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PRESIDENT GEORGE BUSH RPT DLY MGM
WHITE HOUSE
WASHINGTON DC 20500
DEAR MR. PRESIDENT.
I AM THE WIFE OF LIEUTENANT COMMANDER SCOTT ~~SPICER~~ SPEICHER. THE PILOT OF THE FA-18 FROM THE USS SARATOGA WHICH WAS DOWNED LAST THURSDAY. I CANNOT

PRETEND I KNOW HOW IT FEELS TO COMMIT OUR COUNTRY TO WAR. BUT IT MUST HAVE BEEN A PAINFUL DECISION. I KNOW YOU HAVE TO HAVE AN AWFUL LOT ON YOUR MIND. BUT I WANT YOU TO KNOW THAT I FEEL THE SAME WAY NOW THAT MY HUSBAND AND I FELT WHEN HE WAS DEPLOYED LAST AUGUST. WE SUPPORTED YOU THEN AND I SUPPORT YOU NOW WITH ALL MY HEART. SOMEDAY MY CHILDREN WILL BE OLD ENOUGH TO UNDERSTAND THAT THEIR FATHER WENT AWAY TO WAR BECAUSE IT WAS THE RIGHT THING TO DO. REST ASsURED THAT ALL MY CHILDREN AND I ARE WELL AND THAT I WISH TO MAINTAIN AS NORMAL ROUTINE FOR THEM AS POSSIBLE. FREE OF PRESS AND TELEVISION CAMERAS. THE NAVY IS HELPING TREMENDOUSLY IN THAT RESPECT.
GOD BLESS YOU AND ALL OF OUR MEN IN UNIFORM.

JOANNE SPICER AND ANTONIO SALAZAR. LIEUT. COMMANDER. U.S. NAVY CACO
CLAW 1 NAS CECIL FIELD
JACKSONVILLE FL 32215

8026 Cholo Trail
Jac 32244

1/27, 9am

92 JAN 27 A10:27

PRESIDENTIAL ADDRESS: THE STATE OF THE UNION
U.S. CAPITOL, HOUSE CHAMBERS
TUESDAY, JANUARY 28, 1992
9 P.M.

Mr. Speaker, Mr. President, distinguished Members of Congress, honored guests, and fellow citizens:

I thank you for your reception.

With the big buildup this address has had, I wanted to make sure it would be a smash hit. But I couldn't convince Barbara to deliver it for me.

The Speaker and the Vice President are laughing. They saw what I did in Japan, and they're just happy they're sitting behind me.

I will report on the state of the union tonight, but before that I wanted to briefly mention the state of my health. I want to thank all of you here, and in the country, for all your kindness and concern when I had the flu. Especially the children who wrote to me.

Got a letter from Ashley Thayer, age ___, of Pittsburgh, Pennsylvania. She said, "I ~~was~~ am relieved that you said you were embarrassed when you (got sick) because I threw up in front of the fourth and fifth graders two days after you did.... I know everyone will tease me, but... I won't let it bother me because if the President can (get sick) in public then so can I."

Theresa Donovan 7610

It's nice to be an inspiration.

24 hr flu

I mean to speak tonight of big things; of big changes and the promises they hold, and of some big problems and how together we can solve them and move our country forward as the undisputed leader of the age.

We gather tonight at a dramatic and deeply promising time in our history, and in the history of man on earth.

For in the past twelve months the world has known changes of almost biblical proportions. Communism died this year, and even now, months after the failed coup that doomed a failed system, I am not sure we have absorbed the full impact, the full import of what happened.

Even as President, with the most fascinating possible vantage point, I confess there were times when I was so busy helping to manage progress, and lead change, that I didn't quite show the joy that was in my heart.

But the biggest thing that has happened in the world in my life -- in our lives -- is this: By the grace of God, America won the cold War. And if I didn't always take time to speak of it, I didn't forget to feel it, or to thank God in my heart.

I mean to speak this evening of the changes that can take place in our country now that we can stop making the sacrifices we had to make when we had an avowed enemy that was a Superpower. I will never forgo my responsibility to lead in world affairs, but now we can look homeward, confidently, and move to set right what needs to be set right.

I will speak of those things. But let me tell you something I've been thinking these past few months. It's a kind of

even more

rollcall of honor. For the Cold War didn't 'end' -- it was won.

And I think of those who won it, in places like Korea, and Vietnam. And some of them didn't come back. Back then we called them heroes, but this year they became what they didn't know they were: victors.

The long rollcall -- all the GI Joes and Janes, all the ones who fought faithfully for freedom, who hit the ground and sucked the dust and knew their share of horror. This may seem frivolous -- I don't mean it so -- but it's moving to me how the world saw them.

The world saw not only their special valor but their special style -- their rambunctious, optimistic bravery, their do-or-die unity unhampered by class or race or region. What a group we've put forth, for generations now -- from the ones who wrote 'Kilroy was Here' on the walls of German stalags, to those who left signs in the Iraqi desert that said, "I Saw Elvis." What a group of kids we've sent into the world.

And there's another to be singled out -- though it may seem inelegant. I mean a mass of people called The American Taxpayer. No one ever thinks to thank the people who pay a country's bills, or an alliance's bills. But for half a century now the American people have shouldered the burden, and paid taxes that were higher than they would have been to support a defense that was bigger than it would have been if imperial communism had never existed.

But it did.

But it doesn't anymore.

And here is a fact I wouldn't mind the world acknowledging: The American taxpayer bore the brunt of the burden, and deserves a hunk of the glory.

9-27-91 speech SAC 402-294-4130

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And so, now, for the first time in ~~forty five~~ years, our strategic bombers stand down. No longer are they on 'round-the-clock alert. Tomorrow our children will go to school and study history and how plants grow. And none of them will have air raid drills in which they crawl under their desks and cover their heads in case of nuclear war. My grandchildren don't have to do that, and won't have the bad dreams children had once, in decades past. There are still threats. But the long, drawn out dread is over.

1/29/91

air war 1/16 to 2/23

ground war 100 hours = 4 days

A year ago tonight I spoke to you at a moment of high peril. American forces had just unleashed Operation Desert Storm. And after ~~forty~~ 39 days in the desert skies and four days on the ground, the men and women of America's Armed Forces and our allies liberated Kuwait.

Soon after, the Arab world and Israel sat down to talk seriously, and comprehensively, about peace -- an historic first. And soon after that, at Christmas, the last American hostages came home. Our policies were vindicated.

Much good can come from the prudent use of power. And much good can come from this: A world once divided into two armed camps now recognizes one sole and preeminent power: the United States of America.

And they regard this with no dread. For the world trusts us with power -- and the world is right. They trust us to be fair, and restrained, they trust us to be on the side of decency. They trust us to do what's right.

I use those words advisedly. A few days after the war began I received a letter from Joanne ~~Spicer~~ Speicher [spiker], the wife of the first pilot killed in the Gulf, Lt. Commander Scott ~~Spicer~~ Speicher. Even in her grief she wanted me to know that some day, when her children were old enough, she would tell them "...that their father went away to war because it was the right thing to do."

She said it all. It was the right thing to do.

And we did it together. There were differences here, in this Chamber, but when the war began partisanship was put aside, and you supported your country.

This is still a time for pride -- but this is no time to boast. For problems face us, and we must stand together once again and solve them -- and not let our country down.

Two years ago I began planning cuts in military spending that reflected the changes of the new era. But now, this year, with imperial communism gone for good, that process can be accelerated, saving even more in terms of funds and time and energy.

And so, I have approved an additional 50 billion dollars in defense savings over the next five years.

I have informed President Boris Yeltsin of the Russian Republic that we are ready to eliminate all Peacekeeper missiles.

We are ready to reduce the number of warheads on Minuteman missiles to one. And we would convert a substantial portion of our strategic bombers to primarily conventional use.

President Yeltsin and I will meet this weekend at Camp David. He has already announced bold steps to slash the size of Russian forces. And I have told him that if Russia eliminates all land-based multiple warhead ballistic missiles, and reduces its strategic nuclear forces, we will respond in kind.

But tonight I announce actions that we are taking on our own -- because they are the right thing to do.

The United States will stop all new production of the Peacekeeper missile. After completing 20 planes over the next two years, we will shut down further production of the B-2 bomber. We will cancel the small ICBM program. We will cease production of new warheads for our sea-based ballistic missiles. And we will not purchase any more advanced cruise missiles.

For half a century American presidents have longed for the day when decisions like this could be made, and words like this could be said. But even in the midst of celebration, we must keep caution as a friend.

For the world is still a dangerous place. Only the dead have seen the end of conflict. And though yesterday's challenges are behind us, tomorrow's are being born.

After consultation with the Joint Chiefs of Staff, and upon recommendations by Defense Secretary Cheney, I make these cuts with confidence. But do not misunderstand me: By 1997 we will

have cut defense by 30% -- by one third -- since I took office. These cuts are deep, and you must know my resolve: This deep, and no deeper.

To do less would be insensible to progress -- but to do more would be ignorant of history.

We must not go back to the days of 'the hollow army'. We cannot repeat the mistakes made twice in this century, when armistice was followed by recklessness, and defense was purged as if it weren't needed anymore.

I remind you this evening that I have asked for your support in funding a program to protect our country from limited nuclear missile attack. We must have this protection because too many people in too many countries have access to nuclear arms.

There are those who say that we can now turn away from the world, that we have no special role, no special place.

But we are the United States of America, the leader of the west that has become the leader of the world. As long as I am President we will continue to lead in support of freedom everywhere.

For this is a fact: Strength in the pursuit of peace is no vice; and isolationism in the pursuit of security is no virtue.

Now to our troubles at home. They are not all economic, but the primary problem is our economy. There are some good signs: Inflation, that thief, is still down; and interest rates are almost at historic lows. But unemployment is too high, some

industries are in trouble, and growth is not what it should be.

Let me tell you right from the start and right from the heart: I know we're in hard times, but I know something else: This will not stand.

We can bring the same unity, courage and sense of common purpose to the economy that we brought to Desert Storm. And we can defeat hard times together.

I believe you will help. One reason is that you're patriots, and you want the best for your country. And I believe that in your hearts you want to put partisanship aside and get the job done -- because it's the right thing to do.

The power of America rests in a stirring but simple idea: That people will do great things if you only set them free.

Well, we're going to set the economy free, for if this age of miracles and wonders has taught us anything it's that If we can change the world, we can change America.

We must encourage investment. We must make it more possible for people to invest money and time and create new products, new industries, new jobs. We must clear away the obstacles to growth -- high taxes, high regulation, red tape, and yes, government deficits.

None of this will happen with a snap of the fingers. But the test of a plan isn't whether it's called new or dazzling. The American people aren't impressed by gimmicks; they're smarter on this score than all of us in this room. The only test of a plan is: Is it sound and will it work?

We must have a short term plan to heat up the economy. And we need a long term plan to keep the combustion going, and to guarantee our place in the global economy of the future.

There are short term actions I can take on my own -- And I am taking them.

I begin with the untold number of hard working, responsible American workers and businessmen who've been forced to go without needed bank loans. I will alleviate the banking credit crunch. I won't neglect my responsibility for sound regulations that serve the public good, but regulatory overkill must end.

I have instructed our government regulators to end it.

And not just for banking.

I have this evening instructed every cabinet department and federal agency to institute a 90 day freeze on any new federal regulations that could hinder growth. In those 90 days all departments and agencies will carry out a crash review on all regulations, old and new -- to stop the ones that will hurt growth, and speed up those that will help growth.

I have directed every cabinet department, and every federal agency, to speed up pro-growth expenditures as quickly as possible. This should put an extra 10 billion dollars into the economy in the next 6 months. And our new transportation bill will put 150 billion dollars in five years into construction projects that are vital to our growth and well being. That means jobs building roads, bridges, and railways.

I have this evening directed Secretary of the Treasury Brady to change the federal tax withholding tables. This means that millions of Americans from whom the government withholds more than necessary can now choose to have the government withhold less from their paychecks. Something tells me a number of taxpayers may take us up on this. This initiative could return about $25 billion back into our economy over the next 12 months -- money people can use to help pay for clothing, college, or to get a new car.

These are the things I can do. And now, members of the Congress, let me tell you what you can do for your country. For you must pass the final elements of my short term economic plan.

Everyone knows that investment spurs recovery.

I am proposing this evening a change in the alternative minimum tax, and the creation of a new 15% investment tax allowance. This will encourage businesses to accelerate investment and bring people back to work.

Real estate has led our economy out of almost every recession we've ever had. Once building starts, carpenters and plumbers work and people buy homes and take out mortgages.

My plan would encourage real estate construction by extending tax incentives for mortgage revenue bonds and low income housing. And it would modify the Passive Loss Rule for active real estate investors.

For those Americans who dream of buying a first home, but who can't quite afford it, my plan would allow first time home

Start
Watch wording

Tony Villamil
Chief Economist
Dept. of Commerce
377-8181

buyers to withdraw savings from IRA's without penalty -- and provide a $5,000 tax credit for the first purchase of any home.

And finally, my short term plan calls on Congress to help people with ideas ready to grow -- people who own a home, everyone who has a business, or a farm, or a single investment -- including a pension plan.

My friends, this time, at this hour, I can't take No for an answer: You must cut the capital gains tax on the people of our country.

Never has an issue been more demagogued by its opponents. But the demagogues are wrong -- and they know it. 70% of the people who benefit from lower capital gains have incomes under $50,000. A cut in the capital gains tax helps just about everybody.

Glenn Hubbard Dept. of Treasury Tax Analysis S66-2563

And so, I'm asking you to cut their capital gains tax to a maximum of ___ percent.

The opponents of this measure -- and those who've authored various so called soak-the-rich bills that are floating around this chamber -- should be reminded of something: When they aim at the big guy they usually wind up hitting the little guy. And maybe it's time that stopped.

This then is my short term plan. Your part, Congress, requires enactment of eight common sense proposals that will have a strong effect on the economy -- without breaking the budget agreement and without raising taxes.

But it won't work overnight. And while it's being passed and kicking in, we've got to care for those in trouble today. I have provided up to 4.4 billion dollars in my budget to extend federal unemployment benefits. I ask for Congressional action right away.

And let's be frank:

I know, and you know, that my plan is unveiled in a political season. I know, and you know, that everything I propose will be viewed by some in merely partisan terms. But I ask you to know what is in my heart: My aim is to increase our nation's good. I am doing what I think is right; I am proposing what I know will help.

I pride myself that I am a prudent man. I believe that patience is a virtue, but I understand that politics is, for some, a game -- and that sometimes the game is to stop all progress and then decry the lack of improvement.

But let me tell you: far more important than my political future -- and far more important than yours -- is the well being of our country. Members of this Chamber are practical people, and I know you won't resent some practical advice: When people put their party's fortunes before the public good, they court defeat not only for their country, but for themselves. And they will certainly deserve it.

I submit my plan tomorrow. I am asking you to pass it intact by March 15th. And I ask the American people to let you know they want this action by March 15th.

From the day after that, if it must be: the battle is joined.

And you know, when principle is at stake I relish a good fair fight.

We are going to lift this nation out of hard times inch by inch and day by day, and those who would stop us had best step aside. Because I look at hard times and I make this vow: This will not stand.

I said my plan has two parts, and it does. And it is the second part that is the heart of the matter. For it's not enough to get a momentary burst -- we need long term improvement in our economic position.

We must remember this evening that we have it in our power to make sure that America continues as a leader in the world of the future. We have it in our power to see that down the road we are still the first class maker and seller of goods that we've always been. We have it in our power to assure that when our children are grown it will still be true that What America makes, the world takes.

This, then, is my long term plan to guarantee our future.

First, trade: We will work to break down the walls that stop world trade. We will work to open markets everywhere.

In our major trade negotiations I will continue pushing to eliminate damaging tariffs and subsidies -- especially in agriculture. We will protect the intellectual property rights of

inventors and innovators -- to prevent others from stealing the ideas and technologies we've worked so hard to create.

We'll get more good American jobs within our own hemisphere through the North American Free Trade Agreement, and through the Enterprise for the Americas Initiative.

But changes in old ways are here, and more are coming. The workplace of the future will demand more highly skilled workers than ever -- more people who are computer literate, and highly educated.

We were the world's leader in education once -- and we've got to be the world's leader in education again. We must revolutionize American education.

My America 2000 education strategy will let every parent in our country choose their children's schools. This is key, for choice means competition, and competition means improvement, innovation and creativity.

30 states across the nation have established America 2000 programs. Hundreds of cities and towns have joined in. And now Congress must join this great movement: Pass my proposals for New American Schools, for more autonomy for parents and excellence for children.

That was my second long term proposal. This is my third:

We must make common sense investments that will help us compete, long term, in the marketplace.

We must encourage research and development. My plan is to make the R and D tax credit permanent, and to provide record

levels of support -- 76 billion dollars this year alone -- for people who will explore the promise and potential of emerging technologies.

Fourth, we must do something about crime.

It is time for a major, renewed investment in fighting violent street crime. It saps our strength; it hurts our faith in each other, in our society, and in our future.

Surely a tired woman on her way to work at 6 in the morning on a city subway deserves the right to get there safely. Surely it's true that everyone who changes their life because of crime -- from those afraid to go out at night to those afraid to walk in the parks they pay for -- surely these people have been denied a basic civil right.

It is time to restore it. Congress, pass my comprehensive crime bill. It is tough on criminals, supportive of police, and kind to victims. And it has been languishing in these hollowed halls for a year now.

sent to Congress 3-11-91

Pass it. Help your country.

We need more. I ask you tonight to act on our HOPE housing proposal -- and to pass my Enterprise Zone legislation, which will get businesses into the inner city through tax breaks. We must empower the poor with the pride that comes from owning a home, getting a job, becoming a part of things.

And I ask tonight for record expenditures for the program that helps children born into want move on into excellence: Head Start.

Step five -- we must reform our health care system. For this too bears on whether or not we can compete in the world.

American health costs have been exploding. This year we will spend over 800 billion dollars on health -- 800 billion dollars. And it's expected to grow to 1.6 trillion by the end of the decade. We simply cannot afford this.

The cost of health care shows up not only in your family budget, but in the price of everything we buy and everything we sell. When health coverage for a fellow on an assembly line costs thousands of dollars, the cost goes into the products he makes -- and you pay the bill.

To make it worse, health care not only costs too much, it excludes too many. It's a little like the old complaint about the bad restaurant: The food's awful -- and the portions are so small!

We must make a choice.

Some pretend we can have it both ways. They call it Play or Pay -- but that expensive approach is unstable. It will mean higher taxes, and eventually, a system under complete government control.

Really, there are only two options: We can move toward a nationalized system -- which will deny patient choice in picking a doctor and force the government to ration services arbitrarily. And what we'll get is patients ~~on~~ in long lines, indifferent service, and a huge new tax burden.

Or we can reform our own private health care system -- which still gives us, for all its flaws, the best quality health care in the world.

Let's build on our strengths.

My plan is to preserve and increase the idea of choice. We will make basic health insurance affordable for all low income people not now covered. We will do it by providing a health insurance tax credit of $3,750 per family. And, by reforming the health insurance market, my plan would assure that Americans will have access to basic health insurance even if they change jobs or develop serious health problems.

We must bring costs under control, preserve quality, preserve choice, and reduce the people's nagging daily worry about health insurance. My plan, which I announce in detail on February 6th, will do just that.

Sixth, we must get the federal deficit under control.

~~Congress and I worked out a controversial budget agreement in 1990. For me, the key part of that agreement was its budget discipline~~ We now have on place -- enforceable spending caps, and an insistence that we pay for the programs we create.

There are those who would ease that discipline now. But I can't let them do it -- and I won't.

My plan would freeze all domestic discretionary budget authority -- which means 'No more next year than this year.' I will not tinker with social security, but I would put real caps

on the growth of uncontrolled spending. I would also freeze federal domestic government employment.

With the help of Congress, my plan will get rid of 246 programs that don't deserve federal funding. Here's the list. Some of them have noble titles, but none of them is indispensable. I am asking Congress to read it -- and get rid of each and every one of them.

You know, it's time we rediscovered a 'home truth' the American people have never forgotten: This government is too big and spends too much.

I call upon Congress to adopt a measure that will help put an end to the annual ritual of filling the budget with pork-barrel appropriations. Every year, the press has a field day making fun of outrageous examples -- a Lawrence Welk museum, a study of bovine methane emissions.

We all know how these things get into the budget. Maybe you need a little 'tough love' -- someone to help you say No. I know how to say it. And you know what I need to make it stick. Give me the same thing 43 Governors have: The line item veto. And watch me say no.

We must put an end to unfinanced federal government mandates. These are the requirements Congress puts on our cities, counties and states -- without supplying any money. If Congress passes a mandate, it should be forced to pay for it, and to balance the cost with savings elsewhere. After all, a mandate

just increases someone else's burden -- and that means higher taxes at the state and local level.

Finally, step seven of my long-term plan: We must strengthen the family -- because ultimately the family has the greatest bearing on our future. When Barbara holds an AIDS baby in her arms, and reads to children, she's saying to every person in this country 'Family matters.'

I am announcing tonight a new Commission on America's Urban Families, to be chaired by _____. You know, I had the mayors from the League of Cities in the other day, and they told me something striking. They said that every one of them, Republicans and Democrats, agreed on one thing: That the major cause of the problems of the cities is the dissolution of the family.

They asked for this Commission, and they were right to ask, because it's time to take another look at what we can do to keep families together, strong and sound.

There's one thing we can do right away: ease the burden of rearing a child. I ask you tonight to raise the personal exemption by $500 per child for every family. For a family with four kids, that's an increase of 2,000 dollars. This is a good start, in the right direction, and it's what we can afford.

It's time to allow families to deduct the interest they pay on student loans. I am asking you to do just that. And I'm asking you to allow people to use money from their IRA's to pay medical and education expenses -- all without penalties.

And I'm asking for more. Ask American parents what they dislike about how things are in our country and chances are that pretty quickly they'll say: welfare.

Americans are the most generous people on earth. But we have to go back to the insight of Franklin Roosevelt who, when he expanded what became the welfare program, made it clear that public assistance exists to help people through tough times, through a crisis. It was never meant to be a lifestyle; it was never meant to be a habit; it was never supposed to be passed from generation to generation like a family legacy.

It's time to replace the assumptions of the welfare state, and help reform the welfare system.

States throughout the country are beginning to operate with new assumptions: That when able-bodied adults receive government assistance, they have responsibilities to the tax payers. A responsibility to seek work or job training -- a responsibility to get their lives in order -- a responsibility to hold their families together and refrain from having children out of wedlock -- and a responsibility to obey the law.

We are going to help this movement. Often, state reform requires waiving certain federal regulations. I will act to make that process easier and quicker for every state that asks our help.

This then is my plan for America. I am asking for big things -- but I believe in my heart you will do what's right.

Leamfort

You know, it's kind of an American tradition to show a certain skepticism toward our democratic institutions. I myself have sometimes thought the aging process could be delayed if it had to make its way through Congress...

You will deliberate, and you will discuss, and that is fine.

But, my friends: the people cannot wait. They need help now.

There is a mood out there, and it must be addressed. People are worried. There has been talk of decline. Someone even said our workers ~~and~~ are lazy and uninspired.

And I thought, really. Go tell Neil Armstrong standing on the moon. Tell the men and women who put him there. Tell the crew of the Space shuttle. Tell the American farmer who feeds his country and the world. Tell the men and women of Desert Storm.

Moods come and go, but greatness endures.

Ours does.

And maybe for a moment it's good to remember what, in the dailyness of our lives, we forget.

We are the strongest nation on earth -- the freest nation on earth -- the kindest nation on earth.

We are the biggest exporter in the world -- the biggest producer in the world -- with the highest standard of living in the world.

Sometimes a child is least appreciated and understood in his own family. Sometimes a prophet is least honored in his own country. And sometimes you don't know an age is luminous until you look back.

My friends, we've been in a pause, not an endpoint, a slowdown, not a stop.

And now we will move on and up, together,

America,

the once and future miracle that is still, this night, the hope of the world.

Thank you. God bless you. God bless our beloved country.

deadline
isolate the conquers
Shayer

THE STATE OF THE UNION
U.S. CAPITOL, HOUSE CHAMBERS
TUESDAY, JANUARY 28, 1992
9 P.M.

MR. SPEAKER, MR. PRESIDENT, DISTINGUISHED MEMBERS OF CONGRESS, HONORED GUESTS, AND FELLOW CITIZENS:

(I THANK YOU FOR YOUR RECEPTION.)

(WITH THE BIG BUILDUP THIS ADDRESS HAS HAD, I WANTED TO MAKE SURE IT WOULD BE A BIG HIT. BUT I COULDN'T CONVINCE BARBARA TO DELIVER IT FOR ME.)

(THE SPEAKER AND THE VICE PRESIDENT ARE LAUGHING. THEY SAW WHAT I DID IN JAPAN, AND THEY'RE JUST HAPPY THEY'RE SITTING BEHIND ME.)

I MEAN TO SPEAK TONIGHT OF BIG THINGS; OF BIG CHANGES AND THE PROMISES THEY HOLD, AND OF SOME BIG PROBLEMS AND HOW TOGETHER WE CAN SOLVE THEM AND MOVE OUR COUNTRY FORWARD AS THE UNDISPUTED LEADER OF THE AGE.

WE GATHER TONIGHT AT A DRAMATIC AND DEEPLY PROMISING TIME IN OUR HISTORY, AND IN THE HISTORY OF MAN ON EARTH.

FOR IN THE PAST TWELVE MONTHS THE WORLD HAS KNOWN CHANGES OF ALMOST BIBLICAL PROPORTIONS. AND EVEN NOW, MONTHS AFTER THE FAILED COUP THAT DOOMED A FAILED SYSTEM, I AM NOT SURE WE HAVE ABSORBED THE FULL IMPACT, THE FULL IMPORT OF WHAT HAPPENED. BUT COMMUNISM DIED THIS PAST YEAR.

EVEN AS PRESIDENT, WITH THE MOST FASCINATING POSSIBLE VANTAGE POINT, THERE WERE TIMES WHEN I WAS SO BUSY HELPING TO MANAGE PROGRESS, AND LEAD CHANGE, THAT I DIDN'T ALWAYS SHOW THE JOY THAT WAS IN MY HEART.

BUT THE BIGGEST THING THAT HAS HAPPENED IN THE WORLD IN MY LIFE -- IN OUR LIVES -- IS THIS: BY THE GRACE OF GOD, AMERICA WON THE COLD WAR.

I MEAN TO SPEAK THIS EVENING OF THE CHANGES THAT CAN TAKE PLACE IN OUR COUNTRY NOW THAT WE CAN STOP MAKING THE SACRIFICES WE HAD TO MAKE WHEN WE HAD AN AVOWED ENEMY THAT WAS A SUPERPOWER.

NOW WE CAN LOOK HOMEWARD, EVEN MORE, AND MOVE TO SET RIGHT WHAT NEEDS TO BE SET RIGHT.

I WILL SPEAK OF THOSE THINGS. BUT LET ME TELL YOU SOMETHING I'VE BEEN THINKING THESE PAST FEW MONTHS. IT'S A KIND OF ROLLCALL OF HONOR. FOR THE COLD WAR DIDN'T 'END' -- IT WAS WON.

AND I THINK OF THOSE WHO WON IT, IN PLACES LIKE KOREA, AND VIETNAM. AND SOME OF THEM DIDN'T COME BACK. BACK THEN THEY WERE HEROES, BUT THIS YEAR THEY BECAME WHAT THEY DIDN'T KNOW THEY WERE: VICTORS.

THE LONG ROLLCALL -- ALL THE GI JOES AND JANES, ALL THE ONES WHO FOUGHT FAITHFULLY FOR FREEDOM, WHO HIT THE GROUND AND SUCKED THE DUST AND KNEW THEIR SHARE OF HORROR.

THIS MAY SEEM FRIVOLOUS -- I DON'T MEAN IT SO -- BUT IT'S MOVING TO ME HOW THE WORLD SAW THEM.

THE WORLD SAW NOT ONLY THEIR SPECIAL VALOR BUT THEIR SPECIAL STYLE -- THEIR RAMBUNCTIOUS, OPTIMISTIC BRAVERY, THEIR DO-OR-DIE UNITY UNHAMPERED BY CLASS OR RACE OR REGION. WHAT A GROUP WE'VE PUT FORTH, FOR GENERATIONS NOW -- FROM THE ONES WHO WROTE 'KILROY WAS HERE' ON THE WALLS OF GERMAN STALAGS, TO THOSE WHO LEFT SIGNS IN THE IRAQI DESERT THAT SAID, "I SAW ELVIS." WHAT A GROUP OF KIDS WE'VE SENT INTO THE WORLD.

AND THERE'S ANOTHER TO BE SINGLED OUT -- THOUGH IT MAY SEEM INELEGANT. I MEAN A MASS OF PEOPLE CALLED THE AMERICAN TAXPAYER. NO ONE EVER THINKS TO THANK THE PEOPLE WHO PAY A COUNTRY'S BILLS, OR AN ALLIANCE'S BILLS. BUT FOR HALF A CENTURY NOW THE AMERICAN PEOPLE HAVE SHOULDERED THE BURDEN, AND PAID TAXES THAT WERE HIGHER THAN THEY WOULD HAVE BEEN TO SUPPORT A DEFENSE THAT WAS BIGGER THAN IT WOULD HAVE BEEN IF IMPERIAL COMMUNISM HAD NEVER EXISTED.

BUT IT DID.

BUT IT DOESN'T ANYMORE.

AND HERE IS A FACT I WOULDN'T MIND THE WORLD ACKNOWLEDGING: THE AMERICAN TAXPAYER BORE THE BRUNT OF THE BURDEN, AND DESERVES A HUNK OF THE GLORY.

AND SO, NOW, FOR THE FIRST TIME IN 35 YEARS, OUR STRATEGIC BOMBERS STAND DOWN. NO LONGER ARE THEY ON 'ROUND-THE-CLOCK ALERT. TOMORROW OUR CHILDREN WILL GO TO SCHOOL AND STUDY HISTORY AND HOW PLANTS GROW. AND THEY WON'T HAVE, ~~AS MY CHILDREN DID,~~ AIR RAID DRILLS IN WHICH THEY CRAWL UNDER THEIR DESKS AND COVER THEIR HEADS IN CASE OF NUCLEAR WAR. MY GRANDCHILDREN DON'T HAVE TO DO THAT, AND WON'T HAVE THE BAD DREAMS CHILDREN HAD ONCE, IN DECADES PAST. THERE ARE STILL THREATS. BUT THE LONG, DRAWN OUT DREAD IS OVER.

A YEAR AGO TONIGHT I SPOKE TO YOU AT A MOMENT OF HIGH PERIL. AMERICAN FORCES HAD JUST UNLEASHED OPERATION DESERT STORM. AND AFTER FORTY DAYS IN THE DESERT SKIES, AND FOUR DAYS ON THE GROUND, THE MEN AND WOMEN OF AMERICA'S ARMED FORCES, AND OUR ALLIES, ACCOMPLISHED THE GOALS THAT <u>I DECLARED</u>, AND <u>YOU ENDORSED</u>: WE LIBERATED KUWAIT.

SOON AFTER, THE ARAB WORLD AND ISRAEL SAT DOWN TO TALK SERIOUSLY, AND COMPREHENSIVELY, ABOUT PEACE -- AN HISTORIC FIRST. AND SOON AFTER THAT, AT CHRISTMAS, THE LAST AMERICAN HOSTAGES CAME HOME. OUR POLICIES WERE VINDICATED.

MUCH GOOD CAN COME FROM THE PRUDENT USE OF POWER. AND MUCH GOOD CAN COME OF THIS: A WORLD ONCE DIVIDED INTO TWO ARMED CAMPS NOW RECOGNIZES ONE SOLE AND PREEMINENT POWER: THE UNITED STATES OF AMERICA.

AND THEY REGARD THIS WITH NO DREAD. FOR THE WORLD TRUSTS US WITH POWER -- AND THE WORLD IS RIGHT. THEY TRUST US TO BE FAIR, AND RESTRAINED, THEY TRUST US TO BE ON THE SIDE OF DECENCY. THEY TRUST US TO DO WHAT'S RIGHT.

I USE THOSE WORDS ADVISEDLY. A FEW DAYS AFTER THE WAR BEGAN I RECEIVED A TELEGRAM FROM JOANNE SPEICHER, [SPIKER] THE WIFE OF THE FIRST PILOT KILLED IN THE GULF, LT. COMMANDER SCOTT SPEICHER. EVEN IN HER GRIEF SHE WANTED ME TO KNOW THAT SOME DAY, WHEN HER CHILDREN WERE OLD ENOUGH, SHE WOULD TELL THEM "...THAT THEIR FATHER WENT AWAY TO WAR BECAUSE IT WAS THE RIGHT THING TO DO."

SHE SAID IT ALL. IT <u>WAS</u> THE RIGHT THING TO DO.

AND WE DID IT TOGETHER. THERE WERE DIFFERENCES HERE, IN THIS CHAMBER. BUT WHEN THE WAR BEGAN MOST OF YOU PUT PARTISANSHIP ASIDE, AND SUPPORTED YOUR COUNTRY.

THIS IS STILL A TIME FOR PRIDE -- BUT THIS IS NO TIME TO BOAST. FOR PROBLEMS FACE US, AND WE MUST STAND TOGETHER ONCE AGAIN AND SOLVE THEM -- AND NOT LET OUR COUNTRY DOWN.

TWO YEARS AGO I BEGAN PLANNING CUTS IN MILITARY SPENDING THAT REFLECTED THE CHANGES OF THE NEW ERA. BUT NOW, THIS YEAR, WITH IMPERIAL COMMUNISM GONE, THAT PROCESS CAN BE ACCELERATED.

TONIGHT I CAN TELL YOU OF DRAMATIC CHANGES IN OUR STRATEGIC NUCLEAR FORCE. THESE ARE ACTIONS WE ARE TAKING ON OUR OWN -- BECAUSE THEY ARE THE RIGHT THING TO DO.

AFTER COMPLETING 20 PLANES FOR WHICH WE HAVE BEGUN PROCUREMENT, WE WILL SHUT DOWN FURTHER PRODUCTION OF THE B-2 BOMBER. WE WILL CANCEL THE SMALL ICBM PROGRAM. WE WILL CEASE PRODUCTION OF NEW WARHEADS FOR OUR SEA-BASED BALLISTIC MISSILES. WE WILL STOP ALL NEW PRODUCTION OF THE PEACEKEEPER MISSILE. AND WE WILL NOT PURCHASE ANY MORE ADVANCED CRUISE MISSILES.

THIS WEEKEND I WILL MEET AT CAMP DAVID WITH BORIS YELTSIN OF THE RUSSIAN FEDERATION. I HAVE INFORMED PRESIDENT YELTSIN THAT IF THE COMMONWELATH -- THE FORMER SOVIET UNION -- WILL ELIMINATE ALL LAND-BASED MULTIPLE WARHEAD BALLISTIC MISSILES, I WILL DO THE FOLLOWING:

WE WILL ELIMINATE ALL PEACEKEEPER MISSILES. WE WILL REDUCE THE NUMBER OF WARHEADS ON MINUTEMAN MISSILES TO ONE, AND REDUCE THE NUMBER OF WARHEADS ON OUR SEA-BASED MISSILES BY ABOUT ONE-THIRD. AND WE WILL CONVERT A SUBSTANTIAL PORTION OF OUR STRATEGIC BOMBERS TO PRIMARILY CONVENTIONAL USE.

PRESIDENT YELTSIN'S EARLY RESPONSE HAS BEEN VERY POSITIVE, AND I EXPECT OUR TALKS AT CAMP DAVID TO BE FRUITFUL.

I WANT YOU TO KNOW THAT FOR HALF A CENTURY, AMERICAN PRESIDENTS HAVE LONGED TO MAKE SUCH DECISIONS AND SAY SUCH WORDS.

BUT EVEN IN THE MIDST OF CELEBRATION, WE MUST KEEP CAUTION AS A FRIEND.

FOR THE WORLD IS STILL A DANGEROUS PLACE. ONLY THE DEAD HAVE SEEN THE END OF CONFLICT. AND THOUGH YESTERDAY'S CHALLENGES ARE BEHIND US, TOMORROW'S ARE BEING BORN.

THE SECRETARY OF DEFENSE RECOMMENDED THESE CUTS AFTER CONSULTATION WITH THE JOINT CHIEFS OF STAFF. AND I MAKE THEM WITH CONFIDENCE. BUT DO NOT MISUNDERSTAND ME:

THE REDUCTIONS ANNOUNCED TONIGHT WILL SAVE US 50 BILLION DOLLARS OVER THE NEXT FIVE YEARS. BY 1997 WE WILL HAVE CUT DEFENSE BY 30% SINCE I TOOK OFFICE. THESE CUTS ARE DEEP, AND YOU MUST KNOW MY RESOLVE: <u>THIS DEEP, AND NO DEEPER</u>.

TO DO LESS WOULD BE INSENSIBLE TO PROGRESS -- BUT TO DO MORE WOULD BE IGNORANT OF HISTORY.

WE MUST NOT GO BACK TO THE DAYS OF 'THE HOLLOW ARMY'. WE CANNOT REPEAT THE MISTAKES MADE TWICE IN THIS CENTURY, WHEN ARMISTICE WAS FOLLOWED BY RECKLESSNESS, AND DEFENSE WAS PURGED AS IF THE WORLD WERE PERMANENTLY SAFE.

I REMIND YOU THIS EVENING THAT I HAVE ASKED FOR YOUR SUPPORT IN FUNDING A PROGRAM TO PROTECT OUR COUNTRY FROM LIMITED NUCLEAR MISSILE ATTACK. WE MUST HAVE THIS PROTECTION BECAUSE TOO MANY PEOPLE IN TOO MANY COUNTRIES HAVE ACCESS TO NUCLEAR ARMS.

THERE ARE THOSE WHO SAY THAT NOW WE CAN TURN AWAY FROM THE WORLD, THAT WE HAVE NO SPECIAL ROLE, NO SPECIAL PLACE.

BUT WE ARE THE UNITED STATES OF AMERICA, THE LEADER OF THE <u>WEST</u> THAT HAS BECOME THE LEADER OF THE <u>WORLD</u>.

AS LONG AS I AM PRESIDENT WE WILL CONTINUE TO LEAD IN SUPPORT OF FREEDOM EVERYWHERE -- NOT OUT OF ARROGANCE, AND NOT OUT OF ALTRUISM, BUT FOR THE SAFETY AND SECURITY OF OUR CHILDREN.

THIS IS A FACT: STRENGTH IN THE PURSUIT OF PEACE IS NO VICE; ISOLATIONISM IN THE PURSUIT OF SECURITY IS NO VIRTUE.

NOW TO OUR TROUBLES AT HOME. THEY ARE NOT ALL ECONOMIC, BUT THE PRIMARY PROBLEM IS OUR ECONOMY. THERE ARE SOME GOOD SIGNS: INFLATION, THAT THIEF, IS DOWN; AND INTEREST RATES ARE DOWN. BUT UNEMPLOYMENT IS TOO HIGH, SOME INDUSTRIES ARE IN TROUBLE, AND GROWTH IS NOT WHAT IT SHOULD BE.

LET ME TELL YOU RIGHT FROM THE START AND RIGHT FROM THE HEART: I KNOW WE'RE IN HARD TIMES, BUT I KNOW SOMETHING ELSE: <u>THIS WILL NOT STAND</u>.

MY FRIENDS IN THIS CHAMBER: WE CAN BRING THE SAME COURAGE AND SENSE OF COMMON PURPOSE TO THE ECONOMY THAT WE BROUGHT TO DESERT STORM. AND WE CAN DEFEAT HARD TIMES TOGETHER.

I BELIEVE YOU WILL HELP. ONE REASON IS THAT YOU'RE PATRIOTS, AND YOU WANT THE BEST FOR YOUR COUNTRY. AND I BELIEVE THAT IN YOUR HEARTS YOU WANT TO PUT PARTISANSHIP ASIDE AND GET THE JOB DONE -- BECAUSE IT'S THE RIGHT THING TO DO.

THE POWER OF AMERICA RESTS IN A STIRRING BUT SIMPLE IDEA: THAT PEOPLE WILL DO GREAT THINGS IF YOU ONLY SET THEM FREE.

WELL, WE'RE GOING TO SET <u>THE ECONOMY</u> FREE, FOR IF THIS AGE OF MIRACLES AND WONDERS HAS TAUGHT US ANYTHING, IT'S THAT IF WE CAN CHANGE THE <u>WORLD</u>, WE CAN CHANGE <u>AMERICA</u>.

WE MUST ENCOURAGE INVESTMENT. WE MUST MAKE IT EASIER FOR PEOPLE TO INVEST MONEY AND CREATE NEW PRODUCTS, NEW INDUSTRIES, AND NEW JOBS. WE MUST CLEAR AWAY THE OBSTACLES TO GROWTH -- HIGH TAXES, HIGH REGULATION, RED TAPE, AND YES, GOVERNMENT DEFICITS.

NONE OF THIS WILL HAPPEN WITH A SNAP OF THE FINGERS -- BUT IT WILL HAPPEN. AND THE TEST OF A PLAN ISN'T WHETHER IT'S CALLED NEW OR DAZZLING. THE AMERICAN PEOPLE AREN'T IMPRESSED BY GIMMICKS; THEY'RE SMARTER ON THIS SCORE THAN ALL OF US IN THIS ROOM. THE ONLY TEST OF A PLAN IS: IS IT SOUND AND WILL IT WORK?

WE MUST HAVE A SHORT TERM PLAN TO ADDRESS OUR IMMEDIATE NEEDS, AND HEAT UP THE ECONOMY. AND WE NEED A LONG TERM PLAN TO KEEP THE COMBUSTION GOING, AND TO GUARANTEE OUR PLACE IN THE WORLD ECONOMY.

THERE ARE CERTAIN THINGS THAT A PRESIDENT CAN DO WITHOUT CONGRESS -- AND I AM GOING TO DO THEM.

I HAVE THIS EVENING ASKED MAJOR CABINET DEPARTMENTS AND FEDERAL AGENCIES TO INSTITUTE A 90 DAY MORATORIUM ON ANY NEW FEDERAL REGULATIONS THAT COULD HINDER GROWTH. IN THOSE 90 DAYS ALL DEPARTMENTS AND AGENCIES WILL CARRY OUT A TOP TO BOTTOM REVIEW OF ALL REGULATIONS, OLD AND NEW -- TO STOP THE ONES THAT WILL HURT GROWTH, AND SPEED UP THOSE THAT WILL HELP GROWTH.

FURTHER, FOR THE UNTOLD NUMBER OF HARD WORKING, RESPONSIBLE AMERICAN WORKERS AND BUSINESSMEN AND -WOMEN WHO'VE BEEN FORCED TO GO WITHOUT NEEDED BANK LOANS: THE BANKING CREDIT CRUNCH MUST END. I WON'T NEGLECT MY RESPONSIBILITY FOR SOUND REGULATIONS THAT SERVE THE PUBLIC GOOD, BUT REGULATORY OVERKILL MUST BE STOPPED.

I HAVE INSTRUCTED OUR GOVERNMENT REGULATORS TO STOP IT.

I HAVE DIRECTED EVERY CABINET DEPARTMENT, AND EVERY FEDERAL AGENCY, TO SPEED UP PRO-GROWTH EXPENDITURES AS QUICKLY AS POSSIBLE. THIS SHOULD PUT AN EXTRA 10 BILLION DOLLARS INTO THE ECONOMY IN THE NEXT 6 MONTHS. AND OUR NEW TRANSPORTATION BILL WILL PUT 151 BILLION DOLLARS IN SIX YEARS INTO CONSTRUCTION AND MAINTENANCE PROJECTS THAT ARE VITAL TO OUR GROWTH AND WELL BEING. THAT MEANS JOBS BUILDING ROADS, JOBS BUILDING BRIDGES, AND JOBS BUILDING ~~RAILWAYS.~~ MASS TRANSIT

I HAVE THIS EVENING DIRECTED THE SECRETARY OF THE TREASURY TO CHANGE THE FEDERAL TAX WITHHOLDING TABLES. WITH THIS CHANGE, MILLIONS OF AMERICANS FROM WHOM THE GOVERNMENT WITHHOLDS MORE THAN NECESSARY CAN NOW CHOOSE TO HAVE THE GOVERNMENT WITHHOLD LESS FROM THEIR PAYCHECKS. SOMETHING TELLS ME A NUMBER OF TAXPAYERS MAY TAKE US UP ON THIS. THIS INITIATIVE COULD RETURN ABOUT 25 BILLION DOLLARS BACK INTO OUR ECONOMY OVER THE NEXT 12 MONTHS -- MONEY PEOPLE CAN USE TO HELP PAY FOR CLOTHING, COLLEGE, OR TO GET A NEW CAR.

FINALLY, WORKING WITH THE CHAIRMAN OF THE FEDERAL RESERVE, WE WILL CONTINUE TO SUPPORT MONETARY POLICY THAT KEEPS BOTH INTEREST RATES AND INFLATION DOWN.

THESE ARE THE THINGS I CAN DO. AND NOW, MEMBERS OF CONGRESS, LET ME TELL YOU WHAT YOU CAN DO FOR YOUR COUNTRY. YOU MUST PASS THE OTHER ELEMENTS OF MY PLAN TO MEET OUR IMMEDIATE ECONOMIC NEEDS.

EVERYONE KNOWS THAT INVESTMENT SPURS RECOVERY.

I AM PROPOSING THIS EVENING A CHANGE IN THE ALTERNATIVE MINIMUM TAX, AND THE CREATION OF A NEW 15% INVESTMENT TAX ALLOWANCE. THIS WILL ENCOURAGE BUSINESSES TO ACCELERATE INVESTMENT AND BRING PEOPLE BACK TO WORK.

REAL ESTATE HAS LED OUR ECONOMY OUT OF ALMOST ALL THE TOUGH TIMES WE'VE EVER HAD. ONCE BUILDING STARTS, CARPENTERS AND PLUMBERS WORK AND PEOPLE BUY HOMES AND TAKE OUT MORTGAGES.

MY PLAN WOULD ENCOURAGE REAL ESTATE CONSTRUCTION BY EXTENDING TAX INCENTIVES FOR MORTGAGE REVENUE BONDS AND LOW INCOME HOUSING. IT WOULD MODIFY THE PASSIVE LOSS RULE FOR ACTIVE REAL ESTATE DEVELOPERS. AND IT WOULD MAKE IT EASIER FOR PENSION PLANS TO PURCHASE REAL ESTATE.

FOR THOSE AMERICANS WHO DREAM OF BUYING A FIRST HOME, BUT WHO CAN'T QUITE AFFORD IT, MY PLAN WOULD ALLOW FIRST TIME HOME BUYERS TO WITHDRAW SAVINGS FROM I.R.A.'S WITHOUT PENALTY -- AND PROVIDE A FIVE THOUSAND DOLLAR TAX CREDIT FOR THE FIRST PURCHASE OF THAT HOME.

AND FINALLY, MY SHORT TERM PLAN CALLS ON CONGRESS TO GIVE CRUCIAL HELP TO PEOPLE WHO OWN A HOME, TO EVERYONE WHO HAS A BUSINESS, OR A FARM, OR A SINGLE INVESTMENT.

THIS TIME, AT THIS HOUR, I CAN'T TAKE NO FOR AN ANSWER: YOU MUST CUT THE CAPITAL GAINS TAX ON THE PEOPLE OF OUR COUNTRY.

NEVER HAS AN ISSUE BEEN MORE DEMAGOGUED BY ITS OPPONENTS. BUT THE DEMAGOGUES ARE WRONG -- AND THEY KNOW IT. SIXTY PERCENT OF THE PEOPLE WHO BENEFIT FROM LOWER CAPITAL GAINS HAVE INCOMES UNDER 50 THOUSAND DOLLARS. A CUT IN THE CAPITAL GAINS TAX INCREASES JOBS AND HELPS JUST ABOUT EVERYONE IN OUR COUNTRY.

(AND SO, I'M ASKING YOU TO CUT THE CAPITAL GAINS TAX TO A MAXIMUM OF ___ PERCENT.)

AND I'LL TELL YOU, THOSE OF YOU WHO SAY, 'OH NO, SOMEONE WHO'S COMFORTABLE MAY BENEFIT FROM THIS.' YOU KIND OF REMIND ME OF THE OLD DEFINITION OF THE PURITAN, WHO COULDN'T SLEEP AT NIGHT WORRYING THAT SOMEHOW SOMEONE SOMEWHERE WAS OUT HAVING A GOOD TIME.

THE OPPONENTS OF THIS MEASURE -- AND THOSE WHO'VE AUTHORED VARIOUS SO CALLED SOAK-THE-RICH BILLS THAT ARE FLOATING AROUND THIS CHAMBER -- SHOULD BE REMINDED OF SOMETHING: WHEN THEY AIM AT THE BIG GUY THEY USUALLY HIT THE LITTLE GUY. AND MAYBE IT'S TIME THAT STOPPED.

THIS THEN IS MY SHORT TERM PLAN. YOUR PART, MEMBERS OF CONGRESS, REQUIRES ENACTMENT OF THESE COMMON SENSE PROPOSALS THAT WILL HAVE A STRONG EFFECT ON THE ECONOMY -- WITHOUT BREAKING THE BUDGET AGREEMENT AND WITHOUT RAISING TAXES.

WHILE MY PLAN IS BEING PASSED AND KICKING IN, WE'VE GOT TO CARE FOR THOSE IN TROUBLE TODAY. I HAVE PROVIDED UP TO 4.4 BILLION DOLLARS IN MY BUDGET TO EXTEND FEDERAL UNEMPLOYMENT BENEFITS. I ASK FOR CONGRESSIONAL ACTION RIGHT AWAY.

AND LET'S BE FRANK:

I KNOW, AND YOU KNOW, THAT MY PLAN IS UNVEILED IN A POLITICAL SEASON. I KNOW, AND YOU KNOW, THAT EVERYTHING I PROPOSE WILL BE VIEWED BY SOME IN MERELY PARTISAN TERMS. BUT I ASK YOU TO KNOW WHAT IS IN MY HEART: MY AIM IS TO INCREASE OUR NATION'S GOOD. I AM DOING WHAT I THINK IS RIGHT; I AM PROPOSING WHAT I KNOW WILL HELP.

I PRIDE MYSELF THAT I AM A PRUDENT MAN. I BELIEVE THAT PATIENCE IS A VIRTUE, BUT I UNDERSTAND THAT POLITICS IS, FOR SOME, A GAME -- AND THAT SOMETIMES THE GAME IS TO STOP ALL PROGRESS AND THEN DECRY THE LACK OF IMPROVEMENT.

BUT LET ME TELL YOU: FAR MORE IMPORTANT THAN MY POLITICAL FUTURE -- AND FAR MORE IMPORTANT THAN YOURS -- IS THE WELL BEING OF OUR COUNTRY. MEMBERS OF THIS CHAMBER ARE PRACTICAL PEOPLE, AND I KNOW YOU WON'T RESENT SOME PRACTICAL ADVICE: WHEN PEOPLE PUT THEIR PARTY'S FORTUNES BEFORE THE PUBLIC GOOD, THEY COURT DEFEAT NOT ONLY FOR THEIR COUNTRY, BUT FOR THEMSELVES. AND THEY WILL CERTAINLY DESERVE IT.

I SUBMIT MY PLAN TOMORROW. I AM ASKING YOU TO PASS IT INTACT BY MARCH 15TH. AND I ASK THE AMERICAN PEOPLE TO LET YOU KNOW THEY WANT THIS ACTION BY MARCH 15TH.

FROM THE DAY AFTER THAT, IF IT MUST BE: THE BATTLE IS JOINED.

AND YOU KNOW, WHEN PRINCIPLE IS AT STAKE I RELISH A GOOD FAIR FIGHT.

WE ARE GOING TO LIFT THIS NATION OUT OF HARD TIMES INCH BY INCH AND DAY BY DAY, AND THOSE WHO WOULD STOP US HAD BEST STEP ASIDE. BECAUSE I LOOK AT HARD TIMES AND I MAKE THIS VOW: <u>THIS WILL NOT STAND</u>.

I SAID MY PLAN HAS TWO PARTS, AND IT DOES. AND IT IS THE SECOND PART THAT IS THE HEART OF THE MATTER. FOR IT'S NOT ENOUGH TO GET AN IMMEDIATE BURST -- WE NEED LONG TERM IMPROVEMENT IN OUR ECONOMIC POSITION.

WE ALL KNOW THAT THE KEY TO OUR ECONOMIC FUTURE IS TO ENSURE THAT AMERICA CONTINUES AS THE ECONOMIC LEADER OF THE WORLD. <u>WE HAVE THAT IN OUR POWER</u>.

HERE, THEN, IS MY LONG TERM PLAN TO GUARANTEE OUR FUTURE.

FIRST, TRADE: WE WILL WORK TO BREAK DOWN THE WALLS THAT STOP WORLD TRADE. WE WILL WORK TO OPEN MARKETS EVERYWHERE.

IN OUR MAJOR TRADE NEGOTIATIONS I WILL CONTINUE PUSHING TO ELIMINATE TARIFFS AND SUBSIDIES THAT DAMAGE AMERICA'S FARMERS AND WORKERS. AND WE'LL GET MORE GOOD AMERICAN JOBS WITHIN OUR OWN HEMISPHERE THROUGH THE NORTH AMERICAN FREE TRADE AGREEMENT, AND THROUGH THE ENTERPRISE FOR THE AMERICAS INITIATIVE.

BUT CHANGES ARE HERE, AND MORE ARE COMING. THE WORKPLACE OF THE FUTURE WILL DEMAND MORE HIGHLY SKILLED WORKERS THAN EVER -- MORE PEOPLE WHO ARE COMPUTER LITERATE, AND HIGHLY EDUCATED.

WE WERE THE WORLD'S LEADER IN EDUCATION ONCE -- AND WE'VE GOT TO BE THE WORLD'S LEADER AGAIN. WE MUST REVOLUTIONIZE AMERICA'S SCHOOLS.

MY AMERICA 2000 EDUCATION STRATEGY WILL LET EVERY PARENT IN OUR COUNTRY CHOOSE THEIR CHILDREN'S SCHOOLS. THIS IS KEY, FOR CHOICE MEANS COMPETITION, AND COMPETITION MEANS IMPROVEMENT, INNOVATION AND CREATIVITY.

THIRTY STATES ACROSS THE NATION HAVE ESTABLISHED AMERICA 2000 PROGRAMS. HUNDREDS OF CITIES AND TOWNS HAVE JOINED IN.

NOW CONGRESS MUST JOIN THIS GREAT MOVEMENT: PASS MY PROPOSALS FOR NEW AMERICAN SCHOOLS, FOR MORE INDEPENDENT CHOICE FOR PARENTS AND EXCELLENCE FOR CHILDREN.

THAT WAS MY <u>SECOND</u> LONG TERM PROPOSAL. THIS IS MY <u>THIRD</u>:

WE MUST MAKE COMMON SENSE INVESTMENTS THAT WILL HELP US COMPETE, LONG TERM, IN THE MARKETPLACE.

WE MUST ENCOURAGE RESEARCH AND DEVELOPMENT. MY PLAN IS TO MAKE THE R AND D TAX CREDIT PERMANENT, AND TO PROVIDE RECORD LEVELS OF SUPPORT -- OVER 76 BILLION DOLLARS THIS YEAR ALONE -- FOR PEOPLE WHO WILL EXPLORE THE PROMISE OF EMERGING TECHNOLOGIES.

FOURTH, WE MUST DO SOMETHING ABOUT CRIME, AND DRUGS.

IT IS TIME FOR A MAJOR, RENEWED INVESTMENT IN FIGHTING VIOLENT STREET CRIME. IT SAPS OUR STRENGTH AND HURTS OUR FAITH IN OUR SOCIETY, AND IN OUR FUTURE TOGETHER.

SURELY A TIRED WOMAN ON HER WAY TO WORK AT 6 IN THE MORNING ON A SUBWAY DESERVES THE RIGHT TO GET THERE SAFELY. SURELY IT'S TRUE THAT EVERYONE WHO CHANGES HIS OR HER LIFE BECAUSE OF CRIME -- FROM THOSE AFRAID TO GO OUT AT NIGHT TO THOSE AFRAID TO WALK IN THE PARKS THEY PAY FOR -- SURELY THESE PEOPLE HAVE BEEN DENIED A BASIC CIVIL RIGHT.

IT IS TIME TO RESTORE IT. CONGRESS, PASS MY COMPREHENSIVE CRIME BILL. IT IS TOUGH ON CRIMINALS AND SUPPORTIVE OF POLICE --AND IT HAS BEEN LANGUISHING IN THESE HOLLOWED HALLS FOR A YEAR NOW.

PASS IT. HELP YOUR COUNTRY.

FIFTH, I ASK YOU TONIGHT TO ACT ON OUR HOPE HOUSING PROPOSAL -- AND TO PASS MY ENTERPRISE ZONE LEGISLATION, WHICH WILL GET BUSINESSES INTO THE INNER CITY. WE MUST EMPOWER THE POOR WITH THE PRIDE THAT COMES FROM OWNING A HOME, GETTING A JOB, BECOMING A PART OF THINGS.

AND I ASK TONIGHT FOR RECORD EXPENDITURES FOR THE PROGRAM THAT HELPS CHILDREN BORN INTO WANT MOVE INTO EXCELLENCE: HEAD START.

STEP SIX -- WE MUST REFORM OUR HEALTH CARE SYSTEM. FOR THIS TOO BEARS ON WHETHER OR NOT WE CAN COMPETE IN THE WORLD.

AMERICAN HEALTH COSTS HAVE BEEN EXPLODING. THIS YEAR AMERICA WILL SPEND OVER 800 BILLION DOLLARS ON HEALTH -- 800 BILLION DOLLARS. AND THAT'S EXPECTED TO GROW TO 1.6 TRILLION BY THE END OF THE DECADE. WE SIMPLY CANNOT AFFORD THIS.

THE COST OF HEALTH CARE SHOWS UP NOT ONLY IN YOUR FAMILY BUDGET, BUT IN THE PRICE OF EVERYTHING WE BUY AND EVERYTHING WE SELL. WHEN HEALTH COVERAGE FOR A FELLOW ON AN ASSEMBLY LINE COSTS THOUSANDS OF DOLLARS, THE COST GOES INTO THE PRODUCTS HE MAKES -- AND YOU PAY THE BILL.

WE MUST MAKE A CHOICE.

SOME PRETEND WE CAN HAVE IT BOTH WAYS. THEY CALL IT PLAY OR PAY -- BUT THAT EXPENSIVE APPROACH IS UNSTABLE. IT WILL MEAN HIGHER TAXES, FEWER JOBS AND, EVENTUALLY, A SYSTEM UNDER COMPLETE GOVERNMENT CONTROL.

REALLY, THERE ARE ONLY TWO OPTIONS: WE CAN MOVE TOWARD A NATIONALIZED SYSTEM -- WHICH WILL DENY PATIENT CHOICE IN PICKING A DOCTOR AND FORCE THE GOVERNMENT TO RATION SERVICES ARBITRARILY. AND WHAT WE'LL GET IS PATIENTS IN LONG LINES, INDIFFERENT SERVICE, AND A HUGE NEW TAX BURDEN.

OR WE CAN REFORM OUR OWN PRIVATE HEALTH CARE SYSTEM -- WHICH STILL GIVES US, FOR ALL ITS FLAWS, THE BEST QUALITY HEALTH CARE IN THE WORLD.

WELL, LET'S BUILD ON OUR STRENGTHS.

MY PLAN PROVIDES INSURANCE SECURITY FOR ALL AMERICANS -- WHILE PRESERVING AND INCREASING THE IDEA OF CHOICE. WE MAKE BASIC HEALTH INSURANCE AFFORDABLE FOR ALL LOW INCOME PEOPLE NOT NOW COVERED. WE DO IT BY PROVIDING A HEALTH INSURANCE TAX CREDIT OF UP TO $3,750 FOR EACH LOW INCOME FAMILY. THE MIDDLE CLASS GETS NEW HELP TOO. AND, BY REFORMING THE HEALTH INSURANCE MARKET, MY PLAN ASSURES THAT AMERICANS WILL HAVE ACCESS TO BASIC HEALTH INSURANCE EVEN IF THEY CHANGE JOBS OR DEVELOP SERIOUS HEALTH PROBLEMS.

WE MUST BRING COSTS UNDER CONTROL, PRESERVE QUALITY, PRESERVE CHOICE, AND REDUCE THE PEOPLE'S NAGGING DAILY WORRY ABOUT HEALTH INSURANCE. MY PLAN, THE DETAILS OF WHICH I WILL ANNOUNCE SHORTLY, DOES JUST THAT.

SEVENTH, WE MUST GET THE FEDERAL DEFICIT UNDER CONTROL.

CONGRESS AND I WORKED OUT A CONTROVERSIAL BUDGET AGREEMENT IN 1990. FOR ME, THE KEY PART OF THAT AGREEMENT WAS ITS BUDGET DISCIPLINE -- ENFORCEABLE SPENDING CAPS, AND AN INSISTENCE THAT WE PAY FOR THE PROGRAMS WE CREATE.

THERE ARE THOSE WHO WOULD EASE THAT DISCIPLINE NOW. BUT I CANNOT LET THEM DO IT -- AND I WON'T.

MY PLAN WOULD FREEZE ALL DOMESTIC DISCRETIONARY BUDGET AUTHORITY -- WHICH MEANS 'NO MORE NEXT YEAR THAN THIS YEAR.' I WILL NOT TAMPER WITH SOCIAL SECURITY, BUT I WOULD PUT REAL CAPS ON THE GROWTH OF UNCONTROLLED SPENDING. I WOULD ALSO FREEZE FEDERAL DOMESTIC GOVERNMENT EMPLOYMENT.

WITH THE HELP OF CONGRESS, MY PLAN WILL GET RID OF 246 PROGRAMS THAT DON'T DESERVE FEDERAL FUNDING. SOME OF THEM HAVE NOBLE TITLES, BUT NONE OF THEM IS INDISPENSABLE. WE CAN GET RID OF EACH AND EVERY ONE OF THEM.

YOU KNOW, IT'S TIME WE REDISCOVERED A 'HOME TRUTH' THE AMERICAN PEOPLE HAVE NEVER FORGOTTEN: THIS GOVERNMENT IS TOO BIG AND SPENDS TOO MUCH.

I CALL UPON CONGRESS TO ADOPT A MEASURE THAT WILL HELP PUT AN END TO THE ANNUAL RITUAL OF FILLING THE BUDGET WITH PORK-BARREL APPROPRIATIONS. EVERY YEAR, THE PRESS HAS A FIELD DAY MAKING FUN OF OUTRAGEOUS EXAMPLES -- A LAWRENCE WELK MUSEUM, A STUDY OF BOVINE METHANE EMISSIONS.

WE ALL KNOW HOW THESE THINGS GET INTO THE BUDGET. MAYBE YOU NEED SOMEONE TO HELP YOU SAY NO. I KNOW HOW TO SAY IT. AND YOU KNOW WHAT I NEED TO MAKE IT STICK. GIVE ME THE SAME THING 43 GOVERNORS HAVE: THE LINE ITEM VETO. I'LL BE HAPPY TO TAKE THE HEAT -- AND SAVE THE MONEY.

WE MUST PUT AN END TO UNFINANCED FEDERAL GOVERNMENT MANDATES. THESE ARE THE REQUIREMENTS CONGRESS PUTS ON OUR CITIES, COUNTIES AND STATES -- WITHOUT SUPPLYING THE MONEY. IF CONGRESS PASSES A MANDATE, IT SHOULD BE FORCED TO PAY FOR IT, AND TO BALANCE THE COST WITH SAVINGS ELSEWHERE. AFTER ALL, A MANDATE JUST INCREASES SOMEONE ELSE'S BURDEN -- AND THAT MEANS HIGHER TAXES AT THE STATE AND LOCAL LEVEL.

FINALLY, STEP EIGHT OF MY LONG-TERM PLAN: WE MUST STRENGTHEN THE FAMILY -- BECAUSE IT IS THE FAMILY, REALLY, THAT HAS THE GREATEST BEARING ON OUR FUTURE. WHEN BARBARA HOLDS AN AIDS BABY IN HER ARMS, AND READS TO CHILDREN, SHE'S SAYING TO EVERY PERSON IN THIS COUNTRY 'FAMILY MATTERS.'

I AM ANNOUNCING TONIGHT A NEW COMMISSION ON AMERICA'S URBAN FAMILIES, TO BE CHAIRED BY _____. YOU KNOW, I HAD SOME MAYORS FROM THE LEAGUE OF CITIES IN THE OTHER DAY, AND THEY TOLD ME SOMETHING STRIKING. THEY SAID THAT EVERY ONE OF THEM, REPUBLICANS AND DEMOCRATS, AGREED ON ONE THING: THAT THE MAJOR CAUSE OF THE PROBLEMS OF THE CITIES IS THE DISSOLUTION OF THE FAMILY.

THEY ASKED FOR THIS COMMISSION, AND THEY WERE RIGHT TO ASK, BECAUSE IT'S TIME TO DETERMINE WHAT WE CAN DO TO KEEP FAMILIES TOGETHER, STRONG AND SOUND.

THERE'S ONE THING WE CAN DO RIGHT AWAY: EASE THE BURDEN OF REARING A CHILD. I ASK YOU TONIGHT TO RAISE THE PERSONAL EXEMPTION BY FIVE HUNDRED DOLLARS PER CHILD FOR EVERY FAMILY. FOR A FAMILY WITH FOUR KIDS, THAT'S AN INCREASE OF TWO THOUSAND DOLLARS. THIS IS A GOOD START, IN THE RIGHT DIRECTION, AND IT'S WHAT WE CAN AFFORD.

IT'S TIME TO ALLOW FAMILIES TO DEDUCT THE INTEREST THEY PAY ON STUDENT LOANS. I AM ASKING YOU TO DO JUST THAT. AND I'M ASKING YOU TO ALLOW PEOPLE TO USE MONEY FROM THEIR I.R.A.'S TO PAY MEDICAL AND EDUCATION EXPENSES -- ALL WITHOUT PENALTIES.

AND I'M ASKING FOR MORE. ASK AMERICAN PARENTS WHAT THEY DISLIKE ABOUT HOW THINGS ARE IN OUR COUNTRY, AND CHANCES ARE GOOD THAT PRETTY SOON THEY'LL GET TO WELFARE.

AMERICANS ARE THE MOST GENEROUS PEOPLE ON EARTH. BUT WE HAVE TO GO BACK TO THE INSIGHT OF FRANKLIN ROOSEVELT WHO, WHEN HE SPOKE OF WHAT BECAME THE WELFARE PROGRAM, WARNED THAT IT MUST NOT BECOME 'A NARCOTIC' AND A 'SUBTLE DESTROYER' OF THE SPIRIT.

WELFARE WAS NEVER MEANT TO BE A LIFESTYLE; IT WAS NEVER MEANT TO BE A HABIT; IT WAS NEVER SUPPOSED TO BE PASSED FROM GENERATION TO GENERATION LIKE A LEGACY.

IT'S TIME TO REPLACE THE ASSUMPTIONS OF THE WELFARE STATE, AND HELP REFORM THE WELFARE SYSTEM.

STATES THROUGHOUT THE COUNTRY ARE BEGINNING TO OPERATE WITH NEW ASSUMPTIONS: THAT WHEN ABLE-BODIED ADULTS RECEIVE GOVERNMENT ASSISTANCE, THEY HAVE RESPONSIBILITIES TO THE TAXPAYER. A RESPONSIBILITY TO SEEK WORK, EDUCATION, OR JOB TRAINING -- A RESPONSIBILITY TO GET THEIR LIVES IN ORDER -- A RESPONSIBILITY TO HOLD THEIR FAMILIES TOGETHER AND REFRAIN FROM HAVING CHILDREN OUT OF WEDLOCK -- AND A RESPONSIBILITY TO OBEY THE LAW.

WE ARE GOING TO HELP THIS MOVEMENT. OFTEN, STATE REFORM REQUIRES WAIVING CERTAIN FEDERAL REGULATIONS. I WILL ACT TO MAKE THAT PROCESS EASIER AND QUICKER FOR EVERY STATE THAT ASKS OUR HELP.

AND I WANT TO ADD, AS WE MAKE THESE CHANGES, THAT OUR INTENTION ISN'T SCAPEGOATING OR FINGER POINTING. IF YOU READ THE PAPERS OR WATCH TV YOU KNOW THERE'S BEEN A RISE THESE DAYS IN A CERTAIN KIND OF BITTERNESS. RACIST COMMENTS, ANTI-SEMITISM, AN INCREASED SENSE OF DIVISION.

REALLY, THIS IS NOT US. THIS IS NOT WHO WE ARE. AND THIS IS NOT ACCEPTABLE.

AND SO YOU HAVE MY PLAN FOR AMERICA. I AM ASKING FOR BIG THINGS -- BUT I BELIEVE IN MY HEART YOU WILL DO WHAT'S RIGHT.

YOU KNOW, IT'S KIND OF AN AMERICAN TRADITION TO SHOW A CERTAIN SKEPTICISM TOWARD OUR DEMOCRATIC INSTITUTIONS. I MYSELF HAVE SOMETIMES THOUGHT THE AGING PROCESS COULD BE DELAYED IF IT HAD TO MAKE ITS WAY THROUGH CONGRESS.

YOU WILL DELIBERATE, AND YOU WILL DISCUSS, AND THAT IS FINE.

BUT, MY FRIENDS: THE PEOPLE CANNOT WAIT. THEY NEED HELP NOW.

THERE IS A MOOD AMONG US. PEOPLE ARE WORRIED, THERE HAS BEEN TALK OF DECLINE. SOMEONE EVEN SAID OUR WORKERS ARE LAZY AND UNINSPIRED.

AND I THOUGHT, REALLY. GO TELL NEIL ARMSTRONG STANDING ON THE MOON. TELL THE MEN AND WOMEN WHO PUT HIM THERE. TELL THE AMERICAN FARMER WHO FEEDS HIS COUNTRY AND THE WORLD. TELL THE MEN AND WOMEN OF DESERT STORM.

MOODS COME AND GO, BUT GREATNESS ENDURES.

OURS DOES.

AND MAYBE FOR A MOMENT IT'S GOOD TO REMEMBER WHAT, IN THE DAILYNESS OF OUR LIVES, WE FORGET:

WE ARE STILL AND EVER THE FREEST NATION ON EARTH -- THE KINDEST NATION ON EARTH -- THE STRONGEST NATION ON EARTH --

THE UNSTOPPABLE, UNSINKABLE U. S. A.

AND WE HAVE ALWAYS RISEN TO THE OCCASION.

AND SO WE GO ON, TOGETHER, A RISING NATION,

THE ONCE AND FUTURE MIRACLE THAT IS STILL, THIS NIGHT, THE HOPE OF THE WORLD.

THANK YOU. GOD BLESS YOU. GOD BLESS OUR BELOVED COUNTRY.

# # #

Criticism of a nationalized health system: that patients would be denied choice in selecting a doctor

The allegation that national health insurance programs deny patients choice of doctors does not hold. In all the industrialized countries which have gone the national health insurance route, patients have their choice of primary care physician.

In the United Kingdom, where the health care system has been most nationalized, patients have the ability to choose a primary care physician.

In fact, while the "one size fits all" approaches pursued by some industrialized countries all feature free choice of physician, the pluralistic system in the United States has produced delivery organizations that do not include freedom to choose one's physician. Health Maintenance Organizations (HMOs), especially those where all physicians are on the salaried staff of the HMO, typically seek to limit choice.

Choice in the United States tends to be at the plan level. The Federal Employees Health Benefits (FEHB) plan is an example of this, where federal employees can voluntarily choose arrangements (HMOs, Preferred Provider Organizations) that restrict freedom of choice of physician.

Advocates of "pay or play" and the Canadian approach want to abandon choices among plans in favor of an approach that still allows choices among physicians.

The Administration plan also includes overriding state laws that impair managed care. Some of these state laws provide than any physician who wants to participate in an HMO or PPO may do so. These laws, while preserving choice of physician, restrain efficiency. Yet in offering to pre-empt these state laws, the Administration is restricting choice of doctors.

More importantly, the whole thrust of the Administration's cost containment approach is to reduce the range of choice of doctor, albeit voluntarily. The Administration plan seeks to encourage coordinated care. Two popular forms of coordinated care, HMOs and Preferred Provider Organizations, are explicitly anti-choice by trying to restrict patients to the most efficient doctors.

Source for health care numbers:

- Department of Commerce "Industrial Outlook" for 1992:

  Health care spending for 1992 will be ~~$808~~ $817 billion.

- Office of the Actuary, Health Care Financing Administration

  Health care spending, if it continues to grow at current trends, will reach $1.6 trillion by the end of the century.

Medicine & Health

PERSPECTIVES

January 27, 1992

MORE MONEY, MORE MONEY, MORE MONEY

If more bucks create a bigger bang, American health care is booming. The latest report from the U.S. Dept. of Commerce predicts health spending to total $817 billion in 1992 or 14 percent of the country's gross national product (GNP), making the U.S. far and away the world's leader. But despite the current emphasis on international competition, such news is considered bad. Soaring health spending continues to strain public and private resources and hasn't bought access to care for all Americans.

Commerce breaks down its projections to show how the various parts of the health care field are growing. In 1992, hospital care spending will rise 11 percent, to $313 billion; physician services will also jump 11 percent to $155 billion; and spending for nursing homes and home care will hop 13 percent to almost $77 billion.

Commerce's *U.S. Industrial Outlook '92* is a snapshot of the U.S. health care industry. For example, it shows that inpatient admissions declined 10 percent from 1979 to 1990, while outpatient visits grew nearly 44 percent. As a result, outpatient visits now account for nearly 28 percent of hospital revenue, and nearly half of all operations are conducted on an outpatient basis. The length of hospital stays also has been decreasing: from 1964 to 1988, inpatient days dropped almost 14 percent, while outpatient days grew almost 35 percent.

From 1990 to 1991, hospital expenditures rose 10 percent, to total $282 billion (38 percent of total health care spending); physicians' services increased 11 percent to $140 billion; and nursing home care costs gained 12 percent to $59 billion. Home health care, one of the fastest growing areas, is expected to increase 26 percent from 1990 to 1991, with expenditures totaling $9 billion. Expenditures for dental care and other professional and health services are projected to come to $86 billion in 1991.

The rise in health care spending reflects several factors including the prices charged for services, the volume of services delivered, and the acuity of illness (often a reflection of the age of the population).

One alarming sign, attributable in part to tighter utilization control efforts by third party payers, is an increase in administrative costs. Paperwork spending more than doubled between 1987 and 1992, from $23 billion to a projected $48 billion.

On a brighter note, the Labor Dept. recently reported that the price of medical care rose more slowly in 1991 than in previous years. Physician fees, for example, increased 5.5 percent in 1991, the smallest rise in nine years. And hospital charges were up only 8.9 percent, compared with the 11.2 percent average of the previous three years.

PROFITS & JOBS

With all that is being spent on health care, it would seem that providers are enjoying the good life. Not so, says Commerce, which reports that "fragmentary information" indicates that nearly 9 in 10 hospitals lost money in 1991.

F&G Christina Kent, Editor

1/26, 3:30pm

PRESIDENTIAL ADDRESS: THE STATE OF THE UNION
U.S. CAPITOL, HOUSE CHAMBERS
TUESDAY, JANUARY 28, 1992
9 P.M.

Mr. Speaker, Mr. President, distinguished Members of Congress, honored guests, and fellow citizens:

I thank you for your reception.

(With the big buildup this address has had, I wanted to make sure it would be a smash hit. But I couldn't convince Barbara to deliver it for me.)

(The Speaker and the Vice President are laughing. They saw what I did in Japan, and they're just happy they're sitting behind me.)

I will report on the state of the union tonight, but before that I wanted to refer to the state of my health. I thank you all for your kindness and concern when I had the flu. Especially the children who wrote to me.

Got a letter from a little girl named April who lives in Casa Grande, Arizona. She said, "How does it feel to faint? I'm not trying to be mean or anything. I'm just asking."

Jamie Bonner, aged ___, of Walpole, Massachusetts, wrote, "I hope you are feeling better. Listen to your doctor. Next time go to bed when he tells you. That's why doctors get paid more than presidents."

And Ashley Thayer of Pittsburgh, Pennsylvania, age ___, said "I was relieved that you said you were embarrassed when you (got

sick) because I threw up in front of the fourth and fifth graders two days after you did.... I know everyone will tease me, but even if they do I won't let it bother me because if the President can throw up in public then so can I."

It's nice to be an inspiration.

I mean to speak tonight of big things; of big changes and the promises they hold, and of some big problems and how together we can solve them and move our country forward as the undisputed leader of the age.

We gather tonight at a dramatic and deeply promising time in our history, and in the history of man on earth.

For in the past twelve months the world has known changes of almost biblical proportions. Communism died this year, and even now, months after the failed coup that doomed a failed system, I am not sure we have absorbed the full impact, the full import of what happened.

Even as President, with the most fascinating possible vantage point, I confess there were times when I was so busy handling change, and helping to manage progress, that I didn't quite show the joy that was in my heart.

But the biggest thing that has happened in the world in my life -- in our lives -- is this: By the grace of God, America won the Cold War. And if I didn't always take time to speak of it, I didn't forget to feel it, or to thank Him in my heart.

I mean to speak this evening of the changes that can take place in our country now that we can stop making the sacrifices we made -- now that the strain of having an avowed enemy that was

a Superpower is over. Now we can turn -- not out of irresponsibility, but out of a just sense of what is good, and fair -- now we can turn, and look homeward, and set right what needs to be set right in our country.

I will speak of those things. But let me tell you something I've been thinking these past few months. It's a kind of rollcall of honor. For the Cold War didn't 'end' -- it was won.

And I think of those who won it, in places like Korea, and Vietnam. And some of them didn't come back. Back then we called them heroes, but this year they became what they didn't know they were: victors.

The long rollcall -- all the GI Joes and Janes, all the ones who fought faithfully for freedom, who hit the ground and sucked the dust and knew their share of horror. This may seem frivolous -- I don't mean it so -- but it's moving to me how the world saw them.

The world saw not only their special valor but their special style -- their rambunctious, optimistic bravery, their do-or-die unity unhampered by class or race or religion. What a group we've put forth, for generations now -- from the ones who wrote 'Kilroy was Here' on the walls of German stalags, to those who left signs in the Iraqi desert that said, "I Saw Elvis." What a group of kids we've sent into the world.

Wash. Post 11-26-90 p. B1

And there's another to be singled out -- though it may seem inelegant. I mean a mass of people called The American Taxpayer. No one ever thinks to thank the people who pay a country's bills,

or an alliance's bills. But for half a century now the American people have shouldered the burden, and paid taxes that were higher than they would have been to support a defense that was bigger than it would have been if communism had never existed.

But it did.

But it doesn't anymore.

And here is a fact I wouldn't mind the world acknowledging: The American taxpayer bore the brunt of the burden, and deserves a hunk of the glory.

And so, now, for the first time in forty five years, our strategic bombers stand down. No longer are they on 'round-the-clock alert. Tomorrow our children will go to school and study history and how plants grow. And none of them will have air raid drills in which they crawl under their desks and cover their heads in case of nuclear war. My grandchildren don't have to do that, and won't have the bad dreams children had once, in decades past. The dread is over.

A year ago tonight I spoke to you at a moment of high peril. American forces had just unleashed Operation Desert Storm. And after forty days in the desert skies and four days on the ground, the men and women of America's Armed Forces liberated Kuwait.

Soon after, the Arab world and Israel sat down to talk seriously, and comprehensively, about peace -- an historic first. And soon after that, at Christmas, the last American hostages came home. (Our policy was vindicated at last.)

Much good can come from the prudent use of power. And much good can come from this: A world once divided into two armed camps now recognizes one sole and preeminent power: the United States of America.

And they regard this with no dread. For the world trusts us with power -- and the world is right. They trust us to be fair, and restrained, they trust us to be on the side of decency. They trust us to be strong. They trust us to do what's right.

I use those words advisedly. A few days after the war began I received a ~~letter~~ telegram from Joanne ~~Spicer~~ Speicher, the wife of the first pilot killed in the Gulf, Lt. Commander Scott Spicer. She wanted me to know that she supported our effort with all her heart, and she said, "Some day my children will be old enough to understand that their father went away to war because it was the right thing to do."

Col. Stu Wagner DoD P.A. 703-697-5131 see telegram in file

She said it all: It was the right thing to do.

And we did it together. There were members of this Chamber who voted against Desert Storm, but when the war began and the shooting started they put partisanship aside -- and supported their country.

This is a time for pride -- but this is no time to boast.

For problems face us, and we must stand together once again and solve them -- and not let our country down.

I begin with the good news that will help us deal with bad news. Two years ago I began planning cuts in military spending that reflected the changes of the new era. But now, this year,

with communism gone for good, that process can be accelerated, saving even more in terms of funds and time and energy.

Tonight, the great build-down begins.

I have informed President Boris Yeltsin of the Russian Republic that we are ready to eliminate all Peacekeeper missiles. We are ready to reduce the number of warheads on Minuteman missiles to one. And we would convert a substantial portion of our strategic bombers to primarily conventional use.

President Yeltsin and I will meet this weekend at Camp David. He has already announced bold steps to slash the size of Russian forces. And I have told him that if Russia eliminates all land-based multiple warhead ballistic missiles, and reduces its strategic nuclear forces, we will respond in kind.

But tonight I announce actions that we are taking on our own -- because they are the right thing to do.

The United States will stop all new production of the Peacekeeper missile. We will shut down further production of the B-2 bomber. We will cancel the small ICBM program. We will cease production of new warheads for our sea-based ballistic missiles. And we will not purchase any more advanced cruise missiles.

For half a century American presidents have longed to take these decisions and say these words. But even in the midst of celebration, we must keep caution as a friend.

For the world is still a dangerous place, because it is run by man and man's nature is flawed. In truth, only the dead have

seen the end of conflict. And though yesterday's challenges are over, tomorrow's persist.

I make these cuts with confidence, after thorough study and consideration. But do not misunderstand me: This deep, and no deeper. To do less would be insensible to progress -- but to do more would be ignorant of history.

I remind you this evening that I have asked for your support in funding a program to protect our country from limited nuclear missile attack. We must have this protection because too many people in too many countries have access to nuclear arms. Indeed, you might say a significant part of the west's future foreign policy may come down, in colloquily, to this: Taking nukes from nuts.

There are those who say that now we can draw back from the world, that we have no special role, no special place.

But we are the United States of America. We are the leader of the world. And we cannot hide from history.

Strength in the pursuit of peace is no vice; and isolationism in the pursuit of security is no virtue.

Now to the heart of my speech. We have troubles at home. They are not all economic, but the primary problem is our economy. Inflation, that thief, is still down; and interest rates are down. But unemployment is too high, some industries are in trouble, and growth is not what it should be. And a lot of people are worried.

Let me tell you right from the start and right from the heart: I know we're in hard times, but I know something else: This will not stand.

We can bring the same unity, courage and sense of common purpose to the economy that we brought to Desert Storm. And we can defeat hard times together.

I believe you will help me. One reason is that you're patriots, and you want the best for your country. Another is that you are in an honorable profession called politics, and you know that if we fail our country we will share the blame, but if we succeed we'll share the credit. And I believe that in your hearts you want to put partisanship aside and get the job done -- because it's the right thing to do.

The power of America rests in a stirring but simple idea: That people will do great things if you only set them free.

Well, we're going to set the economy free, for if this age of miracles and wonders has taught us anything it's this: If we can change the world, we can change America.

We all agree on where we want to go -- but we disagree on how to get there. Well, I've got a road map.

We must encourage investment. We must make it more possible for people to take risks, to invest money and time, and create new products, new industries, new jobs. We must clear away the obstacles to growth -- high taxes, high regulation, red tape, and yes, <u>government deficits</u>.

None of this will happen with a snap of the fingers. But the test of a plan isn't whether it's called dazzling, or popular. The American people aren't impressed by gimmicks; they're smarter on this score than all of us in this room. The only test of a plan is: Is it sound and will it work?

We must have a short term plan to heat up the economy. And we need a long term plan to keep the combustion going, and to guarantee our success in the global economy of the future.

There are short term actions I can take on my own -- And I am taking them.

I begin with the untold number of hard working, responsible American workers and businessmen who've been forced to go without needed bank loans. I will alleviate the banking credit crunch. We must protect the taxpayer from the excesses of the past -- but regulatory overkill must end.

I have instructed our government regulators to end it.

And I don't mean just for banking.

I have this evening instructed every cabinet department and federal agency to institute a 90 day freeze on any new federal regulations that could hinder growth. In those 90 days all departments and agencies will carry out a crash review on all regulations, old and new -- to stop the ones that will hurt growth, and speed up those that will help growth.

I have directed every cabinet department, and every federal agency, to speed up pro-growth expenditures as quickly as possible. This should put an extra ___ billion dollars into the

economy in the next 6 months. And our new transportation bill will put $151 billion dollars in ~~five~~ 6 years into construction projects that are vital to our growth and well being. That means jobs building roads, bridges, and ~~railways~~ mass transit.

I have this evening directed the Treasury Department to change the federal tax withholding tables. This means that millions of Americans from whom the government withholds more than necessary can now choose to have the government take less. Something tells me a number of taxpayers may take us up on this. This initiative could return about $25 billion back into our economy over the next 12 months -- money people can use to help pay for clothing, college, or to get a new car.

These are the things I can do. And now, members of the Congress, let me tell you what you can do for your country. For you must pass the final elements of my short term economic plan.

Everyone knows that investment spurs recovery.

I am proposing this evening a change in the alternative minimum tax, and the creation of a new 15% investment tax allowance. This will encourage businesses to accelerate investment and bring people back to work.

Real estate has led our economy out of almost every recession we've ever had. Once building starts carpenters and plumbers work and people buy homes and take out mortgages.

My plan would encourage real estate construction by extending tax preferences for mortgage revenue bonds and low

income housing. It would modify the Passive Loss Rule for active real estate investors.

And for those Americans who dream of buying a first home, but who can't quite afford it, my plan would allow first time home buyers to withdraw savings from IRA's without penalty, and provide a $5,000 tax credit for the first purchase of any home.

And finally, my short term plan calls on Congress to help those who yearn to start businesses, who have the courage to take risks in hope they'll create wealth, jobs, and a better quality of life. Really, what is more American than a dream like that?

My friends, this time, at this hour, I can't take No for an answer: You must cut the capital gains tax on the people of our country.

Never has an issue been more demagogued by its opponents. Liberals call a cut in capital gains 'a tax break for the rich.' But they're wrong -- and they know it. A cut in the capital gains tax helps just about everybody -- people who owns a home, everyone who has a business, or a farm, or a single investment -- including a pension plan. And let me tell you, that's not 'the rich' -- that's the American people.

I'm asking you to cut their capital gains tax to a maximum of ___ percent.

And I'll tell you straight, those of you who say 'Oh no, someone who's comfortable may benefit from this.' Well, sorry to be personal but you remind me of the old definition of the

Puritan, who couldn't sleep at night worrying that somehow someone somewhere was out having a good time.

The opponents of this measure -- and those who've authored various so called soak-the-rich bills that are floating around this chamber -- should be reminded of something: When they aim at the big guy they usually wind up hitting the little guy. And maybe it's time that stopped.

This then is my short term plan. Six specific proposals that will have a strong effect on our economy -- without breaking the budget agreement and without raising taxes.

But it won't work overnight. And while it's being passed and kicking in, we've got to care for those in trouble today. I am asking you tonight to commit 4.4 billion dollars to extend federal unemployment benefits.

And let's be frank: I said I expect you to pass my plan because you're patriots who want to help your country. But there's more to be said.

I know, and you know, that this plan is unveiled in a political season. I know, and you know, that everything I propose will be viewed by some through a merely partisan prism. But I ask you to know what is in my heart: My aim is to increase our nation's good. I am doing what I think is right; I am proposing what I know will help.

I pride myself that I am a prudent man. I believe that patience is a virtue, but I understand that politics is, for

some, a game -- and that sometimes the game is to stop all progress and then decry the lack of improvement.

We sometimes forget, in this highly political age, that we are all Americans together, and that those who hope for failure are acting not as patriots, but merely as partisans. But when people put their party's fortunes before their country's good, they court defeat not just for their country, but for themselves.

I submit my plan tomorrow. I am asking you to pass it by March 15th. And I am asking the people of our country to let you know that they want it passed by March 15th. From the day after that date, if it must be: the battle is joined.

And you know, when principle is at stake I relish a good fair fight.

We are going to lift this nation out of hard times inch by inch and day by day, and those who would stop us had best step aside.

Go for the burn.

I said my plan had two parts, and it does. It's not enough to get a momentary burst -- we need long term combustion. The long term is where it will be decided if America is going to be the economic leader of the coming century.

First, we must break down the walls that inhibit world trade and open markets everywhere.

I will not stop fighting for free and fair trade. In our ongoing trade negotiations, I will continue pushing to eliminate damaging tariffs and subsidies -- especially in agriculture. We will protect the intellectual property rights of inventors and

innovators -- to prevent others from stealing the ideas and technologies they worked so hard to create.

We will create more good American jobs within our own hemisphere, through the North American Free Trade Agreement, and through the Enterprise for the Americas Initiative. These missions will open more markets and create more jobs for American workers. All they need is opportunity -- they'll do the rest.

But changes are here, and changes are coming. The workplace of the future will demand highly skilled workers, people who are computer literate and highly educated.

We were the world's leader in education once -- and we've got to get that back. And so the second part of my long term plan is maybe the most important: We have to revolutionize American schools.

The America 2000 education strategy will let every parent in our country choose their children's schools. And this is key, for choice means competition, and competition means improvement, innovation and creativity.

Michael Jackson 401-3000

30 states across the nation have established America 2000 programs. Hundreds of cities and towns have joined in. And now Congress must join this great movement: Pass my proposals to support choice, and for New American Schools.

Third, we must make common sense investments in the future.

We must encourage research and development. My plan is to make the R and D tax credit permanent, and to provide record

levels of support -- 76 billion dollars -- for people who will explore the promise and potential of emerging technologies.

We must make a major, renewed investment in combatting crime. Surely a tired woman on her way to work at 6 in the morning on a city subway system deserves the right to get there safely. Surely it's true that everyone who changes their life because of crime, from those afraid to go out at night to those afraid to walk in the parks their tax dollars pay for -- surely these people have been denied a basic civil right.

We must restore that right. Congress, we need a new crime bill.

And we need more. I ask you tonight to act on our HOPE housing proposal -- and to pass my enterprise zone legislation, which will get businesses into the inner city through tax breaks. We must empower people with the pride that comes from owning a home and getting a job.

I am asking for record expenditures for the program that helps children born into want move on into excellence: Head Start.

Step four -- we must reform our health care system. For this too bears on whether or not we can compete.

American health costs have been exploding. This year we will spend over 800 billion dollars on health -- and that's expected to grow to 1.6 trillion by the end of the decade. We simply cannot afford that.

The cost of health care shows up not only in your family budget, but in the price of everything we buy and everything we sell. When health coverage for a fellow on an assembly line costs thousands of dollars, the cost goes into the products he makes -- and you pay the bill.

Medical care costs too much and excludes too many.

We must make a choice and we must move on it. There are two options, really: We can move toward a nationalized system, which will deny patient choice in picking a doctor and force the government to ration health care arbitrarily -- and what we'll get is patients on long lines, indifferent service, and a huge new tax burden.

Or we can reform our own private health care system -- which, for all its flaws, provides the highest quality health care on earth.

Well, let's build on our strengths.

My plan is to preserve and increase the idea of <u>choice</u>. We will make basic health insurance affordable for all low income people not now covered. We will do it by providing a health insurance tax credit of $3,750 per family -- and by reforming the health insurance market. This plan assures that Americans will have access to basic health insurance even if they change jobs or develop serious health problems.

We must reduce the people's nagging daily anxiety about health insurance -- and my plan will do just that.

Next, we must get the federal deficit under control.

Congress and I worked out a controversial budget agreement in 1990. For me, the key part of that agreement was its budget discipline -- enforceable spending caps and an insistence that we pay for the programs we create.

There are those who would ease that discipline now. But I can't let them do it -- and I won't. Congress must strengthen the measures that stop and slow down spending.

My plan would freeze all domestic discretionary budget authority -- which means 'No more spending next year than this year.' I will not tinker with social security, but I would put real and enforceable caps on the growth of uncontrolled spending. I would also freeze federal domestic government employment.

With the help of Congress, my plan will get rid of 246 programs that don't deserve federal funding. Here's the list. Some of them have noble titles, but none of them is indispensable. I am asking Congress to read it carefully -- and get rid of each and every one of them.

You know, it's time we all rediscovered a 'home truth' the American people have never forgotten: This government is much too big and spends too much.

I call upon Congress to adopt a measure that will help put an end to the annual ritual of filling the budget with pork-barrel appropriations. Every year, the press has a field day making fun of outrageous examples -- a Lawrence Welk museum, a study of bovine methane emissions.

We all know how these things get into the budget. Maybe you need a little 'tough love' -- someone to help you say No. I know how to say it. Watch me: No. And you know what I need to make it stick: The same thing 43 Governors have: The line item veto.

We must put an end to unfinanced federal government mandates. These are the requirements Congress puts on our cities, counties and states -- without supplying any money. If Congress passes a mandate, it should be forced to pay for it, and to balance the cost with savings elsewhere. If not, I'll veto it. After all, a mandate just increases someone else's burden -- and that means higher taxes at the state and local level.

Finally, step six of my long-term plan: We must strengthen the family. Not only because it's the right thing to do, but because it's a very practical thing to do, and has the greatest bearing on our future. For think of it: where families are strong, communities are strong -- when communities are strong, states are strong and when states are strong our country grows and flourishes...

I am announcing tonight a new Commission on America's Families. You know, I had the 10 mayors from the League of Cities in the other day, mayors of cities large and small, and they told me something striking. They said, every one of them, Republicans and Democrats, that they agreed on one thing: That the major cause of the problems of the cities is the dissolution of the family. Well, it's time to take another look at this problem,

Jim Snyder x6597

and address the fundamental issues of what we can do to keep families together, strong and sound.

There's one thing we can do right away: ease the burden of rearing a child. I ask you tonight to raise the personal exemption by $500 per child for every family. For a family with four kids, that's an increase of 2,000 dollars -- still not enough to make me happy, but a start, and in the right direction.

It's time to allow families to deduct the interest they pay on student loans. I am asking you to do just that. And I'm asking you to allow people to use money from their IRA's to pay medical and education expenses -- all without penalties.

And I'm asking for more. Ask American parents what they dislike about how things are in our country and chances are they'll say crime -- and poor schools -- and welfare.

Americans are the most generous people on earth. But we have to go back to the insight of Franklin Roosevelt who, when he expanded what became the welfare program, made it clear that public assistance exists to help people through tough timew, through a crisis. It was never meant to be a lifestyle; it was never meant to be a habit; it was never supposed to be passed from generation to generation like a family legacy.

States throughout the country are trying to break the spiral of dependency -- and we're going to help them. Sometimes state reform requires waiving certain federal regulations. I am going to act to make that process easier and quicker for every state who asks our help.

This then is my plan for America. I am asking for big things -- but I believe in my heart you will give them to me.

You know, it's kind of an American tradition to show a certain skepticism toward our democratic institutions. I myself have sometimes thought the aging process could be delayed if it had to make its way through Congress...

You will deliberate, and you will discuss, and that is right. But, my friends: the people cannot wait. They need help now.

What I've outlined tonight is not about how all of us will do in an upcoming election -- it's about how America will do in an upcoming century.

You know, there's a mood out there. People are anxious, there's talk of decline. Someone even said our workers and lazy are and uninspired. And I thought, really. Go tell Neil Armstrong standing on the moon. Tell the men and women who put him there. Tell the crew of the Space shuttle, doing experiments on medicines that will help children in Europe, and Japan. Tell the American farmer who feeds his country and the world. Tell the men and women of Desert Storm.

Moods come and go, but greatness endures. A nation, like a family, can sometimes almost hypnotize itself into self-doubt. But maybe for a moment it's good to remember what, in the dailyness of our troubles, we forget.

We are the strongest nation on earth -- the freest nation on earth -- the kindest nation on earth.

Direction of Trade Stats, IMF 12/91

We are the biggest exporter in the world -- the home of Nobel laureates -- the place where men and women in labs and universities go to invent the future.

Sometimes a child is least appreciated and understood in his own family. Sometimes a prophet is least honored in his own country. And sometimes you don't know an age is luminous until you look back.

My friends, we are in a pause, not an endpoint, a slowdown, not a stop. And now we will move on and up, together, America, the once and future miracle that is still, this night, the hope of the world.

Thank you. God bless you. God bless our beloved country.

From Boskin CEA

Inflation is down to the levels of the late 1960s. Interest rates are at their lowest level since the mid-1970s.

INFLATION

Inflation is down from the double-digit levels of a decade ago, helping to maintain the value of your hard-earned income and savings.

Inflation over the past year was at its second lowest level ...

... since 1967.

... in over 2 decades.

... in nearly 2 1/2 decades.

In only one other year since 1967 was inflation this low. (1986)

INTEREST RATES

Mortgage interest rates are at their lowest level since 1974.

Housing is more affordable now than at any time since 1974.

The bank prime is at its lowest level since 1977.

FASTEST GROWING COUNTRIES, 1985-1990

Country	Real Growth, 1985-1990 (percent)
South Korea	129
Thailand	60
Botswana	47
Singapore	47
Hong Kong	45
Egypt	37
Chile	32

2
6

DEPARTMENT OF THE TREASURY
OFFICE OF TAX POLICY
FACSIMILE COVER SHEET
1500 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20220

Fax Message Number: Date: January 27, 1992

Number of Pages to Follow: 3

To: Bob Simon

Addressee's Fax Number: 456-6218

Addressee's Confirmation Number:

From: R. Glenn Hubbard
Deputy Assistant Secretary (Tax Analysis)

Sender's Fax Number: (202) 786-8440

Sender's Confirmation Number: (202) 566-2563

Comments/Special Instructions:

UNCLASSIFIED

Additional information I received after I wrote the Secretary:

Distribution of Capital Gains by Income Class, 1989 and 1990

1989

AGI Class	Adjusted Gross Income without Capital Gains				Adjusted Gross Income including Capital Gains			
	Returns	Gains	Returns	Gains	Returns	Gains	Returns	Gains
Less than zero	253	20486	2.6	14.5	128	6526	1.3	4.6
0 – 10	1407	6100	14.2	4.3	1096	1718	11.1	1.2
10 – 20	1410	7921	14.2	5.6	1291	3253	13.0	2.3
20 – 30	1310	8111	13.2	5.7	1277	4139	12.9	2.9
30 – 50	2263	14520	22.9 67%	10.3 40%	2309	9506	23.3	6.7
50 – 75	1589	13897	16.1	9.9	1703	10962	17.2	7.8
75 – 100	701	8266	7.1	5.9	838	8881	8.5	6.3
100 – 200	643	16678	6.5	11.8	813	18005	8.2	12.8
200 and over	318	45090	3.2	32.0	441	78349	4.5	55.5
Total	9896	141069	100.0	100.0	9896	141069	100.0	100.0

1990

AGI Class	Adjusted Gross Income without Capital Gains				Adjusted Gross Income including Capital Gains			
	Returns	Gains	Returns	Gains	Returns	Gains	Returns	Gains
Less than zero	193	11631	2.3	10.4	101	2736	1.2	2.4
0 – 10	1165	4932	13.7	4.4	912	1088	10.7	1.0
10 – 20	1175	5987	13.8	5.4	1148	2702	13.5	2.4
20 – 30	1074	6737	12.6	6.0	980	2987	11.5	2.7
30 – 50	1875	12388	22.1 64.5%	11.1 37%	1860	7423	21.9 ← 57.8%	6.6
50 – 75	1442	10565	17.0	9.4	1596	8704	18.8	7.8
75 – 100	643	6700	7.6	6.0	736	6482	8.7	5.8
100 – 200	632	13225	7.4	11.8	768	14956	9.0	13.4
200 and over	404	39661	4.8	35.5	403	64726	4.7	57.9
Total	8503	111804	100.0	100.0	8503	111803	100.0	100.0

Notes: Returns columns show percent of returns with gains rather than percent of all returns.

01/27/92

DEPARTMENT OF THE TREASURY
WASHINGTON

January 27, 1992

MEMORANDUM FOR SECRETARY BRADY

FROM: R. GLENN HUBBARD
DEPUTY ASSISTANT SECRETARY (TAX ANALYSIS)

SUBJECT: Breakdown of Capital Gains by Income Groups

In answer to your question yesterday, the following facts can be used for the President's State of the Union address:

- About half of all Americans report capital gains during their lifetime.
- About 60 percent of all people who report capital gains earn less than $50,000. Moreover, over one-quarter earn less than $20,000.
- Only about 5 percent of tax returns with long-term capital gains have incomes above $200,000.

For your information, I have attached a more detailed breakdown. Please let me know if there is anything else that you need.

Attachment

Distribution of Capital Gains by AGI Class, 1990

AGI Class	Long-Term Gains in Excess of Short-Term Losses			
	Returns (000s)	Returns (%)	Percent	
Less than zero	101	1.2		
$0-10,000	912	10.7	25.4	
$10,000-20,000	1,148	13.5		58.8
$20,000-30,000	980	11.5		
$30,000-50,000	1,860	21.9		
$50,000-75,000	1,596	18.8		
$75,000-100,000	736	8.7		
$100,000-200,000	768	9.0		
$200,000 and over	403	4.7		
Total	8,503	100.0		

Source: Tabulations of 1990 tax return data by the Office of Tax Analysis (January 26, 1992). Similar results are obtained if 1989 tax return data are used.

FACSIMILE TRANSMISSION

January 27, 1992

U.S. Department of Commerce
Office of the Chief Economist

To: Mr. Bob Simon
The White House/Research
FAX: 456-6218

From: Tony Villamil
Chief Economist and Special Advisor to the Secretary
TEL: 377-8181
FAX: 377-3726

Number of pages following: 1

Message:

As requested, attached is background that supports the statement that real estate (housing) leads the economy out of recession.

Please, call me if you need any additional material.

Thank you.

Tony Villamil

Residential Construction Leads the Economy

- Building permits for new private housing units are one of the series that comprise the Composite Index of Leading Indicators published by the Commerce Department. Permits turned up ahead of the overall economy in seven of the previous eight cycles. The lead time, in months, ranged from 0 to 13 months with an average of 5.9 and a median of 5.

- Housing starts turned up before the overall economy in all eight of the postwar cycles. The lead time, in months, ranged from 1 to 12 months, with an average of 5.8 months and a median of 5.

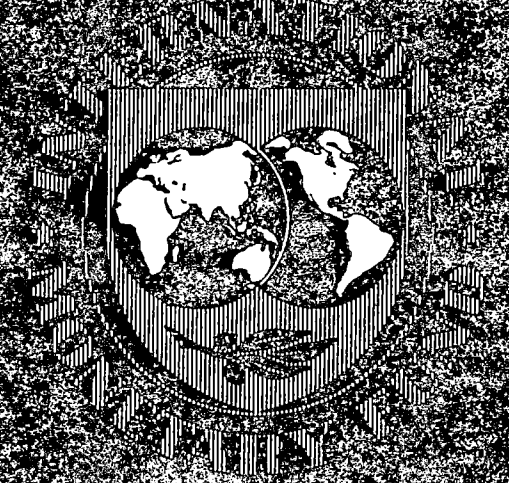
Office of the Chief Economist
U.S. Department of Commerce
January 27, 1992

Exports

Billions of US Dollars

		Year 1988	Year 1989	Year 1990	III 1989	IV 1989	I 1990	II 1990	III 1990	IV 1990	I 1991	II 1991	May 1990	Jun 1990	Jun 1991	Jul 1991
IFS World Total		**2,694.3**	**2,906.6**	**3,311.2**	**700.6**	**776.7**	**771.1**	**797.5**	**809.6**	**933.0**	**840.7**	....	**271.6**	**271.7**	....	....
DOTS World Total	**001**	**2,693.6**	**2,913.9**	**3,334.6**	**703.8**	**778.0**	**783.3**	**801.9**	**810.7**	**939.3**	**866.6**	**829.1**	**273.2**	**272.5**	**273.2**	**284.9**
Industrial Countries	**110**	**1,958.4**	**2,117.3**	**2,441.0**	**506.1**	**562.7**	**578.1**	**587.1**	**589.9**	**685.9**	**641.3**	**596.7**	**200.5**	**198.4**	**195.6**	**203.2**
United States	111	430.02	457.91	494.02	115.41	119.15	116.40	118.70	125.43	133.49	114.04	118.13	40.63	40.79	39.30	41.33
Canada	156	100.76	110.82	116.93	25.88	27.64	29.33	30.68	27.79	29.13	28.61	31.19	10.58	10.27	10.24	9.83
Australia	193	33.02	38.78	37.58	10.21	9.84	8.89	8.68	9.93	10.07	8.71	8.70	2.88	3.02	2.99	3.23
Japan	158	164.51	186.37	210.00	47.47	49.02	48.99	47.67	51.23	62.11	55.43	50.46	16.07	16.03	16.38	18.05
New Zealand	196	6.24	7.44	7.94	1.95	2.13	1.77	1.83	1.99	2.35	1.77	1.76	.62	.65	.62	.60
Austria	122	36.92	38.52	47.16	9.30	10.53	10.93	11.22	11.49	13.53	13.34	12.12	3.85	3.63	3.81	4.06
Belgium-Luxembourg	126	97.90	104.18	125.25	23.75	27.71	30.42	30.14	29.43	35.29	34.76	29.82	10.38	9.86	9.75	9.76
Denmark	128	25.54	25.97	30.79	6.12	6.89	7.23	7.51	7.42	8.63	8.09	7.58	2.56	2.63	2.46	2.31
Finland	172	19.99	22.28	24.18	5.32	6.05	5.80	6.06	5.67	6.65	5.62	4.75	2.04	1.99	1.38	1.46
France	132	171.88	189.06	228.25	42.71	51.71	55.10	54.48	53.46	65.24	61.60	52.78	18.81	18.28	18.11	18.27
Germany	134	233.48	246.31	317.20	58.05	66.87	70.58	72.79	76.84	96.99	96.35	85.97	24.69	24.78	28.35	30.25
Greece	174	14.04	16.11	19.04	3.59	4.61	4.64	5.00	4.43	4.98	5.15	4.91	1.78	1.72	1.62	1.63
Ireland	178	15.14	16.79	19.81	3.92	4.56	4.66	4.73	4.82	5.60	5.49	4.75	1.63	1.59	1.48	1.63
Italy	136	124.68	135.93	163.56	29.81	37.11	39.55	39.55	36.98	47.48	45.68	40.69	13.61	13.07	12.89	13.23
Netherlands	138	117.04	124.38	145.48	29.42	33.24	35.22	35.21	34.66	40.40	38.40	34.51	12.13	11.29	10.68	12.14
Norway	142	20.24	20.08	23.76	4.62	6.06	5.61	6.09	5.50	6.57	6.27	6.05	2.06	2.04	2.08	1.72
Portugal	182	16.08	18.26	22.91	4.02	4.91	5.16	5.68	5.42	6.64	6.77	6.24	2.06	1.90	2.16	2.07
Spain	184	56.96	66.06	79.99	15.00	17.89	19.82	20.05	18.25	21.89	22.45	21.13	6.72	6.96	6.96	7.44
Sweden	144	42.20	45.42	50.70	10.23	12.72	12.19	12.43	11.84	14.26	12.33	11.00	4.31	4.02	3.35	3.02
Switzerland	146	59.88	63.02	72.97	14.66	17.40	17.70	18.32	17.29	19.67	19.41	17.20	6.22	6.31	5.61	5.40
United Kingdom	112	170.50	182.41	201.95	44.34	46.43	47.81	49.83	49.77	54.57	50.62	46.57	16.77	17.47	15.24	15.66
Developing Countries	**200**	**689.85**	**743.26**	**838.46**	**185.48**	**198.64**	**190.74**	**202.00**	**208.22**	**238.15**	**210.37**	**221.21**	**68.39**	**69.87**	**74.08**	**78.16**
Africa	**605**	**64.50**	**64.68**	**74.00**	**15.48**	**18.14**	**18.27**	**18.22**	**17.33**	**20.27**	**18.19**	**18.34**	**6.29**	**6.30**	**6.10**	**6.28**
Algeria	612	7.27	7.96	9.33	1.88	2.67	2.35	2.38	1.99	2.61	2.25	2.08	.81	.85	.64	.69
Cameroon	622	1.11	1.18	1.30	.27	.32	.30	.34	.31	.35	.31	.30	.11	.12	.09	.10
Côte d'Ivoire	662	1.80	1.86	1.75	.44	.49	.42	.42	.42	.49	.46	.49	.14	.16	.15	.15
Gabon	646	.83	.73	.76	.15	.21	.17	.17	.20	.22	.22	.22	.06	.05	.07	.08
Ghana	652	1.00	1.10	1.32	.27	.29	.30	.34	.32	.35	.34	.36	.12	.11	.12	.11
Kenya	664	2.18	2.26	2.35	.54	.70	.58	.57	.61	.60	.56	.55	.20	.20	.19	.20
Morocco	686	5.25	5.62	6.90	1.24	1.54	1.62	1.77	1.58	1.93	1.63	1.66	.61	.60	.55	.55
Nigeria	694	4.69	4.59	5.77	1.10	1.37	1.37	1.43	1.37	1.61	1.57	1.76	.52	.47	.64	.64
Senegal	722	1.07	1.08	1.26	.26	.29	.28	.31	.30	.38	.30	.31	.10	.12	.10	.10
South Africa	199	13.28	12.00	11.96	2.99	2.86	2.85	2.97	3.10	3.06	3.07	3.16	1.00	1.02	1.06	1.12
Sudan	732	1.38	1.11	1.10	.30	.25	.30	.22	.26	.32	.34	.27	.07	.07	.08	.10
Tanzania	738	.99	.96	1.06	.23	.26	.25	.23	.25	.33	.24	.22	.08	.09	.07	.08
Tunisia	744	3.27	3.88	5.17	.89	1.12	1.17	1.26	1.20	1.55	1.33	1.32	.42	.44	.53	.46
Zaire	636	2.26	1.36	1.77	.32	.39	.68	.32	.32	.46	.28	.29	.12	.11	.08	.11
Zambia	754	.59	.71	.74	.19	.19	.16	.18	.21	.18	.15	.15	.06	.07	.05	.04
Asia	**505**	**342.14**	**381.51**	**434.21**	**97.03**	**100.26**	**96.31**	**104.18**	**109.61**	**124.27**	**112.82**	**119.54**	**35.03**	**35.78**	**39.98**	**42.19**
China, People's Rep.	924	52.23	52.20	49.62	13.01	12.55	10.82	12.45	12.53	13.84	12.20	16.15	4.31	4.30	5.36	5.62
Hong Kong	532	63.58	70.12	81.15	18.19	17.99	16.69	19.96	21.02	23.49	20.16	23.50	6.89	6.82	7.88	8.38
India	534	21.70	22.07	23.16	5.46	5.83	5.61	5.25	5.76	6.53	5.46	4.29	1.66	1.76	1.29	1.62
Indonesia	536	10.34	12.51	18.03	3.29	3.46	3.63	3.96	4.79	5.65	4.63	4.26	1.27	1.46	1.41	1.53
Korea	542	44.63	51.47	58.24	13.04	13.15	13.34	14.15	14.43	16.31	16.22	16.73	4.81	5.03	5.50	5.54
Malaysia	548	16.36	20.57	25.31	5.43	6.16	5.65	5.77	6.41	7.49	7.85	7.88	1.92	1.95	2.89	3.08
Pakistan	564	7.33	7.31	7.88	1.67	1.92	1.89	1.92	1.90	2.18	1.89	2.15	.64	.64	.74	.73
Philippines	566	9.32	11.64	13.39	3.13	3.00	3.20	3.28	3.30	3.61	3.02	2.97	1.10	1.11	1.00	1.08
Singapore	576	38.96	46.02	55.61	11.65	12.58	12.09	13.08	14.46	15.99	14.75	14.48	4.39	4.48	4.89	4.94
Thailand	578	17.56	22.56	30.32	5.65	6.28	6.69	6.90	7.65	9.08	7.86	7.94	2.39	2.33	2.70	2.94
Europe	**170**	**80.14**	**82.86**	**94.61**	**20.08**	**23.18**	**20.02**	**22.75**	**22.89**	**29.01**	**21.99**	**21.34**	**7.69**	**7.80**	**7.16**	**7.27**
Hungary	944	9.90	9.90	10.43	2.41	2.75	2.03	2.50	2.52	3.38	2.17	2.57	.83	.84	.92	.82
Poland	964	14.13	14.43	14.05	3.43	3.65	2.61	2.92	3.29	5.05	4.12	3.73	.96	1.09	1.36	1.26
Romania	968	7.96	8.04	8.57	1.99	2.13	2.13	2.32	2.01	2.31	1.59	1.21	.77	.71	.42	.66
Turkey	186	14.26	14.86	20.51	3.83	4.42	4.57	5.24	4.97	5.75	5.08	4.89	1.91	1.75	1.58	1.70
Yugoslavia	188	14.10	15.27	19.72	3.54	4.69	4.29	4.61	4.40	6.43	4.46	4.27	1.52	1.52	1.22	1.12
Middle East	**405**	**99.02**	**100.03**	**107.28**	**23.96**	**26.71**	**27.07**	**27.04**	**25.23**	**28.03**	**25.92**	**28.26**	**9.22**	**9.38**	**9.61**	**10.35**
Bahrain	419	2.31	3.03	3.77	.64	.76	.89	.78	.95	1.15	.78	.85	.27	.25	.27	.30
Egypt	469	10.78	10.45	12.07	2.72	2.75	2.98	2.88	3.01	3.21	3.14	3.04	1.04	.97	.97	1.30
Iran, I.R. of	429	7.91	8.75	12.97	2.40	2.43	2.48	2.86	3.38	4.26	4.01	4.01	.91	1.00	1.39	1.54
Iraq	433	8.48	8.75	6.13	2.09	2.37	2.68	2.29	1.03	.13	—	.02	.82	.78	.02	—
Israel	436	11.68	11.25	12.98	2.64	2.98	3.14	3.03	3.09	3.73	3.39	3.61	1.01	1.00	1.14	1.17
Kuwait	443	5.37	5.64	3.58	1.28	1.53	1.39	1.42	.60	.17	.05	.56	.50	.46	.20	.27
Libya	672	5.63	4.98	5.20	1.29	1.36	1.19	1.25	1.33	1.44	1.35	1.34	.40	.45	.42	.50
Saudi Arabia	456	23.39	22.88	24.52	5.35	6.04	5.80	6.04	5.89	6.79	6.94	7.51	2.09	2.21	2.67	2.72
Syrian Arab Republic	463	2.06	2.01	2.25	.50	.62	.49	.58	.53	.66	.49	.55	.21	.21	.18	.18
Western Hemisphere	**205**	**104.05**	**114.17**	**128.35**	**28.92**	**30.34**	**29.07**	**29.81**	**33.15**	**36.57**	**31.45**	**33.74**	**10.16**	**10.62**	**11.23**	**12.08**
Argentina	213	5.41	4.44	4.99	.95	1.12	1.16	1.04	1.26	1.54	1.35	1.48	.36	.35	.51	.60
Bahamas, The	313	1.89	1.83	2.30	.42	.55	.51	.59	.65	.55	.56	.63	.15	.29	.21	.13
Brazil	223	16.12	19.42	21.63	5.49	5.47	4.84	4.08	5.90	6.81	4.46	4.81	1.38	1.51	1.53	1.90
Chile	228	4.67	6.19	6.86	1.65	1.67	1.59	1.79	1.66	1.83	1.70	1.69	.63	.64	.60	.65
Colombia	233	4.61	4.91	5.47	1.26	1.28	1.27	1.27	1.30	1.66	1.21	1.24	.43	.42	.37	.43
Ecuador	248	1.77	1.80	1.78	.38	.34	.40	.45	.44	.48	.54	.57	.15	.16	.17	.19
Jamaica	343	1.56	1.86	1.80	.47	.46	.44	.42	.46	.49	.44	.44	.14	.14	.15	.15
Mexico	273	27.30	34.22	39.80	8.56	9.06	8.88	9.97	10.17	10.78	9.91	11.46	3.51	3.55	3.92	3.98
Netherlands Antilles	353	1.20	2.24	2.56	.54	.63	.63	.60	.60	.73	.69	.68	.20	.19	.19	.24
Panama	283	6.08	6.48	7.08	1.81	1.54	1.63	1.55	1.85	2.05	2.16	1.51	.48	.57	.56	.63
Peru	293	2.49	2.13	2.33	.47	.70	.69	.56	.53	.56	.62	.66	.20	.19	.21	.23
Trinidad and Tobago	369	.80	1.06	1.02	.29	.29	.22	.24	.24	.33	.31	.28	.09	.08	.09	.09
Venezuela	299	10.40	6.52	7.29	1.39	1.54	1.45	1.78	1.89	2.17	1.98	2.35	.62	.64	.80	.82
U.S.S.R. and selected other countries n.i.e.	**910**	**81.67**	**86.93**	**74.25**	**19.76**	**23.60**	**20.33**	**21.05**	**14.93**	**17.88**	**15.13**	**13.62**	**6.80**	**7.42**	**4.87**	**4.74**
Minus adjustment for trade of U.S.S.R. & selected other countries n.i.e.	**980**	**-76.98**	**-78.01**	**-64.48**	**-18.97**	**-20.25**	**-16.88**	**-18.92**	**-13.42**	**-15.25**	**-12.90**	**-12.11**	**-6.25**	**-6.77**	**-3.96**	**-4.42**
Memorandum Items																
Oil Exporting Countries	999	96.56	97.92	109.19	23.47	26.73	26.41	27.55	26.02	29.32	26.97	28.81	9.32	9.78	9.88	10.42
Non-Oil Developing Countries	201	593.29	645.35	729.27	162.01	171.90	164.33	174.45	182.20	208.84	183.40	192.40	59.07	60.09	64.20	67.74

DIRECTION OF TRADE STATISTICS



DECEMBER 1991

Patrick Gordon, 1st grade
Blairstown, NJ

"I am happy to hear that you are feeling better. Please don't feel embarrassed about throwing up because everyone throws up in this world. The main thing is to take your medicine and listen to the doctor."

Jamie Bronner
Waldpole, MA

"I hope you are feeling better. Listen to your doctor. Next time go to bed when he tells you. That's why doctors get paid more than presidents"

Bryan Banfield
Bayne City, MI

"...I heard you got beat at tennis before you got sick at dinner. I was wondering what the score was?"

Ashley Thayer
Pittsburgh, PA

"I am relieved that you said that you were embarassed when you threw up, because I threw up in front of the fourth and fifth graders two days after you did.... I was so embarassed! I know everyone will tease me on Monday. But even if they tease me, I won't let it bother me because if the President can throw up in public then so can I."

Michael Patrick Nayden
Allendale, NJ

"I hope you feel better. How do you feel? I have the flu too. I am very sorry you had to go to work. I have been home from first grade for 3 days resting. It has made me feel better. You will feel better when you get home and Mrs. Bush makes you some jello.."

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Hot Sounds in the Sand

Desert Shield Radio a Hit With the Troops

By Molly Moore
Washington Post Staff Writer

WITH U.S. TROOPS, Saudi Arabia—Getting tired of baking in a tank all day waiting for the war? Fed up with that same old daily desert routine? Bored with monochromatic, monotonous sandy scenery?

Desert Shield Radio 107 has a diversion for the weary, homesick GI in Saudi Arabia: Enter the "I Saw Elvis at Desert Shield" contest. Send that entry on a card or in a letter and "tell us where you saw the King and describe the encounter!"

It's far tamer than the Grease-man, and Robin Williams/Adrian Cronauer would have cringed at the page-long list of ground rules, but a growing cadre of Armed Forces Radio and Television Service (AFRTS) disc jockeys is fanning out across the Eastern Province of Saudi Arabia, broadcasting everything from pop hits to desert survival tips from tiny mobile radio stations camouflaged in olive drab vans.

On Sunday afternoons, troops can tune in for live play-by-play action from the Scud Bowl (as in the Iraqi Scud missiles now aimed at Saudi

Arabia), the Saudi soccer stadium turned U.S. military sports arena. One recent football game featured the Women Marines vs. the Female Navy Nurses. And they can request a favorite tune by picking up their dusty green tactical combat phones and giving Oasis 99 a ring.

"The trick here is avoiding breaking operational security," said Navy Chief Bob Herskovitz, afternoon broadcaster for Oasis 99. Radio request lines can have serious security implications in this combat environment. Commanders don't want Saddam Hussein tuning in to Armed Forces Radio to find the latest location of the 82nd Airborne Division or the 4th Marine Expeditionary Brigade. "Sometimes you have too many listeners," says Herskovitz.

Inventive troops identify their requests in code form—so the station sends an oldie out to the men in the "The Junkyard," a rap song to "Alpha Alpha," a Top 40 hit to "Camp Sunmateo," Motown to "Club Mid."

The hottest requests, according to broadcasters, are romantic songs coupled with dedications to wives and girlfriends back home, which the troops then tape-record and mail to their loved ones.

For troops who don't have the luxury of telephones in their Bradley Fighting Vehicles, Deejay Sgt. Dave Hamerly—that's Sledge Hammer to his listening audience—makes daily desert tent calls in his Hum-V jeep. Hamerly is not your average radio deejay. When he wants to boost his listening audience, he roams the desert handing out free radios donated by U.S. companies and charity groups to lonely troops.

"Most of the troops had no radios until we started delivering them," said Hamerly.

Between tunes, this advertisement-free network fills its time with helpful hints for military listeners.

"You have the power to decide who gets your money and things if anything should happen to you," intones one spot. "It's called a will."

Too grim. Listen to this. "If you're lost in the desert, don't panic—stay near your vehicle. It's where your supplies are."

Or how about the question: "If you should become a prisoner of war, would you know how to act? Read the tips in the military Code of Conduct now before it's too late."

Although Armed Forces Radio has broadcast to U.S. troops during every conflict since World War II, establishing a radio network in Saudi Arabia has been a frustrating, hair-pulling struggle for military officials.

(Television has met with even less success, according to other U.S. military officials. The Saudi government continues to balk at allowing the irreverent Arsenio Hall, David Letterman, Johnny Carson and their exotically dressed guests to invade the living rooms of their sheltered kingdom via Armed Forces Television.)

Initially, Saudi officials were wary of allowing Western influences to be sent via radio, lest the sounds be heard by impressionable Saudi listeners. The U.S. military alleviated some of that concern with a tough list of rules for its radio broadcasters: no jokes that denigrate the Saudi royal family or the Islamic faith, no religious Christmas music (instrumentals and "Jingle Bells" are okay), nothing pornographic, no mention of Christian religious figures.

"Most of it is common sense," said Lt. Cmdr. John Hopkins, who heads AFRTS here. "If you have to ask whether it's offensive, you already know the answer."

Once the battle with the Saudi bureaucracy was won, radio technicians had to fight the desert elements.

In the blistering midday heat, which still creeps into the 90s, signals "drop dead," said Hopkins. And in this bleak, flat terrain, the mobile radio vans have had problems erecting towers high enough to transmit signals long distances. Aging equipment has faltered, tubes have fizzled and troops have stewed over lack of news, sports and music. U.S. military commanders, concerned about exposing locations of sensitive military installations to the Iraqis through radio signals, also initially limited where the radio stations were allowed to operate.

After almost two months of operation and experimentation, the radio signals still don't reach out and touch many of the isolated desert units. And President Bush's call for doubling the troop strength here will only stress the system further.

AFRTS already has dispatched its entire emergency fleet of four radio vans to Saudi Arabia. Three are in operation and the fourth is scheduled to begin transmitting in the next few weeks, when the additional troops begin arriving.

For many of the military deejays, who usually play to sparse audiences at U.S. military bases in Europe, Operation Desert Shield is ratings heaven.

"We have a captive audience," said Sgt. Bryan Spann, whose voice was broadcast to U.S. forces in Italy before the current Middle East crisis. "They are much more appreciative."

The broadcasters of Oasis 99 have wasted no time taking advantage of their fan appreciation.

When they wanted a table for the concrete apron outside their broadcast booth, where many Marines gather after loading their plates at a nearby mess hall, the deejays held a picnic table contest among competing military units. In this case the radio station was the winner: A Navy Seabee unit scrounged enough wood to build a large octagonal table with benches for the new AFRTS Plaza.

And when the van's air-conditioning unit broke down, three military units arrived to compete for the privilege of repairing it.

In a potential combat zone, the creativity of contest prizes is frequently limited. The winner of the recent Ugliest Gunny Sergeant contest received prepackaged military meals-ready-to-eat (MRE) for two catered by a radio deejay.

"That didn't go over real well because the winner had to eat both of the MREs," said Herskovitz.

The Oasis team has added a popular new accent to its evening show in the past two weeks—British broadcaster Alton Andrews, who volunteered for "this gig" as soon as he heard British forces were being deployed to Saudi Arabia. While the British military broadcasting system is waiting for its station to be flown to Saudi Arabia, Andrews is hosting an afternoon request show with an American announcer. (U.S. military officials refused to turn over their airwaves to a British broadcaster for two hours a day without an American deejay as a chaperone.)

"We're making history," said Andrews, a 33-year-old civilian broadcaster working on contract with the British military radio system. "It's the first time our two armed forces have had a joint radio operation."

The added benefit for Andrews: "Coming from Great Britain, where it's cloudy and cold and people pay a lot of money going in search of sun and sand, I'm lucky—I'm here getting it free of charge."

Shall the prejudices and paralysis of slavery continue to hang upon the skirts of progress?

Benjamin Harrison
Inaugural address
March 4, 1889

All those fires of industry which I saw through the South were lighted at the funeral pyre of slavery.

Benjamin Harrison
Speech, Veterans, San Francisco, California
May 1, 1891

I will not be a party to any treaty that makes anybody a slave; now that is all there is to it.

Dwight D. Eisenhower
Press conference
June 30, 1954

Three and a half centuries ago the first Negroes arrived at Jamestown. They did not arrive in brave ships in search of a home for freedom. They did not mingle fear and joy, in expectation that in this New World anything would be possible to a man strong enough to reach for it. They came in darkness and they came in chains.

Lyndon B. Johnson
Speech, signing of Voting Rights Act, Capitol Rotunda
August 6, 1965

Socialism

Nothing has spread socialistic feeling in this country more than the automobile.... They are the picture of the arrogance of wealth with all its independence and carelessness.

Woodrow Wilson
1906

The adoption of a logical and extreme Socialistic system would spell sheer destruction; it would produce grosser wrong and outrage, fouler immorality than any existing system. But this does not mean that we may not with great advantage adopt certain of the principles proposed by some given set of men who happen to call themselves Socialists.

Theodore Roosevelt
Speech, Sorbonne
April 23, 1910

Socialism proposes no adequate substitute for the motive of enlightened selfishness that today is at the basis of all human labor and effort, enterprise and new activity.

William Howard Taft
Popular Government
1913

Social Security and Welfare

I have considered the pension list of the republic a roll of honor.

Grover Cleveland
Veto Message, Congress
July 5, 1888

When I say I believe in a square deal I do not mean . . . it[s] possible to give every man the best hand. If the cards do not come to any man, or if they do come, and he has not the power to play them, that is his affair. All I mean is that there shall not be any crookedness in the dealing.

Theodore Roosevelt
Speech, Dallas, Texas
April 5, 1906

Modern society cannot survive with the defense of Cain, "Am I my brother's keeper?"

Herbert Hoover
Speech, Relief Drive
October 18, 1931

The Federal government must and shall quit this business of relief.

Franklin D. Roosevelt
Message, Congress
January 4, 1935

Social security must be built upon a cult of work, not a cult of leisure.

Herbert Hoover
Speech
June 16, 1935

delivered in person

FDR

today, in the light of our experience and our new national policy, we find we can put people to work in ways which conform to, initiate and carry forward the broad principles of that policy.

The first objectives of emergency legislation of 1933 were to relieve destitution, to make it possible for industry to operate in a more rational and orderly fashion, and to put behind industrial recovery the impulse of large expenditures in Government undertakings. The purpose of the National Industrial Recovery Act to provide work for more people succeeded in a substantial manner within the first few months of its life, and the Act has continued to maintain employment gains and greatly improved working conditions in industry.

The program of public works provided for in the Recovery Act launched the Federal Government into a task for which there was little time to make preparation and little American experience to follow. Great employment has been given and is being given by these works.

More than two billions of dollars have also been expended in direct relief to the destitute. Local agencies of necessity determined the recipients of this form of relief. With inevitable exceptions the funds were spent by them with reasonable efficiency and as a result actual want of food and clothing in the great majority of cases has been overcome.

But the stark fact before us is that great numbers still remain unemployed.

A large proportion of these unemployed and their dependents have been forced on the relief rolls. The burden on the Federal Government has grown with great rapidity. We have here a human as well as an economic problem. When humane considerations are concerned, Americans give them precedence. The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fibre. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is inimical to the dictates of sound policy. It is in violation of the

traditions of America. Work must be found for able-bodied but destitute workers.

The Federal Government must and shall quit this business of relief.

I am not willing that the vitality of our people be further sapped by the giving of cash, of market baskets, of a few hours of weekly work cutting grass, raking leaves or picking up papers in the public parks. We must preserve not only the bodies of the unemployed from destitution but also their self-respect, their self-reliance and courage and determination. This decision brings me to the problem of what the Government should do with approximately five million unemployed now on the relief rolls.

About one million and a half of these belong to the group which in the past was dependent upon local welfare efforts. Most of them are unable for one reason or another to maintain themselves independently—for the most part, through no fault of their own. Such people, in the days before the great depression, were cared for by local efforts—by States, by counties, by towns, by cities, by churches and by private welfare agencies. It is my thought that in the future they must be cared for as they were before. I stand ready through my own personal efforts, and through the public influence of the office that I hold, to help these local agencies to get the means necessary to assume this burden.

The security legislation which I shall propose to the Congress will, I am confident, be of assistance to local effort in the care of this type of cases. Local responsibility can and will be resumed, for, after all, common sense tells us that the wealth necessary for this task existed and still exists in the local community, and the dictates of sound administration require that this responsibility be in the first instance a local one.

There are, however, an additional three and one half million employable people who are on relief. With them the problem is different and the responsibility is different. This group was the victim of a nation-wide depression caused by conditions which were not local but national. The Federal Government is the only governmental agency with sufficient power and credit to meet