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AMERICAN ENTERPRISE INSTITUTE LUNCHEON  
THE WILLARD HOTEL  
DECEMBER 4, 1991  
12:45 P.M.

THANK YOU, CHRIS [DEMUTH, A.E.I. PRESIDENT], FOR  
THOSE WARM WORDS. / LET ME RECOGNIZE PAUL ORREFICE,  
A.E.I.'S CHAIRMAN OF THE BOARD, AND THANK SECRETARY  
NICK BRADY FOR JOINING US TODAY. FINALLY, LET ME  
SALUTE IRVING KRISTOL -- HONORED BY A.E.I. WITH THIS  
YEAR'S FRANCIS BOYER AWARD -- FOR THE ABUNDANCE OF  
INSIGHT HE BRINGS TO THE STUDY OF AMERICAN POLITICS,  
THE AMERICAN SYSTEM, AND AMERICAN SOCIETY. // IRVING  
HAS DEVOTED MUCH OF HIS EFFORT THE PAST THREE DECADES  
TO MAKING THE WORLD SAFE FOR DEMOCRATIC CAPITALISM.  
[[THAT MESSAGE NOW OPENS NEW WORLDS FROM MOSCOW TO  
WARSAW. I JUST WISH WE COULD SAY THE SAME OF  
WASHINGTON.]] //

IRVING ALSO RUNS ONE OF AMERICA'S MOST FORMIDABLE  
ONE-MAN TALENT AGENCIES. NOT ONLY HIS OWN SON, BILL,  
WHO SO ABLY SERVES THIS ADMINISTRATION -- BUT LEGIONS  
OF PROTEGES IN EVERY CORNER OF THE POLITICAL AND  
INTELLECTUAL WORLDS OPEN DOORS BY SAYING, "IRVING SENT  
ME." ///

I'M PLEASED TO HAVE THIS OPPORTUNITY TO SPEAK TO ALL OF YOU TODAY. A.E.I. EPITOMIZES SOMETHING QUINTESSENTIALLY AMERICAN -- THE ENGAGED INTELLECTUAL. MANY OF YOU HAVE SERVED IN GOVERNMENT -- AND LIVED TO TELL ABOUT IT. //

A.E.I. ENCOURAGES THE IDEAL OF THE CITIZEN-SCHOLAR -- A KIND OF MODERN-DAY CINCINNATUS: READY TO ANSWER YOUR COUNTRY'S CALL, AND WHEN YOUR WORK IS DONE -- CONTENT TO RETURN TO YOUR WORD PROCESSORS. //

FOR THE PAST THREE YEARS YOU'VE BEEN ESPECIALLY GRACIOUS IN OFFERING ME ADVICE ON ALL MANNER OF ISSUES. I THANK YOU FOR YOUR SUPPORT -- AND YES, FOR WHAT I'LL CALL YOUR // "CONSTRUCTIVE CRITICISM."

IN THE SHORT SPACE OF THOSE THREE YEARS, WE'VE SEEN OUR WORLD TRANSFORMED. THE COLLAPSE OF COMMUNISM, / THE COLD WAR'S END, / THE TRIUMPH OF THE DEMOCRATIC IDEA: EACH EPOCH-MAKING EVENT SWEEP AWAY THE CHALLENGES, THE CONFLICTS THAT DEFINED THE WORLD WE KNEW. EACH OPENED UP A NEW ERA -- A NEW WORLD OF POSSIBILITIES. //

AS I'VE SAID BEFORE, THE COLD WAR WAS -- IN ITS DECISIVE ASPECT -- A WAR OF IDEAS: A CLASH BETWEEN TWO SYSTEMS SPEAKING TO THE DEEPEST DREAMS AND DESIRES OF MAN. THAT BATTLE WAS WON BY WESTERN IDEALS. AND THE FACT THAT IN THE NATIONS OF THE OLD WARSAW PACT AND EVEN WITHIN THE SOVIET UNION FREE GOVERNMENTS AND FREE MARKETS (ARE) NOW TAKING ROOT STANDS AS A TRIBUTE TO THE IDEAS AND IDEALS THAT GUIDE A.E.I. //

OUR NEW ERA BRINGS WITH IT A <sup>new</sup> NEED FOR NEW GUIDEPOSTS -- FOR SOLUTIONS AND APPROACHES THAT KEEP PACE WITH THE TIMES. THE FACT THAT AT LONG LAST WE CELEBRATE A WORLD TRANSFORMED INEVITABLY MEANS CHANGE HERE AT HOME. //

<sup>OUR</sup> RIGHT NOW, THE FOCUS HERE IN WASHINGTON AND ACROSS THE COUNTRY IS ON THE ECONOMY. / YESTERDAY I WAS IN BRADENTON, FLORIDA AND MERIDIAN, MISSISSIPPI, MEETING WITH WORKING AMERICANS, LISTENING TO WHAT'S ON THEIR MINDS -- THE SAME WAY I'VE LISTENED TO PEOPLE ACROSS AMERICA -- 48 STATES TO BE EXACT -- FOR THREE YEARS NOW. / THESE ARE TOUGH TIMES. MANY AMERICANS ARE WORRIED. THEY'RE LOOKING FOR A SIGN FROM WASHINGTON THAT SOMEONE CARES -- UNDERSTANDS WHAT'S HAPPENING. I HOPE I'VE MADE CLEAR THAT I DO.

THESE PEOPLE WON'T FEEL COMFORTED BY A WEIGHTY DISCOURSE ON THE DIFFICULTIES OF DIVIDED GOVERNMENT. // THEY KNOW THAT, WHATEVER THE LEADING ECONOMIC INDICATORS MIGHT SAY, FOR A PERSON WHO'S LOST HIS JOB -- THE UNEMPLOYMENT RATE IS 100%. // THEY ARE IMPATIENT, TIRED OF EXCUSES. THEY WANT ACTION -- AND THEY CAN'T UNDERSTAND THE POLITICAL GRIDLOCK THAT TOO OFTEN PARALYZES WASHINGTON, D.C. //


BUT GOVERNING REQUIRES MORE THAN ACTION FOR  
ACTION'S SAKE. YOU SEE, TOO MANY IN CONGRESS MAKE THE  
EASY ASSUMPTION THAT WHEN POLLS TELL US ABOUT  
DISSATISFACTION WITH WASHINGTON -- IT MEANS THEY WANT  
GOVERNMENT TO DO MORE, TAKE MORE POWER TO ITSELF. BUT  
THAT NOTION SIMPLY DOESN'T SQUARE WITH MY SENSE OF WHAT  
PEOPLE WANT. / YES, THE AMERICAN PEOPLE WANT  
GOVERNMENT TO ACT -- BUT NOT TO BUILD NEW <sup>centralized</sup> BUREAUCRACIES  
OR CREATE MORE RED TAPE. ACROSS AMERICA, WE SEE A  
DEMAND FOR GREATER FREEDOM OF ACTION. A PUBLIC WEARY  
OF MANDATES, REGULATIONS AND TAXES WANTS TO REVERSE THE  
FLOW OF GOVERNMENT POWER -- TO RESTORE AUTHORITY TO THE  
PEOPLE. //

IN THE POLITICAL AND SOCIAL SPHERE, THIS NEW DEMAND FOR FREEDOM OF ACTION MEANS POLICIES THAT ENHANCE THE POWER OF THE INDIVIDUAL -- STRENGTHEN THE FAMILY. YOU CAN SEE THOSE IDEAS TRANSLATED INTO ACTION IN THIS ADMINISTRATION'S STAND AGAINST QUOTAS -- AND FOR REAL EQUALITY OF OPPORTUNITY; IN OUR CHILD CARE BILL, A VICTORY AGAINST THE FORCES THAT SAW THIS ISSUE AS A CHANCE TO BUILD A BRAVE NEW CHILD CARE BUREAUCRACY. YOU CAN SEE IT IN OUR HOPE PROGRAM'S EMPHASIS ON TURNING TENANTS INTO HOMEOWNERS -- AND IN EDUCATION, WHERE CHOICE IS AN ESSENTIAL PART OF OUR AMERICA 2000 STRATEGY.

TAKE A LOOK AT THAT STRATEGY. WHAT WORRIES OUR CRITICS -- THE DEFENDERS OF THE STATUS QUO IN THE EDUCATION ESTABLISHMENT -- ISN'T THAT OUR PLAN WON'T WORK. THEY WORRY THAT IT WILL. // THEY KNOW THAT CHOICE, COMPETITION AND COMMUNITY INVOLVEMENT ARE REVOLUTIONARY CONCEPTS -- CAPABLE OF LITERALLY RE-INVENTING THE AMERICAN SCHOOL. // BUT THAT'S WHAT WE WANT TO DO -- WHAT WE MUST DO.

IN THE ECONOMIC SPHERE, THE DEMAND FOR FREEDOM OF ACTION MEANS POLICIES THAT PROMOTE MARKET-BASED SOLUTIONS: THE KIND WE FOUGHT FOR IN THE AMENDMENTS TO THE CLEAN AIR ACT, AND BUILT INTO OUR ENERGY STRATEGY.  
//

LET ME FOCUS IN MORE DETAIL ABOUT WHAT THIS MEANS GIVEN OUR CURRENT ECONOMIC SITUATION. / NO ONE SHOULD BE COMPLACENT ABOUT THE SLUGGISH ECONOMY OR STUBBORN UNEMPLOYMENT RATES. / BUT WE MUST NOT DISCOUNT THE FUNDAMENTALS -- THE UNDERLYING FACTORS THAT PROPEL OUR ECONOMY TOWARD GROWTH.



FROM THE FIRST, WE'VE BUILT OUR LONG-TERM GROWTH STRATEGY ON SEVERAL KEY ELEMENTS: UNLEASHING CAPITAL AND REDUCING TAX BURDENS; KEEPING INFLATION IN CHECK -- AND INTERESTS RATES DOWN. SECOND, WE RECOGNIZE THE NEED TO KEEP AMERICAN BUSINESS COMPETITIVE: TO SLASH RED TAPE AND REGULATIONS WHEREVER POSSIBLE -- DRAW THE LINE AGAINST GOVERNMENT MANDATES THAT HANDCUFF THE AMERICAN ENTREPRENEUR. [[CHRIS DEMUTH AND BILL KRISTOL -- WITH <sup>STET THEIR</sup> HIS INVOLVEMENT IN THE COMPETITIVENESS COUNCIL -- CAN TELL YOU STORIES THAT WILL MAKE YOUR HAIR CURL.]] AND TRUE COMPETITIVENESS INCLUDES REAL TORT REFORM -- CAPPING THESE CRIPPLING SKY'S-THE-LIMIT LIABILITY AWARDS, WHICH EXERT SUCH A STRONG "CHILLING EFFECT" ON ENTREPRENEURS READY TO BRING NEW PRODUCTS TO MARKET.

THIRD, AS A NATION, WE'VE GOT TO MAKE GOOD ON OUR COMMITMENT TO QUALITY EDUCATION AND JOB TRAINING, TO ENSURE A WORKFORCE READY FOR THE CHALLENGES A NEW CENTURY WILL BRING.

FOURTH, WE'VE GOT TO CONTROL THE DEFICIT. / THE AMERICAN PEOPLE NEED TO UNDERSTAND THAT, RIGHT NOW, WE SPEND \$286 BILLION DOLLARS A YEAR -- THAT'S THREE-QUARTERS OF A BILLION DOLLARS A DAY -- JUST TO PAY INTEREST ON THE NATIONAL DEBT. WE'VE GOT TO KEEP SPENDING DOWN -- AND AVOID DRIVING INTEREST RATES UP AGAIN. //

AND FINALLY, WE'VE GOT TO MAKE CERTAIN AMERICAN BUSINESSES COMPETE ON AN EQUAL FOOTING -- AND THAT MEANS A GOVERNMENT COMMITTED TO THE PRINCIPLES OF FREE AND FAIR TRADE. WE'VE FOUGHT TO ADVANCE THOSE PRINCIPLES FROM THE E.C. TO EAST ASIA -- IN THE URUGUAY ROUND AND WITH OUR PROMISING ENTERPRISE FOR THE AMERICAS INITIATIVE. //

WE FEEL THE BENEFITS OF FOREIGN TRADE RIGHT HERE AT HOME. EACH ADDITIONAL BILLION DOLLARS IN MANUFACTURED <sup>GOODS</sup> TRADE MEANS ANOTHER 20,000 AMERICAN JOBS. AND YET IN ~~SPITE~~ <sup>←</sup> SPITE OF THE FACT THAT LAST YEAR ALONE, TOTAL GROSS EXPORTS ACCOUNTED FOR VIRTUALLY ALL OF THIS NATION'S ECONOMIC GROWTH -- A NEW BREED OF ISOLATIONISTS SEEM TO THINK DOMESTIC POLICY ENDS AT THE WATER'S EDGE. //

[I THANK GOD THEY WEREN'T AROUND BACK IN 1492 -- <sup>deal</sup> IMAGINE THE HARD TIME THEY'D HAVE GIVEN COLUMBUS.] //

VOICES ON THE RIGHT AND LEFT ARE WORKING RIGHT NOW TO BREATHE NEW LIFE INTO THOSE OLD FLAT-EARTH THEORIES OF PROTECTIONISM AND ISOLATIONISM. // BUT THERE IS NO GOING BACK. / OUR NEW WORLD IS FAR SMALLER -- OUR HORIZONS STRETCH MUCH FARTHER WITH EACH GENERATION. THIS IS 1991 -- NOT 1791: A HORSE-AND-BUGGY ATTITUDE WON'T CARRY US INTO THE NEXT CENTURY. //

*is not  
communist*

ON CERTAIN ISSUES -- MANY IN THE FOREIGN POLICY SPHERE -- THE PRESIDENT POSSESSES ALL THE AUTHORITY HE NEEDS TO ADVANCE AN AMBITIOUS AGENDA. BUT THERE ARE THINGS NO PRESIDENT CAN DO UNILATERALLY -- TIMES WHEN THE NEED FOR ACTION FINDS THE PRESIDENT AND CONGRESS PULLING IN DIFFERENT DIRECTIONS. I DON'T APPROACH THE PROBLEM OF DIVIDED GOVERNMENT AS A POLITICAL SCIENTIST. THE IDEAL SOLUTION TO DIVIDED GOVERNMENT REMAINS A GOVERNMENT UNITED IN PURSUIT OF THE PUBLIC GOOD. [[IN OTHER WORDS, TO BE CANDID, MY PREFERRED SOLUTION TO DIVIDED GOVERNMENT IS A REPUBLICAN CONGRESS.]] // IN THE MEANWHILE, I'LL KEEP PUSHING CONGRESS -- REACHING OUT WHEN I CAN, GIVING A KINDER, GENTLER POKE NOW AND AGAIN WHEN NECESSARY -- TO WORK WITH ME TO GET THE JOB DONE. //

I CALLED ON CONGRESS TO JOIN ME IN RESPONSIBLE ACTION LONG BEFORE OUR ECONOMY BEGAN TO STRUGGLE. / I SAID BACK IN 1989 --DURING THE LONGEST PEACETIME RECOVERY ON RECORD -- THAT AMERICA COULD NOT REST EASY, THAT WE NEEDED TO LOOK TO THE LONG-TERM, PUT IN PLACE POLICIES THAT WOULD SUSTAIN GROWTH AND CREATE JOBS. I OFFERED THEN THE FIRST OF THREE ECONOMIC GROWTH PACKAGES. THREE SESSIONS OF CONGRESS HAVE COME AND GONE. EVERYONE KNOWS THE RESULT: PRECIOUS LITTLE ACTION. //

EVERY ONE OF THE ECONOMIC PROPOSALS I'VE SENT UP TO  
CAPITOL HILL SERVES THE SINGLE STANDARD OF GENERATING  
GROWTH -- AND THAT INCLUDES THE CAPITAL GAINS TAX CUT  
MY OPPONENTS HAVE <sup>(ever the)</sup> LABELED "CONTROVERSIAL." // MY  
OPPONENTS LIKE TO TREAT CAPITAL GAINS AS A CODE WORD  
FOR CLASS WARFARE -- EVEN AT THE VERY SAME TIME THEY'RE  
LEARNING TO PAY LIP SERVICE TO A CONCEPT CALLED  
COMPETITIVENESS. I WONDER WHETHER THEY REALIZE THE  
U.S. IS SADDLED WITH CAPITAL GAINS TAX RATES FAR HIGHER  
THAN OUR KEY INTERNATIONAL COMPETITORS? LOOK AT  
GERMANY: 0% -- NO CAPITAL GAINS TAX AT ALL -- ON  
ASSETS HELD LONGER THAN SIX MONTHS. OR CONSIDER JAPAN:  
AN ENTREPRENEUR WHO SELLS THE COMPANY HE'S BUILT FROM  
SCRATCH PAYS A TAX OF 1%. / IT'S TIME WE SEE THAT  
HIGHER COSTS FOR CAPITAL, CRIPPLE COMPETITIVENESS -- AND  
COST AMERICAN JOBS.

// explain this

WHEN I DELIVER MY STATE OF THE UNION MESSAGE IN JANUARY, I WILL GO TO THE CONGRESS WITH A NEW ACTION PROGRAM -- I'LL CALL ON CONGRESS TO SET ASIDE POLITICS AND FOCUS ON THE PUBLIC INTEREST: I'LL CHALLENGE THEM TO ENACT A COMMON-SENSE SET OF ECONOMIC REFORMS. / IF WE DO OUR WORK PROMPTLY, WE'LL STILL HAVE PLENTY OF TIME LEFT IN 1992 FOR PARTISAN POLITICS. //

IN THE MEANTIME, THERE IS A GREAT DEAL WE CAN DO IN THE EXECUTIVE BRANCH TO FOSTER ECONOMIC GROWTH WITHOUT WAITING FOR CONGRESS TO ACT. WE WILL CONTINUE DOING ALL WE CAN TO DRIVE DOWN BARRIERS TO TRADE AND OPEN FOREIGN MARKETS TO AMERICAN GOODS. WE WILL SEEK WAYS TO LIFT THE BURDEN OF FEDERAL REGULATION WITHOUT COMPROMISING PUBLIC HEALTH OR SAFETY. AS I SAID MONDAY, WE WILL MOVE QUICKLY TO IMPLEMENT THE JOB-INTENSIVE TRANSPORTATION BILL -- AND I HAVE ORDERED FEDERAL AGENCIES TO REVIEW THE EFFECTIVENESS OF A FULL RANGE OF PROGRAMS: FROM SMALL BUSINESS LOANS TO JOB PLACEMENT AND JOB TRAINING, TO THE PROCESS FOR GETTING UNEMPLOYMENT CHECKS OUT TO THE WORKERS AND FAMILIES WAITING FOR THEM. // NONE OF THESE ACTIONS CAN SUBSTITUTE FOR EFFECTIVE CONGRESSIONAL ACTION -- BUT EACH CAN HELP MOVE THE ECONOMY ALONG. //

SO LET ME REPEAT: WE HAVE HAD A COMPREHENSIVE  
ECONOMIC GROWTH STRATEGY FROM THE BEGINNING,  
ENCOMPASSING EVERY ASPECT OF POLICY: DEFICIT REDUCTION  
TO LOWER INTEREST RATES; TAX INCENTIVES TO SPUR SAVING  
AND ENTREPRENEURSHIP; <sup>REGULATORY REFORM;</sup> INCREASED AND MORE EFFICIENT  
INVESTMENT IN OUR PUBLIC INFRASTRUCTURE; EDUCATION  
REFORM TO ENHANCE AMERICA'S HUMAN CAPITAL; TORT REFORM  
TO EASE THE COSTLY LITIGATION THAT SAPS OUR  
PRODUCTIVITY; BANKING REFORM TO MAKE OUR FINANCIAL  
SYSTEM SAFER AND MORE INTERNATIONALLY COMPETITIVE --  
AND A TRADE POLICY AIMED AT OPENING THE NEW MARKETS  
THAT MEAN MORE AMERICAN JOBS.



I'M CONFIDENT WE CAN ACT TO ADVANCE AMERICA'S  
INTERESTS -- AND I'M CERTAIN WE MUST, BECAUSE OUR WORLD  
DEMANDS IT. / I'M CONFIDENT BECAUSE I REMAIN  
CONVINCED AMERICA'S "FUNDAMENTALS" ARE SOUND -- NOT  
JUST THE ECONOMIC INDICATORS I MENTIONED A FEW MOMENTS  
AGO, BUT THE BROAD FUNDAMENTALS THAT SUSTAIN AMERICAN  
SOCIETY: FAITH AND FAMILY. THE ~~FELLOW~~ FEELING<sup>OF FELLOWSHIP</sup> THAT  
LEADS MILLIONS OF AMERICANS TO HELP NEIGHBORS IN NEED  
-- WITHOUT LOOKING TO WASHINGTON FOR GUIDANCE. AND OF  
COURSE, THE CORNERSTONE OF OUR AMERICAN IDEA: THE  
BEDROCK BELIEF IN FREEDOM THAT LED US FORWARD FROM  
VALLEY FORGE TO DESERT STORM TO THE NEW WORLD NOW  
UNFOLDING AROUND US. //

LOOK OUT ON THE HORIZON: TO THE AMERICA THE ~~REST~~<sup>ENTIRE</sup>  
~~OF THE~~ WORLD LOOKS TO FOR LEADERSHIP. TO THE AMERICA  
THAT EXALTS ENTERPRISE AND SWEAT -- THE HANDS THAT WORK  
AND THE UNLIMITED POWER OF THE HUMAN MIND. TO THE  
AMERICA WHOSE VERY NAME MEANS FREEDOM FOR MILLIONS  
AROUND THE WORLD. / THAT AMERICA POSSESSES A POWER  
THAT DOES NOT OWE ITS STRENGTH TO GOVERNMENT -- AN ~~AN~~<sup>ITS</sup>  
~~APPEAL~~ THAT BEGINS AND ENDS IN THE LIVING EXAMPLE OF  
ITS PEOPLE. //

ONCE AGAIN, I THANK ALL OF YOU FOR THIS WARM  
WELCOME -- AND MAY GOD BLESS THE UNITED STATES OF  
AMERICA.

# # #

THE WHITE HOUSE  
WASHINGTON

Grey's  
Comments

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December 3, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVE DEMAREST  
TONY SNOW *TS*

FROM: DAN MC GROARTY *DWG*

SUBJECT: PROPOSED REMARKS FOR THE AMERICAN ENTERPRISE  
INSTITUTE LUNCHEON

I. SUMMARY

On Wednesday, December 4, 1991 at 12:45 p.m. you will deliver remarks to an audience of 200 at the American Enterprise Institute Luncheon in the Ballroom at The Willard Hotel, Washington, D.C.

II. DISCUSSION

Your remarks (approximately 18 minutes / teleprompter) focus on our long- and short-term economic strategies, as well as the challenges of formulating policy in the post-Cold war era. The remarks also highlight AEI's contributions to the study of American politics and salute Irving Kristol, recipient of AEI's 1991 Francis Boyer Award.

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# # #

GERTRUDE  
HIMMELFARB  
(BEA)

- Paul Orrefice  
AEI Chairman of Board

McGroarty/Bunton  
December 3, 1991  
11:45 am  
[AEI]

PRESIDENTIAL REMARKS: AMERICAN ENTERPRISE INSTITUTE LUNCHEON  
THE WILLARD HOTEL  
DECEMBER 4, 1991  
12:45 P.M.

Thank you, Chris [DeMuth, AEI President], for those warm words. [Introductory acknowledgements.] Finally, let me salute Irving Kristol -- honored by AEI with this year's Francis Boyer Award -- for the abundance of insight he brings to the study of American politics, the American system, and American society. // Irving has devoted much of his effort the past three decades to making the world safe for democratic capitalism. [[That message now opens new worlds from Moscow to Warsaw. I just wish we could say the same of Washington.]] //

Irving also runs one of America's most formidable one-man talent agencies. Not only his own son, Bill, who so ably serves this Administration -- but legions of proteges in every corner of the political and intellectual worlds open doors by saying, "Irving sent me." ///

I'm pleased to have this opportunity to speak to all of you today. AEI epitomizes something quintessentially American -- the engaged intellectual. Many of you have served in government -- and lived to tell about it. //

AEI encourages the ideal of the citizen-scholar -- a kind of modern-day Cincinnatus: ready to answer your country's call, and when your work is done -- content to return to your word processors. //

For the past three years you've been especially gracious in offering me advice on all manner of issues. I thank you for your support -- and yes, for what I'll call your // "constructive criticism."

In the short space of those three years, we've seen our world transformed. The collapse of communism, / the Cold War's end, / the triumph of the democratic idea: each epoch-making event swept away the challenges, the conflicts that defined the world we knew. Each opened up a new era -- a new world of possibilities. //

As I've said before, the Cold War was -- in its decisive aspect -- a war of ideas: A clash between two systems speaking to the deepest dreams and desires of man. The fact that the battle was won by Western ideals -- the fact that in the nations of the old Warsaw Pact and even within the Soviet Union free governments and free markets are taking root -- stands as a tribute to the ideas and ideals that guide AEI. //

Our new era brings with it a need for new guideposts -- for solutions and approaches that keep pace with the times. The fact that at long last we celebrate a world transformed inevitably means change here at home. //

Right now, the focus here in Washington and across the country is on the economy. / Yesterday I was in Bradenton, Florida and Meridian, Mississippi, meeting with working Americans, listening to what's on their minds -- the same way I've listened to people across America -- 48 states to be exact -

- for three years now. / These are tough times. Many Americans are worried. They're looking for a sign from Washington that someone cares -- understands what's happening. I hope I've made clear that I do.

These people won't feel comforted by a weighty discourse on the difficulties of divided government. // They know that, whatever the leading economic indicators might say, for a person who's lost his job -- the unemployment rate is 100%. // They are impatient, tired of excuses. They want action -- and they can't understand the political gridlock that too often paralyzes Washington, D.C. //

But governing requires more than action for action's sake. [[The scholars of American history here today can vouch for the fact that I'm not the only one who fears our basic liberties are not safe so long as Congress is in session.]] I made a promise some time back that I owe it to the American taxpayer never to leave Congress "home alone." //

You see, too many in Congress make the easy assumption that when polls tell us about dissatisfaction with Washington -- it means they want government to do more, take more power to itself. But that notion simply doesn't square with my sense of what people want. Look back over the 60's and 70's -- over a generation of creeping centralism -- every inch of the road paved by good intentions. / Yes, the American people want government to act -- but not to build new bureaucracies or create more red tape. Across America, we see a demand for greater freedom of

action. A public weary of mandates, regulations and taxes wants to reverse the flow of government power -- to restore authority to the people. //

In the political and social sphere, this new demand for freedom of action means policies that enhance the power of the individual -- strengthen the family. You can see those ideas translated into action in this Administration's stand against quotas -- and for real equality of opportunity; in our child care bill, a victory against the forces that saw this issue as a chance to build a brave new child care bureaucracy. You can see it in our HOPE program's emphasis on turning tenants into homeowners. //

Take a look at our education strategy, America 2000. What worries "the edu-crats" -- the defenders of the status quo who are more comfortable here inside the Beltway than in front of the blackboard -- isn't that our plan won't work. They worry that it will. // They look at America 2000 with about the same enthusiasm that candle makers looked at Edison's light bulb. [[And think of all the firemen that put out of work!]] // They know that choice, competition and community involvement are revolutionary concepts -- capable of literally re-inventing the American school. //

In the economic sphere, the demand for freedom of action means policies that promote market-based solutions: The kind we fought for in the amendments to the Clean Air Act, and built into our energy strategy. //

Let me focus in more detail about what this means given our current economic situation. / No one should be complacent about the sluggish economy or stubborn unemployment rates. / We need to be candid about the fact that hasty government intervention in the economy is likely to do more harm than good. We need to resist feel-good solutions that would tilt a listless recovery back into recession. Rather, we need to keep our focus on the fundamentals -- on the underlying factors that propel our economy toward growth.

From the first, we've built our long-term growth strategy on several key elements: unleashing capital and reducing tax burdens; keeping inflation in check -- <sup>①</sup> and sustaining the policies that helped bring interest rates to these ~~historic low~~ levels. *and doing our level best to keep interest rates at these lower levels.*

*Harry  
Brachman  
↓  
BOSKUN, 199  
② their lowest VLS in a decade 9/2*

Second, we recognize the need to keep American business competitive: to slash red tape and regulations wherever possible -- draw the line against government mandates that handcuff the American entrepreneur. [[Chris DeMuth and Bill Kristol -- with his involvement in the Competitiveness Council -- can tell you stories that will make your hair curl.]] And true competitiveness includes real tort reform -- capping these crippling sky's-the-limit liability awards, which exert such a strong "chilling effect" on entrepreneurs ready to bring new products to market. *It also requires unshackling our Nation's banks, allowing them to compete across state lines and product lines.*

*[ BRING INTEREST RATES TO THEIR LOWEST LEVELS IN A DECADE AND ONE HALF, AND POINT OUR LEVEL BEST TO KEEP INT. RATES AT THESE LOW LEVELS.]*



Third, as a nation, we've got to make good on our commitment to quality education and job training, to ensure a workforce ready for the challenges a new century will bring.

Fourth, we've got to control the deficit. Keep spending down -- and avoid driving interest rates up again. //

*dollars of day or dollars of week Boston*

And finally, we've got to make certain American businesses compete on an equal footing -- and that means a government committed to the principles of free and fair trade. We've fought to advance those principles from the EC to East Asia -- in the Uruguay Round and with our promising Enterprise for the Americas Initiative. //

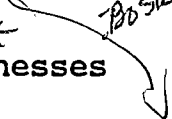
We feel the benefits of foreign trade right here at home. Each additional billion dollars in manufactured trade means another 20,000 American jobs. And yet in spite of the fact that last year alone, manufacturing exports accounted for nearly all of this nation's economic growth -- a new breed of isolationists seem to think domestic policy ends at the water's edge. //

[[Thank God they weren't around back in 1492 -- imagine the hard time they'd have given Columbus.]] Voices on the Right and Left are working right now to breathe new life into that old Flat-Earth theory of "America First." // But there is no going back to the old isolationism. Our new world is far smaller -- our horizons stretch much farther with each generation. This is 1991 -- not 1791: A horse-and-buggy attitude won't carry us into the next century. //

CUT 1 DAY THE GOVT IS SPENDING MORE THAN 3/4 OF 1 BILLION DOLLARS FOR INTEREST PAYMENTS ON THE NAT'L DEBT.

(HARRY BRADDOCK COSSIN)

ANNUAL RATE



Domestic segue ✓

On certain issues -- many in the foreign policy sphere -- the President possesses all the authority he needs to advance an ambitious agenda. (But there are things no President can do unilaterally -- times when the need for action finds the President and Congress pulling in different directions. I don't approach the problem of divided government as a political scientist. The ideal solution to divided government remains a government united in pursuit of the public good. [[In other words, my preferred solution to divided government is a Republican Congress.]] // In the meanwhile, I'll keep pushing Congress -- reaching out when I can, giving a kinder, gentler poke now and again when necessary -- to work with me to get the job done. //

I called on Congress to join me in responsible action long before our economy began to struggle. / I said back in 1989 -- during the longest peacetime recovery on record -- that America could not rest easy, that we needed to look to the long-term, put in place policies that would sustain growth and create jobs. I offered then the first of three economic growth packages. Three sessions of Congress have come and gone. Everyone knows the result: Plenty of pontificating -- precious little action. //

Every one of the proposals I've sent up to Capitol Hill serves the single standard of generating growth -- and that includes the capital gains tax cut my opponents have labeled "controversial." // My opponents like to treat capital gains as a code word for class warfare -- even at the very same time

- Competitiveness Council  
x 6222  
Larry Lindsey used to do this  
\* list 5 competing countries and their  
capital gains rates

- will be tough  
Apr/May 89  
Files/docs.

they're learning to pay lip service to a concept called competitiveness. I wonder whether they realize the U.S. is saddled with capital gains tax rates far higher than our key international competitors? In the end, these higher costs for capital cripple competitiveness -- and cost American jobs. //

When I deliver my State of the Union message in January, I'll call on Congress to set aside politics and focus on the public interest: I'll challenge them to enact a common-sense set of economic reforms. / If we do our work promptly, we'll still have plenty of time left in 1992 for partisan politics. //

In the meantime, there is a great deal we can do in the Executive Branch to foster economic growth without waiting for Congress to act. We will move forward to implement important elements of our National Energy Strategy. We will continue to do all we can to drive down barriers to trade and open foreign markets to American goods. We will continue to seek ways to lift the burden of federal regulation without compromising public health or safety. As I said Monday, we will move quickly to implement the job-intensive transportation bill -- and I have ordered federal agencies to review the effectiveness of a full range of programs: from small business loans to job placement and job training, to the process for getting unemployment checks out to the workers and families waiting for them. // None of these actions can substitute for effective Congressional action - - but each can help move the economy along. //

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I'm confident we can act to advance America's interests -- and I'm certain we must, because our world demands it. The challenge now is to keep pace with change -- to shed the old, out-dated ways of thinking and seize this moment we've created: to help the U.S. meet and master the challenges of the international economy -- to help America forge a new world order: peaceful, prosperous and free. ///

I'm confident we'll meet the challenges thrown open in this new world, because I remain convinced America's "fundamentals" are sound -- not just the economic indicators I mentioned a few moments ago, but the broad fundamentals that sustain American society: Faith and family. The fellow feeling that leads millions of Americans to help neighbors in need -- without looking to Washington for guidance. And of course, the cornerstone of our American idea: the bedrock belief in freedom that led us forward from Valley Forge to Desert Storm to the new world now unfolding around us. //

Look out on the horizon: To the America the rest of the world looks to for leadership. To the America that exalts enterprise and sweat -- the hands that work and the unlimited power of the human mind. To the America whose very name means freedom for millions around the world. / That America possesses a power that does not owe its strength to government -- an appeal that begins and ends in the living example of its people. //

Once again, I thank all of you for this warm welcome -- and may God bless the United States of America.

*Sec. Brady*  
*Molly Rubin*  
*10:15 a.*

McGroarty/Bunton  
December 3, 1991  
11:45 am  
[AEI]

PRESIDENTIAL REMARKS: AMERICAN ENTERPRISE INSTITUTE LUNCHEON  
THE WILLARD HOTEL  
DECEMBER 4, 1991  
12:45 P.M.

Thank you, Chris [DeMuth, AEI President], for those warm words. / Let me recognize Paul Orrefice, <sup>pron.</sup> AEI's Chairman of the Board. And let me salute Irving Kristol -- honored by AEI with this year's Francis Boyer Award -- for the abundance of insight he brings to the study of American politics, the American system, and American society. // Irving has devoted much of his effort the past three decades to making the world safe for democratic capitalism. [[That message now opens new worlds from Moscow to Warsaw. I just wish we could say the same of Washington.]] //

Irving also runs one of America's most formidable one-man talent agencies. Not only his own son, Bill, who so ably serves this Administration -- but legions of proteges in every corner of the political and intellectual worlds open doors by saying, "Irving sent me." ///

I'm pleased to have this opportunity to speak to all of you today. AEI epitomizes something quintessentially American -- the engaged intellectual. Many of you have served in government -- and lived to tell about it. //

AEI encourages the ideal of the citizen-scholar -- a kind of modern-day Cincinnatus: ready to answer your country's call, and when your work is done -- content to return to your word processors. //

For the past three years you've been especially gracious in offering me advice on all manner of issues. I thank you for your support -- and yes, for what I'll call your // "constructive criticism."

In the short space of those three years, we've seen our world transformed. The collapse of communism, / the Cold War's end, / the triumph of the democratic idea: each epoch-making event swept away the challenges, the conflicts that defined the world we knew. Each opened up a new era -- a new world of possibilities. //

As I've said before, the Cold War was -- in its decisive aspect -- a war of ideas: A clash between two systems speaking to the deepest dreams and desires of man. That battle was won by Western ideals. And the fact that in the nations of the old Warsaw Pact and even within the Soviet Union free governments and free markets are now taking root stands as a tribute to the ideas and ideals that guide AEI. //

Our new era brings with it a need for new guideposts -- for solutions and approaches that keep pace with the times. The fact that at long last we celebrate a world transformed inevitably means change here at home. //

Right now, the focus here in Washington and across the country is on the economy. / Yesterday I was in Bradenton, Florida and Meridian, Mississippi, meeting with working Americans, listening to what's on their minds -- the same way I've listened to people across America -- 48 states to be exact -

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- for three years now. / These are tough times. Many Americans are worried. They're looking for a sign from Washington that someone cares -- understands what's happening. I hope I've made clear that I do.

These people won't feel comforted by a weighty discourse on the difficulties of divided government. // They know that, whatever the leading economic indicators might say, for a person who's lost his job -- the unemployment rate is 100%. // They are impatient, tired of excuses. They want action -- and they can't understand the political gridlock that too often paralyzes Washington, D.C. //

But governing requires more than action for action's sake. You see, too many in Congress make the easy assumption that when polls tell us about dissatisfaction with Washington -- it means they want government to do more, take more power to itself. But that notion simply doesn't square with my sense of what people want. / Yes, the American people want government to act -- but not to build new bureaucracies or create more red tape. Across America, we see a demand for greater freedom of action. A public weary of mandates, regulations and taxes wants to reverse the flow of government power -- to restore authority to the people. //

In the political and social sphere, this new demand for freedom of action means policies that enhance the power of the individual -- strengthen the family. You can see those ideas translated into action in this Administration's stand against

quotas -- and for real equality of opportunity; in our child care bill, a victory against the forces that saw this issue as a chance to build a brave new child care bureaucracy. You can see it in our HOPE program's emphasis on turning tenants into homeowners -- and in education, where choice is an essential part of our America 2000 strategy.

Take a look at that strategy. What worries our critics -- the defenders of the status quo in the education establishment -- isn't that our plan won't work. They worry that it will. // They know that choice, competition and community involvement are revolutionary concepts -- capable of literally re-inventing the American school. // But that's what we want to do -- what we must do.

In the economic sphere, the demand for freedom of action means policies that promote market-based solutions: The kind we fought for in the amendments to the Clean Air Act, and built into our energy strategy. //

Let me focus in more detail about what this means given our current economic situation. / No one should be complacent about the sluggish economy or stubborn unemployment rates. / But we must not discount the fundamentals -- the underlying factors that propel our economy toward growth.

From the first, we've built our long-term growth strategy on several key elements: unleashing capital and reducing tax burdens; keeping inflation in check -- and interests rates down.

Second, we recognize the need to keep American business

competitive: to slash red tape and regulations wherever possible -- draw the line against government mandates that handcuff the American entrepreneur. [[Chris DeMuth and Bill Kristol -- with his involvement in the Competitiveness Council -- can tell you stories that will make your hair curl.]] And true competitiveness includes real tort reform -- capping these crippling sky's-the-limit liability awards, which exert such a strong "chilling effect" on entrepreneurs ready to bring new products to market.

Third, as a nation, we've got to make good on our commitment to quality education and job training, to ensure a workforce ready for the challenges a new century will bring.

Fourth, we've got to control the deficit. / The American people need to understand that, right now, we spend [\$200] <sup>286</sup> billion dollars a year -- that's three-quarters of a billion dollars a day -- just to pay interest on the national debt. We've got to keep spending down -- and avoid driving interest rates up again. //

*Harry  
Madman  
4/12/91*

And finally, we've got to make certain American businesses compete on an equal footing -- and that means a government committed to the principles of free and fair trade. We've fought to advance those principles from the EC to East Asia -- in the Uruguay Round and with our promising Enterprise for the Americas Initiative. //

We feel the benefits of foreign trade right here at home. Each additional billion dollars in manufactured trade means

another 20,000 American jobs. And yet in spite of the fact that last year alone, manufacturing <sup>total gross exports</sup> exports accounted for nearly <sup>virtually</sup> all of this nation's economic growth -- a new breed of isolationists seem to think domestic policy ends at the water's edge. //

[[Thank God they weren't around back in 1492 -- imagine the hard time they'd have given Columbus.]] // Voices on the Right and Left are working right now to breathe new life into those old Flat-Earth theories of protectionism and isolationism. // But there is no going back. / Our new world is far smaller -- our horizons stretch much farther with each generation. This is 1991 -- not 1791; <sup>skt</sup> A horse-and-buggy attitude won't carry us into the next century. //

On certain issues -- many in the foreign policy sphere -- the President possesses all the authority he needs to advance an ambitious agenda. But there are things no President can do unilaterally -- times when the need for action finds the President and Congress pulling in different directions. I don't approach the problem of divided government as a political scientist. The ideal solution to divided government remains a government united in pursuit of the public good. [[In other words, to be candid, my preferred solution to divided government is a Republican Congress.]] // In the meanwhile, I'll keep pushing Congress -- reaching out when I can, giving a kinder, gentler poke now and again when necessary -- to work with me to get the job done. //

I called on Congress to join me in responsible action long before our economy began to struggle. / I said back in 1989 -- during the longest peacetime recovery on record -- that America could not rest easy, that we needed to look to the long-term, put in place policies that would sustain growth and create jobs. I offered then the first of three economic growth packages. Three sessions of Congress have come and gone. Everyone knows the result: precious little action. //

Every one of the economic proposals I've sent up to Capitol Hill serves the single standard of generating growth -- and that includes the capital gains tax cut my opponents have labeled "controversial." // My opponents like to treat capital gains as a code word for class warfare -- even at the very same time they're learning to pay lip service to a concept called competitiveness. I wonder whether they realize the U.S. is saddled with capital gains tax rates far higher than our key international competitors? Look at Germany: 0% -- no capital gains tax at all -- on assets held longer than six months. Or consider Japan: an entrepreneur who sells the company he's built from scratch pays a tax of 1%. / It's time we see that higher costs for capital cripple competitiveness -- and cost American jobs. //

When I deliver my State of the Union message in January, I will go to the Congress with a new action program -- I'll call on Congress to set aside politics and focus on the public interest: I'll challenge them to enact a common-sense set of economic

reforms. / If we do our work promptly, we'll still have plenty of time left in 1992 for partisan politics. //

In the meantime, there is a great deal we can do in the Executive Branch to foster economic growth without waiting for Congress to act. We will continue doing all we can to drive down barriers to trade and open foreign markets to American goods. We will seek ways to lift the burden of federal regulation without compromising public health or safety. As I said Monday, we will move quickly to implement the job-intensive transportation bill - - and I have ordered federal agencies to review the effectiveness of a full range of programs: from small business loans to job placement and job training, to the process for getting unemployment checks out to the workers and families waiting for them. // None of these actions can substitute for effective Congressional action -- but each can help move the economy along. //

So let me repeat: we have had a comprehensive economic growth strategy from the beginning, encompassing every aspect of policy: deficit reduction to lower interest rates; tax incentives to spur saving and entrepreneurship; increased and more efficient investment in our public infrastructure; education reform to enhance America's human capital; tort reform to ease the costly litigation that saps our productivity; banking reform to make our financial system safer and more internationally competitive -- and a trade policy aimed at opening the new markets that mean more American jobs. //

I'm confident we can act to advance America's interests -- and I'm certain we must, because our world demands it. / I'm confident because I remain convinced America's "fundamentals" are sound -- not just the economic indicators I mentioned a few moments ago, but the broad fundamentals that sustain American society: Faith and family. The fellow feeling that leads millions of Americans to help neighbors in need -- without looking to Washington for guidance. And of course, the cornerstone of our American idea: the bedrock belief in freedom that led us forward from Valley Forge to Desert Storm to the new world now unfolding around us. //

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