


HEALTH CARE COSTS ALSO HAVE BECOME A MAJOR FACTOR FOR MANY BUSINESSES. ALTHOUGH SOME PEOPLE THINK IT MAKES SENSE TO ESTABLISH OUR OWN BRAND OF FEDERALLY MANDATED NATIONAL MEDICAL CARE, I DISAGREE STRONGLY. WE HAVE OFFERED SOME REFORMS TO HOLD DOWN MEDICAL COSTS -- WITHOUT REDUCING THE AMOUNT OF AVAILABLE MEDICAL CARE. SOME ENCOURAGE PEOPLE TO TAKE CARE OF THEMSELVES. OTHERS ENCOURAGE PEOPLE TO RESOLVE DISPUTES WITH DOCTORS -- INSTEAD OF HAULING EVERYONE INVOLVED OFF TO COURT. TOO MANY OF OUR MEDICAL DOLLARS GO TO PAY OFF LAWYERS. OUR MEDICAL MONEY OUGHT TO PAY FOR HEALING -- NOT SUING.


AP

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AP

THIRDLY, THIS ADMINISTRATION WILL FIGHT LEGISLATIVE PROPOSALS THAT THREATEN SMALL BUSINESS -- THAT THREATEN THE HEART AND SOUL OF OUR ECONOMIC SYSTEM.

WE WILL RESIST MANDATED BENEFITS PROGRAMS.  YOU KNOW THEM ALL TOO WELL -- WASHINGTON'S ONE-SIZE-FITS-ALL SOLUTIONS TO PROBLEMS THAT COME IN ALL SIZES AND SHAPES. //

WE WILL OPPOSE STRIKER REPLACEMENT LEGISLATION.  THE BILLS IN CONGRESS COULD HAVE CATASTROPHIC CONSEQUENCES FOR SMALL BUSINESSES -- REGARDLESS OF WHETHER THEY HAVE UNION REPRESENTATION. AS YOU KNOW, SMALL BUSINESSES CREATE MOST OF OUR JOBS. A SURVEY PUBLISHED JUST LAST WEEK SHOWED THAT FIRMS WITH 100 OR FEWER EMPLOYEES GENERATE 58 PERCENT OF OUR NEW JOBS. //

FINALLY, WE WILL FIGHT FOR A CIVIL RIGHTS BILL THAT PURSUES THE CAUSE OF CIVIL RIGHTS -- THE CAUSE OF EQUAL OPPORTUNITY. OUR CIVIL RIGHTS PACKAGE TAKES DEAD AIM AT THOSE WHO DISCRIMINATE UNFAIRLY. BUT IT ALSO ENCOURAGES PEOPLE TO WORK TOGETHER, RATHER THAN EMPLOYING QUOTAS OR OTHER DEVICES THAT, IN THE NAME OF EQUALITY, INVITE PEOPLE TO SQUABBLE AND FEUD.

I HAVE BEEN ACCUSED BY SOME OF "PLAYING POLITICS" WITH THE ISSUE. FRANKLY, IT'S THE OTHER WAY AROUND -- AND IT HAS BEEN FOR SOME TIME.

MY OPPONENTS WON'T EVEN CONSIDER MY CIVIL RIGHTS BILL. THEY KEEP CHANGING THEIRS TO ATTRACT VOTES. THEIR OBVIOUS MOVE TO CONVERT THE BILL INTO A "WOMEN'S ISSUE" IS JUST PURE POLITICS -- A POLITICS OF SELECTIVE INCLUSION AND EXCLUSION. OUR BILL WOULD PROPERLY PROTECT WOMEN'S RIGHTS -- EVERYONE'S RIGHTS.

THE BELTWAY INTEREST GROUPS AND THEIR SPOKESPERSONS WANT TO MAKE ME ACCEPT OR VETO A QUOTA BILL. THE FACT IS, WE HAVE TRIED TO COMPROMISE, BUT NOT TO ACCEPT QUOTAS. AT ONE POINT LAST YEAR, WE HAD AN AGREEMENT THAT WOULD BRING ALL SIDES TOGETHER. BUT THE BELTWAY INTEREST GROUPS REFUSED: THEY WANTED A POLITICAL WIN.

WE HAVE A GOOD RECORD ON CIVIL RIGHTS. WE HAVE A GOOD HISTORY OF FAIR PLAY. I WANT A FAIR, STRONG ANTI-DISCRIMINATION BILL THAT WILL GUARANTEE WORKER'S RIGHTS, WOMEN'S RIGHTS -- WORKPLACE RIGHTS -- BUT WILL NOT CREATE QUOTAS. *JP* I WANT A BILL THAT WILL HELP ALL WORKING MEN AND WOMEN -- NOT ONE THAT WILL PRODUCE A BONANZA FOR AVARICIOUS LAWYERS.

TODAY, YOU HAVE MY WORD: WHATEVER HAPPENS TO THIS BILL, I WILL CONTINUE TO WORK FOR RACIAL HARMONY AND FAIR PLAY -- AND AGAINST DISCRIMINATION IN THE WORKPLACE.

WE WANT TO BUILD A SOCIETY OF SHARED HOPES AND HELPING HANDS -- A SOCIETY IN WHICH ALL BENEFIT FROM GROWTH AND PROSPERITY. WE WANT TO MAKE THIS KIND OF SOCIETY -- A GOOD SOCIETY -- THE HALLMARK OF OUR ADMINISTRATION.

IN CLOSING, LET ME SAY THAT THIS ADMINISTRATION WILL NOT WAVER IN ITS DEVOTION TO FREE ENTERPRISE. ALL OF US HERE KNOW THAT NO EXPERIENCE CAN MATCH THE SCARY THRILL OF STRIKING OUT AND STARTING A BUSINESS. NOTHING BETTER TESTS YOUR METTLE.

AS WE PREPARE TO LAUNCH OURSELVES INTO THE NEXT AMERICAN CENTURY, WE MUST DO THE THREE THINGS I HAVE OUTLINED TODAY: WE MUST ENCOURAGE ENTERPRISE; SWEEP AWAY UNNECESSARY BARRIERS TO GROWTH; AND FEND OFF ATTEMPTS TO PLACE CHAINS ON ENTREPRENEURS.

WE WANT A FREE SOCIETY, A JUST SOCIETY, A FAIR SOCIETY. BUT WE ALSO WANT A SOCIETY BRIGHTENED BY GROWTH AND HOPE.

YOU PROMOTE THAT DREAM EVERY DAY. AND WE WILL  
ENCOURAGE YOU EVERY STEP OF THE WAY.

THANK YOU. GOD BLESS YOU. AND GOD BLESS THE  
UNITED STATES OF AMERICA.

# # # #

*Staffed*

SNOW/SIMON  
DRAFT ONE  
NFIB.TS  
MAY 29, 1991  
5:00 P.M.

PRESIDENTIAL ADDRESS: NATIONAL FEDERATION OF IND. BUSINESSES  
HYATT REGENCY CAPITOL HILL  
MONDAY, JUNE 3, 1991  
1:00 P.M.

[Introductory acknowledgments]

Let me warn you, I gave four commencement addresses last week. If I lapse into saying things like, "Your future lies ahead of you," or "You're at a crossroads in your life," you'll know why.

Actually, my favorite commencement line of all comes from Woody Allen. That's right: Woody Allen. He once told a graduating class, "Mankind is at a crossroads. Down one path is despair and utter hopelessness. Down the other: total destruction.

"Let us hope your generation has the wisdom to choose correctly."

Well, I don't have to worry about that here. You offer something other than hopelessness, destruction and despair. You create opportunity and hope.

You also have played a leading role in helping this administration advance the cause of free markets and economic growth. Thanks for your support in helping us win some important victories in Congress -- ~~victories~~ *victories* for our Persian Gulf efforts -- ~~victories~~ *victories* in pushing back mandated parental leave and pushing

*Chicago  
Tribune  
11-5-89  
see  
file*

for comprehensive and fair child care. // And thanks for helping persuade Congress to preserve a crucial device for securing free and fair international trade -- our fast track trade procedures.

But this nation owes you a second kind of thanks: Thanks for pushing us forward with new products, new enterprises, new ideas -- for supplying the grist upon which our economy operates.

*Bantlett's*  
*see file*  
Calvin Coolidge once told a gathering of newspaper editors that "The chief business of the American people is business."

That much maligned quote contains an important truth. We are an enterprising people, and our economy thrives because people with ideas establish businesses like yours. They risk their money. They risk their comforts. They risk failure. And they achieve greatness.

The government can help advance the cause of economic freedom in three ways. First, it can promote it.

*Growth agenda*  
*fact sheet*  
*4-9-91*  
Our economic growth package offers a series of positive inducements to growth. We want to bring down the long-range differential on capital gains. That reform won't just reduce the cost of capital; it will encourage investors to risk money on new businesses.

*Paul*  
*Craig*  
*Roberts*  
*Wash. Times*  
*3-12-91*  
It also will encourage people to sell assets that might be put to better use. This includes real estate. Some economists estimate that a significant reduction in the capital gains tax could cut billions of dollars from the cost of our Savings and

Loan rescue plan.

This administration also is determined to put a lid on federal spending. Last year's controversial budget agreement let Congress increase spending significantly over a three year period, in exchange for real, long-term caps on spending. You now see members of Congress trying to retreat from the spirit of that agreement, urging us to raise taxes and buy political pork. No way: Congress should honor its word. If it doesn't, I will veto bills that violate the accord. //

Our growth package also includes a comprehensive set of banking reforms. These are designed not just to bring our banking system up-to-date and to let our banks compete with financial institutions the world. They also will enable regulators to ensure that we don't see the kind of financial chaos we have suffered through in recent years.

This administration believes in free and fair trade. We sought fast-track trade procedures because we want to press forward with three absolutely vital trade agreements. The Uruguay Round of GATT negotiations could generate the most far-reaching free-trade system the world has ever known.

The North American Free Trade Agreement would create the largest unified market in the world: \$6 trillion in annual output, 360 million consumers, and unlimited potential for productivity. And the Enterprise for the Americas Initiative would let us extend the blessings of free trade to our Central and South American neighbors.

growth  
agenda  
book  
sheet  
4-9-91

Joint  
Statement  
2-5-91

And we want to create a workforce that can propel America into the 21st Century; to make that 100 years the next American Century. Our America 2000 strategy for education lays out a series of bold challenges: to create better and more accountable schools; to reinvent the American school by developing a new generation of American schools; to turn our land into a nation of students -- and me into a computer genius; and to create communities where learning can happen.

But it's not enough just to encourage growth. We in government also must remove some of the obstacles we have created. The Vice President's Council on Competitiveness has zeroed in on regulations that turn would-be Edisons into paper-pushers. It weighs the costs and benefits of regulation -- and challenges rules that produce more red tape than results.

Regulations cost the economy at least 185 billion -- that's billion -- dollars last year -- \$1,700 for every taxpayer. The government generated 5.3 billion hours' worth of paperwork during the same period. I think we can all agree -- we don't need this much paperwork. [[Maybe the Surgeon General could put a warning label on the Federal Register: Do not attempt to lift this unless your last name is Schwarzenegger.]] We can do better -- and we will.

Health care costs also have become a major factor for many businesses. Although some people think it makes sense to establish our own brand of national medical care, I disagree. We have offered some reforms that represent a good beginning in the

Am. 2000  
Ed.  
Strategy

Dept. of  
Ed.

David  
McIntosh  
OVP  
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quest to hold down medical costs without reducing the amount of available medical care. We have designed programs that encourage people to take care of themselves -- and others that encourage people to resolve disputes with doctors without hauling doctors, insurance companies and others into court. Right now, too many of our medical dollars go to pay off the lawyers. Our medical money ought to pay for healing -- not suing.

Finally, this administration will fight against legislative proposals that threaten small business -- that threaten the heart and soul of our economic system.

We will resist mandated benefits programs. You know them all too well -- the one-size-fits-all solutions sent from Washington to places that face problems of all sizes and shapes. Mandated benefits laws place disproportionate burdens on small businesses, the businesses that create most of our new jobs.

We will resist striker replacement legislation. The striker-replacement bills making their way through Congress could have catastrophic consequences for small businesses -- regardless of whether they have union representation.

Finally, we will fight for a civil rights bill that pursues the cause of civil rights -- the cause of equal opportunity. Our civil rights package takes dead aim at those who discriminate unfairly. But it also encourages people to work together, rather than employing quotas or other devices that, in the name of equality, invite people to squabble and feud. We want to build a society of shared hopes and helping hands -- a society in which

Liability  
Reform fact sheet  
5-15-91

all benefit from growth and prosperity. We want to replace a nation divided by litigation with a society bound by cooperation.

In closing, let me say that this administration will not waver in its devotion to the ideal of free enterprise. All of us here know that no experience can match the scary thrill of striking out and starting a business. Nothing better tests your mettle. Nothing gives you quite as much of a charge -- and that includes certain kinds of heart medicine.

As we prepare to launch ourselves into the next American Century, we must work to do the three things I have outlined today: We must encourage enterprise; we must sweep away unnecessary barriers to growth; and we must fend off attempts to place new chains on our entrepreneurs.

We want a free society, a just society, a fair society, a good society. But we also want a society brightened by growth and hope.

You promote that dream every day. And we will encourage you every step of the way.

Thank you. God bless you. And God bless the United States of America.

# # # #

May 31, 1991

MEMORANDUM FOR TONY SNOW

FROM: BOB SIMON

SUBJECT: NFIB PARENTAL LEAVE SURVEY

In a poll of NFIB members conducted by Gallup in April, 1991, 93% of these business owners routinely handled requests for unpaid family leave. Over 90% of requests for leave were granted. Ironically, about half of those surveyed said they would be likely to reduce other benefits, hire fewer low-skilled workers and hire less young women if the law required unpaid family leave.

**NFIB  
NEWS**



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# SMALL BUSINESS AND FAMILY LEAVE

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**A GALLUP/NFIB SURVEY OF  
950 SMALL BUSINESSES**

**Hold for Release Until 2 p.m. Monday, May 6, 1991**

*Bob  
FYT*

**Contact: Terry Hill (202) 554-9000**

# NFIB SURVEY ON PARENTAL LEAVE

The following are the results of a telephone survey conducted by the Gallup Organization during the weeks of March 25 through April 19 across a sample of 950 small and independent business owner members of the National Federation of Independent Business. The sample was subdivided into four groups [businesses with 2-14 employees, 15-49 employees, 50-99 employees, and 100 employees or more]. The purpose of the subsamples was to obtain sufficient responses from owners of larger small firms to make observations about various sized businesses.

Survey results are presented in three ways. The column "Sm(all) Bus(iness) W(ei)ghted Total" contains the survey results weighting each subsample for its proportionate share of the total small business population. The weights applied were: 2-14 employees = 84.4%, 15-49 employees = 11.1%, 50-99 employees = 2.6%, and 100 employees or more = 1.9%. The column, "Empl(o)ye(e) W(ei)ghted Total," contains the survey results weighting each subsample for its proportionate share of people employed in small businesses. The weights applied were 27.5%, 50-99 employees = 14.3%, and 100 employees or more = 29.5%. The weights were developed from the Small Business Data Base. (See, *The State of Small Business, 1990*, Office of Advocacy, Small Business Administration, pp. 74-75 and 124-125.) Finally, the unweighted total response, "Survey Total" column, is presented for questions 2 through 8. The reason for this form of presentation is that the number of respondents to these questions was so small that weighting responses could provide misleading data. Therefore, the results of questions 2 through 8 should be considered no more than suggestive.

Empl\* = employee size of business

	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*	Sm Bus Wghted Total	Empl Wghted Total
<b>1. Do you have a policy regarding employees who request time off for a serious family illness, including the birth of a child; or, do you handle such requests for time off on a case-by case basis?</b>	n=260	n=236	n=231	n=233	n=950	n=950
1. Policy	1%	6%	14%	22%	2%	10%
2. Case-by-case	92	89	84	76	91	86
3. Never thought about it	7	5	2	1	6	4
4. Don't Know/No Answer	1	0	0	1	1	0
	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*	Survey Total	
<b>2. If "Policy" — Is the policy written and available to employees on request?</b>	n=2	n=14	n=32	n=48	n=96	
1. Yes	*%	*%	84%	98%	91%	
2. No	*	*	13	2	8	
3. Don't Know/No Answer	*	*	3	0	1	
<b>2a. Do you have a different policy for employees requesting time off to care for a sick family member and employees requesting time to deliver a child? If "Yes," which gives more time off — maternity leave or leave for a family illness?</b>	n=2	n=14	n=32	n=48	n=96	
1. Yes, maternity leave is more generous	*%	*%	25%	31%	31%	
2. Yes, leave for family illness is more generous	*	*	0	10	6	
3. No/About the same	*	*	66	53	57	
4. Don't Know/No Answer	*	*	9	6	6	
<b>3. Which <u>best</u> describes your policy on such matters? Is it that:</b>	n=2	n=14	n=32	n=48	n=96	
1. An employee can come back to work when he or she is ready	*%	*%	22%	33%	31%	
2. Time off is given, but it is limited	*	*	69	58	62	
3. No Time off is given, but you try to rearrange the employee's schedule or duties	*	*	3	4	3	
4. No time off given	*	*	0	0	0	
5. Don't Know	*	*	6	2	4	
<b>4. If limited leave given — What is the limit? (Open)</b>	n=1	n=8	n=22	n=28	n=59	
1. Less than one week	*%	*%	4%	4%	5%	
2. A week to a month	*	*	14	18	17	
3. One to three months	*	*	59	32	41	
4. Three months or more	*	*	14	28	24	
5. Don't Know/No Answer	*	*	9	18	13	

	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*	Survey Total	
<b>5. Is the time an employee spends on family leave with pay or without pay?</b>	n=2	n=14	n=29	n=44	n=89	
1. Without pay	*%	*%	70%	68%	69%	
2. With pay and/or disability	*	*	10	11	12	
3. With disability for maternity leave and without pay for a family illness or paternity leave	*	*	0	5	6	
4. (Depends on other factors, e.g., length of employment)	*	*	10	14	11	
5. Don't Know/ No Answer	*	*	10	2	2	
<b>6. How long does an employee have to be work for your firm to be eligible for family leave? (Open)</b>	n=2	n=14	n=29	n=44	n=89	
1. Less than four months	*%	*%	45%	46%	45%	
2. Four months to a year	*	*	31	27	27	
3. More than a year	*	*	14	16	18	
4. Don't Know/No Answer	*	*	10	11	10	
<b>7. Does your family leave policy apply identically to male and female employees?</b>	n=2	n=14	n=29	n=44	n=89	
1. Yes, Identically	*%	*%	87%	84%	86%	
2. Identical for family illness; different for birth of a child	*	*	7	2	3	
3. No, different for males and females	*	*	0	9	6	
4. Family leave for males has never been an issue	*	*	3	5	4	
5. Don't Know/No Answer	*	*	3	0	1	
<b>8. Why did you establish a family leave policy? Was it because:</b>	n=2	n=14	n=32	n=48	n=96	
1. You had so many requests for leave that you needed a policy	*%	*%	6%	6%	6%	
2. A state law or regulation forced you to	*	*	9	8	7	
3. You established a policy to avoid potential problems	*	*	25	42	38	
4. It was part of a union contract or labor negotiation	*	*	3	4	4	
5. To use as a benefit to attract employees	*	*	31	27	27	
6. Don't Know/No Answer	*	*	3	13	9	
	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*	Sm Bus Wghted Total	Empley Wghted Total
<b>9. If you handle requests for time off on an individual-by-individual basis, what factors do you use (or would you use) to determine whether to give leave or how much leave to give?</b>	n=258	n=222	n=199	n=175	n=854	n=854
<b>A. The number of prior requests the employee has made for time off</b>						
1. Very Important	35%	37%	32%	32%	35%	34%
2. Important	44	42	46	46	44	44
3. Not Too Important	11	15	14	15	12	14
4. Not At All Important	5	4	7	5	4	5
5. Don't Know/No Answer	5	2	1	2	5	3
<b>B. The length of time the employee has worked for you</b>						
1. Very Important	26%	29%	28%	25%	27%	27%
2. Important	47	47	48	51	47	48
3. Not Too Important	17	16	18	17	17	17
4. Not At All Important	8	6	5	7	7	7
5. Don't Know/No Answer	2	1	2	0	2	1

	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*	Sm Bus Wghted Total	Emplye Wghted Total
<b>C. Whether the business is busy at the time</b>						
1. Very Important	38%	38%	31%	29%	38%	34%
2. Important	42	37	35	43	41	40
3. Not Too Important	12	18	26	18	14	18
4. Not At All Important	6	6	8	8	6	7
5. Don't Know/No Answer	2	0	0	2	1	1
<b>D. The difficulty of replacing the employee</b>						
1. Very Important	39%	35%	33%	33%	38%	35%
2. Important	35	40	39	41	36	39
3. Not Too Important	17	16	16	18	17	17
4. Not At All Important	6	7	9	8	6	7
5. Dont' Know/No Answer	3	2	3	0	3	2
<b>E. The seriousness or nature of the employee's family situation</b>						
1. Very Important	46%	47%	44%	42%	46%	45%
2. Important	43	45	45	51	43	46
3. Not Too Important	5	4	5	3	5	4
4. Not At All Important	4	2	4	3	4	3
5. Don't Know/No Answer	3	2	3	1	2	2
<b>F. The employee's value to the business</b>						
1. Very Important	44%	49%	49%	46%	45%	46%
2. Important	47	41	38	42	46	43
3. Not Too Important	4	5	6	7	5	6
4. Not At All Important	3	3	5	4	3	4
5. Don't Know/No Answer	2	2	2	1	1	1
<b>G. The amount of time the employee intends to take</b>						
1. Very Important	43%	43%	42%	37%	43%	41%
2. Important	44	42	49	53	44	47
3. Not Too Important	7	12	5	7	7	8
4. Not At All Important	3	2	4	3	3	3
5. Don't Know/No Answer	3	1	0	0	3	1
<b>10. If a typical employee, someone working for the average wage, average job tenure, etc., asked you tomorrow for indefinite time off to care for a seriously ill child or parent, what would you be most likely to say? Would you say:</b>						
	n=258	n=222	n=199	n=175	n=854	n=854
1. You can have time off; your job will be here when you come back	23%	21%	18%	23%	23%	22%
2. You can have time, but I can't hold your job open indefinitely	45	49	56	56	46	51
3. I can't give you more than a day or two off, but let's try to rearrange your schedule	16	16	13	10	16	14
4. At most I can give you a day or two, but I have to have someone in the job	11	9	10	6	11	9
5. Don't Know/No Answer	4	5	3	5	4	4
<b>11. If the law required you to provide unpaid family leave of up to 90 working days a year, how would change the way you currently handle requests for family leave</b>						
	n=252	n=234	n=231	n=223	n=940	n=940
1. Generally increase the amount of time off	17%	26%	29%	38%	19%	28%
2. Generally decrease the amount of time off	25	17	19	8	23	17
3. Increase time off for some and decrease for others	13	16	11	11	13	13
4. (Nothing/Wouldn't change much of anything)	29	29	29	30	30	29
5. Don't Know/No Answer	15	13	11	13	15	13

	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*	Sm Bus Wghted Total	Emplye Wghted Total
<b>12. If the law required you to provide unpaid family leave of up to 90 working days a year, would you be more likely or less likely to:</b>	n=260	n=236	n=231	n=223	n=950	n=950
<b>A. Require a doctor's excuse or other documentation before granting leave</b>						
1. More Likely	74%	82%	84%	82%	76%	80%
2. Less Likely	12	7	2	4	11	7
3. (No More or Less Likely)	13	10	14	14	13	13
4. No Answer	1	1	0	0	0	0
<b>B. Hire young women</b>						
1. More Likely	12%	4%	6%	5%	11%	7%
2. Less Likely	46	42	38	32	45	40
3. (No More or Less Likely)	39	51	53	59	41	50
4. No Answer	3	1	3	4	3	3
<b>C. Reduce or eliminate other employee benefits such as paid vacations, unpaid personal leave or health insurance</b>						
1. More Likely	55%	50%	52%	46%	55%	51%
2. Less Likely	17	16	14	18	16	17
3. (No More or Less Likely)	24	31	30	33	25	29
4. No Answer	4	3	3	3	4	3
<b>D. Reduce the number of jobs for low-skilled workers</b>						
1. More Likely	48%	37%	34%	31%	46%	38%
2. Less Likely	18	20	19	17	18	19
3. (No More or Less Likely)	29	39	45	47	31	40
4. No Answer	5	4	2	5	5	4
<b>13. Within the last three years, have you had an employee request time off for a serious family illness or to give birth?</b>	n=260	n=236	n=231	n=223	n=950	n=950
1. Yes	29%	60%	73%	78%	34%	59%
2. No	71	40	27	21	66	41
3. Don't Know/No Answer	0	0	0	1	0	0
<b>14. If Yes — About how many times has it occurred in the last three years? (Open)</b>	n=75	n=142	n=168	n=175	n=560	n=560
1. Once	39%	25%	13%	5%	36%	22%
2. Two to three	43	45	35	21	42	38
3. Four to five	6	10	17	12	7	11
4. Six to nine	7	13	15	12	8	11
5. 10 or more	2	6	15	34	4	15
6. Don't Know/No Answer	3	1	5	6	3	3
<b>15. Think of the most recent instance. Did it involve a serious family illness or birth?</b>	n=75	n=142	n=168	n=175	n=560	n=560
1. Serious family illness	70%	46%	39%	33%	66%	48%
2. Birth	29	53	60	65	33	51
3. Don't Know/No Answer	1	1	1	2	1	1
<b>16. What best describes how you handled the request for family leave?</b>	n=75	n=142	n=168	n=175	n=560	n=560
1. Granted the request	95%	89%	87%	93%	94%	92%
2. Scaled back the time off requested, but gave leave	0	7	8	5	1	5
3. Rearranged the schedule and duties, but didn't give time off	4	1	4	0	4	2
4. Denied the request	0	0	1	1	0	0
5. Don't Know/No Answer	1	2	1	1	1	1

	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*	Sm Bus Wghted Total	Empl Wghted Total
<b>17. If leave given — How did you make up for the employee's absence? Did:</b>	n=71	n=137	n=160	n=171	n=539	n=539
<b>A. You hire a temporary employee?</b>						
1. Yes	20%	32%	34%	35%	22%	30%
2. No	80	67	64	65	78	70
3. Don't Know/No Answer	0	1	0	0	0	0
<b>A1. If Yes — Did that temporary employee eventually draw unemployment benefits?</b>	n=14	n=44	n=55	n=59	n=172	n=172
1. Yes	*%	7%	15%	8%	7%	8%
2. No	*	89	75	72	80	79
3. Don't Know/N/A	*	4	10	20	13	13
<b>B. You have other employees cover or work more hours?</b>	n=71	n=137	n=160	n=171	n=539	n=539
1. Yes	79%	85%	91%	87%	80%	85%
2. No	20	15	9	13	19	15
3. Don't Know/No Answer	1	0	0	0	1	0
<b>C. You or a family member of yours work more hours?</b>						
1. Yes	93%	55%	43%	32%	86%	57%
2. No	7	45	57	68	14	43
3. Don't Know/No Answer	0	0	0	0	0	0
<b>D. The work did not get done; it was postponed</b>						
1. Yes	34%	26%	24%	24%	32%	27%
2. No	66	74	76	75	68	73
3. Don't Know/No Answer	0	0	0	1	0	0
<b>E. You sent the work to another firm to be done</b>						
1. Yes	7%	4%	6%	2%	7%	5%
2. No	93	96	94	97	93	95
3. Don't Know/No Answer	0	0	0	1	0	0
<b>F. You limited the amount of business you accepted for awhile</b>						
1. Yes	23%	8%	8%	6%	20%	11%
2. No	76	92	92	94	79	89
3. Don't Know/No Answer	1	0	0	0	1	0
<b>G. You reduced customer services — made fewer sales calls, etc.</b>						
1. Yes	31%	14%	17%	12%	28%	19%
2. No	69	85	83	88	72	81
3. Don't Know/No Answer	0	1	0	0	0	0
<b>18. What was the principal problem caused by the employee's absence?</b>	n=71	n=137	n=160	n=171	n=539	n=539
1. Finding a temporary replacement	6%	1%	7%	5%	5%	4%
2. Increased workload for others	37	33	35	31	36	34
3. Cost of maintaining benefits and paying the replacement	6	4	4	6	5	5
4. Training the replacement	3	8	8	12	3	8
5. Lost productivity/disruption of work or client relationship	20	13	10	12	19	14
6. Shifting workers around to fill in	17	30	29	26	19	25
7. None/No real problems	11	6	2	4	10	6
8. Other	0	5	8	4	1	4
9. Don't Know/No Answer	0	0	0	0	0	0

	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*	Sm Bus Wghted Total	Emplye Wghted Total
<b>19. Did you continue to pay all or part of the absent employee's health insurance premium?</b>	n=71	n=137	n=160	n=171	n=539	n=539
1. Yes	45%	72%	72%	82%	50%	67%
2. No	10	4	9	6	9	7
3. Employee not covered by health insurance	45	23	18	10	41	25
4. No Answer	0	1	1	3	0	1
<b>20. When family leave was given in the last three years, did an employer ever:</b>	n=75	n=148	n=168	n=175	n=566	n=56
<b>A. Not use the leave for the intended purpose</b>						
1. Yes	15%	8%	17%	14%	14%	13%
2. No	83	85	76	78	83	81
3. Don't Know/No Answer	2	8	7	8	3	6
<b>B. Quit just before he or she was supposed to return</b>						
1. Yes	8%	21%	37%	37%	11%	24%
2. No	91	78	61	61	88	74
3. Don't Know/No Answer	1	1	2	3	1	2
<b>C. Use the family illness as an excuse to get out of things at work they didn't want to do</b>						
1. Yes	19%	14%	23%	18%	18%	18%
2. No	77	81	75	76	78	78
3. Don't Know/No Answer	4	5	2	6	4	4
<b>D. Stay out longer than necessary</b>						
1. Yes	25%	23%	31%	25%	25%	25%
2. No	74	73	64	69	73	71
3. Don't Know/No Answer	1	5	5	6	2	4
<b>21. Suppose an employee quit his or her job to care for a sick family member or to give birth. Would you be likely to rehire that person when a job opened for which he or she is qualified?</b>	n=260	n=236	n=231	n=223	n=950	n=950
1. Yes, likely	74%	68%	71%	73%	73%	72%
2. No, unlikely	7	10	7	5	7	7
3. Totally dependent on prior employee performance and other job applicants	18	22	19	20	19	20
4. No Answer	1	0	2	2	1	1
<b>22. What if the government required employers to notify such former employees of any job opening for which they are qualified? Would you favor or oppose such a law?</b>	n=260	n=236	n=231	n=223	n=950	n=950
1. Favor	20%	14%	10%	6%	19%	13%
2. Oppose	76	83	85	92	77	84
3. (Don't Care)	3	2	3	1	3	2
4. No Answer	1	1	2	1	1	1
<b>23. Please tell me a little about the people working for you. How many employees work: (Open)</b>	n=260	n=236	n=231	n=223		
A. Full-time (ave)	5	24	57	154		
B. Part-time (ave)	1	9	34	48		
<b>24. How many are:</b>						
A. Full-time employ-under the age of 40 (ave)	1	4	15	45		
B. Part-time employee are women under the age of 40 (ave)	1	3	14	28		

	2-14 Empl*	15-49 Empl*	50-99 Empl*	100+ Empl*
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**25. How many are:**

A. Full-time employees are paid less than, or within a few cents of, the minimum wage (ave)

1	1	2	5
---	---	---	---

B. Part-time employees are paid less than, or within a few cents of, the minimum wage (ave)

1	3	7	16
---	---	---	----

**Demographic information —**

Sex (interviewer designation)

1. Male	79%	84%	87%	86%
2. Female	21	16	13	14

Please tell me how old you are?

1. < 30	4%	4%	0%	3%
2. 30 thru 39	24	22	22	20
3. 40 thru 49	31	31	27	35
4. 50 thru 59	25	22	32	22
5. 60+	15	20	19	20
6. No Answer	1	0	0	0

State (member data)

SIC (member data)

THE WHITE HOUSE  
Office of the Press Secretary

For Immediate Release

April 9, 1991

**THE PRESIDENT'S ECONOMIC GROWTH AGENDA**

**FACT SHEET**

The President believes that a strong, growing, and dynamic economy enhances job creation and opportunity for all Americans. The Administration is pursuing an economic growth agenda built around four principles:

- Encouraging Savings and Investment
- Opening New Opportunities in International Markets
- Promoting an Educated and Dynamic Workforce
- Reducing the Burden of Government Regulation

**I. ENCOURAGING SAVINGS AND INVESTMENT**

The President is committed to creating conditions that foster long-term, market-driven economic growth. The Administration is taking important steps to lower the cost of capital and to encourage entrepreneurship, savings, investment, and innovation. The President is pursuing policies that will lower the barriers to the formation of productive capital and ensure that our physical, human, and technological infrastructure remains the finest in the world.

**A. Reducing the Cost of Capital**

**Controlling Government Borrowing**

The President is committed to controlling Federal government spending. Last year's budget agreement will decrease the Federal government's borrowing requirements by nearly \$500 billion over the next five years. The agreement's spending caps set limits for discretionary spending while a pay-as-you-go system will force new mandatory spending to be offset by revenue increases or reductions in other programs.

### Increasing Private Savings and Investment in the Economy

The President has repeatedly called for a reduction in the capital gains tax rate and has asked Federal Reserve Chairman Alan Greenspan to lead a technical study of the economic effects of the capital gains reduction.

The Administration's Fiscal Year 1992 Budget also includes proposals for Family Savings Accounts which will create needed incentives to save and penalty-free IRA withdrawals for first-time home buyers.

### Encouraging an Innovative and Sound Financial System

The Administration's financial industry reform package will help ensure the continued strength of our Nation's financial system. Comprehensive banking reform will modernize our outdated banking laws, protect taxpayers and depositors, help alleviate tight credit conditions, and make our financial institutions more competitive at home and abroad.

## **B. Investing in Infrastructure and Research and Development**

### Revitalizing our Transportation Infrastructure

The Administration is proposing a significant increase in Federal highway spending, from \$14.6 billion in 1991 budget authority to \$20.3 billion in 1996. On a cumulative basis, almost \$88 billion will be provided for highway construction and rehabilitation over the next five years. The Administration is also proposing a 17 percent increase in budget authority for our Nation's aviation systems.

### Expanding Research and Development

The President's FY 1992 budget includes \$76 billion for research and development, an \$8.4 billion (13 percent) increase over 1991 levels. To encourage private sector R&D, the President supports the permanent extension of the Research and Experimentation Tax Credit.

### Implementing the National Energy Strategy

The President transmitted his National Energy Strategy to the Congress in February. The Strategy is a comprehensive and balanced plan for a secure,

efficient, and environmentally sound energy future. Over the next two decades, the Strategy will remove unnecessary barriers to market forces so that ample supplies of affordable energy can continue to foster economic growth.

## II. OPENING NEW OPPORTUNITIES IN INTERNATIONAL MARKETS

Throughout the postwar period, the United States has led the world toward a system of free trade and open markets. The benefits of global economic integration and expanded international trade have been enormous, at home and abroad. The President and his Administration are aggressively working with the Congress to remove the remaining barriers to international trade and investment in our own hemisphere and throughout the world. Today, America is in the midst of an export boom. Merchandise exports have risen 55 percent in the last 4 years -- twice as fast as imports. Continuation of fast track authority for congressional approval of trade agreements is crucial to the President's trade strategy.

### A. Successfully Concluding the Uruguay Round Negotiations

The President's top trade priority remains the Uruguay Round negotiations of the General Agreement on Tariffs and Trade. Success in the Uruguay Round will open agricultural markets, lower or eliminate tariffs on many products, strengthen the GATT system, and extend it to cover important new areas -- such as services, investment and intellectual property -- critical to U.S. economic vitality. A strong multilateral trading system is essential to America's economic future, since it assures our businesses access to growth markets in Europe and Asia.

### B. North American Free Trade Agreement

The President has committed with Mexican President Salinas and Canadian Prime Minister Mulroney to negotiate a North American Free Trade Agreement (NAFTA). Creation of a NAFTA, with a market of some 360 million consumers and total output of \$6 trillion, would be a catalyst for economic growth and development throughout the three countries.

The U.S.-Canada Free Trade Agreement has contributed to growth in both economies in its first two years.

Bilateral trade increased approximately nine percent from 1988 to 1989 and 4.2 percent from 1989 to 1990 despite a slowdown in both economies.

**C. Advancing the Enterprise for the Americas Initiative**

The Enterprise for the Americas Initiative promises to fuel growth and prosperity throughout this hemisphere by removing barriers to trade and investment. This Initiative also aims to provide official debt reduction to countries engaged in significant economic reforms and thereby to build on the Administration's ongoing support for commercial debt reduction. Restoring Economic growth in Latin America will boost U.S. trade, since the region is a natural market for American goods, services, and investment.

**D. Challenging Unfair Trade Barriers**

The Administration is pursuing numerous bilateral initiatives aimed at persuading foreign governments to open their markets and remove unfair barriers to American goods, services, and investment. In addition, the Administration is involved in ongoing bilateral negotiations with Japan to identify and eliminate structural factors that may impede balance of payments adjustment and efficient patterns of world trade. Our policy is to address trade concerns by opening foreign markets, not by closing our own.

**E. Promoting the Nation's Exports**

The President is committed to building on these market-opening initiatives by expanding the nation's exports, a major source of growth in recent years. The Trade Promotion Coordinating Committee has for the first time brought together the resources of eighteen Federal agencies to provide one-stop shopping to U.S. businesses seeking help in exporting. As part of this effort, the Department of Commerce is sponsoring a series of seminars across the country to help prospective exporters expand overseas sales.

### III. PROMOTING AN EDUCATED AND DYNAMIC WORKFORCE

The President believes that long-term economic growth requires skilled and adaptable workers as well as modern capital and new technology. The Administration is taking important steps to ensure that American workers are well-educated and highly-skilled and that U.S. labor markets remain the world's most dynamic and flexible.

#### A. Restructuring the Education System

The President is committed to educational excellence for all Americans. He has advocated choice in education, increased flexibility in education-related funding in exchange for greater accountability, alternative certification for teachers and principals, rewards for outstanding teachers and for schools that improve their students' achievements, and innovative approaches to mathematics and science education. In partnership with the Nation's governors, the Administration is working to determine how best to measure and monitor progress toward the national education goals. The President will soon propose a new Educational Excellence Act with additional initiatives.

#### B. Maintaining Flexible Labor Markets

The President has taken a number of steps to preserve the dynamism which is the hallmark of U.S. labor markets. He has continued to oppose mandated employer benefits which will reduce the options available to employees and slow down job growth in the economy. The President supports flexible benefit packages, negotiated between employers and employees.

The President opposes recent efforts to undermine more than fifty years of balance in labor/management relations. He objects to current Striker Replacement Legislation that would prohibit employers' ability to continue operations during labor disputes through the use of permanent replacement workers. Cooperation, not confrontation, is the key to international competitiveness.

The Immigration Act of 1990, the first major reform of legal immigration in a quarter-century, will substantially increase the overall level of immigration, particularly of skilled workers. These new workers will contribute to U.S. economic growth.

**C. Improving our Job Training Efforts**

The President proposed amendments to the Job Training Partnership Act (JTPA) which would have targeted job training efforts toward severely disadvantaged adult and youth workers. In an effort to reach youth in poverty stricken inner-city neighborhoods and rural communities, a new Youth Opportunities Unlimited (YOU) Program was proposed for certain high-poverty areas. In addition, the Job Opportunities and Basic Skills Program (JOBS) allows the states flexibility in providing Aid to Families with Dependent Children (AFDC) recipients help in acquiring needed job skills. The Administration currently is preparing a JTPA bill to transmit to the 102nd Congress.

**IV. REDUCING THE BURDEN OF GOVERNMENT REGULATION**

The remarkable flexibility of the U.S. economy, which stems from its reliance on free markets, is a major national asset. Government regulations generally reduce economic flexibility and thus should have a very limited role. Where regulation is necessary, regulatory programs should pass strict cost-benefit tests and should seek to harness the power of market forces to serve the public interest, not to distort or diminish those forces.

**A. Council on Competitiveness Deregulation Task Force**

The Vice President's Council on Competitiveness has formed a task force to study deregulation's effect on the U.S. economy. This task force will examine the Federal government's role in the marketplace by studying the history and costs and benefits of regulations on a wide variety of industries: transportation, communications, energy and financial services.

**B. Biotechnology**

The Vice President's Council on Competitiveness recently released the Report on National Biotechnology Policy outlining the Administration's commitment to free market development of biotechnology products. The Report makes 15 recommendations within three broad policy areas: investing in science and technology; risk-based regulation; and a free market environment providing

capital and financial resources and protecting intellectual property rights.

C. Joint Production Ventures

The Economic Policy Council has developed a proposal which would encourage manufacturing consortia and joint ventures among industrial competitors. Currently, antitrust laws inhibit such ventures due to uncertainties regarding the risk of prosecution and private lawsuits. The current proposals would require the Justice Department and courts to consider global competition when deliberating antitrust issues.

D. Drug Approval Process Working Group

The working group has been assembled to review the FDA's drug approval process and propose operational or structural changes. This is an effort to create a more time-conscious and efficient process, especially with respect to experimental drugs, without increasing risk. Further, the group will review the condition of the U.S. pharmaceutical industry and suggest options for maintaining its health and competitive position.

E. Telecommunications

Estimates reveal deregulation in the telecommunications industry may save the U.S. economy \$45 billion per year. Despite its aggressively dynamic nature the structure, conduct and performance of this industry is still largely determined by legal and regulatory decisions and restraints. Telecommunications is critical to our nation's economic future. Unnecessary barriers and regulation must be eliminated and our regulatory policies must be balanced and market based.

- 1 Zuleika, on a desert island, would have spent most of her time in looking for a man's footprint. *Zuleika Dobson [1911], ch. 2*
- 2 She was one of the people who say "I don't know anything about music really, but I know what I like."<sup>1</sup> *Ib. 9*
- 3 Of all the objects of hatred, a woman once loved is the most hateful. *Ib. 13*
- 4 All fantasy should have a solid base in reality. *Ib. Note to 1946 edition*
- 5 I have known no man of genius who had not to pay, in some affliction or defect either physical or spiritual, for what the gods had given him. *No. 2. The Pines*
- 6 It seems to be a law of nature that no man ever is loth to sit for his portrait. *Quia Imperfectum*
- 7 To say that a man is vain means merely that he is pleased with the effect he produces on other people. A conceited man is satisfied with the effect he produces on himself. *Ib.*
- 8 Strange, when you come to think of it, that of all the countless folk who have lived before our time on this planet not one is known in history or in legend as having died of laughter. *Laughter*
- 9 The past is a work of art, free of irrelevancies and loose ends. *Comment*

Léon Blum  
1872-1950

- 10 Life does not give itself to one who tries to keep all its advantages at once. I have often thought morality may perhaps consist solely in the courage of making a choice. *On Marriage*
- 11 No government can remain stable in an unstable society and an unstable world. *À l'Échelle Humaine [1945]*

Patrick Reginald Chalmers  
1872-1942

- 12 What's lost upon the roundabouts we pulls up on the swings!  
*Roundabouts and Swings, st. 2*

<sup>1</sup>Bromide no. 1.—GELETT BURGESS, *Are You a Bromide?* [1906]  
See Thurber, 831:3.

Calvin Coolidge  
1872-1933

- 13 There is no right to strike against the public safety by anybody, anywhere, any time. *Telegram to Samuel Gompers, president of the American Federation of Labor, on the Boston police strike [September 14, 1919]*
- 14 One with the law is a majority. *Speech [July 27, 1920]*
- 15 Inflation is repudiation. *Speech at Chicago [January 11, 1922]*
- 16 The chief business of the American people is business. *Speech to the American Society of Newspaper Editors [January 17, 1925]*
- 17 They hired the money, didn't they? *Referring to the European war debts [1925]*
- 18 I do not choose to run for President in 1928.<sup>2</sup> *Statement to reporters [August 2, 1927]*
- 19 I love Vermont because of her hills and valleys, her scenery and invigorating climate, but most of all because of her indomitable people. *Address from train platform, Bennington, Vermont [September 21, 1928]*
- 20 If you don't say anything, you won't be called on to repeat it. *Saying*
- 21 He said he was against it. *On being asked what a clergyman preaching on sin had said*

Edward Gordon Craig  
1872-1966

- 22 That is what the title of artist means: one who perceives more than his fellows, and who records more than he has seen. *On the Art of the Theatre [1911]*

Paul Laurence Dunbar  
1872-1906

- 23 It is not a carol of joy or glee,  
But a prayer that he sends from his heart's  
deep core . . .  
I know why the caged bird sings!  
*Sympathy [1899], st. 3*

<sup>2</sup>See Rogers, 766:3.



5TH STORY of Level 1 printed in KWIC format.

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November 5, 1989, Sunday, FINAL EDITION

SECTION: REAL ESTATE; Pg. 1; ZONE: N

LENGTH: 1659 words

HEADLINE: Lots to earn from S&L crisis sale

BYLINE: By Steve Kerch, Chicago Tribune

DATELINE: NEW YORK

... estate is in distressed areas, so to sell or hold is one of the most politically charged issues we face.

"It's like what Woody Allen said when he was addressing a group of graduates: 'Mankind is at a crossroads,' he said. 'We can go down one of two paths: despair and utter hopelessness or total destruction. Let us hope we have the *wisdom to choose correctly.*"

BANK; INDUSTRY; LEGISLATION

NFIB OUTLINE:

I) Intro stuff: acknowledgments, jokes, etc.

II) Thanks to NFIB

A) Political help

- 1) Gulf War
- 2) Mandated Parental leave (and child care?)
- 3) Fast track

B) Economic help

- 1) The role of NFIB businesses in driving economic expansion

III) What it takes to succeed in business: government's role

A) Providing the means to succeed

- 1) policies that foster economic growth
  - a) cap gains
  - b) deficit reduction
- 2) Sound banking system
- 3) Free/fair trade regime: fast track and the other stuff

B) Removing obstacles to success

- 1) regulatory reform
- 2) striker replacement: the cold war is over; isn't it time we also declared an end to class war?
- 3) health care reform: holding down the torts
- 4) family leave: better ways to help families; social legislation as a vehicle for pitting large and small businesses against one another

IV) Rousing send-off

A) Key to strength and success of the nation in the 21st C.

- 1) next American century

B) Admonition to work together on social, economic issues....

- d) free/fair trade regime

# COMMENTARY

ED

**PAUL CRAIG ROBERTS**

## Can the economy thrive on euphoria?

If the U.S. Chamber of Commerce is correctly reading the pulse of its members, the recession is far from over.

The economy might bounce back with euphoria over the short, easy war and falling oil prices only to be pulled back down by the cumulative effect of growth-killing economic policies.

Last week, Richard Rahn, vice president and chief economist of the U.S. Chamber of Commerce, gave Congress a grim outlook on the economy. He told the Joint Economic Committee: "We foresee an economy that will not grow between now and the middle of next year. The unemployment rate will steadily rise to near 8 percent during this time."

Moreover, "What concerns us the most is not how long and deep the recession may turn out to be, but how strong and sustainable will be the eventual recovery."

The chamber's forecast contrasts with the "it's all but over" attitude of policy-makers and Wall Street. Unlike the wacky economic models that see a short, mild recession, Mr. Rahn's outlook is based partly on a poll of the chamber's business members. More businesses plan to fire workers than to hire them in the next six months, and just as many businesses expect falling sales as rising sales. A healthy economy occurs when twice as many businesses predict sales to rise than to fall.

Mr. Rahn blames the recession and the poor economic outlook on five factors: the Federal Reserve's monetary policy, ill-considered provisions in the 1986 tax reform, the Bush tax increase, increased government spending and costly new regulation.

Since August 1987 when Alan Greenspan became Federal Reserve Board chairman, bank reserves have barely increased. By holding down the growth of reserves, the Fed drove up interest rates by more than 3 percentage points during 1988 and 1989. This policy contributed to the collapse of real estate values and the failures of numerous savings and loans and banks. Even after market interest rates declined due to the weakening economy, the Fed allowed the growth in bank reserves and the money supply to continue falling.

What did we get in exchange for these economy-killing policies? Inflation increased from 4.4 percent to more than 5 percent, while the tight money policy discouraged capital formation and took growth potential out of the economy.

see ROBERTS, page G4

Paul Craig Roberts, an economist at the Center for Strategic and International Studies, is a columnist for The Washington Times.

**ALSTON CHASE**

Never is human foolishness so glaringly exposed as when mortals encounter other species. And when society seeks to formulate wildlife policies, ensuing debates inevitably transform otherwise sensible people into raving monomaniacs.

Only this insight explains the current craziness now enveloping the northern Rockies. In what must be America's longest-playing human comedy, a passel of people — park rangers, environmentalists, state officials, animal-rights advocates, ranchers and hunters — have, for nearly a decade, locked horns over policies governing the buffaloes of Yellowstone National Park. Yet the issue remains unresolved. For the buffalo — a large, woolly cowlike creature also known as the bison — excites animal passions in the body politic.

This conflict represents the triumph of politics over ecology. Behaving like wolves snarling over a caribou bone, each faction pursues narrow self-interest. Meanwhile, no one outside the scholarly community pays attention to serious environmental issues raised by the dispute.

The drama began in the early 1980s when Yellowstone buffaloes, in groups of a dozen or so, started to

*Alston Chase is a nationally syndicated columnist specializing in environmental issues.*

## Where buffalo burge

wander out of the park, grazing their way onto neighboring ranch land. Cattlemen were apoplectic. Half of these animals are infected with brucellosis, an ailment causing cows to abort. If a domestic cow gets the disease, laws require a rancher's entire herd to be quarantined.

Pushed by fearful stockmen, park and state authorities tried every means to keep bison in Yellowstone. They hazed the animals on foot and with helicopters and trucks; they built cattle guards. But the buffaloes kept coming.

Desperate, Montana officials then began to kill the escaping animals, but hunters protested. If shooting was to be done, these "sportsmen" wanted to do it. Reluctantly, officials conceded, declaring buffaloes "game animals" and allowing hunters to dispatch the offending creatures.

But this hunt outraged the public. Images of red-nosed gunmen dropping big, slow innocent animals with Winchester magnums at point-blank range were broadcast on national television. Smelling blood, animal-rights activists flocked to Montana.

Opposed to all hunting, they realized public revulsion to this gory ritual presented an opportunity to win converts to their cause. Filing suit to stop the carnage, they simultaneously mobilized for direct action. Responding to these pressures,

*A passel of people — park rangers, environmentalists, state officials, animal-rights advocates, ranchers and hunters — have, for nearly a decade, locked horns over policies governing the buffaloes of Yellowstone.*

Montana's game director, K.L. Cool, recently supported a bill ending bison hunting. This immediately outraged sportsmen, who are petitioning to have Mr. Cool fired.

Meanwhile, environmentalists use the bison's plight to advance their own agenda: more public control of lands around the park. To isolate buffaloes from cattle, one group, the Great Yellowstone Coalition, has suggested creating a new bison reserve outside the park.

While this political circus proceeds, the real ecological ailment goes untreated. Buffaloes are leaving Yellowstone, looking for food. Experiencing a population explosion, they have consumed native grasses that sustain not just themselves, but other wildlife as well. Propelling an already steep decline in biodiversity, these hoofed lawn mowers contribute to a major ecological disaster.

Yet this population explosion was ignited by the NPS itself. Yellowstone's wildlife policy, known as "natural regulation," is a tactic of doing nothing. As park buffalo specialist Mary Meagher conceded in 1973, "Bison management in Yellowstone National Park may be termed 'no management.'" So, lacking predators, bison multiplied like hamsters. During the last 24 years, herds grew nearly tenfold.

According to the mumbo jumbo that passes for Yellowstone science, this explosion was not supposed to



**BRUCE FEIN**

**SUZANNE FIELDS**

patriots who made it work." Without these patriots to make the Patriot and a lot of other things work, the Persian Gulf war could have been a disaster. But it wasn't, and there is no "disasterism." The good guys triumphed, and if triumphalism is what we're stuck with, we'll just have to show the kids how to make the best of it.

## ROBERTS

From page G1

The 1986 tax reform contained many supply-side elements that are pro-economic growth, but on balance the anti-growth "fairness" provisions predominated and helped to kill the economy. The tax reform devastated real estate values. A study by Fiscal Associates concluded that the 40 percent increase in the capital gains tax rate alone reduced the value of commercial real estate by 17 percent and residential home values by 9.2 percent.

Mr. Rahn notes that the Alternative Minimum Tax rules have resulted in a pro-cyclical tax policy, resulting in rising corporate tax liabilities during recession when profits fall. A normal tax policy cushions business from recession by reducing tax liability by more than the fall in earnings. According to orthodox fiscal policy, taxes are not supposed to be raised as the economy enters a recession. For 50 years, conventional economics has taught that such a policy is irresponsible. Yet a tax increase equivalent in its economic effects to \$30-per-barrel oil was signed into law after the economy had entered recession.

The Bush tax increase has raised the tax burden on American workers to an all-time peak. A recent Cato Institute study by William Dunkelberg and John Skorburg concludes that the "benefits" of the recent tax increase will be a 0.7 percent reduction in economic growth per annum and 400,000 fewer jobs each year.

That's the price we pay in order for the government to spend more.

Government spending at 25 percent of gross national product is up 10 percent from two years ago and is a peacetime record. A recent study of industrialized nations by

## That's the price we pay for government to spend more.

Gerald Scully shows that a 10 percent increase in government spending as a share of GNP reduces real economic growth by 1 percentage point.

Mr. Rahn told Congress that this reduction means \$55 billion in lost output in 1991 and a \$10 billion increase in the budget deficit — modest-sounding amounts, compared to the current magnitudes. However, this dampening effect on GNP compounds each year, eating away at the economy's growth ability in a variety of ways, including reduced productivity growth.

Murray Weidenbaum, a former chairman of the Council of Economic Advisers, estimates that every \$1 increase in regulatory spending raises business compliance costs by \$20. Thus, regulation kills economic growth just as effectively as high taxes and high interest rates.

Mr. Rahn notes that proponents of each new regulation, tax and dollar of spending claim specific benefits that contrast with the seemingly insignificant adverse impact on economic growth. However, the cumulative impact over time of many separate actions that raise business costs or cut into economic growth by individually small amounts is stagnation and declining opportunities for those clinging most desperately to the lower rungs of the economic ladder. With Ronald Reagan's departure, government has returned to doing what it does best — killing the economy.

Stephanie Abbajay is managing editor of *The National Interest*.

## PAUL GREENBERG

The line of wrecks stretched for two miles.

Bottles, whole cases, of Chanel perfume lay along the road.

Television sets and VCRs spilled out of the bullet-riddled trunk of a white Nissan sedan.

There were shirts still in their neat plastic wrappers.

A stuffed toy tiger.

Children's bikes in the sand.

A vacuum cleaner in the back seat of a car next to a Kalashnikov rifle.

Neat cellophane packets of men's and women's underwear in the bed of a Toyota pickup that had been outfitted with a 57mm anti-aircraft gun. Boxes of glasses and crockery, too, as if the gun crew had made a hasty stop at housewares and lingerie before hitting the road.

Silk and lace tablecloths, and a small box of delicate silver spoons all dropped from a red pickup full of AK-47s.

A white Cadillac Fleetwood was suspended from the highway's concrete divider, not far from where a T-52 tank had hit a troop truck, sending it into a small car. A bus with its windows shot out had rammed another pickup.

A Chevrolet Caprice held French perfume, soap, sacks of pearl earrings, other jewelry. A woman's watch encrusted with diamonds sparkled under the desert sun.

The inventory went on and on. As if a military army convoy had collided with a series of Wal-Mart 18-wheelers and a Tiffany's armored truck in a used car lot, hopelessly mixing everything.

Paul Greenberg is editorial page editor of the *Pine Bluff (Ark.) Commercial* and a nationally syndicated columnist.

negotiations? Mr. Beichman says it's because we are stuck on the "tread-

## Along the highway to hell

Vehicles of all varieties were strewn over the road, the shoulder, the desert, rammed into one another, overturned, simply abandoned. Not just tanks and sedans but a red fire engine, an ambulance, a blue-and-white police car somebody had fancied, a red Mercedes with the plastic covers still on the seats. . . .

A dump truck and a bright red fire truck had collided with one other in what must have been the last wild panic under attack, with vehicles going backward, forward, sideways and in every direction except to safety.

The spectacle went on and on, punctuated by burned and dismembered corpses — 165 at last count.

This was the last stand of Saddam Hussein's army on the six-lane road out of Kuwait City to Basra. Troops were pulling out of Kuwait with every car they could hot-wire, every souvenir they could grab. First the line of traffic was slowed by a checkpoint the Iraqis had erected at the Al Mutla Ridge, a high point on the road to Basra. Then the convoy was cut off in classic fashion from the air: first in front and back, and after that there was No Exit.

Now a 10-foot, tile picture of Saddam Hussein peers down on his charred army from the Al Mutla checkpoint like Ozymandias, king of kings, looking on his works across the lone and level sands.

There was a monument of sorts. To quote Bob Drogin of the *Los An-*

geles Times: "All that was recognizable of one charred body was an arm, stiff in death and raised in the air with a gold watch on his wrist." And the only incense offered was the sweetish smell of spilled perfume and rotting bodies.

"We think of a barbarian," P.J. O'Rourke wrote not long ago in *Rolling Stone*, "as somebody with a bone in his nose. But, in fact, a barbarian is more likely to have his nose full of a Hong Kong Shalimar knockoff."

Did they die for Saddam, or for all this stuff, and is there a difference?

"What do I think?" repeated an American tank commander when he was asked, and then he answered: "These guys were thugs." Another GI looked at the spectacle and concluded that these were not soldiers but looters.

With a look of disgust on his face, the allies' commanding general, Norman Schwarzkopf, talked of the atrocities committed in Kuwait and concluded that these people didn't belong to the same human race.

Think again. As a reporter was cataloging the spoils spilled along the highway, he recorded another scene: "Several civilians looted the vehicles, stealing the stolen goods. One U.S. soldier jumped out of his Humvee to pick up a portable stereo. He shook the sand out, put it on his shoulder and danced a little jig before stuffing it in his vehicle and driving off."

What a creature man is, what heights and depths he is capable of, what strangeness.

They'll clear the highway soon and clean up the roadside. They'll remove the evidence, and the remains. Here's hoping they leave at least one spot as it was last week, just one. Maybe a small pile of trinkets tumbling out of the carcass of a limousine. And an historical marker reading only: *Ecce homo. Behold man.*

## ALAN DERSH

## How do sustain

Now that the Gulf over, the Palestine Organization supporters are escalating their demands for the creation of a Palestinian state on lands now ruled by Israel.

It is a strange time for the demands to be escalated, since it was on the losing side of the war and its leadership badly abominably.

The PLO — which purports to be the "sole representative" of the Palestinian people — supported the dam Hussein, militarily and financially. Its members checked Scud missiles rained down on Iranian soldiers and Israeli cities. They would certainly have even more loudly if chemical biological weapons had been against civilians. Indeed, it is the PLO that invented the strategy of mass terrorism against innocent civilian targets.

As a result of its immoral support for the war criminals of the PLO — which has also been guilty of war crimes against civilians — the support of many of the rich benefactors in the Gulf. The current leadership has also lost the support of many Palestinian intellectuals and people of good will.

Why then, it should be asked, does the PLO still so popular in parts of Europe, on some American college campuses and with a considerable number of media people? The answer, I am told, is the claim for Palestinian statehood, morally compelling that it is, the bad acts and awful alliance with the PLO.

But just how compelling is the Palestinian claim for statehood? How does it compare, for example, with the far more modest demands of Kurdish people who also live in the Middle East and who also have some degree of political control over their own people?

The Kurds are a non-Arab people who have been seeking some degree of autonomy and independence for many years. Approximately 15 million Kurds — more than four percent of the population of the Palestinian live in mountainous terrain in the molder areas of Iraq, Iran and Turkey. They are far more distinct in culture and in language — from Arab neighbors than the Palestinians are from theirs. There are other Kurdish states to which they can move, whereas there are no other Arab states in which many Palestinians already live.

The Kurdish people have been subjected to near-genocidal violence by the Iraqis over the last 50

Alan Dershowitz, a professor at Harvard Law School, is a nationally syndicated columnist.



An American soldier surveys thousands of Iraqi military vehicles destroyed on a highway in Iraq.

## FEIN

From page G1

(1973), the Supreme Court declared that proof of voluntariness requires a showing that consent was elicited devoid of implied or subtle coercion or threats. How plausible is it that Mr. Bostick consented to search for drugs with an uncoerced or unthreatened mind?

For more than a decade, government has orchestrated celebrated public campaigns against drug

abuse. It has substantially succeeded in inculcating the community with a revulsion of illegal drug use or trafficking. As emblems of that repugnancy, voters have cheered laws employing the military to fight trafficking and demanding drug-free schools and workplaces. These elements of the government's anti-drug campaign are beyond constitutional reproach; but that conclusion does not gainsay that the government has engendered a contemporary climate of opinion that generally stigmatizes those who decline enthusiastic participation in the anti-drug war.

Thus, suppose you were a bus passenger, or a patron in a night club, or a rock concert or sports fan waiting in line to purchase a ticket, or a spectator at a collegiate athletic event. Two police officers brandishing guns choose to approach you at random. They boast of a mission to suppress illegal drug use and trafficking in voices that evoke the stares of many. They implore you to consent to a search of your person and possessions to assist the fight against drugs.

You are drug-free, but instinctively resist consent because a

search would expose to public embarrassment apparel or accessories solely for bedroom use, or you to enjoy the right to be left alone. On the other hand, your surmise cooperation would be both humiliating and stigmatizing; bystanders would immediately conclude you were a repulsive "Fourth Amendment drug abuser" and had a right to hide. Consent, you think, is the better part of val-

But to say such consent is contrary under the Fourth Amendment is to defy what we know of human nature. Pressures for social co-

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

May 15, 1991

HEALTH CARE LIABILITY REFORM

FACT SHEET

As part of the Administration's continuing efforts to improve the delivery of health care services throughout our nation, the President today transmitted to Congress the **Health Care Liability Reform and Quality of Care Improvement Act of 1991**. This new initiative will reduce the costs and increase the availability of quality health care by addressing the problems of medical malpractice. In part because of liability risks, too few physicians -- especially obstetricians and gynecologists -- are available to serve rural and low-income communities. The Administration's medical professional liability reforms will enable more physicians to serve these communities.

The Administration's proposal is built on three principles:

1. Medical malpractice reform should seek both improved quality and lower legal costs.
2. Legal reforms should reduce the incentives for physicians to practice unnecessary defensive medicine or to abandon practice in certain inner city and rural areas.
3. Incentives for states to act are preferable to Federal preemption of state law.

***Background***

Malpractice costs -- the direct costs of insurance, litigation, and settlements, and the indirect costs of defensive medicine -- play a significant role in the rapid growth of health care spending. The costs associated with medical liability have increased more rapidly than any other component of physician practice costs. During the mid-1980's, medical liability insurance was the fastest growing component of a physician's practice expense, rising at an average annual rate of 21.9 percent.

Nationally, between 70 and 80 percent of obstetricians have been sued, and other medical specialties have also been

significantly affected. In Miami, Florida, for example, it was recently reported that neurosurgeons with good records paid \$220,000 per year for liability insurance.

The rise in insurance premiums has forced many physicians to close certain practices, leaving some areas of the country without adequate medical services. The American Academy of Family Physicians reported that, at the end of 1985, 23.3 percent of its members had stopped practicing obstetrics because of professional liability concerns.

The fear of lawsuits has also imposed enormous costs on patients. Some doctors have begun practicing defensive medicine, in which they order vast batteries of costly, and often unnecessary, tests in order to protect themselves from the possibility of lawsuits. Researchers shy away from potentially promising products and techniques for fear of lawsuits. Moreover, the specter of litigation weakens the doctor-patient relationship, one that should be built on trust.

### ***Legislative Proposal***

The Health Care Liability Reform and Quality of Care Improvement Act of 1991 is designed to create incentives for states to implement tort and quality reforms and also address claims arising under the Federal Tort Claims Act.

To encourage states to implement tort law and quality of care reforms, a bonus pool of funds will be distributed to states that have implemented these reforms. The incentive mechanism would take effect in three years to give states time to respond. Many states have already enacted tort reforms and are well on the way to being able to comply with these reforms. The tort reforms a state would be required to have in place to be eligible for the incentive funds are:

- A \$250,000 cap on non-economic damages -- those damages beyond economic expenses (e.g., for pain and suffering); a waiver may be granted for good cause, for example, to a state whose constitution does not permit a cap;
- The elimination of joint and several liability for non-economic damages (joint and several liability makes all parties responsible for the entire amount owed to the plaintiff);
- The elimination of the collateral source rule to prohibit double recovery by the plaintiff when compensation has been received from other sources such as health insurance;

- Allowing judgments for future costs, such as future medical bills, to be paid in periodic payments rather than as a lump sum; and
- An alternative dispute resolution mechanism such as mediation or pretrial screening panels.

In order to receive incentive payments, states would also be required to institute reforms to improve the quality of health care. These steps include:

- Cooperation with federal efforts to learn the comparative effectiveness of different medical treatments;
- Improved performance in the oversight of physicians through state medical boards; and
- A requirement that physicians sanctioned by the medical boards participate in continuing medical education in areas where the board has found deficiencies.

States could pursue alternatives to those activities involving medical boards if the alternatives were equally effective.

The incentive to implement tort law and quality of care reforms would be increased payments to states and hospitals in the qualifying states on a proportional basis. The incentive pools would be created by withholding two percent from the amount payable to states for Medicaid administrative costs and one percent from the annual increase payable to hospitals for operating costs through Medicare's prospective payment system. In Medicaid, the pool would be divided among states that have implemented the necessary tort reforms and quality assurance mechanisms. In Medicare, the pool would be directed to increased payments to hospitals in complying states.

### ***Administrative Actions***

The Administration will also take several administrative actions to reduce medical malpractice problems. These include:

- Gathering and disseminating scientific findings about the effectiveness of varying types of treatment, including clinical practice guidelines;
- Shifting the approach of Medicare's Peer Review Organizations (PROs) from after-the-fact review of hospital records toward providing statistical data which will enable hospitals to compare their performance;

- Providing the public with comparisons of the operation of state boards that license health care providers, along with technical assistance for improvement;
- Evaluating current risk management practices in health care settings and establishing an interagency study group to review malpractice cases against the federal government for lessons applicable across the health care system; and
- Expanding within the Federal Employees Health Benefits Program the number of plans that offer an alternative dispute resolution process instead of litigation.

May 28, 1991

MEMORANDUM FOR TONY SNOW

FROM: BOB SIMON 

SUBJECT: NFIB

BANKING REFORM

Last week, a House banking subcommittee passed the Administration's banking reform bill with almost all its important elements intact with a 36-0 vote. This is viewed as a very important sign that our bill can make it all the way through the congressional process. Treasury suggested praising the House subcommittee's vote and ask for completion of the bill before the end of the year. I suggest suggesting completion of the bill will help bring on the recovery and make it stronger by making credit more available to business.

JOKES

Looking around the room today makes me wonder who's home minding the GNP. \\\ Reminds me of the student who was asked what the gross national product was. He said, "That's the most disgusting thing made in America.

I've given four commencement in the last week: Yale, the Air Force Academy, West Point, and the FBI Academy. So if I lapse into saying things like, "Your future lies ahead of you," or "You're at a crossroads in your life," you'll know why.

I've given four commencement in the last week: Yale, the Air Force Academy, West Point, and the FBI Academy. Reminds me of what the great Woody Allen once told graduates. "Mankind is at a crossroads," he said. "Down one path is despair and utter hopelessness. Down the other: total destruction. \\\ Let us hope your generation has the wisdom to chose correctly."

school, or maybe an elementary school, in Midland, Texas, where we lived for 12 years. And this is God's honest truth: The vote was either 4-3 or 3-2 in favor of naming the school for me. [Laughter] So, Barbara, I hope it was a little more one-sided than that in this—giving me this significant honor. But I really am pleased to accept it.

I know that the chamber of the Kennebunks is made up of a lot of entrepreneurs, and I would be remiss at a meeting like this if I didn't ask you to give me strong support as I go back to Washington to fight for a capital gains tax differential. I believe that small business—providing jobs to those who don't have jobs—small business entrepreneurs really are the backbone of this country in many ways.

And I am absolutely convinced that John Kennedy was right years ago—25 years ago or more—when he talked about the need to have a differential in the capital gains and, indeed, to call for a reduction in the capital gains tax because it stimulates the economy. It encourages risktaking; it rewards those who go out and employ others and start new businesses. And I am just convinced that it is good; I am convinced that it will help with our deficit, not inhibit the efforts I am making to get this budget deficit down in accord with the Gramm-Rudman targets. And so, I would ask your strong support to your very able congressional delegation as we now go back to battle for what I think is a good incentive for business people, men and women, small business entrepreneurs—those who have the courage to go off on their own and start new businesses wherever they may be. And I ask for your help.

Incidentally, I do believe we're going to get a good agreement on the budget deficit reduction package. I think it will be accomplished without raising the taxes on the American working man in this country. The problem still is this: It isn't that the working man is paying too little in taxes; it is that the Government continues to, for a lot of reasons, to spend too much. And I am going to continue to try to hold the line on taxes. And, again, I need your support there.

Right here in Kennebunk you've had some—Kennebunkport—you've had some examples of people that have been success-

ful. The owner at the White Barn Inn may be with us today. Is Laurie here? Laurie Bongiorno—over here—quoting him, perhaps to his embarrassment, but he said: "We have an opportunity to create value in our businesses by taking a longer view. This would be easier without the burdensome weight of the capital gains tax." And I think he's absolutely right.

George Bergeron—he runs a landscaping operation with a very unusual name. It is called George's Bush and Tree Service. [Laughter] I loved it when I saw that. [Laughter] But let me tell you about this guy. I don't know whether he's here or not, but—back here? Fantastic! Planning for his retirement, he says, "I left my work to go into business for myself. I took the risks and went the American way for the sake of my retirement. Wouldn't it be ironic," he continues, "if just as I was ready to cash in, the Government took such a big piece of the profit from me?" He's absolutely right. The backbone of our recovery—in October it'll be the longest in the history of the United States—comes from the small business man or woman, who then makes it work and goes out and gives jobs to other people. The best answer to poverty in this country is a job, and I want to keep this economic expansion going.

I was told to say just a few words, but let me end with just a little reference to the times we're living in, regarding our foreign policy and the challenges we face as a country. And you see the kids here, and it reminds me that just before I went on a fascinating trip to Eastern Europe, including Hungary and Poland, and then to Paris, the Polish journalists came into that beautiful, majestic Oval Office, and they asked me: "What would you tell a young kid in Poland today?" And I had in my mind as he asked me the question the numbers of people in Chicago and in Detroit, and indeed some in Maine, who have come to this country from Poland—the arms of the Statue of Liberty outstretched, then in the past as it is, thank God, still today.

And I thought about it, and then I thought about the change, the political change that's taking place in Eastern Europe—change far more dramatic than I

Sent to 200,000 NFIB Members

**NFIB**

# **ACTION ALERT**

Hold on to Your Wallets

Dear NFIB Member:

The Democratic Leadership in Congress wants to reward its favorite allies and constituency groups -- big labor, trial lawyers, ultra-liberals and others -- with federally mandated benefits and advantages, and they expect you to pay for it. They have announced their intention to pass a series of bills that will undermine your ability to run your business and support your family.

They want to guarantee an employee's job by mandating parental and family leave; they want to make it easier for Big Labor to organize even small businesses by guaranteeing workers who strike their jobs back; and, they want to make it possible to "legally" blackmail business owners into hiring and promoting by quotas.

The bills imposing mandated parental leave, job guarantees for strikers, and outrageous legal expenses for employment discrimination are going to be voted on very, very soon.

These three bills are part of Sen. Kennedy's and Big Labor's agenda to begin a whole new era of unprecedented government intervention in the workplace. The entire Labor agenda to socialize the nature of the American workplace is a long one -- but these bills are at the top of its list and moving the fastest.

Two of them passed the Congress last year, but never became law only because Congress could not override President Bush's vetoes. Proponents of this "new social contract" are expected to try to ram them through the Congress during the upcoming weeks.

Organized Labor has pulled out all the stops to enact this agenda -- they're having union members write letters, call and visit their elected officials and demand immediate enactment. They've even produced a soap opera video to plead their case to Congress.

You need to act now or we will all pay the price tag for these bills. Here's some of the details.

## Mandated Parental and Family Leave

- \* The Senate bill number is S.5; the House of Representatives bill number is H.R.2 (bill numbers 1 through 10 are reserved for priority Democratic Leadership initiatives).

- \* This legislation requires that employers provide 12 weeks of unpaid leave to any employee for the birth, adoption or illness of a child or for the illness of a parent or spouse.
- \* At the moment, the Senate bill covers businesses with 50 or more employees, the House bill applies to ones of 20 or more employees. But Sen. Kennedy and his allies ultimately want every business and every employee covered.
- \* The employee's job must be held and guaranteed for him or her on return.
- \* Health benefits must be continued during the leave.
- \* Sen. Kennedy has already announced that if his bill passes he intends to expand this mandated benefit, possibly to paid-leave and to all businesses.
- \* The vote will be very close in both the Senate and the House. The final outcome hangs in the balance.

#### Striker Replacement Bill

- \* The Senate bill number is S.55; the House of Representatives bill number is H.R. 5.
- \* Big Labor wants this legislation to give it a new tool to organize non-union businesses.
- \* This legislation requires employers to rehire any employees who strike for wages or benefits. While workers are already guaranteed their jobs if they strike for unfair labor practices and the vast majority of those striking for economic reasons get their jobs back, this proposal would overturn 50 years of labor law and require employers to rehire strikers. This legislation effectively eliminates the employer's ability to hire permanent replacement workers to continue operations during the dispute.
- \* The legislation applies to union and non-union businesses alike. Any two or more employees that strike are guaranteed their jobs back.
- \* Big Labor has made this legislation its #1 priority and refuses to give political support to any politician who doesn't support it.

#### Employment Discrimination

- \* The House bill number is H.R.1; Sen. Kennedy has not yet introduced his bill in the Senate.

- \* H.R.1 has been termed a "lawyer's bonanza" by President Bush. It will impose such large penalties and set such vague standards for fair employment practices that business owners will be forced to hire and promote workers by racial, sexual, religious, ethnic, and disability quotas in order to protect themselves from prosecution. It will promote jury trials and unlimited damages for the first time in employment discrimination law.
- \* The legal procedures set up by this legislation are so one-sided against employers that they have the effect of making employers "guilty until proven innocent."
- \* Passage of this legislation will encourage "legal blackmail" by trial lawyers and their employee clients.
- \* President Bush's veto of this legislation was only upheld by one vote in the last Congress.

YOUR HELP IS URGENTLY NEEDED.

The people supporting these bills have been calling, writing and visiting their members of Congress. Business owners have not been doing so -- at least not in great numbers. Frankly, the other side has the momentum right now.

I know some of you have written or called on some of these issues before - - but now is not the time to relax. If you've written before, write again or call your Senators and Representative. If you've never written or called, now is the time to begin.

I urge you to write, call, or visit both of your Senators and your Representative today. Time is short. Every day counts.

Urge your Senators to:

- \* Oppose S.5 because it imposes a new federal mandate on you and will cause a nightmare for you to effectively run your business. It is another step on the path to socialism.
- \* Oppose S.55 because it will give labor unions a new tool to blackmail you into unionizing your business.
- \* Oppose the Kennedy "quota" bill which means expensive jury trials in employment discrimination cases. You would be guilty until proven innocent.

You can reach you Senators by calling/writing:

Senator \_\_\_\_\_  
 United States Senate  
 Washington, DC 20510  
 (202) 224-3121 (ask for the office)

Urge your Representative to:

- \* Oppose H.R.2 because it imposes a new federal mandate on you and will cause a nightmare for you to effectively run your business. It is another step on the path to socialism.
- \* Oppose H.R. 5 because it will give labor unions a new tool to blackmail you into unionizing your business.
- \* Oppose H.R.1 which will mean expensive jury trials in employment discrimination cases. The legislation allows for unlimited damages. You will be guilty until proven innocent.

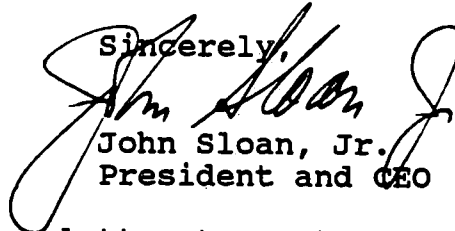
You can reach your Representative by calling/writing:

Representative \_\_\_\_\_  
US House of Representatives  
Washington, DC 20515  
(202) 225-3121 (ask for the office)

Please use your own words and examples when presenting your views to your Senators and Representative because they are the most convincing. Do not send a copy of this Action Alert.  
Please send us a copy of what you write to:

NFIB, Dept. Z  
600 Maryland Avenue, SW, Suite 700  
Washington, DC 20024

Sincerely,



John Sloan, Jr.  
President and CEO

P.S. I have not asked you in one letter to contact your two Senators and your Representative on three issues during my entire tenure at the NFIB. Our opponents have taken off the gloves and want to rush this legislation - - which will be devastating to your business -- through the Congress. We must stop them now. We must be vigilant and persuasive in our efforts to defend the free enterprise system. Please write and/or call today. Without your personal help, we will not beat back Sen. Kennedy's and the Leadership's ambitious agenda.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 9, 1991

REMARKS BY THE PRESIDENT  
TO THE AMERICAN BUSINESS CONFERENCE

The Department of Commerce  
Washington, D.C.

2:07 P.M. EDT

THE PRESIDENT: Thank you very, very much. And, Bob, thank you, sir, for that introduction and for letting this distinguished group use this meeting room today. It's always a pleasure to be back here.

Let me also salute the ABC's leader, Jim Jones. What a job he's doing. But I remember his effectiveness in the leadership role in the Congress and I'm glad that those energies that he has are being used and shared by all of you. We have many distinguished visitors with us today, and I won't single them out. I was told that Bill Seidman and Richard Breedon were here. But as I look around, unless they're basking way back in anonymity somewhere, they may not have made it.

But in any event, I'm delighted to see this group. Great to talk to the American Business Conference. We did a little homework on this. And I've been here four times in recent years. And then, of course, we're privileged to have two of your own with us in the administration, Bob Mosbacher and Arthur Levitt.

And it's an honor and a pleasure to, as Bob says, talk to a group that stands for success -- a group that admits only medium-sized companies that thrive in the marketplace.

But I've got to tell you, I feel a little funny being here. After all, I'm the CEO now of an outfit that's lost money for 33 of the last 35 years. (Laughter.)

But in keeping with today's theme -- Charting Economic Growth in the '90s -- I'd like to talk about our administration's plan for generating more American success stories like your own.

Our recent success in the Gulf has renewed America's belief -- Americans' belief in themselves. In just the past couple of months, consumer confidence has soared. And the stock market, of course, has been climbing toward that 3,000 mark. Most economists predict that the recession soon will give way to a new cycle of growth. And, incidentally, our -- we agree with that assessment, inside.

But we can't rest on our laurels. There's an entire world of competition out there. The administration's economic growth package is designed to let people like you do what you do best -- create jobs, create new opportunities, create wealth.

Let's start with an issue that we all have to address in the next month. And I think Bob just talked about it -- Jim has been participating in a meeting with me in the Cabinet Room at the White House about it -- I'm talking about the issue of free and fair trade.

As you know, I have asked Congress to extend the Fast-Track trade authority.

Fast-Track, in my view, is another term for good faith. It guarantees that Congress will accept or reject the very same

MORE

agreements that our negotiators and their counterparts have worked out. And this doesn't weaken the Congress' power to review agreements; it simply prevents eleventh-hour changes that would force negotiators from all countries to start over -- to start from scratch.

Our trading partners consider Fast-Track a vital test of our reliability. And if we do not retain the Fast-Track process, we jeopardize three critical foreign trade initiatives: the Uruguay Round of trade talks, the North American Free Trade Agreement, and the Enterprise for the Americas Initiative.

Americans understand the benefits of free trade. In the last four years, exports from the United States have increased 55 percent, more than twice the rate of import growth. And export business has grown more rapidly than the rest of our economy.

This trade boom has helped everyone involved. A North American Free Trade Agreement would place us in the largest integrated market on earth: 360 million people, \$6 trillion of annual output. It would also give our neighbors access to the technologies and products that they need to improve their standards of living; further clean their environments; and create a true community of nations on our continent.

We also believe strongly in promoting trade. I have asked Bob Mosbacher to lead a government-wide effort to help small- and medium-sized companies sell their goods and services abroad. I know you support free trade, which is why I want to help you in persuading Congress to extend the Fast-Track process. Without it, we will surrender our chance to shape the emerging world economy. Without it, we risk setting off the kind of protectionist warfare that helped produce the Great Depression. And with it, American workers and businesses will be able to demonstrate their strength in a new and vibrant world market.

Let me say that we are approaching this Fast-Track process on the Hill in a totally nonpartisan manner. The Democratic leaders, several of the key Democratic leaders, are as enthusiastic about this Fast-Track authority granting as I am. And we're approaching it strictly because we believe that it is best for the United States of America. And I also know that it's good for our trading partners as well.

This brings me, then, to a second part of our growth package: creating an educated, innovative work force.

Our budget emphasizes the importance of building an America that is ready to take its place in an emerging world economy.

It stresses the absolute necessity of an educated nation. We want to reinvent the American school, to create a nation of students, to make sure that education offers opportunity to everyone.

Our education strategy starts with some very obvious truths: that schools succeed when teachers teach. When parents support the schools. When schools accept help from people with skills -- local businesses, community colleges -- that huge pool of untapped talent, our retirees. When communities fight harder to rip down barriers that prevent effective teaching, barriers such as crimes and drugs and community indifference.

And we also want to encourage entrepreneurship in education. We will support research into the best teaching methods and techniques. We want to help workers improve their knowledge and skills. Your Vital Link program offers a great way to achieve this goal. And we want to ensure that the American people are the best educated, best motivated in the entire world.

Our economic proposals also sweep away obstacles to free enterprise. What we're trying to do, we're trying to unleash the power of American imagination.

Your organization understands, I'd say better than most, that runaway government spending steals opportunity from private citizens. Last year's budget agreement -- controversial though it was -- placed real and stringent caps on congressional spending. If Congress wants to spend money now, more money on certain programs, it'll have to make the hard choices. It'll have to raise taxes or take the money from other programs.

This year, for the first time in years, federal spending will actually increase less rapidly than the inflation. And I can promise you that if Congress sends me these spending bills that break this budget, I will send them back, with a veto message. (Applause.)

But there's lots more to do. We in government must do more. As vice president, I headed the Task Force on Regulatory Relief. And as President, I remain committed to weeding out regulations that prevent people from creating jobs and opportunities. (Applause.) I see some know what over-regulation means. (Laughter.) But we're going to continue to do this and we must.

Last year regulations -- here's why -- last year regulations cost the economy at least \$185 billion or \$1,700 for every taxpayer. The government generated more than 5.3 billion hours of paperwork last year. And that's enough to keep 2 million people busy doing nothing but filling out forms.

Our Council on Competitiveness, as chaired by Vice President Quayle, attacks the scourge of unnecessary regulation. We want to let people turn their attention to the more important and rewarding work of building a prosperous future.

We've followed the same approach in looking at our tax code. We want a tax system that rewards enterprise. I have repeatedly asked the United States Congress to cut our high capital gains tax.

And I can't think of any issue that's been more badly misrepresented than this one. Our critics say that a capital gains cut helps only the rich. And in my view, they are dead wrong.

Here are the facts on it. More than a quarter of all families who file capital gains have annual incomes of less than \$20,000 a year. More than three-quarters of all families who declared make less than members of Congress. A capital gains cut isn't a sop to the rich. It rewards people who turn good ideas into goods and services -- goods and services that people need.

When taxes on entrepreneurship are high, investors have no incentive to risk money on untried businesses and entrepreneurs. Before Congress cut the capital gains rate in 1978, the pool for start-up businesses had virtually dried up. And after the cut, we experienced an investment boom. Between 1978 and 1986, the number of initial public offerings increased nearly 1600 percent from 45 to 719. The amount of investment seed money increased nearly a hundredfold, from \$250 million to \$22.5 billion. Capital gains payments to the federal government quadrupled. This is what happens when you reduce the cost of capital.

We must encourage savings and discourage debt. And for the past four years we've taxed capital gains like any other form of income. And at the same time, we have encouraged people to take on debt. Not surprisingly, people have borrowed more and invested less. Home equity lines of credit offer a perfect example. These devices, which let homeowners borrow against their increased home values have nearly tripled in volume since tax reform.

No other major industrial power taxes capital gains at nearly the rate we do. Germany and Japan enjoy much higher savings and investment rates in part because they don't punish successful investment.

My point is simple: Taxes on growth are taxes on the American dream. We should clear away obstacles to the American dream. And similarly, we should foster innovation wherever we can.

Our budget advocates increased federal support for R & D, for research and development, in basic and applied science. It also encourages private-sector innovation by extending the Research and Experimentation Tax Credit. Our administration understands the power of knowledge, and we want the tax code to reward people who turn their big dreams into revolutionary new goods and services.

And finally, this administration believes in protecting workers' earnings and savings. Our banking reform proposals -- they try to modernize the laws that affect our banking system. Let's face it: 1930's regulations and restrictions don't cut it in the 1990s.

To pick just one example, under our current laws, a California bank can open a branch in Birmingham, England, but not in Birmingham, Alabama. Think of the banking system as an irrigation network for the economy. When it works properly, it nourishes the seeds of economic growth. And when it doesn't, companies like the ones represented here can wither and die.

Our reform package tries in a very comprehensive way to make our banking system more competitive, up to date, safe and sound.

We also believe in protecting retirees from undue hardship. Eight years ago, Congress adopted measures to guarantee the short-term solvency and long-term stability of the Social Security system. Congress should resist any temptation to undermine that stability by permitting raids on the trust fund balances. We need to honor our promises to the workers and retirees. I know we've got a fight on this one. But I believe we're going to prevail.

I know I have covered a lot of ground, a lot of different -- touching on a lot of different issues here, but I wanted to make a point: Our growth package addresses the challenges posed by a new, exciting, rapidly changing world. Our themes: We want to promote growth. We want to create jobs for all Americans. We want to unleash the power of American imagination. We want to ignite people's ambitions, rather than inciting their fears.

Many people call the 20th century "The American Century." Well, we shouldn't be content with that.

The stunning collapse of communism in 1989 was no accident. During the 1980s the communist world learned that no wall, no barrier can fend off powerful ideas. It saw our prosperity and our vitality. It saw that our way is better. The prosperity of the 1980s, which began with tax cuts and pro-growth policies in the United States, transformed the entire world.

Our challenge now is to shape the revolution that we started to make the 21st century the next American Century.

And so I ask your help in that quest. Together, with business working cooperatively with government, we cannot fail.

Thank you all very much for coming to Washington. And may God bless our great country.

END

2:26 P.M. EDT