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U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C.

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MEMORANDUM TO JENNIFER GROSSMAN

FROM: David Bethel *David*  
205-6926

DATE: January 7, 1992

SUBJECT: Response to request for information on small business

I hope what we have sent along helps. Sorry we couldn't find precisely what you wanted concerning the establishment of a small business. What we have supplied is rather skimpy and dry, but maybe you can pull something from it.

As Jim explained, perhaps the Department of Labor can provide something on the difficulties businesses have with federal regulations once they are up and running...OSHA, etc.

Let me know if there is anything else we can help you with.



**U.S. SMALL BUSINESS ADMINISTRATION**  
 WASHINGTON, D.C. 20416  
TOTAL U.S. SMALL BUSINESSES BY INDUSTRY, 1990.



<u>Industry</u>	<u>%</u>	<u># of Enterprises</u>
Services	34	2,128,960
Retail Trade	24	1,527,637
Construction	12	751,291
Wholesale Trade	8	489,656
Finance, Insurance, Real Estate	7	459,675
Manufacturing	7	415,397
Agriculture, Forestry, Fishing	4	223,437
Transportation, Communication, Public Utilities	3	197,557
Mining	1	34,286

Fast Facts About U.S. Small Businesses

- 1) Employment in private industries dominated by small firms increased 3.2% between December 1988 and December 1989, more than twice as fast as large business-dominated industries.
- 2) Small business earnings (sole proprietorships and partnerships) increased 6.2% in 1989.
- 3) Small businesses employ 50% of the U.S. workforce.
- 4) Small businesses produce 44% of all sales in the U.S.
- 5) Small businesses account for 39% of the GNP.
- 6) Small businesses are leading the way in new job creation. The final total of new jobs created in the U.S. in 1991 is expected to top 850,000, a strong increase from 1990.
- 7) Forecasters see small business as a major factor in the recovery, with a demand for their products rising at a 4.9% annual rate in the second quarter of 1991. That is a sharp improvement from late 1990.

8) Small businesses contribute about 20% of total U.S. exports.

9) More women became small business owners during the 1980s than any other time in America's history; the number of women proprietors almost doubled from 2.5 million in 1980 to 4.4 million in 1987.

10) The number of business-education partnerships today stands at more than 140,000. Small businesses are responsible for 22% of these arrangements.

SH

There are three basic steps to starting a small business:

**I. Developing a Business Plan (up to a year to complete)**

Any bank requires a business plan before it will even consider a small business loan application. SBA counseling on developing such a plan is easily available (one short form required)

A business plan delineates where the business is to be located, what product lines will be carried, supply sources, the target market and how it will be reached, how much capital is needed to start the business, a monthly cash-flow forecast, cost estimates for capital goods, and information on the principals in the business.

**II. Finding sources of Capital (minimum one month)**

If personal savings or borrowing from friends or relatives is insufficient to finance a new venture, an entrepreneur must go to a bank. The business plan, which includes a proposal of his financial needs, must accompany his loan application. The amount of supporting documents needed to justify a loan varies depending on the type of business to be started (i.e., convenience store v. firm to market obscure computer chip). Processing the application generally takes three to four weeks.

The bank can either decline to make the loan, or can agree to make the loan conditional on a government guarantee. In the latter case, the application is forwarded to a local SBA office for approval.

**III Government Guarantee of Loan (cannot take more than three weeks to approve)**

SBA guarantee application requires same information that bank does (business plan plus supporting documentation). The proposed business must comply with certain regulations to be approved (hazardous waste, lead paint poisoning, and EEO policies), and an FBI background check must be completed before a loan is guaranteed.

Once an entrepreneur has received a small business loan or a government-guaranteed loan, he generally must obtain a business license from his local municipality and meet with the IRS to develop a plan for withholding.



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

OFFICE OF CHIEF COUNSEL FOR ADVOCACY

MEMORANDUM

**DATE:** July 16, 1991

**TO:** THE ADMINISTRATOR  
Deputy Administrator  
Chief of Staff  
SBA Management Board

**FROM:** Mark S. Hayward,  
Acting Chief Counsel for Advocacy

**SUBJECT:** Study Shows Federal Regulations Continue to Increase

The number and scope of federal regulations continue to increase dramatically.

So says a study by Melinda Warren of the Center for the Study of American Business at Washington University in St. Louis (the center is headed by Murray Weidenbaum, a free-marketeer who was an economics adviser to President Reagan).

Ms. Warren had this to say about the current regulatory climate: "Whether measured in current dollars or real terms, federal government spending on regulation is at its highest level in history and rising rapidly. Perhaps more important is the record number of people required to run the regulatory activities of the federal government."

#### Background on the Regulatory Issue

The Office of Information and Regulatory Affairs (OIRA) was started within OMB in 1979 (interestingly enough, under Carter) under a different name. This led to the Paperwork Reduction Act of 1980.

Regulation exploded during the 1970s - from 1970 to 1980, regulatory staffing increased 71 percent (to 121,670), and administrative costs increased 121 percent after inflation.

This regulation led to a paperwork burden on businesses estimated in 1980 to have been 1.3 billion "burden hours." Warren Brookes, a nationally syndicated columnist who highlighted the Washington University study in a recent column, estimates that at a present cost of \$10-40 per hour for administrative personnel and accountants, paperwork alone costs the U.S. economy up to \$52 billion a year.

Total burden hours have increased by another 500 million during the 1980s.

The following table depicts the increase in regulatory personnel and administrative costs from 1970 to 1992. The information was compiled by the Center for the Study of American Business from federal budget figures.

Year	Regulatory Personnel	Regulatory Administrative Costs (in millions of 1982 dollars)
1970	71,233	\$3,335
1980	121,670	\$7,355
1990	114,591	\$8,542
1992	122,406	\$9,125

This table shows the percent change between particular years in the above categories:

Years	Regulatory Personnel	Regulatory Administrative Costs (in millions of 1982 dollars)
1970-80	5.5%	8.3%
1980-90	-0.6%	1.5%
1990-92	3.3%	3.4%

cc: Bob Wernet  
 Ralph Hellmann  
 Tom Hockaday

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held out for language that could lead only to quotas did the frenzied negotiations between the White House and Kennedy collapse. Then last fall Bush vetoed the bill and the veto was sustained; the bill's supporters threatened retaliation at the polls in November.

The election results demonstrated, however, the shallowness of the bill's appeal and the extent of public opposition to quotas. Republicans who supported Bush's veto and made quotas an issue — such as Senator Pete Wilson, in his successful race for Governor of California, and Senator Jesse Helms in his successful re-election bid in North Carolina — used the issue to significant advantage.

At the same time, a post-election survey and series of focus groups sponsored by the Leadership Conference on Civil Rights, an umbrella group of approximately 200 organizations, revealed that while mainstream Americans favor efforts to expand opportunities for the less fortunate, they strongly oppose racial preferences. Americans also believe that quotas pervade American society.<sup>4</sup>

And fourth, there has been a marked increase in grass roots support for empowerment initiatives, such as parental choice in education and tenant ownership of public housing, as a means to improve the lives of minorities; these initiatives provide an alternative to the means enshrined in the Kennedy-Hawkins bill. One Republican who has benefited from his enthusiastic support for empowerment is Governor Tommy Thompson of Wisconsin, who won re-election last November as the first GOP candidate since 1946 to carry urban Milwaukee County. Thompson did so because of his support for such empowerment legislation in Wisconsin as the Milwaukee school voucher program for low income families.

**Changing Liberals.** These developments have helped create a political climate receptive to new thinking on civil rights. Both conservatives and liberals appear to be re-casting their traditional approaches to civil rights.<sup>5</sup> The change on the liberal side is seen in the columns of William Raspberry, who is black. Raspberry supported the Kennedy bill, but last month urged Democrats to forget about the bill and move on to more important concerns. **Argues Raspberry:**

The problems most critically affecting black America are the joblessness and despair of our young people, the academic indifference of our children, the dissolution of our families, the destruction (by crime and drug trafficking) of our neighborhoods, the economic marginality of our

4 Thomas B. Edsall, "Rights Drive Said to Lose Underpinnings," *Washington Post*, March 9, 1991, p. A6.

5 See Jim Sleeper, "Moving Beyond Race to a Common Agenda," *Washington Post*, March 19, 1991, p. A19.

people. And the Civil Rights Act of '91 won't do a blessed thing about these problems.

Even worse, Raspberry warns, H.R. 1 "threatens to divide America along racial lines," just when "white America stands ready to support racial programs and policies it believes to be fair." Raspberry calls for "end[ing] production of the old model" of civil rights legislation exemplified by the Kennedy bill, and replacing it with "a new model whose chief marketing points would be its orientation toward solutions (as opposed to blame-assignment) and its unambiguous fairness."<sup>6</sup>

## CIVIL RIGHTS AND EMPOWERMENT: THE CASE FOR LINKAGE

Empowerment is not a new idea. Neighborhood activists such as Robert Woodson, president of the National Center for Neighborhood Enterprise, and political leaders such as Housing and Urban Development Secretary Jack Kemp, for years have pioneered efforts to reduce barriers that separate low-income individuals from the opportunities available to other Americans.

The new dimension in the discussion is the linkage between empowerment and civil rights.<sup>7</sup> Critics of an empowerment-based civil rights strategy predictably contend that civil rights and empowerment are separate concepts. These critics argue that Congress should pass civil rights legislation (that is, the new version of the Kennedy bill) first, and later consider empowerment proposals.<sup>8</sup>

**Two-Century Struggle.** But empowerment is not a logical "next step" after quotas and other forms of social engineering; empowerment is an alternative to such ill-conceived schemes. Viewed in historical context, empowerment is a logical third and final stage in America's two-century struggle for civil rights: the first stage was the abolition of slavery; the second was the legal guarantee of equal opportunity; and the third now is the elimination of barriers that prevent some Americans from controlling their own destinies.

In contrast to quotas, which focus on collective rights and attempt to compel equality of outcomes, empowerment emphasizes individual rights and equal opportunities. An empowerment-based civil rights strategy assumes that discrimination is not the only serious obstacle to opportunity afflicting

6 William Raspberry, "Why Civil Rights Isn't Selling," *Washington Post*, March 13, 1991.

7 A legislative strategy combining civil rights and individual empowerment was proposed by Clint Bolick and Mark Liedl in "Fulfilling America's Promise: A Civil Rights Strategy for the 1990s," Heritage Foundation *Backgrounder* No. 773, June 7, 1990.

8 This suggestion rings hollow considering the opposition of many within the civil rights lobby to such empowerment proposals as parental choice in education, repeal of the Davis-Bacon Act, funding for the Homeownership and Opportunity for People Everywhere (HOPE) proposal, enterprise zones, and anti-crime proposals.

disadvantaged members of minority groups today. Empowerment thus consists of strategies designed to eliminate these obstacles. Conversely, H.R. 1 ignores or glosses over these problems and presumes they will be solved by racial quotas.

A civil rights strategy based on empowerment thus offers a comprehensive solution to the problems of disadvantaged Americans. It would strengthen civil rights protections without embracing quotas. At the same time, however, it would increase access to quality education, provide economic incentives and other opportunities to escape poverty, and provide greater protection from crime. To do anything less, or to substitute quotas for the elimination of barriers to opportunity, is to compromise the promise of civil rights for all Americans.

## THE BUSH ADMINISTRATION AND EMPOWERMENT

The Bush Administration has championed or endorsed a number of empowerment initiatives, such as tenant management and ownership of public housing, enterprise zones, and anti-crime legislation. Bush linked civil rights and empowerment for the first time in his Rose Garden civil rights speech last summer, declaring that empowerment, rather than quotas, should form the cornerstone of future civil rights policies. The Administration, however, then spent the remainder of the year either negotiating over or opposing the Kennedy bill, and did not present a comprehensive alternative approach.

**Positive Alternative.** When the veto of the Kennedy bill was sustained by one vote in the Senate, the Administration decided it needed to craft a positive alternative to it. News reports and off-the-record comments by Administration officials suggested that a civil rights and empowerment strategy would play a prominent role in the President's domestic policy agenda in 1991.

Bush unveiled his "civil rights and individual opportunities" package on February 27. The package includes expanded civil rights protections and empowerment measures in the areas of education, economic opportunities, home ownership, welfare reform, and crime. However, the overall package was not presented as an omnibus bill; instead, each of its components is, or will be, introduced as a separate bill. The President emphasized that the common theme of these proposals is to "expand opportunity and choice for all."<sup>9</sup> Bush's announcement marked a potential turning point in civil rights policy by breaking from policies that have focused for decades on redistribution rather than the expansion of opportunities.

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<sup>9</sup> Remarks of the President in "Announcement of Opportunity Action Plan to Civic and Charitable Organizations," Washington, D.C., February 27, 1991.

The trouble with the Bush announcement is that his welcome and creative package has remained just rhetoric. The White House has offered little in the way of leadership or commitment since Bush's announcement. By not offering the package as an omnibus bill, the President runs the risk that the empowerment elements in his proposal will languish in committee while the legislative battle is fought in terms of H.R.1.

Worse still, empowerment advocates who worked closely with the Administration are puzzled and disappointed by the lack of action to promote its bold new strategy. With the exception of an aggressive education reform agenda championed by new Education Secretary Lamar Alexander — an agenda that includes empowerment of low-income parents through choice of public or private schools — the Administration has done little to take the offensive.

The White House in fact acts in a manner to suggest that it will place no political muscle behind and spend no political capital on the empowerment agenda. Indeed, White House actions suggest a lack of commitment.

**Example:** The term "empowerment" itself mysteriously has been stricken from the approved White House lexicon for speeches by the President.

**Example:** No linkage with civil rights was made when the President introduced his anti-crime bill.

**Example:** Jack Kemp, the most experienced and effective empowerment proponent in the Administration, has not been assigned a significant role in promoting the legislative package.

**Example:** The Administration has made no effort to sell its empowerment strategy where it can do the most good and where it can win new support — in the inner cities.

**Example:** When Kemp urged Congress to earmark funds in the fiscal 1991 budget to launch his HOPE program, he received no political support from the White House. And when Congress rejected the Kemp request, Bush remained silent.<sup>10</sup>

**Example:** When Congress blocked the Labor Department's efforts to issue new rules under the Davis-Bacon Act, to permit more "helpers" in government-funded construction projects — which would have opened up many job opportunities for young inner-city minorities — the White House could have rigorously condemned empowerment opponents in Congress, but did not do so.

Thus, once again, the Bush Administration is in danger of allowing the opposition to dictate the terms of the debate on a vital domestic policy issue. While the Administration spins its wheels, the forces behind the new Ken-

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<sup>10</sup>Carl F. Horowitz. "Why Kemp's HOPE Program Should Be Funded," *Issue Bulletin* No. 162, March 12, 1991.

ned bill are gaining ground. If the Administration fails to take the offensive on civil rights and empowerment, it may wind up fumbling away the chance to offer real hope and tangible opportunities to disadvantaged Americans.

## WHAT THE ADMINISTRATION SHOULD DO

The President's civil rights and individual opportunities package covers a range of issues under the general headings of civil rights protection and empowerment. In each area the Administration has made a credible start, identifying and reducing barriers that separate disadvantaged individuals from opportunities. But in addition to demonstrating strong political support for the package, it should strengthen the empowerment provisions in the package. Even more important than the substance of any particular provision, however, is the imperative that the President establish vocally and aggressively the clear link between civil rights and empowerment. He should state unequivocally and frequently that protection from crime is a civil right; that freedom to pursue entrepreneurial or professional opportunities free from excessive government interference is a civil right; and that the opportunity of parents to choose where their children shall be educated is a civil right. The White House also should combine such empowerment initiatives with strengthened provisions to reduce actual discrimination by employers in a single omnibus bill.

**Tangible Opportunities.** Bush can take steps to make this civil rights vision a reality. The President should go to America's inner cities and present his vision directly to the people. He should challenge leaders of both parties to join in giving low-income people tangible opportunities. He should challenge mainstream Americans to extend to more disadvantaged individuals the opportunities that are essential to upward mobility. If he does these things, he can revitalize a noble quest for civil rights that for a generation has been drifting off course.

In addition, he should modify his package in several key areas. Among them:

### 1) Civil rights protections.

The White House has proposed several changes to strengthen existing civil rights laws, specifically in a bill sponsored on behalf of the Administration by minority leaders Robert Dole of Kansas, in the Senate (S.611) and Robert Michel, of Illinois, in the House (H.1375).

One troublesome aspect of this bill, however, is its provision to modify the Supreme Court's *Wards Cove* decision. Yet no modification is necessary, since *Wards Cove* created a level playing field in which plaintiffs can still win

valid discrimination challenges, but employers can successfully defend practices that are not discriminatory.<sup>11</sup> The Administration bill thus makes matters worse by tilting the playing field. The Bush bill would do this by placing on the employer the burden of proving its practices are justified by "business necessity." Although the Administration bill defines this term in a less onerous fashion than does H.R.1, this provision would make it difficult for the bill to satisfy the President's own Rose Garden standard that the legislation must not lead in practice to quotas. The Administration should defend vigorously the *Wards Cove* decision, not undermine it the way the Dole-Michel bill does.

Other aspects of the Administration bill are very reasonable. For instance, the bill would allow reasonable monetary damages to victims of on-the-job racial or sexual harassment, for whom existing remedies often are inadequate. The Administration also would allow arbitration as an alternative to litigation in employment discrimination cases, thereby reducing the costs to both parties and providing speedier justice to victims of discrimination. It also would extend protection of the Civil Rights Act of 1964 to congressional employees, ending the current double standard under which Congress exempts itself from laws to which it subjects the rest of the country.

**How the Administration should strengthen its package.** The administration should propose to re-define "affirmative action" as the term is used in federal regulations, contracts, consent decrees, and other official documents. Most Americans now assume affirmative action means racial preference. Indeed, it often has come to mean this in practice. Originally, however, affirmative action was a legitimate strategy to give disadvantaged individuals the tools necessary to compete on an equal basis. This original meaning should be restored. It would lead to such actions as basic skills training, literacy training, transportation of inner-city workers to suburban jobs, apprenticeships, and expanded recruitment — in short, a range of steps designed to increase the pool of employable disadvantaged individuals.<sup>12</sup> The original advocates of affirmative action did not conceive it as a racial preference scheme, and such preferences do nothing to help individuals overcome real disadvantages.

The Administration similarly should propose a streamlining of all federal civil rights laws and regulations. Laws passed at different times covering overlapping subjects, and regulations imposed by the many agencies charged with enforcing civil rights laws have created confusion among those seeking to abide by the law and those who seek to assert their rights under the laws. A comprehensive effort to harmonize federal civil rights laws and to make their enforcement more efficient and effective is long overdue.

11 See Bolick, *op. cit.*

12 See Clint Bolick and Susan Nestleroth, *Opportunity 2000: Creative Affirmative Action Strategies for a Changing Workforce* (Washington: U.S. Department of Labor, 1987).

## **2) Empowerment: parental choice in education.**

The most devastating barrier to opportunity in the inner city is the public school system. Because it has a virtual monopoly on schooling of low-income youngsters who cannot afford to go elsewhere, public schooling often consigns such youngsters to inferior education in crime-ridden environments.

Education choice programs in Milwaukee, New York City's East Harlem, and other areas for the first time give parents the opportunity to select high quality educational opportunities for their children.<sup>13</sup> Parental choice also forces public schools to compete for low-income youngsters and the funds they bring with them, creating a strong incentive for improvement. Probably more than any other single initiative, parental choice in education could help disadvantaged Americans gain the tools necessary to escape poverty.

To give low-income parents a chance to send their children to better schools, the White House plans to introduce an "Educational Excellence Act," which will offer funds to school districts to develop and introduce choice programs. This proposal would expand the benefits of choice that today are available only in a few cities.

How the Administration should strengthen its package. Rather than the carrot of increased funding, which is the inducement for introducing choice favored by the White House, the Administration should instead wield the stick of withholding funding. It should propose that any school district failing to offer quality educational opportunities to disadvantaged youngsters must as a condition of receiving federal education funds introduce choice programs for such youngsters. The Administration also should propose that parental choice rather than forced busing should be the preferred remedy in school desegregation cases.

## **3) Empowerment: economic opportunities.**

In recent years, the movement of jobs to the suburbs, government regulations, rising taxation, and other factors have reduced the number of traditional entry-level jobs in the inner city, thus effectively cutting off the bottom rungs of the economic ladder. To stimulate job creation in the inner city, the Bush Administration has supported the "Enterprise Zone Jobs Creation Act of 1991." This bill (H.R. 23), introduced by Representative Charles Rangel, the New York Democrat, would direct the Secretary of Housing and Urban Development to designate fifty economically depressed areas as enterprise zones. This designation would spur investment and jobs in the zones by eliminating capital gains taxes on new business investments, providing other tax incentives for business development, and reducing taxes on low-income workers. By removing such burdens, jobs would return to places where

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<sup>13</sup> See Clint Bolick, "A Primer on Choice in Education: Part I - How Choice Works," Heritage Foundation Backgrounder No. 760, March 21, 1990.

people need them the most. Giving young and unskilled inner-city residents steady jobs, regular paychecks, and inculcating good work habits would help solve serious problems ignored by the old-line approach to civil rights.

How the Administration should strengthen the package. Economic regulations imposed at every level of government — particularly by states and cities — prevent low-income individuals from starting businesses or entering occupations for which they are qualified.<sup>14</sup> Laws regulating entry into professions from hairstyling to plumbing, limits on the number of taxicabs and garbage collectors, union wage requirements placed on government contracts by the federal Davis-Bacon Act, and similar state laws set arbitrary restrictions on entrepreneurial and employment opportunities. Such restrictions burden especially those currently outside the economic mainstream. These Americans are disproportionately minorities and the poor.

Bush should restore the civil rights guarantee of economic liberty — one of the most basic rights secured by post-Civil War legislation but left unprotected by the courts. He could do this by proposing an Economic Liberty Act. This bill would require governments to justify the limits they place on economic opportunities by demonstrating that such limits are reasonably necessary to protect a valid public health, safety, or welfare objective. The Administration also should support efforts to repeal the Davis-Bacon Act. This legislation was passed explicitly to reduce competition for government-funded construction jobs from black and Hispanic workers, and it continues to have that impact today.<sup>15</sup>

#### 4) Empowerment: emancipation from dependency.

The current welfare system contains perverse incentives that lead to broken families and long-term dependency. The result is that those trapped in the cycle of poverty have few avenues of escape. One reason for this is that only a fraction of the funds intended to help the poor actually reach the poor, with the welfare bureaucracy taking the rest to provide "help" that actually encourages dependency.<sup>16</sup> Worse still, the incentives of the system discourage work and contribute to the collapse of families by granting more assistance to households headed by single mothers than to poor but intact families.

14 See Clint Bolick, *Unfinished Business: A Civil Rights Strategy for America's Third Century* (San Francisco: Pacific Research Institute, 1990), pp. 47-91.

15 See Scott Hodge, "Congress vs. Minorities: The New Davis-Bacon Rules," Heritage Foundation *Executive Memorandum* No. 299, April 9, 1991. See also, Scott Hodge, "Davis-Bacon: Racist Then, Racist Now," *The Wall Street Journal*, June 25, 1990.

16 See Stuart M. Butler, "Welfare," in Charles Heatherly and Burton Yale Pines, eds., *Mandate for Leadership III* (Washington: The Heritage Foundation, 1989), pp. 265-267.

The empowerment approach would reform the welfare system in several key ways. It would, whenever possible, replace welfare bureaucracies with service organizations composed of the poor themselves, so that their interests would be better served. It would give the poor greater control over their own lives, through such things as parental choice in education. And it would foster the economic independence of the poor by eliminating the incentives in the welfare system that discourage work.

The Bush Administration, building on the foundation of the Reagan Administration, has proposed such an empowerment approach to welfare reform. For example, the Administration has emphasized resident management and ownership of public housing as an essential solution in helping poor people escape poverty by strengthening community institutions and fostering self-improvement. Pilot "urban homesteading" programs in Washington, D.C., St. Louis, and elsewhere have demonstrated the benefits of giving low-income people greater control over their housing. Where they exercise this control, crime drops, property values climb, and welfare dependency decreases.<sup>17</sup>

**Resident Management.** The Bush Administration last year won congressional approval for its HOPE (Homeownership and Opportunity for People Everywhere) program, which gives funds to resident management corporations and other entities to allow public housing tenants to gain ownership of their homes. The Administration this year proposed an acceleration of funding for HOPE, but that was rejected by Congress.<sup>18</sup>

The Administration also is proposing the "Community Opportunity Act of 1991." This would give local communities greater flexibility to tailor federal welfare benefits to the needs of the beneficiaries, by making it easier to obtain exemptions from government rules that currently thwart welfare reforms proposed by states. Freedom from bureaucratic regulations can result in a much more innovative and effective welfare system.

**How the Administration should strengthen its package.** Bureaucrats have a vested interest in preserving their powers by resisting the empowerment of the poor. The Administration thus should propose a statutory right to resident management and ownership of public housing, setting forth the precise conditions for management and ownership and sharply limiting the ability of public housing officials to frustrate these objectives. Unnecessary regulations hampering resident management and ownership, such as restrictions on evictions of tenants who persistently violate rules and Davis-Bacon wage requirements for resident employees, should be eliminated.

<sup>17</sup> See John Scanlon, "People Power in the Projects: How Tenant Management Can Save Public Housing," Heritage Foundation *Background* No. 758, March 8, 1990.

<sup>18</sup> Carl F. Horowitz, "Why Kemp's HOPE Program Should Be Funded," *Issue Bulletin* No. 162, March 12, 1991. See also Jack Kemp, "Democrats' Double Talk on Affordable Housing," *Washington Post*, April 11, 1991, p. A21.

The Administration also should press for far more sweeping reforms in the welfare system. It should propose legislation to tighten work requirements for those receiving welfare, and legislation to reduce taxes on very low-income working families. These measures would reduce the powerful disincentive to leave welfare and join the workforce. The Administration too should propose far more generous exemptions from federal rules for major state-sponsored welfare reform proposals.

#### **5) Empowerment: freedom from crime.**

The most basic civil right is personal security, and the most important duty of a government is to protect its citizens from crime. Yet freedom from crime is the least-protected civil right, particularly for those who live in poor, inner-city neighborhoods. Crime destroys schools, job opportunities, property, and lives.<sup>19</sup>

The President's anti-crime bill (S. 635), introduced by Senator Strom Thurmond, the South Carolina Republican, would strengthen law enforcement in several ways. It would extend the federal death penalty to several additional crimes. It would reform *habeas corpus* procedures, which today lead to seemingly endless death penalty appeals that clog the criminal justice system. It also would modify the "exclusionary rule," under which crime evidence is suppressed because police erred in obtaining it. This rule as currently applied often allows confessed criminals to go free. In sum, the White House proposals would increase the odds of bringing criminals to justice.

How the Administration should strengthen its package. Recognizing the devastating effect of crime in the inner city, the Administration should sponsor legislation to protect victims' rights in federal cases, and to encourage states to adopt uniform standards for victims' rights. Prosecutors should be required to take the victims' interests into account in the criminal justice process, in such areas as sentencing, parole, and plea bargaining, and to secure restitution for loss of life or property. The right of Americans to be free from crime should be accorded the same importance as society's interests and the rights of criminal defendants in the criminal justice process.

## **CONCLUSION**

The obsession of the established civil rights lobby with enactment of a bill that will lead inevitably to racial quotas, threatens to turn civil rights into a zero-sum game in which one American's gain is necessarily another American's loss. This is not necessary. It is possible to pursue a civil rights strategy in which everyone wins. Such a civil rights strategy is based on em-

<sup>19</sup> See Carl F. Horowitz, "An Empowerment Strategy for Eliminating Neighborhood Crime," Heritage Foundation *Background* No. 814, March 5, 1991.

powerment and provides a welcome alternative to the racially divisive features of H.R.1. As such, the Bush Administration's civil rights and individual opportunities package is the first step of a promising new strategy designed not only to better ensure equality of opportunity, but to assist those who are excluded from such opportunities.

Now Bush must go beyond the first step. He must mount an aggressive campaign to explain to Americans that empowerment and civil rights are linked closely together. He must give legislative form to that link by combining his empowerment proposals with his antidiscrimination proposals in an omnibus civil rights bill. He must give strong White House support to his Cabinet secretaries when they seek legislation on Capitol Hill to empower Americans. And he must continue to declare his adamant opposition to any measure that will in practice lead to racial quotas in employment. Strong public opinion and sound public policy have converged to create an unprecedented opportunity. This Administration has the chance to enter history as the administration that finally made good on America's promise of opportunity for all Americans. The Administration's decision can determine in large part whether the most disadvantaged members of society are allowed to participate fully and equally in the American Dream, or if America will become a land of competing racial groups vying for legal advantage.

Prepared for The Heritage Foundation  
by Clint Bolick

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Clint Bolick is director of the Landmark Center for Civil Rights, in Washington, D.C., and author of *Unfinished Business: A Civil Rights Strategy for America's Third Century* (San Francisco: Pacific Research Institute, 1990).

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THE WHITE HOUSE

WASHINGTON

January 8, 1992

MEMORANDUM FOR SPEECHWRITERS AND RESEARCHERS

FROM TONY SNOW

SUBJECT STATE OF THE UNION AND OTHER STUFF

Without divulging secrets that I don't yet know, it's safe to say that the State of the Union is taking shape, in ways that we will like. I talked with Bob Teeter today, and he outlined what we should do in the weeks leading up to SOU, and the two weeks beyond.

A summary:

Phase One: Friday through next Wednesday (Jan. 10-15) -- crow about the Asia trip and reiterate the link between foreign policy and jobs. The Cold War is over. We won. Now we must compete in a global economy, one in which our fate is tied to the fates of our trading partners. We want open markets, free trade. If everyone plays by the same rules, everyone rises and falls together: If they starve, so do we. If they thrive, so do we.

The President has taken some important first steps to create a new world trade structure -- and he will continue to do so. The better the structure, the more jobs we will create.

Phase Two: Wednesday until SOU -- play to whatever audience we're addressing while also outlining the criteria for a true-blue, no-BS economic growth package.

Here are the parts (in Teeter's words: We should try to devise snappy labels):

1) A good growth package gets us competitive in the world economy, builds upon our growing export business, and creates jobs;

2) It understands that you don't create jobs out of thin air. Investors have to make the initial cash outlay; entrepreneurs have to take risks; people have to buy the product; workers have to work -- and none of this starts without the fundamental -- an investor's investment. We're going to make it easier for investors to invest. (We also should walk through the other stuff and demonstrate that we'll stop punishing risk; we'll reward success, and so on.)

- Almost everyone has  
met people that  
will be free of  
the US

- A little jaded;

- you can practically  
talk to our vote of  
here -- but talking  
won't solve all  
our problems

- Town mtg style of  
govt, everyone  
gets together  
and solves

- One day a year

*Budget restraint*

2

3) It restrains budget growth. Heck, we may even cut the budget.

4) It preserves the value of people's basic assets -- starting with home values. For most people, the family home is the investment portfolio. Due to government mismanagement, that asset has lost value in recent years, and people have seen their futures shrink away, through no fault of their own. We must preserve the integrity of people's hard-earned money, and the basic investments they make with the rewards of their labor.

5) It assures all Americans, and especially low- and middle-income Americans, that they will be able to afford the cost of raising a family, educating children, providing for health care, and making life better for every new generation. A corollary: People will start getting their money's worth.

6) It does not increase the deficit.

7) It works -- and gives people the confidence they need to invest for the future, to plan, to take risks, to make purchases, and to do all the little things you do when you believe in yourself and feel secure about your future, your neighborhood's future, and your country's future.

#### Phase Three:

In the 12 days following SOU, POTUS will deliver four major think speeches (at least according to the latest unofficial plan): An economic growth speech, a defense reform address, a health care speech, and a GOP "family of America" talk that incorporates everything from crime and drug policies to welfare, to schools, to whatever else really matters to Real America.


#### TOPIC TWO:

Sharon Botwin called earlier in the day to report that Sam Skinner called David this morning to apologize for the scurrilous story in the Post. Best line: "Gee, Dave. Someone at the Post sure doesn't like you." If we're about to experience an earthquake, I don't know about it.

#### TOPIC THREE:

We plan to have a blow-it-all out end-of-Asia-trip party soon, provided the intrepid wordsmiths don't barf and pass out on us. Details to come.

Have a nice day.

→ Alex Bass ←   
924-6972

PJ - NH jokes  
town meetings

High Standard Inc  
in Dublin →  
563-8523

21 Egoth  
APT 3A  
NY 10128

PJ:

→ NH has no broad based tax  
→ Dem economic solutions,

broad based tax proposals  
Come along w/ an anchor

- frugal  
- low taxes  
- people aware of cost  
- great ~~poor~~ exit

- Weather  
- Pass law  
- icy  
- roads, ditches  
- black & blue

→ New Hampshireites  
→ very aware that there's no free  
lunch

Yankee dictum

"Use it up, wear it out,  
make it do or do without."

+ mud  
season

see downtown

→ we'd all like it to be Jerry  
NH are <sup>not</sup> snake oil salesman



**TRANSMISSION COVER SHEET**

DATE: 1/9/92  
 TIME: 4:55 pm  
 TO: Jennifer Grossman  
 FAX NO. (202) 456-6218  
 TELEPHONE NO. (202) 456-7750  
 TRANSMITTING 2 PAGES (INCLUDING COVER SHEET)

FROM: OFFICE OF THE CHIEF ECONOMIST  
 U.S. DEPARTMENT OF COMMERCE  
 14TH & CONSTITUTION AVENUE, N.W.--ROOM H4868A  
 WASHINGTON, D.C. 20230  
 TELEPHONE: (202) 377-8181  
 FAX NO. (202) 377-3726

FROM: Hester Davis  
 FAX NO. (202) 377-3726  
 TELEPHONE NO. (202) 377-1675  
 RE/COMMENTS: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



**UNITED STATES DEPARTMENT OF COMMERCE**  
**The Chief Economist**  
Washington, D.C. 20230

January 9, 1992

**MEMORANDUM FOR** Jennifer Grossman  
White House Staff

**FROM:** J. Antonio Villamil *JAV*

**SUBJECT:** Trade Figures

The following are the bullet points for the fact sheet you requested on merchandise trade. The analysis was prepared by Lester Davis, senior economist in our Office of Macroeconomic Analysis.

- In 1990, the latest data year, U.S. merchandise exports supported 7.2 million U.S. jobs -- a 42 percent rise from the 5.0 million jobs supported in 1986.
- U.S. exports contributed 25 percent of the growth in U.S. private industry jobs between 1986 and 1990. The share of total U.S. jobs supported by exports rose to 7.5 percent in 1990 from 5.7 percent in 1986.
- The average number of jobs supported per billion of U.S. exports edged down to 19,100 in 1990 from 23,200 in 1986, mainly due to the rapid productivity growth that aided U.S. export competitiveness (i.e., due to greater output per unit of labor).
- Mainly as a result of a surge in U.S. merchandise exports, the overall U.S. merchandise trade deficit was cut by much more than half, from a \$152 billion peak in 1987 to an estimated \$66 billion in 1991. This improvement reflects gains in most of our foreign markets and across a broad range of U.S. products.
- The balance with the European Community shifted markedly from a deficit peak of \$23 billion in 1986 to an annualized monthly surplus of \$17 billion in 1991. Nevertheless, despite substantial growth in our exports to Japan, the deficit with that market has remained sticky, edging downward only slightly from a peak deficit of \$56 billion in 1987 to an estimated \$43 billion in 1991, but up from \$41 billion in 1990.
- Total U.S. exports to our proposed NAFTA partner, Mexico, have also increased substantially, helping to shift our \$6 billion 1987 merchandise trade deficit with Mexico to a 1991 trade surplus of nearly \$2 billion.

**THE INSTITUTE FOR JUSTICE**

91 DEC 6 P5:09

**1001 Pennsylvania Ave., N.W.  
Suite 200 South  
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Telephone: (202) 457-4240  
Fax: (202) 457-8574**

Date: 1/6/92  
Time: \_\_\_\_\_

To: Jennifer Grossman  
Room 111.5

Fax #: 456-6218  
-7750

This cover plus 21 pages

From: Jonathan Emord

**Comments:**

**If you have any problems with this transmittal please call  
\_\_\_\_\_ at (202) 457-4240.**

# **INSTITUTE FOR JUSTICE**

## **BACKGROUND PAPER**

### **CHALLENGING BARRIERS TO ECONOMIC OPPORTUNITY: UQDAH V. BOARD OF COSMETOLOGY**

That is not a just government, . . . where arbitrary restrictions, exemptions, and monopolies deny to part of its citizens . . . free use of their faculties, and free choice of their occupations.

-- James Madison (1792)<sup>1</sup>

On November 1, 1991, the Institute for Justice filed a lawsuit challenging the constitutionality of the District of Columbia's cosmetology licensing scheme. As enforced, the cosmetology regulations threaten to drive a thriving African hair styling salon out of business, and to destroy employment and training opportunities for low-income individuals along with it.

The ramifications of this lawsuit extend far beyond the individuals involved. Occupational licensing laws in all fifty states and the District of Columbia restrict entry into hundreds of professions. These laws often far exceed legitimate public health and safety objectives, and instead operate to exclude competition from newcomers. As a result, these laws have the effect of cutting off the bottom rungs of the economic ladder, thereby preventing aspiring entrepreneurs from earning their share of the American Dream.

The lawsuit on behalf of Taalib-Din Abdul Uqdah, Pamela Ferrell, and Cornrows & Co. is the opening salvo in an effort to reinvigorate judicial protection for "economic liberty" -- the basic civil right of every American to pursue a business or profession free from arbitrary or excessive government regulation. Economic liberty is an essential part of our nation's promise of opportunity.

#### **History and Scope of Occupational Licensing**

Nearly 1,000 occupations are regulated by the states. In 490 instances, individuals must secure licenses to engage lawfully in their professions.<sup>2</sup> Occupations subject to licensing requirements range from the obvious -- such as doctors and

lawyers -- to professions in which the need for regulation or restrictions on entry is not at all clear, such as bee keepers, lightning rod salesmen, shorthand reporters, fence installers, and septic tank cleaners. Barbers and beauticians are subject to licensing in all jurisdictions.<sup>3</sup>

Occupational licensing traces its origins to the guilds of the Middle Ages.<sup>4</sup> In this country it has a particularly sordid pedigree. Following the Civil War, southern governments enacted "black codes" designed to prevent newly emancipated blacks from engaging in trades they had learned as slaves. These efforts to deny basic economic liberty to blacks inspired federal civil rights legislation guaranteeing freedom of contract and private property rights, rights that were ultimately encompassed within the guarantee of "privileges or immunities of citizenship" under the Fourteenth Amendment.

But in the 1873 Slaughter-House Cases, the Supreme Court ruled by a 5-4 vote that the Fourteenth Amendment does not protect an individual's right to pursue a trade or profession free from arbitrary or unequal government regulation. This decision, which remains on the books, opened the floodgates for the infamous "Jim Crow" laws, which severely impaired basic economic liberty for blacks.<sup>5</sup>

Licensing of cosmetologists commenced in 1920, and spread rapidly during the New Deal. Like many occupational licensing laws, cosmetology licensing was sought for protectionist purposes by practitioners within the affected industry. The National Hairdressers' and Cosmetologists' Association crafted and promoted a "model bill," ostensibly to protect health and safety, but with the intent and effect of limiting entry into an increasingly competitive occupation.<sup>6</sup>

Occupational licensing laws today cover about 10 percent of all jobs. Many of the laws go far beyond health and safety objectives, and instead impose rigid and unreasonable requirements that are unnecessary to skillfully provide services to the public. As economist Walter Williams observes, these laws "discriminate against certain people," particularly "outsiders, latecomers and [the] resourceless," among whom "blacks are disproportionately represented."<sup>7</sup>

A case in point is cosmetology licensing in Missouri. As elsewhere, would-be hairstylists must satisfy extensive educational requirements and pass both a practical ("hands-on") and written examination. The written component tests such esoteric matters as the chemical composition of certain bones. A recent study by Stuart Dorsey found that "the less educated, blacks, apprentices, and other specific groups are more likely than others to fail written licensing examinations, even though they do not appear to be less able than other workers," noting by

example that black candidates pass the "hands-on" test at the same rate as whites but fail the written portion at vastly disproportionate rates. Dorsey concludes that these findings "suggest that occupational licensing can restrict the labor market opportunities of groups of workers whose alternatives are already limited."<sup>8</sup>

The fact that occupational licensing laws are typically enforced by boards comprised of practitioners within the regulated industry exacerbates the inherent exclusionary effect of occupational licensing laws. In essence, this arrangement confers the coercive power of government upon a cartel whose vested interest lies in excluding as many competitors as possible. A report for the U.S. Department of Labor charged that cosmetology boards "made up almost exclusively of practitioners from the regulated occupation [seem] quite ready to place the prejudices and narrow interests of the occupation ahead of the public interest." The report recommended placing responsibility for health and safety concerns under the auspices of local health departments.<sup>9</sup>

#### Cosmetology Licensing in the District of Columbia

The current District of Columbia cosmetology law was enacted by Congress<sup>10</sup> in 1938 at the height of the Depression. The legislation was inspired by the Washington chapter of the national cosmetology trade association, and was backed strongly by "a small organization of proprietors of exclusively large beauty shops."<sup>10</sup> The only testimony supporting the bill came from officials of the trade association. A representative of small beauty salons charged that

[t]his bill . . . is sponsored by the owners of the remaining number of exclusive and once high-priced beauty shops that remember the tremendous prices they once received from their fashionable patrons -- and I fear that these same persons hope to get control of the situation in the legislation as proposed, limit or control competition, and perhaps somehow get back into the rich green pastures of yesterday.<sup>11</sup>

The District of Columbia's Health Officer was equally dubious. "In the title of the bill . . . where the language 'for the protection of the public health' occurs," he testified, "I believe that this should be eliminated, to make it quite clear that this is a bill that means to protect primarily the guild interests."<sup>12</sup> The Commissioners of the District of Columbia

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\* The District of Columbia did not yet have self-rule.

argued that the Department of Health was adequate to safeguard public health and safety, and objected to the creation of a board of cosmetology to "regulate trade practices [that] do not vitally affect the health of the . . . public."<sup>13</sup> Rep. Martin Dies closed the debate by proclaiming that

[i]n the guise of sanitation and health, the bill gives the board dictatorial powers which are not needed to accomplish the avowed purposes of the bill, but which may be used to narrow the field of competition so that competent and worthy people will be denied an opportunity to make a living. No one opposes any sane measure to promote health and sanitation. This is not such a bill.<sup>14</sup>

Today's cosmetology licensing regulations do not differ substantially from the version passed in 1938. The District of Columbia cosmetology board is comprised of five cosmetologists,<sup>\*\*</sup> and has applied its regulatory scope broadly to require licensing of any practitioner who works in any manner with hair. The law and implementing regulations require an applicant for a cosmetology license to complete at least 1,500 hours of prescribed training (more than eight months at full time) in one of the handful of licensed cosmetology schools, which charge \$3,500 - \$5,000 for these courses. Applicants must then pass a practical and written examination, covering hairstyles such as "finger waves" and "pin curls" that have not been popular for 40 years. The Board is authorized to issue limited certificates for specialized services, but has done so only for manicurists. Violations of the cosmetology regulations are punishable by fines and up to 90 days in jail.

In 1985, the District of Columbia Bar issued a study highly critical of the District's cosmetology regulatory regime. The study concluded that the practice of cosmetology in the District of Columbia is

strongly overregulated, proportional to the benefits of regulation. Beauticians and beauty schools are subjected to heavy training and examination requirements that are unrelated to consumer safety and health. . . . Under the circumstances, heavy licensing and regulations for cosmetology have imposed an improper barrier to the practice of cosmetology, without offering significant consumer protection.

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<sup>\*\*</sup> The law provides for three members, but the board apparently has unilaterally expanded itself to five members.

The study noted that unlicensed operations did not receive more complaints or safety problems than licensed shops, and indeed that the Board of Cosmetology was extremely lax in inspecting shops or in assisting consumers who file complaints. The study recommended eliminating the licensing examination and creating a civil remedy for aggrieved consumers.<sup>15</sup> No changes were made in the Board of Cosmetology's regulations or practices in response to the study.

### The Current Controversy

Taalib-Din Ugdah and Pamela Ferrell launched Cornrows & Co. in 1980 to provide high-quality African hair styling to customers in the District of Columbia. The business specializes in hair braiding, extensions, and cornrows, and it trains and employs highly trained braiders to create intricate and artistic hair styles that trace their origins thousands of years to Africa.

A classic example of bootstraps capitalism, Cornrows & Co. soon flourished, providing a popular service to the community, paying tens of thousands of dollars in taxes annually, and creating jobs and training opportunities for the unemployed.

Almost immediately, the Board of Cosmetology commenced a ten-year campaign of harassment. Although Ms. Ferrell holds a valid cosmetology license, the Board repeatedly threatened to shut down Cornrows & Co. for its failure to license the hair salon, its training program, and its hair braiders.

Although the definition of cosmetology in the District of Columbia law does not specify hair braiding, the Board of Cosmetology has imposed the full range of regulatory requirements on Cornrows & Co. As a result, in order to lawfully offer hair braiding services, would-be practitioners must invest thousands of hours and thousands of dollars in a training program that will not at all prepare them for their chosen profession. For example, the cosmetology examination requires extensive knowledge of chemicals, while African hairstyling is entirely chemical-free. Conversely, the cosmetology licensing examination does not require any training in hair braiding or related techniques. The hair braiders employed by Cornrows & Co. are not eligible to take the test, because the training program provided by Cornrows & Co. itself is not eligible for a license, and because the students are not trained in procedures that are necessary for the examination but irrelevant to the services they provide.

Mr. Ugdah and Ms. Ferrell have patiently sought to accommodate the District of Columbia government. Their business consistently meets or exceeds health, safety, and ethical standards. They do not object to reasonable regulation, but only to excessive and arbitrary regulation that impairs their ability to pursue their chosen profession. Mr. Ugdah and Ms. Ferrell went

so far as to hire a lawyer to draft proposed regulations for African hair styling, but these proposals repeatedly have been rejected or ignored by the government. Likewise, Mr. Ugdah and Ms. Ferrell have requested limited registration for their specialization from the Board of Cosmetology, which has denied their requests. At every turn, the good faith efforts of Mr. Ugdah and Ms. Ferrell to operate a legitimate business have been thwarted.

Finally, in 1989, the District of Columbia imposed \$1,000 in fines<sup>\*\*\*</sup> for operation of a beauty salon and training program without a license. In September 1991, the District of Columbia Board of Appeals upheld the fines. If Mr. Ugdah and Ms. Ferrell do not comply, they will be subject to incarceration. The enforcement of the cosmetology licensing regime presents the Ugdahs with a Hobson's choice: shut down their business or go to jail.

No American should face such a choice. The legal challenge by the Institute for Justice goes to the very core of cherished constitutional values: the right of individuals to earn an honest living. Filed on Fifth Amendment due process and equal protection grounds, the lawsuit seeks a declaration that the enforcement of the cosmetology law and regulations, in a manner that unreasonably impairs the ability of Mr. Ugdah and Ms. Ferrell to operate a legitimate business, is unconstitutional. If successful, this lawsuit will establish a precedent that will give hope to aspiring entrepreneurs that America remains a land of opportunity.

-- Prepared for the Institute for Justice  
by Clint Bolick and David Legge

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Christine Helstrom, Director of Communications

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<sup>\*\*\*</sup> The cosmetology law limits fines to \$300. The basis for the amount of the fine in this case is not clear.

### Notes

1. Quoted in James A. Dorn, "Judicial Protection of Economic Liberties," in James A. Dorn and Henry G. Manne, eds., Economic Liberties and the Judiciary (Fairfax, VA: George Mason University Press, 1987), p. 4.
2. S. David Young, The Rule of Experts: Occupational Licensing in America (Washington, DC: Cato Institute, 1987), pp. 4-5.
3. See Young; Simon Rottenberg, ed., Occupational Licensure and Regulation (Washington, DC: American Enterprise Institute, 1980); and Benjamin Shimberg, et al., Occupational Licensing: Practices and Policies (Washington, DC: Public Affairs Press, 1973).
4. Lee Benham, "The Demand for Occupational Licensure," in Rottenberg, pp. 13-14.
5. Clint Bolick, Unfinished Business: A Civil Rights Strategy for America's Third Century (San Francisco: Pacific Research Institute, 1990), pp. 47-76.
6. Testimony of Harry Cohen, Hearing before the House Committee on the District of Columbia on H.R. 3891, March 15, 1937, p. 43.
7. Walter Williams, The State Against Blacks (New York: McGraw-Hill, 1982), p. xvi.
8. Stuart Dorsey, "The Occupational Licensing Queue," Journal of Human Resources (Summer 1980), pp. 424-428.
9. Shimberg, pp. 164-166.
10. Letter from Harry Cohen, District Beauticians' Association, to U.S. Senate District of Columbia Committee Chairman, dated June 17, 1937.
11. Cohen testimony, House Committee hearing, p. 41.
12. Statement of Dr. George H. Ruhland, House Committee hearing, p. 8.
13. Report on H.R. 6685 by the Commissioners of the District of Columbia to Sen. William H. King, June 25, 1935.
14. Congressional Record, 75th Congress, June 14, 1937, page 5682.
15. District of Columbia Bar, Regulation of Cosmetologists in the District of Columbia and accompanying summary (1985).

# The Heritage Foundation **Background**

No. 827

The Heritage Foundation 214 Massachusetts Avenue N.E. Washington, D.C. 20002 (202) 546-4400

April 30, 1991

## TIME FOR AN OMNIBUS CIVIL RIGHTS BILL

### INTRODUCTION

American civil rights policy is at a crossroads. For the first time in many years, there is a clear choice between two starkly different visions of civil rights: one would extend and strengthen the same race-based policies that have failed to help the most disadvantaged Americans; the other would seek to give these disadvantaged Americans a greater degree of control over their own destinies.

These two visions are reflected in proposals currently before Congress. The race-based approach is contained in a House bill (H.R. 1) introduced by Representative Jack Brooks, the Texas Democrat; a Senate version has not yet been introduced. The Brooks bill is a slightly modified version of the civil rights bill sponsored in the last session of Congress by Senator Edward Kennedy of Massachusetts, and then Representative Augustus Hawkins of California, both Democrats. The Kennedy-Hawkins bill passed both houses of Congress, and was vetoed by George Bush. The Senate sustained Bush's veto by one vote, and no effort to override the veto was made in the House of Representatives.

The White House alternately opposed and sought to accommodate the Kennedy approach last year, finally vetoing the legislation. By contrast, the Administration this year has taken the initiative, introducing a "civil rights and individual opportunities" legislative package which combines greater civil rights protections with empowerment measures designed to expand economic opportunities for lower income Americans and to give them greater control over their own lives.

The Administration's proposals are a first step in shifting the terms of the debate over civil rights issues, away from divisive and counterproductive social engineering schemes and toward efforts to eliminate barriers to opportunity. They reflect the first attempt by a Republican administration to do something more in the civil rights area than merely to oppose or imitate liberal civil rights proposals. By linking with the concept of civil rights, moreover, such empowerment approaches as allowing parents to choose the public schools their children will attend, or permitting public housing tenants to manage their own projects, the Bush Administration is making an important contribution to the debate over how best to enable disadvantaged Americans to improve their situation.

**More Commitment.** The trouble is that while the White House links empowerment to civil rights, it has done so only rhetorically – and sparingly at that. For such a civil rights strategy to succeed, it will require far greater leadership and commitment than the Administration has given it to date. One problem is that the Administration so far has not pursued the empowerment strategy aggressively in key congressional votes. Another problem is that the Administration has balked at consolidating its entire package into one omnibus bill, to prevent congressional committees sidelining the empowerment proposals, and forcing the White House to debate civil rights entirely within the context of the revamped Kennedy bill. Still a third problem is that the Administration is hesitant to strengthen the empowerment provisions of its package and to make these provisions the centerpiece of its initiative.

The changing political dynamics on civil rights issues appear to favor a bold new approach. By pursuing an aggressive strategy linking civil rights and individual empowerment, the Bush Administration could turn the flank of those lawmakers who evidently wish to see *de facto* quotas in America, and, more important, who apparently do not care that recent civil rights measures have failed to improve the lives of many minorities and other disadvantaged Americans. George Bush now has the chance to prove that he can do far more for disadvantaged Americans than those who long have claimed to be their advocates.

## THE CHANGED DYNAMICS OF THE CIVIL RIGHTS DEBATE

Much has changed since Kennedy early last year introduced a bill to overturn a series of 1989 Supreme Court civil rights rulings.<sup>1</sup> First, the Kennedy bill failed to attract veto-proof support in Congress: though the bill passed, it received fewer votes in each house than nearly any other major civil rights bill in the past decade.

<sup>1</sup> The impact of these rulings is summarized in Clint Bolick, "The Supreme Court and Civil Rights: A Challenge for George Bush," Heritage Foundation *Backgrounders* No. 728, September 28, 1989.

Second, the specific provisions of the Kennedy bill turned out to be its undoing. Though some of these provisions were unremarkable (such as expanding the time within which individuals may challenge discriminatory seniority systems), other provisions clearly would have promoted racial quotas. The bill's most controversial provision would have made it virtually impossible for companies to defend their personnel practices against discrimination claims based solely on different statistical hiring rates for different groups.<sup>2</sup> This provision would have created a strong incentive for employers to avoid costly litigation by adopting *de facto*, though not official, quota systems.

**Quota Approach.** By creating a legal presumption that all differences in group outcomes are attributable to discrimination, the Kennedy bill thereby ignored other major problems that are experienced disproportionately by low-income minorities, such as inferior educational opportunities, welfare dependency, and crime. The bill's quota approach, in fact, flew in the face of findings by both liberal and conservative scholars in recent years that quotas and other forms of racial preferences primarily benefit relatively advantaged members of minority groups and do little to aid the disadvantaged.<sup>3</sup> These flaws led a number of liberal writers and publications, including *The New Republic* and *The Christian Science Monitor*, to oppose a civil rights bill for the first time ever.

Third, supporters of the Kennedy bill misjudged the strong opposition among Americans to racial quotas. When Bush announced the principles behind his stance on civil rights at a Rose Garden ceremony last summer, he said he would sign a civil rights bill only if it met three standards: it must neither require nor encourage quotas; it must not violate the fundamental due process principle that the accused is presumed innocent until proven guilty; and it must not be so complex as to create a bonanza for lawyers. The Kennedy bill flunked all three standards. Still, the White House, apparently wanting to sign a civil rights bill at almost any cost, signalled its willingness to over-

January 28, 1992

MEMORANDUM FOR TONY SNOW

FROM: BOB SIMON

SUBJECT: CONGRESSIONAL SUPPORT FOR GROWTH INCENTIVES

I. Raising the deduction for children

The Wolf/Coates bill has a majority of the House as co-sponsors (109D / 149R) and 16 co-sponsors in the Senate (3D / 13R).

II. Passive loss

The Andrews/Thomas bill has a large majority of the House as co-sponsors (183D / 139R). Sen. Boren's bill has 40 co-sponsors (21D / 19R).

III. IRA withdrawals

Most proposals to widen IRA withdrawals are part of multi-part economic bills, so it is hard to get a specific measure of its strength. However, I was told the idea has wide-spread support.

IV. Credit for first-time home buyers

This idea has garnered little support on its own. Interestingly, George Mitchell introduced a bill for a \$1,000 tax credit for first-time home buyers.

January 23, 1992

MEMORANDUM FOR TONY SNOW

FROM: BOB SIMON

SUBJECT: WHAT'S MISSING FROM SOTU

The reigning high concept in the current SOTU draft is "Now that the Cold War's over, we need to get our economy back in order and here's how. And we need to fix health care, welfare, and the federal government too." This thinking is reactive, and worst of all: predictable.

There is nothing about what the President believes in, what Republicans believe in, and what the President will do domestically in a couple of quarters after his economic plan kicks in and solves the recession, to say nothing of what he'll do in Term 2. Here are some thoughts on what's missing:

1. In the current draft, there is very little mention of the one issue we own: fighting crime. There is little on how government has undermined the bedrock values that hold America together: families, religion, work, responsibility, respect for authority, etc. In short, there is nothing to appeal to a crucial part of our base: social conservatives.

2. Also missing is any recognition of the fact that most Americans view Washington as a bloated bureaucracy that is no longer capable of solving domestic problems. Massive federal resources have been devoted to health, poverty, job training, etc. with unsatisfactory results. All the focus has been on inputs, not outputs. We also have a bureaucratic civil service more suited to the adding machine age than the computer age, to say nothing of the attitude encountered when trying to get a car inspected at any DMV.

I suggest handling the government reform question by directly taking on the "Great Society mentality" of Washington-knows-best and government-can-do-no-wrong. If ever there was proof that giant grant-making bureaucracies and entitlement programs are ideologically and politically bankrupt, it was the failure in 1990 to institute government-run day care. Choice and using the marketplace were our selling points and they prevailed. They offer the model for our philosophical approach to welfare reform and government reform. A frank acknowledgement that the Great Society's methods and value-free attitude failed will clear the way for laying out a new paradigm.

3. We need to do something to shake the nation's fearful and pessimistic mood. This is not a depression. It's not even close to as bad as 1982. It seems as though people want to wallow in guilt and self-pity for having it so good for so long in the 80s. (Of course, the media pounds this notion endlessly, feeding the malaise.) I keep thinking back to FDR's all-time most famous phrase: "The only thing we have to fear is fear itself." In 1933, people were afraid the depression meant the end of America. FDR told them that with his leadership, America would survive. And that's what they wanted to hear.

I'm not saying the current recession was caused by fear or that fear alone is holding back the recovery. But fear is our main political problem. People want to know that the President knows what to do and will fight to do it until the economy comes back. Like FDR, George Bush has an enormous amount of good will with the American people. He just hasn't been using it lately. He needs to say something like, "This fear is self-defeating. We've solved tougher problems than this, and we'll fix this one too. After all, we're Americans."

4. Our short-term plan, even the name itself, lends itself to being labeled a "quick fix." Nothing could be more devastating, but that drags the President's plan down with every other Democratic plan. We need to make it clear that the points of our economic plan are sound in and of themselves, whether we are in recession or growth. In fact, they are long overdue. We should point out that if some of them had been enacted when first proposed, i.e. cap gains, the recession wouldn't be the problem it is.

January 28, 1992

MEMORANDUM FOR TONY SNOW

FROM: BOB SIMON

SUBJECT: ATLASES AND REGULATION

There is currently no world map for sale that accurately reflects all the changes in the world. Rand McNally has printed a few quick Russia+ maps, but no major mapmaker plans to print a new world atlas until at least April.

According to Murray Weidenbaum's latest article (attached), there are currently 122,400 personnel in the regulatory agencies. That compares to 10,300 FBI agents and 3,600 DEA agents.

MEMORANDUM FOR TONY SNOW

FROM: BOB SIMON

SUBJECT: GUNS VS. SCHOLARS

For the last school year (90-91), I found the following statistics:

CITY	NAT'L. MERIT SCHOLARS	GUNS	OTHER WEAPONS	TOTAL
San Diego	10	24	119	143
Chicago	25	183	413	596



*Schools*  
312-535-8000  
25 semi-finalist  
90-91

11TH STORY of Level 1 printed in FULL format.  
Copyright (c) 1991 Chicago Tribune Company;  
Chicago Tribune

April 15, 1991, Monday, NORTH SPORTS FINAL EDITION

SECTION: CHICAGOLAND; Pg. 1; ZONE: C

LENGTH: 719 words

HEADLINE: Cops want safe place for students

BYLINE: By Linnet Myers

BODY:

Last month, Operation SAFE police officers solved a drive-by murder just down the street from Farragut High School. And when a Crane High School teacher was shot last Tuesday, an officer from the same unit ran to her side and aided her.

Now in its first year, Operation SAFE, which stands for Schools Are For Education, has been busy, making more than 8,000 arrests in and around the Chicago public schools since September, said Lt. Thomas Byrne, commander of the new school patrol unit.

Most have been misdemeanor arrests, but 169 were for robbery, 187 for aggravated battery and 189 for aggravated assault. The unit also confiscated 147 guns at the schools as of last week, along with 339 other weapons, such as knives and bats. Another nine arrests were for murder, although those killings didn't actually take place in the schools.

But the shooting last week at Crane High School underscores how serious crime in and near schools is, and how difficult it will be to make inroads against it. Still, that's the goal of the 200 Chicago police officers involved in the Operation SAFE program.

"Good kids worry about their grades," said Sgt. Carey Orr. "They don't want to worry about dodging bullets."

It was a controversial program at first. Even police admit that it's a sad day when uniformed officers are assigned to places of learning. But when violence hits the schools, almost all agree that distraught students can't help but be distracted from their studies.

Crane students returned to school last week, shaken by the shooting that wounded teacher Kathy Kisner and 18-year-old student Antonne Stewart.

"It started off pretty nervous today," Cleo Husband, a physical education teacher at the West Side school, said the day after the shooting. "People had to get things off their chests."

Students voiced concerns at a schoolwide meeting that morning, during which Principal Reginald Brown assured them that they were safe to concentrate on their work.

*9,822 arrests*  
*413 other weapons*  
*183 guns*  
*747-5549*  
*312-744-4000*  
*90-91 school year*  
*312-746-9103*



(c) 1991 Chicago Tribune, April 15, 1991

"We have a routine here and that is what we're going to follow," said Brown. "We need to have a normal atmosphere."

Brown called Kisner, the wounded teacher, "part of our family and an outstanding teacher." She was leaving school when she was hit by gunfire apparently meant for Stewart.

Stewart told police that he was standing outside the school, located at Jackson Boulevard and Oakley Avenue, when a young man approached and confronted him with a gang slogan, said Detective Anne Chambers of Harrison Area Violent Crimes. The youth pulled a gun and started shooting.

Kisner, a well-liked English teacher who runs the school's computer learning center, was in her car when a bullet smashed through a window, grazing her head.

Police continued to search for a suspect as students came back to school. No arrest has been made.

On Saturday, Operation PUSH executive director Rev. Henry Williamson called on people from the community, parents of Crane students, along with police and school officials, to attend a Peace Patrol at Crane later this week.

Citywide standardized tests were given the day after the crime and many students "couldn't concentrate," said Alanna Barnes, a special education teacher. "I don't know if the results should be considered valid."

On March 18, Farragut High students were confronted by violence as well when a shooting left 17-year-old Thomas Ayala dead just a block from the school, located at 2345 S. Christiana Ave.

In that case, the unit's young officers solved the crime in a day after going undercover and questioning students. "They blend in like you wouldn't believe," said Sgt. Orr. Three teenagers, two of them Farragut students, now stand charged with that murder.

At Crane, many students expressed the fear that last week's shooting would lead to gang retaliation.

"That's a reality," said Adrienne Manning, a school counselor. "It's a very real subculture here."

She said Crane students who belong to gangs often come from the most economically depressed areas around the school, including nearby public housing.

"There seems to be an overriding need for them that one protects all and all protect one," Manning said. "They say, 'We protect one another.'"

"It's a feeling of hopelessness, of despair and apathy."

TERMS: CHICAGO; SCHOOL; SHOOTING; VIOLENCE; REACTION; POLICE



3RD STORY of Level 1 printed in FULL format.

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Los Angeles Times

August 28, 1991, Wednesday, San Diego County Edition

SECTION: Metro; Part B; Page 1; Column 2; Metro Desk

LENGTH: 924 words

HEADLINE: SCHOOL CRIME RISE IS BIGGEST IN DECADE;  
EDUCATION: THE CHIEF OF CITY'S CAMPUS POLICE SAYS BUDGET CUTS HAVE SPREAD HIS  
STAFF TOO THIN TO COUNTER THE WRONGDOING, WHICH MORE AND MORE INVOLVES VIOLENCE.

BYLINE: By DAVID SMOLLAR, TIMES STAFF WRITER

BODY:

Campus crime jumped 16.5% last year in San Diego city schools, the largest increase in more than a decade, the schools police chief reported Tuesday.

Violent crimes accounted for some of the biggest increases, according to the report by chief Alex Rascon. The number of assaults by students against other students rose by 46.7%; robberies by force among students more than doubled.

In addition, assaults by students or adults against teachers or other employees rose 27%; verbal threats by adults or students against employees rose 38% and confiscation of weapons on campus rose 13.5%.

Property crimes, mainly vandalism and theft, soared 25% in the nation's eighth-largest urban school district, Rascon reported.

The stunning increases come after several years in which overall school crime generally remained steady or declined slightly in some categories, Rascon said.

"The figures represent quite a jump," Rascon said, contending that his full-time police staff of 37 peace officers is too small and spread out to adequately cover the district's 141 schools.

Rascon warned that the figures do not take into account the climate of fear that these crimes create on campus. For example, he said, many students might give up their lunch money to a bully for "the entire year" and never report it because they fear retribution.

And he said the situation will get worse, because principals have been forced to lay off or cut hours of more than half of their part-time supervision aides. These 89 aides handled regular daytime control of campus problems, but eight have been terminated and 41 given fewer hours as a result of new requirements to pay all part-time district workers medical and other work-related benefits.

The large majority of the crimes take place at city secondary schools, with the worst people-related crimes occurring not at the high schools but at junior high and middle schools, Rascon said.

Yet he has officers full-time at only two of the districts's 20 junior high and middle schools -- Wilson and Bell -- because budget shortages have prevented additional hiring.



(c) 1991 Los Angeles Times, August 28, 1991

"I know it doesn't make sense not to have a full-time officer at all of them," but there isn't the money, he said.

Eleven of the district's 15 high schools have full-time officers, who not only monitor crime during the school day, but also oversee extracurricular sports and other activities.

"So we've got less supervision (from instructional aides) and no increase in officers, and it won't take kids long to see they'll have more freedom on campus," Rascon said. "It's sad, but how can a principal and vice principal control a 60-acre campus?"

Rascon worried that the cuts could counter strong efforts during the past several years to cut down on student crimes at Memorial Junior High in Barrio Logan and at Morse and Lincoln highs by using supervision aides in prominent roles.

Schools Supt. Tom Payzant expressed worry Tuesday at the increase but said he had no quick solutions, given his budget constraints.

"I know the principals were particularly upset with what happened with the" supervision aide cuts, he said, "but we couldn't do anything about that."

Payzant said the increasing crime "reflects the fact that we are now the sixth-largest city in the United States and the eighth-largest urban district (with 124,000 students).

"We have all the problems that go along with increasing size and diversity."

Rascon cited a variety of reasons for the growing number of assaults, including the more multiethnic student makeup. The district is 37% white, 28% Latino, 19% Asian, and 16% African-American.

Many student assaults have come in recent years against Asian students, Rascon said, reflecting the newness of many Asian immigrants to the United States. As a consequence, the number of Asian gangs has sprouted, further increasing the level of violence, Rascon said.

In many East San Diego areas, Rascon now has his patrols begin their late-afternoon shifts earlier, between 1 p.m. and 2 p.m. when schools end for the day, in order to be a more visible presence and reduce conflicts as students leave campuses.

Rascon said the district had about 8,000 crimes last year, of which almost 3,000 were serious enough to require arrest reports and referral to the judicial system. The other 5,000 were minor enough to be handled by teachers, counselors and principals, he said.

In the major areas in which reports were filed, assaults by students against other students rose from 242 to 355, a 46.7% increase; assaults by students or adults against teachers or other employees rose from 59 to 75, a 27% increase; robbery by force against students rose from 20 to 41, a 105% increase; verbal threats by adults or students against employees rose from 29 to 40, a 38% increase; confiscation of weapons on campus rose from 126 to 143, a 13.5% increase; and handgun confiscations rose from 21 to 24, a 14% increase.



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Vandalism increased from 471 to 589, a 25% jump, and thefts rose from 317 to 398, a 25.5% increase.

Crime at School

Crimes by students against people and property were up this past year in the San Diego schools.

Crime	1989-90	1990-91
Assault w/deadly weapon	61	65
Assault/battery against employees	59	75
Assault/battery against students	242	355
Robbery by force against students	20	41
Weapons on campus	126	143
Possession of handguns	21	24
Vandalism	471	589
Theft	317	398
Threats to school officials	29	40

90                      91  
*Nat'l Merit Scholarship winners*  
17                      102

Source: San Diego Unified School District

GRAPHIC: Table, Crime at School, Los Angeles Times

TYPE: Infobox

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Copyright (c) 1990 The Times Mirror Company;  
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September 26, 1990, Wednesday, Orange County Edition

SECTION: Metro; Part B; Page 1; Column 2; Metro Desk

LENGTH: 777 words

HEADLINE: DANA PARSONS: UNDER THE GUN: ARMED KIDS HAVE TEACHERS' NERVES SHOT

BYLINE: By DANA PARSONS

BODY:

The seemingly endless series of stories of teen-agers shooting each other hits awfully close to home for schoolteachers. Let's be realistic here: Kids spend six hours a day in school. You think teachers aren't worried that some kids are packing guns in class?

At least one teacher is, and she talked about it after school Tuesday. This isn't a Nervous Nellie. She has taught for 20 years. She knows the lift teachers get when former students come back and thank them for what they learned. She knows the frustration that comes when she just can't get through to a kid. While she and her colleagues have seen hundreds of other teachers burn out and drop out, she's stayed on the job.

But this business of violence inside the schoolhouse -- they didn't teach that in teacher's college.

"Teachers are scared about it," she said, not wanting to identify herself for fear of reprisal from administrators at the South County high school where she teaches. She talked about 100-pound teachers being threatened by 200-pound students, known drug pushers still walking the halls and kids who should be carrying clarinets to school carrying guns instead.

I suggested it was preposterous that teachers were fearful in their own classrooms. "It strikes me as preposterous that I can't lock my door or shut my door during the school day and that I have to worry about who's coming down that hall," she replied. "I'm not paranoid; I have no reason to be."

She said she's heard of occasional incidents of students carrying guns at her school. The information spreads through word of mouth from students to teachers, she says.

"The teachers are furious, not with the kids, but with the administration for not getting tougher, throwing kids off campus who commit major infractions," she said. Too often, she said, those kids return to classes.

"They give these kids chance after chance. The administration hushes up everything. They don't even tell the teachers about the kids, which I think is really bad. We're not forewarned about anything. Instead of being the last to know, we need to be the first to know."

On the front line daily with teen-agers, high school teachers don't need to read the papers to know about troubled kids. They know about the Loara High

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School student who held a class hostage last year before shooting a classmate. This year, a Dana Hills student shot another youth on the beach, and word spread that he had had the gun in school during the week. Headlines tell of another youth who shoots his sister; another youth who shoots a friend.

And in Anaheim, salary bargainers for the teachers this year negotiated for stronger measures to guarantee teacher safety and made some modest gains.

"It used to be that if there was a fight, a teacher would step in and break it up," says Norma Potter, a special education teacher in Anaheim and an Orange County official of the California Teachers Assn. "Not anymore, because the teacher is afraid the student might pull a weapon."

Figures from the state Department of Education show that the number of weapons seized from California public school students increased 43% during the 1988-89 school year, the latest figures available. In Orange County, a state spokesman said, 400 weapons were seized that year, including 24 guns.

"What prompts it is TV and movies," the South County teacher said. "How many murders were there in 'Lethal Weapon'? Kids love this kind of stuff. They thrive on these movies. They go to movies a lot. The ones that are the most popular are Clint Eastwood and ones like 'Lethal Weapon.' That's their role model. That's what they emulate."

I told her it was hard to argue with the logic: If kids have access to guns, as the headlines prove they do, should we be surprised if they bring them to school? And use them?

The teacher wanted to make it clear: she and her fellow teachers aren't paralyzed with fear.

But there's a feeling that there are too many guns available and no safeguard at the schoolhouse door to keep weapons out. Someday, she said, a kid will walk down the hallway with a gun and leave victims in his wake.

"It will happen," she said. "I really predict it will happen. I've thought about it a lot, and I think it will happen in my school. You can't put this many kids together -- and we know we have lots of troubled kids -- and not have something happen."

For teachers who are supposed to be worrying about lesson plans and grading quizzes, that's a chilling prediction. "I don't want to predict doom and gloom," she said. "But it's a definite possibility. I don't think you could talk to a single teacher at my school who doesn't believe that."

TYPE: Column

SUMMARY OF SUMMIT ACHIEVEMENTS  
(ECONOMICS AND TRADE)

Uruguay Round

- o The two governments will undertake individual and joint decisions for the conclusion of a successful, broad-based Round. The further important step is to negotiate improved market access for goods and services.
- o Both countries accepted the Dunkel text as an important step to establish momentum for a successful conclusion.

World Growth

- o Both countries recognize that increased global growth is a top priority.
- o Japan cut its discount rate by 1/2 percent to 4.5%. The Japanese Government prepared a budget with a goal of 3.5% growth.
- o The Japanese Government will monitor progress to assure the expected effects of its budget.

SII

- o The two governments intend to reinvigorate the SII through strengthening policy initiatives including new commitments to address aspects of the business environment of both countries that might impede structural reform, including market access, foreign investments and competitiveness.

Auto Parts

- o Japanese transplants will buy more US-parts:
  - \$15 billion in JFY 94, from \$7 billion in JFY 90;
  - local procurement as a percentage of total parts will rise to 70% in JFY 94 from 50% in JFY 90;
  - the percentage of parts imports from Japan will decrease to 30% from 50%.

- o Japanese carmakers will import US parts:
  - \$4 billion in JFY 94, from \$2 billion in 1990.
- o Japanese carmakers will expand design-in for US parts makers and expand R&D centers in the US.
- o The GOJ will support efforts to sell more US parts to Japanese carmakers (FY 92 budget, \$1.5 million).
- o The Japan Fair Trade Commission will survey the parts sector by March 1992 for antimonopoly law compliance.

#### Automobiles

- o Japanese auto dealers reconfirmed their willingness to change into "dual dealerships" to carry US cars.
- o The GOJ will support efforts to sell more US-cars (\$6.3 million budget, JFY 92).
- o All standards/certification solved or close to being solved.
- o JFTC will survey auto sector by March 1992 for antimonopoly law compliance.

#### Government Procurement

- o Japan will expand opportunities for foreign companies to sell products to the Japanese Government.
  - According to the Japanese Government sources, this would basically double the value of government contracts open to bidder to \$6.3 billion.

#### Computer Procurement

- o The Japanese government made an agreement on government computer procurement covering both products and services, a market valued at \$6 billion.
  - The Agreement provides greater transparency, increased publication of information on procurement opportunities, and an impartial bid protest system and safeguards against unfair bids.

-3-

Paper Products

- o The two governments agreed to complete an agreement by the end of March 1992 to substantially increase market access for US paper products.
  - JFTC will initiate a survey on the paper sector from the perspective of competition policy.
  - The American Paper Institute estimates that Japan's paper market was \$65 billion in 1989.
  - Foreign share is now only 3.7% from all sources, 2.2% from the US.

Flat Glass

- o The GOJ will take steps to substantially increase market access for competitive foreign firms making efforts to export flat glass to Japan:
  - MITI will encourage glass end-users to increase imports under its import expansion program.
  - MITI will encourage antimonopoly compliance programs by glass manufacturers to ensure open distribution for imports.
  - The Japan Fair Trade Commission (JFTC) will undertake an investigation of the glass industry.

Semiconductors

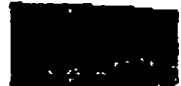
- o Both sides reaffirm their agreement on semiconductors, which represent a \$22 billion market in Japan.
  - The foreign share of Japan's market stood at 14.3% in the third quarter, 1991, up from 9% in 1986. We envisage a 20% share by the end of 1992.

Standards and Certification

- o The Japanese Government satisfactorily addressed 49 of the 55 non-automobile standards/certification complaints for which US firms provided sufficient information to identify precise problems.
  - This will assist industries in processed foods, cosmetics, equipment and machinery, pharmaceuticals and medical devices.

Import and Foreign Investment Promotion

- o The Japanese electronics, automobile, and machinery industries are planning to boost their imports from the world by as much as double, a total increase of \$10 billion, from JFY 1990 to 1993. Eighty-eight corporations and 22 Japanese trade associations have expressed their support for increasing imports under MITI's Business Global Partnership.
- o The Japanese Government will provide a list of contact points of companies with voluntary plans.
- o The Japanese Government will establish "foreign access zones" at ports of entry to ease the flow of imports.
- o The Japanese Government will intensify US private sector input into import promotion through the Japan Import Board, composed of representatives of the US and Japanese private sectors and governments.
- o The Japanese Government will establish a debt guarantee system and an import-promoting credit line.
- o The Japanese Government will promote foreign direct investment through tax measures for foreign companies:
  - Extension of the carryover period for losses from five to seven years.
  - Acceleration of depreciation by 20% for 5 years.
  - Low-interest loans for promoting investment in Japan will be expanded.
  - The Japan External Trade Organization (JETRO) will bolster its investment information service.
- o The US Eximbank and EID/MITI will expand cooperation, including MITI's multi-year allocation of \$5 billion in trade insurance resources, which could generate more than \$10 billion worth of projects for the US and Japanese companies.



<u>Merchandise Trade</u>	<u>1988</u>	<u>1991 (est)</u>	<u>Change</u>
	<u>(billions)</u>		<u>(percent)</u>
<b>US EXPORTS</b>			
TO JAPAN	37.7 bn	49.0 bn	+ 30%
TO WORLD	322.4 bn	419.2 bn	+ 30%
<b>US IMPORTS</b>			
FROM JAPAN	89.5 bn	92.0 bn	+ 3%
FROM WORLD	441.0 bn	486.6 bn	+ 10%
<b>US TRADE BALANCE</b>			
WITH JAPAN	- 51.8 bn	-43.0 bn	- 17%
WITH WORLD	- 118.5 bn	-67.4 bn	- 43%

Manufactured Trade

<b>US EXPORTS</b>			
TO JAPAN	21.9 bn	31.8 bn	+ 45%
TO WORLD	255.6 bn	343.7 bn	+ 34%
<b>US IMPORTS</b>			
FROM JAPAN	89.1 bn	91.6 bn	+ 3%
FROM WORLD	361.4 bn	389.9 bn	+ 8%
<b>US TRADE BALANCE</b>			
WITH JAPAN	- 67.2 bn	-59.8 bn	- 11%
WITH WORLD	- 105.7 bn	-46.2 bn	- 56%

Merchandise trade is inclusive of agriculture and other goods; manufactured trade is a subset (about 80%) of merchandise trade.

\*\*\*\*\*

1989 DATA SHOWING JAPAN MORE CLOSED THAN U.S OR EC:  
(in billions of dollars)

	<u>From World:</u>	<u>Intra-EC</u>	<u>From Non-EC</u>
<b>EUROPEAN COMMUNITY</b>			
Manufactured Imports	816.4	509.0	307.4
GDP	4857.1 ---->		
Imports as % of GDP	16.8%	10.5%	6.3%
<b>UNITED STATES</b>			
Manufactured Imports	366.5		
GDP	5163.2		
Imports as % of GDP	7.1%		
<b>JAPAN</b>			
Manufactured Imports	88.4		
GDP	2865.8		
Imports as % of GDP	3.1%		

*← comparable figure*

January 14, 1992

Accomplishments of the President's Trip to Japan

Increasing Export Opportunities

- o The President's trip was about expanding export opportunities for U.S. firms. It was successful in achieving its objective.
- o There were essentially two aspects to the trade mission: breaking down barriers where they exist, and building bridges to Japanese customers--both corporate customers and individual consumers.
- o Secretary Mosbacher can better discuss the marketing end of things, but let me highlight the barriers that were eliminated last week.
- o First, we opened up Japanese government procurement to competitive foreign products, including--but not limited to--computers.
- o Second, we secured the GOJ's commitment to undertake investigations of the competitive (or exclusionary) business practices in four sectors: autos, auto parts, paper, and glass.
- o Third, we resolved 49 non-automotive standards problems impeding U.S sales of processed foods, cosmetics, industrial equipment, transport machinery, pharmaceuticals, and medical devices. We also resolved (or are near to resolving) 14 automotive standards issues.

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### The President's Market-Driven Trade Policy

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- o In legal services, the GOJ recognized the role lawyers play in international transactions and indicated it would redouble its efforts to resolve problems. Clearly, more needs to be done. Nonetheless, this was an important public affirmation.
  - o In semiconductors, our governments reaffirmed commitments under the 1991 Semiconductor Arrangement to increase market access and to develop long-term cooperative relationships
- 

### New Japanese Commitments

- o You are all familiar with the Japanese commitments in the auto sector that resulted from the President's trip, and which Secretary Mosbacher has summarized for you.
  - o Many other important achievements resulted from the trip, however. Let me highlight a few items.
  - o In the computer sector, we initialled a government-to-government agreement on measures Japanese government entities would use when procuring computers.
    - This is a vital sector for us, and one in which we are extremely competitive.
-

RESPONSE TO GEPHARDT PROPOSAL

- Trade*
- o Mr. Gephardt has not released a draft of his legislation. But from press releases, I think the approach is fundamentally flawed.
  - o First, his approach assumes that there is fair trade if there is a balance and that there is unfair trade if there is an imbalance. Both assumptions are wrong.
    - Take the case of Japan: we run an agricultural trade surplus with them, but that doesn't mean that we are engaging in unfair trade practices or that our markets are closed. More importantly, it doesn't mean that we shouldn't try to open Japan's rice market.
    - Or take the European Community with which we have overall trade surplus. Surely that does not mean that they would be justified in closing their markets to US products; nor does it mean that we don't continue to face trade barriers there.
    - The point is we have to go after trade barriers, not just a trade balance. A country could meet Mr. Gephardt's test simply by exporting less to us without removing a single trade barrier. That is not acceptable.
  - o Second, Mr. Gephardt's approach to opening markets abroad is to close US markets. Restricting imports, however it's done, simply drives up prices and taxes consumers. It increases profits to Japanese companies. It makes us poorer and won't create jobs.
    - Closing our market to Japanese cars won't sell more American cars in Japan.
    - And limiting sales of Japanese cars, even cars made in the US, just trades one American job for another.
  - o We do have serious trade problems with Japan and those problems are being addressed. But legislation setting mechanical limits and quotas and providing for automatic sanctions is not the answer.

## Vehicles

- o CEOs of the Big Three automakers have repeatedly requested tighter Japanese Voluntary Export Restraints on sales to the United States.

### VERs are a Bad Idea

- o Voluntary export restraints on Japanese automobile exports to the United States since May 1981 have hurt U.S. consumers, failed to protect large numbers of U.S. jobs, and have not improved the competitiveness of the U.S. automobile industry.
- o Japanese unilateral action to further reduce its VER would have little impact on the Big Three, because actual shipments are well below the current ceiling, and Japanese transplant production capacity in the United States is rising.
- o The Congressional Research Service has estimated that VERs boosted the average domestic car price by \$1200; the price of Japanese autos jumped \$1700; and higher prices were posted on other imports as well.
- o This resulted in a \$2.4 billion in profit transferred from

U.S. consumers to Japanese auto companies, and \$3.4 billion from U.S. consumers to European carmakers.

- o The VER is estimated to have increased U.S. auto industry employment by several tens of thousands, but at a cost to U.S. consumers of as much as \$180,000 per job.

January 13, 1992

MEMORANDUM FOR TONY SNOW  
BOB SIMON

FROM: JENNIFER GROSSMAN

SUBJECT: SOU ASSIGNMENTS

My three main areas of SOU research are **regulation, rhetoric, and the ten-year retrospective.**

- 1) On regulation: In Tony's office there is a pile of fresh regulation research which includes examples of bizarre regs, requested anecdotes of minority entrepreneurship getting bogged down in a regulatory morass, texts of proposed legislation to reduce regulation, and relevant articles. I am currently working with the Vice President's Competitiveness Council to get a walkthrough on the process of setting up business and the regulatory hurdles one must overcome.
- 2) On the retrospective: I am continuing research on "Then and Now: 1982 and 1992." I know other researchers may be working on this also. I'd like to know if you want us to continue on this track, and if you have any specific requests for what else you'd like us to look at. Right now we're stuck doing a general flail and grab job.
- 3) Rhetoric: I have given Tony a memo categorizing and prioritizing some of the material in last year's files for his attention so we don't duplicate effort (and xeroxing) this time around. Some of the highlights include: a collection of eloquent past State of the Union addresses (excerpted in an indicated file), a collection of inspiring Presidential speeces -- Bush and non-Bush (respectively excerpted in indicated files), a collection of important non-presidential speeches (MLK, Churchill, etc. -- excerpted in indicated file), and a collection of quotes (we used no quotes last year, many of these are still relevant, either as quotes, or as rhetorical steals). I will continue my search for good soundbites, rhetoric, references, etc., and hope to have a memo to you in the next couple of days.

~~praise of King~~

~~results~~

~~ed. + jobs~~

~~cc. opp.~~

gun seizures / Merit Scholars

Boston Police - 617-247-4200

regulatory cops vs. drug cops  
inspectors

Robert Rector - Heritage duplicating bureaucracies

Cap gains cut

LBJ - SOU

GOP conv.

628-2608

altas - up-to-date

new English words in last 10 years

Vote counts

Cap gains

increased std. exemption - Frank Wolf

tax credit for 157 other home-business

penalty-free with. from IRA for ed. health  
homes

passive loss

→ req. honor story

income brackets for caps. gains  
volume by \$

COC  
463-5620

welfare reform  
govt. reform

capital inflows in hundreds of  
trillions  
for 1 day

703-876-8361  
Colleen

Lois Stekler Judy Ziabro  
452-3716 452-3044

John Wilson  
IMF 628-7168

Glenn Hubbard  
DAS Treasury  
566-2563

world-wide \$1 trillion a year net  
IMF BOB yearbooks capital  
Statistics of Income flows

Dan Brodman <sup>212</sup>  
NY Fed - 720-6550

FEB 1990

BIS daily volume  
bor. exchange  
\$ 650 b per day

double from 86

Steve Landefeld

523-0695

\$70 trillion shares

6.2 equity + debt

---

13.6 + 2 per month  
 $\frac{.8}{14.4}$

TABLE B-62.—Changes in consumer price indexes, commodities and services, 1929-90

[Percent change]

Year	All items			Commodities				Services				Energy <sup>2</sup>	
	Dec. to Dec. <sup>1</sup>	Year to year	Total	Food		Commodities less food		Total		Medical care services		Dec. to Dec. <sup>1</sup>	Year to year
				Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year	Dec. to Dec. <sup>1</sup>	Year to year		
1929	0.6	0		2.5	1.2								
1933	.8	-5.1		6.9	-2.8		0.5	-1.6	0	1.2			
1939	0	-1.4		-2.5	-2.5		5	5	.8	0			
1940	.7	.7		2.5	1.7		10.7	5.4	2.4	1.2			
1941	9.9	5.0		13.3	6.7		17.9	17.6	2.3	3.5			
1942	9.0	10.9		12.9	14.5		5.5	4.6	2.3	5.6			
1943	3.0	6.1		4.2	9.3		4.7	5.3	2.2	3.2			
1944	2.3	1.7		2.0	1.0		3.3	4.2	.7	3.1			
1945	2.2	2.3		2.9	3.0		12.7	6.0	3.6	9.0			
1946	18.1	8.3		24.8	10.6		9.2	12.9	5.6	4.3			
1947	8.8	14.4		10.3	20.5		5.2	7.4	5.9	6.9			
1948	3.0	8.1		1.7	7.2		5.2	4.6	3.7	5.1			
1949	-2.1	-1.2		-4.1	-2.7		-4.6	-1.3	3.0	4.0			
1950	5.9	1.3		7.8	.7		5.5	-3	5.2	5.3			
1951	6.0	7.9		5.9	9.0		4.9	7.6	4.4	4.5			
1952	.8	1.9		1.3	1.8		-6	9	4.2	3.4			
1953	.7	.8		-3	-1.1		-3	-3	4.2	3.4			
1954	-7	.7		-1.6	-9		-1.5	-1.2	2.0	2.6			
1955	.4	-4		-3	-9		0	-6	2.0	3.2			
1956	3.0	1.5		2.6	1.0		2.7	2.7	3.4	3.8			
1957	2.9	3.3		2.8	3.2		2.0	2.9	4.2	4.8			
1958	1.8	2.8		1.2	2.1		.8	1.1	2.7	4.6			
1959	1.7	.7		.6	0		1.4	1.4	3.9	3.1			
1960	1.4	1.7		1.2	9		-3	6	2.5	3.4			
1961	.7	1.0		.6	.7		.8	.3	2.1	1.7			
1962	1.3	1.0		.9	.9		1.6	.8	1.6	2.0			
1963	1.6	1.3		1.5	1.6		1.4	.8	2.4	2.0			
1964	1.0	1.3		1.2	1.3		.3	.8	1.6	2.0			
1965	1.9	1.6		1.4	1.1		8	.8	2.7	2.3			
1966	3.5	2.9		2.5	2.6		1.9	1.3	4.8	3.8			
1967	3.0	3.1		2.5	1.9		3.1	2.4	4.3	4.3			
1968	4.7	4.2		4.0	3.5		3.6	3.6	5.8	5.2			
1969	6.2	5.5		5.4	4.7		4.7	4.3	7.7	7.3			
1970	5.6	5.7		3.9	4.5		4.7	4.1	8.1	8.0			
1971	3.3	4.4		2.8	3.6		2.2	3.9	4.1	5.7			
1972	3.4	3.2		3.4	3.0		2.6	2.2	3.4	3.8			
1973	8.7	6.2		10.4	7.4		4.9	3.5	6.2	4.4			
1974	12.3	11.0		12.8	11.9		13.2	10.7	11.4	9.2			
1975	6.9	9.1		6.2	8.8		6.1	9.1	8.2	9.6			
1976	4.9	5.8		3.3	4.3		5.1	5.0	7.2	8.3			
1977	6.7	6.5		6.1	5.8		4.8	4.8	8.0	7.7			
1978	9.0	7.6		7.2	11.8		7.7	5.8	9.3	8.6			
1979	13.3	11.3		13.0	11.3		14.3	11.6	13.6	11.0			
1980	12.5	13.5		11.0	12.3		11.5	13.8	14.2	15.4			
1981	8.9	10.3		6.0	8.4		6.7	8.6	13.0	13.1			
1982	3.8	6.2		3.6	4.1		3.8	4.1	4.3	9.0			
1983	3.8	3.2		2.9	2.9		3.1	3.2	4.8	3.5			
1984	3.9	4.3		2.7	3.4		3.8	2.1	5.4	5.2			
1985	3.8	3.6		2.5	2.1		2.3	2.4	5.1	5.1			
1986	1.1	1.9		-2.0	-9		-5.3	-3.3	4.5	7.9			
1987	4.4	3.6		4.6	3.2		4.1	2.6	4.3	4.2			
1988	4.4	4.1		3.8	3.5		3.2	3.3	4.6	4.6			
1989	4.6	4.6		4.7	5.6		3.3	4.0	5.1	4.9			
1990	6.1	5.4		6.6	5.2		7.4	4.8	5.7	5.5			

<sup>1</sup> Changes from December to December are based on unadjusted indexes.

<sup>2</sup> Household fuels—gas (piped) electricity, fuel oil, etc.—and motor fuel. Motor oil, coolant, etc. also included through 1982.

Note.—Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers. See also Note, Table B-58.

Source: Department of Labor, Bureau of Labor Statistics.

1991/3.1  
 • second lowest in 24 years  
 • half the rate of last year.

# Growth rankings

*Real GDP average annual growth rate*

	1980-88 %	1965-80 %	Rank		1980-88 %	1965-80 %	Rank		1980-88 %	1965-80 %	Rank
1 China	11.4	6.4	28	53 Bangladesh	2.9	2.4	106	105 Mexico	1.0	6.5	27
2 Botswana	10.6	14.2	2	Algeria	2.9	7.5	18	Barbados	1.0	—	—
3 Oman	9.8	15.2	1	Afghanistan	2.9 <sup>a</sup>	2.9	93	Poland	1.0	5.5 <sup>a</sup>	49
4 Laos	9.1 <sup>a</sup>	2.6 <sup>b</sup>	101	Angola	2.9 <sup>a</sup>	—	—	108 Venezuela	0.9	3.7	82
5 South Korea	9.0	9.5	9	57 UK	2.8	2.1	108	109 Peru	0.7	3.9	76
6 Bhutan	8.1 <sup>c</sup>	—	—	58 Norway	2.7	4.4	64	110 Namibia	0.6 <sup>d</sup>	—	—
7 North Yemen	8.0	8.9 <sup>b</sup>	12	59 Benin	2.6	2.1	108	Côte d'Ivoire	0.6	6.8	23
8 Macao	7.7 <sup>d</sup>	—	—	Malta	2.6	10.1	5	112 Yugoslavia	0.5	5.8	41
9 Hong Kong	7.6	8.6	15	Israel	2.6	6.8	23	113 Niger	0.4	0.3	122
10 Taiwan	7.5	9.8	8	Spain	2.6	4.6	60	114 Zambia	0.2	1.9	113
11 Nepal	7.0	1.9	113	63 Paraguay	2.5	6.9	21	115 Fiji	0.1	5.6	45
12 Singapore	6.6	10.1	5	Rwanda	2.5	5.0	56	Guatemala	0.1	5.9	38
13 Mongolia	6.4 <sup>a</sup>	6.1	35	Dominican Rep	2.5	—	—	Sudan	0.1	3.8	79
14 Pakistan	6.3	5.1	53	66 Brazil	2.4	9.0	11	118 Panama	-0.3	5.5	49
15 Burkina Faso	6.1	3.1 <sup>b</sup>	92	67 Lesotho	2.3	5.9	38	119 Gabon	-0.4	9.5	9
16 Cambodia	5.8 <sup>f</sup>	-8.1	125	Iceland	2.3	3.3	88	120 Uruguay	-0.5	2.4	106
17 Mauritius	5.8	5.6	45	Iran	2.3	6.2	33	121 El Salvador	-0.8	4.3	66
18 India	5.7	3.7	82	Somalia	2.3	3.3	88	Haiti	-0.8	2.9	93
19 Cyprus	5.6	6.0	36	71 Portugal	2.2	5.2	71	123 Madagascar	-0.9	1.6	116
20 Thailand	5.5	7.2	20	Italy	2.2	3.8	79	Argentina	-0.9	3.5	86
21 Egypt	5.4	6.8	23	73 Honduras	2.1	5.0	56	125 Bolivia	-1.1	4.5	62
Chad	5.4	0.1	123	Chile	2.1	1.9	113	Mozambique	-1.1	—	—
23 Congo	5.3	6.4	28	Czechoslovakia	2.1 <sup>g</sup>	6.0 <sup>g</sup>	36	Kuwait	-1.1	1.3	118
Turkey	5.3	6.3	31	Guinea	2.1	3.8	79	128 Nicaragua	-1.2	2.6	101
25 Malaysia	5.1	7.4	19	77 Ecuador	2.0	8.7	13	129 Nigeria	-1.3	6.9	21
26 Cuba	4.7	—	—	Malawi	2.0	5.8	41	130 Brunei	-1.7	—	—
27 Bulgaria	4.5 <sup>a</sup>	7.6	17	Tanzania	2.0	3.7	82	131 Liberia	-1.9	3.3	88
28 Kenya	4.3	6.4	28	Costa Rica	2.0	6.2	33	132 South Yemen	-2.2	—	—
29 Sri Lanka	4.2	4.0	74	81 Denmark	1.9	2.9	93	133 Guyana	-3.1	—	—
Cameroon	4.2	5.1	53	France	1.9	4.3	66	134 Trinidad & Tob	-3.3	5.1	53
31 Japan	4.1	6.3	31	Uganda	1.9	0.8	121	135 UAE	-3.7	—	—
32 East Germany	4.0 <sup>g</sup>	4.9 <sup>g</sup>	59	Switzerland	1.9	2.0	111	136 Iraq	-4.3	10.5 <sup>b</sup>	4
Indonesia	4.0	8.0	16	85 CAR	1.8	2.6	101	137 Saudi Arabia	-5.1	11.3	3
34 Vietnam	3.7 <sup>f</sup>	2.8 <sup>b</sup>	97	Austria	1.8	4.3	66	138 Libya	-7.3 <sup>i</sup>	4.2	70
Puerto Rico	3.7	—	—	Hungary	1.8	—	—				
Mali	3.7	3.9	76	Sweden	1.8	2.9	93				
37 North Korea	3.6 <sup>f</sup>	5.7 <sup>b</sup>	44	89 Mauritania	1.7	2.0	111				
Morocco	3.6	5.4	51	Bahrain	1.7	—	—				
39 Burundi	3.5	3.5	86	New Zealand	1.7	2.5	105				
Senegal	3.5	2.1	108	West Germany	1.7	3.3	88				
Canada	3.5	5.0	56	Ireland	1.7	4.3	66				
42 Australia	3.4	4.2	71	Ghana	1.7	1.4	117				
USSR	3.4	5.8 <sup>a</sup>	41	95 Syria	1.6	8.7	13				
44 Colombia	3.3	5.6	45	96 Belgium	1.5	3.9	76				
45 Finland	3.2	4.0	74	Zaire	1.5	1.3	118				
Burma	3.2	3.7	82	South Africa	1.5	4.1	72				
47 Jordan	3.1	10.0 <sup>b</sup>	7	99 Netherlands	1.4	4.1	72				
Tunisia	3.1	6.6	26	Greece	1.4	5.6	45				
Zimbabwe	3.1	4.4	64	101 Ethiopia	1.3	2.7	99				
50 US	3.0	2.7	99	Philippines	1.3	5.9	38				
Papua NG	3.0	4.6	60	103 Jamaica	1.2	1.3	118				
Luxembourg	3.0	2.8 <sup>b</sup>	97	104 Sierra Leone	1.1	2.6	101				

a 1980-85  
b 1970-80  
c 1981-86  
d 1982-88  
e 1980-86  
f Total agricultural output  
g Net material product  
h Industrial output  
i 1980-87

The  
Economist

B O O K O F

VITAL  
WORLD  
STATISTICS

A PORTRAIT OF  
EVERYTHING  
SIGNIFICANT IN  
THE WORLD TODAY

Introduction by Robert J. Samuelson

# ACCF

AMERICAN COUNCIL FOR CAPITAL FORMATION

## TRANSMISSION HEADER SHEET

TO: [Name & Company]

DATE: 1/24/92

*Bob Simon*

Transmitting to  
Phone No.:

*456-6218*

FROM: *Mark Bloomfield*

The following transmission contains 4 pages inclusive of this sheet.

Please contact *Janette* at 202-293-5811 if there is any problem.

[Note: This message is being sent from an automatic Ricoh Fax 20. The telephone number for the fax machine is 202-785-8165.]

"Each of these proposals would initially raise the before-tax rate of return on capital, stimulate investment and lead to an expansion of the capital stock," the report stated. As a result, each would create jobs, increase wages, promote economic growth and increase net government revenues, the report stated.

"John Kennedy and Ronald Reagan were much better economists than the professionals who work at the CBO [Congressional Budget Office] and the JCT [Joint Committee on Taxation]," according to Gary Robbins, co-author of the report. "Kennedy and Reagan instinctively knew that more investment means more jobs and higher income for workers," he said.

Robbins blamed CBO and JCT in particular for downplaying the economic benefits from lower taxes on investment, effectively paralyzing federal policy. "These agencies have convinced most members of Congress that taxes on investment income have no effect on the amount of investment and that there is little government can do to get the economy moving again," Robbins said.

#### *Economists Debate Merits Of Gains Cuts*

Meanwhile, two economists debated the merits of a reduction in the capital gains tax rate, agreeing on few areas.

Speaking at a Jan. 22 presentation sponsored by Tax Analysts at the National Press Club, Mark Bloomfield, of the American Council for Capital Foundation, Washington, D.C., supported a reduction for four economic policy reasons, centering on any cut's dynamic impact on the economy.

On the other hand, Henry Aaron, senior fellow at the Brookings Institution, Washington, D.C., opposed a reduction in the rate on the grounds that "the preponderance of evidence suggests that a reduced rate would reduce revenues, be demonstrably unfair, and reduce economic efficiency, and damage the tax structure."

#### *'Powerful' Economic Effect*

First, Bloomfield argued that capital gains taxes "are a very important element of capital costs, perhaps more so than some pundits would give credit." He emphasized that reducing the taxation rate on capital gains "is a major first step in reducing U.S. capital costs."

Second, capital gains taxation "has a particularly powerful effect" on the entrepreneurial activity in the economy, which is very sensitive to after-tax rates of returns on investments. "That is a reality that none of the econometric models are equipped for nor capture." These activities make possible new technological advances, breakthroughs, new start-up companies, and hopefully job creation.

Third, capital gains taxation "is distortionary and unfair," arguing that taxpayers often pay taxes on nominal gains. He added that one study has shown that the distortion is greatest for middle-income investors.

Finally, the U.S. capital gains rate is much higher than in the rest of the world, exceeding all other countries except for the rates in the United Kingdom and Australia, according to Bloomfield. Perhaps other countries realize, Bloomfield argued, "the contribu-

tion a capital gains differential could make to lower capital costs, to avoid the distortion of inflation, to nurture entrepreneurship, and bring about job creation."

Bloomfield also criticized a recent study by the Congressional Research Service that concluded a cut in the capital gains rate would have little effect on economic growth (5 DTR G-10, 1/8/92). "The CRS study, which relies on a partial equilibrium model, capable of only producing static revenue estimates appears to be less a reliable evaluation of the economic impact than the general equilibrium models" of others, Bloomfield said.

In any event, Bloomfield endorsed cutting the capital gains rate since it would not end up costing the government a great deal. "From a very narrow revenue perspective, [cutting the rate] sure isn't much of a riverboat gamble," he said.

#### *'Inequitable' Tax Policy*

From listening to Bloomfield's arguments, "one might conclude that the capital gains cut is that rare avis of tax policy—a trickle down incentive that works," Aaron responded. "No such luck."

Aaron disagreed with Bloomfield on whether the induced realizations and depreciation recapture from a cut in the rate would cause sustainable economic growth. According to Aaron, "the rate of realization that occurred in 1986 is unsustainable unless people realize essentially all their assets or drastically shorten their holding periods," he said.

As regards the fairness issue, Bloomfield stated his opinion that "more middle class folk realize capital gains than pundits believe, and taxing those gains... much of which is pure inflation, seems unfair." Aaron countered that the president's most recent capital gains proposal is "savagely inequitable," most of the benefits of which would go to the top one-half of 1 percent of taxpayers.

According to Aaron, sound tax policy requires "that all gains accrued during a person's lifetime be taxed at some point during that person's lifetime."

He added that he thinks "there is a good case for a broad across-the-board incentive to investment in the U.S.," citing a tax wedge between tangible and intangible investments by which intangible investments, such as research and development or advertising, receives favored tax treatment over tangible investments, such as buildings or equipment.

However, reducing the capital gains rate is not the correct solution, Aaron concluded: "advocates of a special reduced rate on capital gains have just not made their case." □

#### *Supreme Court*

#### MEANING OF SOLICITATION BY OUT-OF-STATE BUSINESSES DEBATED

Counsel for Wisconsin and a chewing gum manufacturer presented oral arguments in the U.S. Supreme Court Jan. 22 over what constitutes "solicitation" within the meaning of a federal statute that prohibits states from taxing income derived by an out-of-state person whose in-state activities do not go beyond mere solici-

# American Council for Capital Formation Center for Policy Research

August 1990

## SPECIAL REPORT

### International Survey of the Taxation of Personal Saving and Saving Rates

A review of saving incentives offered in twelve industrialized countries recently completed by the American Council for Capital Formation Center for Policy Research revealed that the United States offers fewer and less generous saving incentives than most other industrialized countries. The survey is part of a series of studies by the Center on saving issues.

The international survey indicates that the United States ranks near the bottom of a list of twelve countries in terms of personal saving incentives. For example, the U.S. capital gains tax rate on long-term gains on portfolio securities exceeds that of all other countries except Australia and the United Kingdom, and even they index the cost basis of an asset. Interest income is taxed at rates below the U.S. maximum rate of 33

percent by five of the twelve countries. Total taxes (individual plus corporate) on dividends received by individuals are lower in most countries than in the United States because most other countries have some form of dividend tax relief. For example, Japan's total individual and corporate tax rate is 45 percent on dividends and West Germany's is 26.7 percent, compared to the U.S. rate of 56 percent.

Individual Retirement Account deductions are more generous in six of the twelve countries than they are in the United States. Nearly half of the twelve countries permit deductions or tax credits for life insurance premiums; the United States does not. Individual social security contributions to government-sponsored plans are deductible in eight of the twelve countries but not in the United States.

Given the relatively weak U.S. saving incentives, it is perhaps no coincidence that the U.S. personal saving rate, which averaged 6.7 percent over the 1972-1989 period, remains far below that of our major competitors. Japan, for example, had a personal saving rate for this period of 18.4 percent, West Germany's rate was 12.8 percent, and Canada's was 12.4 percent.

An *International Survey of the Taxation of Personal Saving and Saving Rates* was prepared by David Tumblyn, research associate with the ACCF Center for Policy Research. A major compendium of research on saving issues, *The U.S. Savings Challenge: Policy Options for Productivity and Growth* edited by Charles E. Walker, Mark A. Bloomfield, and Margo Thorning, will be available in October 1990.

Country	Personal Saving <sup>1</sup> 1973-1989	Capital Gains Maximum Tax Rate <sup>2</sup>		Interest Income Maximum Tax Rate <sup>3</sup>	Dividend Income	
		Short-Term	Long-Term		Corp./Ind. Integration <sup>4</sup>	Combined Corp./ Ind. Max. Tax Rate <sup>5</sup>
United States	6.7%	33%	33%	33%	No	56%
Japan	18.4%	1% of sales price or 20% of net gain.	1% of sales price or 20% of net gain.	20%	Yes	45%
Australia	10.4%	47%	47% ; asset cost is indexed.	47%	Yes	13.1%
Belgium	15.1%	Exempt	Exempt	10%	No	55.6%
Canada	12.4%	21.8%	21.8%	29%	Yes	19.6%
France	16.7%	16%	16%	56.8%	Yes	35.2%
Germany (West)	12.8%	53%	Exempt	53%	Yes	26.7%
Hong Kong	N.A.	Exempt	Exempt	Exempt	Exempt	Exempt
Italy	21.7%	Exempt	Exempt	30%	Yes	21.9%
Netherlands	3.3%	Exempt	Exempt	60%	No	74%
Sweden	1.8%	35%	17.5%	35%	No	40.5%
United Kingdom	9.8%	40% ; asset cost is indexed.	40% ; asset cost is indexed.	40%	Yes	30%

Country	Individual Retirement Plans <sup>6</sup>	Life Insurance Premiums <sup>8</sup>	Social Security Contributions
United States	Contributions to \$2,250 are fully deductible for joint returns with income to \$50,000; \$2,000 for single filers with income to \$35,000.	Not deductible.	Not deductible.
Japan	No provisions.	Both term and whole life premiums are deductible.	Fully deductible.
Australia	Contributions are taxed at a rate of 15% , compared to a top 47% rate for ordinary income. <sup>7</sup>	Not deductible.	No provisions.
Belgium	Contributions are deductible to a limit.	Both term and whole life premiums are deductible.	Fully deductible.
Canada	Contributions to employer-sponsored plans are deductible to \$3,025.	Not deductible.	Individual contributions receive a 17% tax credit.
France	Contributions may accumulate tax free to \$108,402.	A 25% tax credit is allowed on term premiums.	Fully deductible.
Germany (West)	No provisions.	Both term and whole life premiums are deductible.	Individual contributions are deductible to a limit.
Hong Kong	No provisions.	Not deductible.	No provisions.
Italy	No provisions.	Both term and whole life premiums are deductible.	Individual contributions are deductible to a limit.
Netherlands	Contributions to \$9,087 are deductible.	Not deductible.	Individual contributions are deductible to a limit.
Sweden	Contributions to \$4,978 are deductible.	Not deductible.	Contributions are by employers only.
United Kingdom	Contributions to 15% of total compensation are fully deductible.	Not deductible.	Not deductible.

Note: All information is current through April 1990. The tax rates given refer only to federal taxes.

<sup>1</sup> Net household saving as a percent of disposable household income. Organisation for Economic Co-Operation and Development, *OECD Economic Outlook* 47, June 1990, Table R 12, p. 192.

<sup>2</sup> Reflects top marginal tax rates on portfolio securities gains.

<sup>3</sup> Reflects top marginal tax rates on interest received.

<sup>4</sup> Corporate/individual tax integration refers to methods used to relieve the double taxation of corporate earnings distributed to shareholders. These methods vary among countries.

<sup>5</sup> The total maximum federal tax rate on corporate earnings distributed to the individual. The maximum U.S. rate is 56% (34% per dollar at the corporate level, plus 33% of the remainder [\$0.66] when received by the individual).

<sup>6</sup> Currency conversions based on exchange rates on July 18, 1990.

<sup>7</sup> Taxpayers with income below \$24,158 can opt to receive annual tax rebates up to \$584 for individual retirement plan contributions instead of having the contribution taxed at a 15% rate.

<sup>8</sup> Term life and whole life insurance premiums are differentiated because of their saving characteristics. Term policies are generally short term and build only small cash values; whole life insurance provides increasing cash values and pays face value to a beneficiary on the death of the insured.

The ACCF Center for Policy Research is the education and research affiliate of the American Council for Capital Formation. Its mandate is to promote an understanding by the public of the importance of capital formation to the economy. For more information or to receive additional copies of this Special Report, please contact: ACCF Center for Policy Research, 1850 K Street, N.W., Suite 400, Washington, D.C. 20006, (202) 293-5811.

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and lift the standard of living for all Ameri-  
cans.

John Kennedy knew this 20 years ago  
when he proposed a tax cut based on the  
same principle. He knew an economy stif-  
led by restrictive tax rates can never pro-  
duce enough revenue to balance the  
budget, just as it can never produce enough  
jobs or enough profits. History proved him  
right. After enactment of the Kennedy tax  
cut, the rate of increase in employment  
almost doubled. The rate of growth in gross  
national product went from a little over 3  
percent before the tax cut to 5 percent  
after the tax cut, and personal savings  
jumped from 2.3 percent to 8 percent of  
the American people's earnings. If our tax  
policies result in an increase of only 2 per-  
centage points in the level of savings, that  
will mean \$40 billion more in the money  
available for investment and mortgages.

In November of 1980, the American  
people voted overwhelmingly for change,  
for a new beginning. Together we've set a  
new course for freedom and prosperity. I  
believe that America can and will heal itself  
as it has so often in our past history.

Ours is a special destiny, both as Republi-  
cans and as Americans. Abraham Lincoln  
once said, "We Americans, the freest  
people in the world, will determine our  
own fate. If it is to be greatness, we will  
have built it," he said. "If it is destruction,  
then we will have wrought it. As a nation of  
free men," he said, "we must live through  
all time or die by suicide." That responsibil-  
ity is now ours. Let it never be said that  
ours was the first generation of Americans  
to falter.

You're gathered here as a kind of head-  
start on preparing for the 1982 campaign.  
Well, let me tell you, we need more Republi-  
can Governors if we're to realize the great  
strength built into our Federal system of 50  
sovereign States. We need our Republican  
Congressmen returned to Washington. In  
the recent battle, they stood together 100  
percent in the final vote that brought us  
more time to work out the budget. We  
need more like them. We need a majority

in the House to match our majority in the  
Senate. And I could point out, you'll have  
an opportunity to send a new Senator to  
increase our narrow majority there.

And if you need encouragement, let me  
tell you just one thing. There's one Demo-  
crat Congressman already that has an-  
nounced that he will seek reelection as a  
Republican. And in announcing that, he  
said he believes in our Republican princi-  
ples and he believes in our economic pro-  
gram. And he has supported it all the way.  
Well, I promised him for what he's doing,  
and I will promise you for what you're  
doing—just because of what you are—we  
will not retreat 1 inch in our determination  
to proceed with our program and to restore  
fiscal integrity, productivity in the industry  
of America. We're going to stick with it.

Thank you all very much. And let me just  
close with one thing. A lot of wonderful  
things happen, and there are some days  
when you go home feeling 10 feet tall. And  
part of it is what I'm hearing from all of  
you, the people of this country, wonderful  
letters that are just unbelievable, ranging  
from a sailor in a submarine that goes to the  
trouble to write and tell me—he says,  
"Okay. So we're not the biggest navy in the  
world, but we're the best." And then the  
other day I received a letter that I thought  
was one for all time. It had to be translated  
from the braille. A GI that had lost his sight  
in World War II in Germany wrote, in  
braille, to tell me that if cutting his pension  
would help get this country back on its feet,  
he'd like to have me cut his pension. But  
we're not going to cut his pension. But  
we're sure going to get this country back on  
its feet.

Thank you.

*Note: The President spoke at 6:25 p.m. in  
the Presidential Ballroom at the Westin  
Hotel. He was introduced by Governor  
James A. Rhodes of Ohio.*

*Following the reception, the President at-  
tended a meeting at the hotel with major  
Ohio Republican contributors and then re-  
turned to the White House.*

Vietnam? And we must tell them they were black and white, red and brown—almost a quarter of the names on this memorial are Hispanic—native-born, foreign-born, the privileged and the poor. But most of all, they were Americans—Americans from the barrios of San Antonio or the city streets of Houston, the vast expanse of west Texas; Americans who were young and probably often frightened, so very far from home.

And next, the kids will wonder: Well, what did they value, these brave young soldiers? And we must tell them they valued freedom, they valued human dignity, and they loved the U.S. And so, they overcame their fear, which after all is the very definition of courage. In a struggle which, like every war, showed man's inhumanity to man, they strove to prove man's fidelity to honor.

And then the kids will say: Why were these boys in Vietnam? And we will say, because to defend democracy and liberty is always a valiant cause—in the fields of Flanders to the rugged cliffs of Normandy, whether scaling Korea's hillsides or trudging through those rice paddies of the Mekong.

And we will tell them further the story of the boat people, gallant men and women who fled the very brutality that we were fighting, and of that memorable day when those Vietnamese refugees—alone and vulnerable in an overloaded, sinking boat—were spotted by the aircraft carrier *Midway*. And as the carrier approached, many were crying and all were waving, calling out, "Hello, American sailor! Hello, freedom man!" So, when our children ask why were we in Vietnam, we must point to those boat people, regrettably some of them still fleeing, and say, for them—for the liberty that can ensure for individuals, choice; for society, pluralism; and for nations, self-determination.

And finally, our children will ask: Well, how do we salute the men who fought for freedom? We salute them by never forgetting that true peace means the triumph of freedom—not merely the absence of war, but the triumph of freedom. And we salute them through memorials like this and by thanking the volunteers who made it possible—Vietnam vets, cities and towns, com-

munities, foundations, organizations, and other contributors. And we honor them by giving all our vets the hope and opportunity that they have earned and by teaching our children what this memorial teaches us: about selflessness and sacrifice, qualities which know no generation.

Unlike other veterans, the brave boys who went to Vietnam had to endure two wars. The first was that one waged in the swamps and the jungles abroad, and the second was fought for respect and recognition at home. And with the passage of time, they have won the battle for the hearts of their countrymen—and in my view, it's about time. The children who come here today and will come tomorrow evidence that victory. They must know about the courageous people whose names illuminate these tablets. The men who died would want our kids to have a future they never knew—a future without war, without fear. Their sacrifice helped make that possible.

Abraham Lincoln termed that sacrifice "the last full measure of devotion." And we must never forget it. For if the Texans we honor today could speak, they might say, "Praise us as you will, but above all, we want to be remembered." And today we do remember the Lone Star heroes of America's longest war, and through them, heroes throughout our history—America's uniformed sons and daughters who took up arms and bore our burden for a cause larger than themselves.

And today we remember the more than 3 million Americans who served in Vietnam, among them, so many proud Texans. Men like Plano's Sam Johnson, a prisoner for 7 years in what they called the Hanoi Hilton—tortured, but never defeated—now a State legislator representing the people of his district here in our great State.

And also this morning, we remember America's wounded from the Vietnam conflict and the many brave Texans who paid a heavy price. They were proud of the United States; they make us proud today.

And then there's another: there are our missing or unaccounted for, and we remember them, too. For while they may be missing—missing in action and from our lives—they are not missing from our thoughts or

When I was a child, kids never thought much about what was beyond their own town's border. Today's generation grows up learning about the entire world.

Those of my generation were called to fight. As I rejoined old comrades at Pearl Harbor last month, I rejoiced at how today's children will inherit a legacy of peace.

In the past 20 years, as ambassador, vice president, and now president, I have seen every part of the world -- over 80 countries in all. I've seen glittering palaces, and humble villages; ancient centers of civilization, and the most modern cities.

The more you see of the rest of the world, the more you realize what makes America the greatest nation on earth. You see it the faces of the foreign honor guards when they look at that big blue Air Force One with foot-tall letters that say "United State of America." You see it in the hand of a little girl in Gdansk as she waves the stars and stripes. You hear it the cries of a Vietnamese refugee on a leaky boat as he calls out, "Hello, American sailor. Hello, freedom man."

America is great because America is free. We tamed a vast continent and built a fair and prosperous nation with people from every land on earth. What those first immigrants sought, now the world enjoys as well.

We face challenges to be sure. But when you consider all we have accomplished in two hundred years, is there any doubt we will succeed? It is our nature to strive, to seek, to find. And it's America's destiny to lead.

## Remarks at the Opening Ceremonies of the Statue of Liberty Centennial Celebration in New York, New York July 3, 1986

Thank you. And Lee Iacocca, thank you on behalf of all of America. President and Madame Mitterrand, my fellow Americans: The iron workers from New York and New Jersey who came here to begin restoration work were at first puzzled and a bit put off to see foreign workers, craftsmen from France, arrive. Jean Wiart, the leader of the French workers, said his countrymen understood. After all, he asked, how would Frenchmen feel if Americans showed up to help restore the Eiffel Tower? But as they came to know each other—these Frenchmen and Americans—affections grew; and so, too, did perspectives.

The Americans were reminded that Miss Liberty, like the many millions she's welcomed to these shores, is of foreign birth, the gift of workers, farmers, and shopkeepers and children who donated hundreds of thousands of francs to send her here. They were the ordinary people of France. This statue came from their pockets and from their hearts. The French workers, too, made discoveries. Monsieur Wiart, for example, normally lives in a 150-year-old cottage in a small French town, but for the last year he's been riding the subway through Brooklyn. "A study in contrasts," he said—contrasts indeed. But he has also told the newspapers that he and his countrymen learned something else at Liberty Island. For the first time, they worked in proximity with Americans of Jewish, black, Italian, Irish, Russian, Polish, and Indian backgrounds. "Fascinating," he said, "to see different ethnic and national types work and live so well together." Well, it's how we like to think of America. And it's good to know that Miss Liberty is still giving life to the dream of a new world where old antagonisms could be cast aside and people of every nation could live together as one.

It's especially fitting that this lesson should be relived and relearned here by Americans and Frenchmen. President Mitterrand, the French and American people have forged a special friendship over the

course of two centuries. Yes, in the 1700's, France was the midwife of our liberty. In two World Wars, America stood with France as she fought for her life and for civilization. And today, Mr. President, with infinite gentleness, your countrymen tend the final resting places, marked now by rows of white crosses and stars, of more than 60,000 Americans who remain on French soil, a reminder since the days of Lafayette of our mutual struggles and sacrifices for freedom. So, tonight, as we celebrate the friendship of our two nations, we also pray: May it ever be so. God bless America, and vive la France!

And yet, my fellow Americans, it is not only the friendship of two peoples but the friendship of all peoples that brings us here tonight. We celebrate something more than the restoration of this statue's physical grandeur. Another worker here, Scott Arosen, a marble restorer, has put it well: "I grew up in Brooklyn and never went to the Statue of Liberty. But when I first walked in there to work, I thought about my grandfathers coming through here." And which of us does not think of other grandfathers and grandmothers, from so many places around the globe, for whom this statue was the first glimpse of America?

"She was silhouetted very clear," one of them wrote about standing on deck as their ship entered New York Harbor. "We passed her very slowly. Of course we had to look up. She was beautiful." Another talked of how all the passengers rushed to one side of the boat for a fast look at their new home and at her. "Everybody was crying. The whole boat bent toward her. She was beautiful with the early morning light." To millions returning home, especially from foreign wars, she was also special. A young World War I captain of artillery described how, on a troopship returning from France, even the most hard-bitten veteran had trouble blinking back the tears. "I've never seen anything that looked so good," that doughboy, Harry Truman, wrote to his

fiance, Bess, before he died in World War I, "as the Liberty Bell sailed into New York Harbor."

And that is why we are here tonight, mother of exile, to celebrate the golden dawn of a new world. The picture of another world around his waist, the metal rod of a new world, to place a kiss on the cheek of Tony Soraci, an Italian, said it to do, "somebody's children." Robert Kennedy, Jr. At work on the Statue of Liberty, he gave \$10,000 to buy pins to those who work here for no reason, he says, but for the job over in Hell. He gave a Blackie. They are building the Statue of Liberty in the morning Blackie. They are giving a salute, a

Well, the truth is, we sometimes come here first as strangers. Arabella, a shrewd Massachusetts coal miner, huddled on the Statue of Liberty, who was Governor of Massachusetts, fellow Puritan, they must keep the eyes of all and that they that God had been a light in the world—a shining

Call it mystical, but I believe there that placed the two great special kind of people of the world, who have and a special call to leave their own and their country new and strange of peace and spoke about how he would never duties of the people through a terrible

## Radio Address to the Nation on the Observance of Independence Day

July 3, 1982

My fellow Americans, 206 years ago one of history's greatest adventures began when a small band of patriots in Philadelphia resolved to stake their all—their lives, their fortunes, and their sacred honor—for freedom and independence. On that distant day America was born. Our country has been an inspiration for free men and women around the world ever since.

The Scriptures tell us that "Where the spirit of the Lord is, there is liberty." And for more than two centuries now our blessed land has grown and prospered, guided by a deep faith in the Almighty and an unquenchable thirst for freedom. As George Washington once wrote to another of the Founding Fathers, James Madison, "Liberty, when it begins to take root, is a plant of rapid growth."

Thanks to the faith and fortitude of our ancestors, freedom has flowered on our shores and has brought a legacy of liberty and opportunity to wave after wave of immigrants from every quarter of the globe. In war and peace, in good times and bad, each generation of Americans has passed on the torch of freedom.

Some of our ancestors faced trials that we will never know—the snows of Valley Forge; the crucible of a bitter, bloody civil war; and the incredible hardships endured in taming a savage wilderness. But the spirit of determination and love of country that saw them through to victory still beats in

American hearts today.

We, too, face strong challenges to our free, abundant way of life. America is at peace, but we live in a troubled world. American abundance is still the marvel of mankind, but we still face serious economic and social problems.

Far more important, though, is the fact that, as a free people, we have both the means and the vision needed to solve our problems peacefully, fairly, and democratically. Because we are a free people we can work together voluntarily in a way no system based on tyranny ever will. That always has been and always will be America's ultimate strength. In the words of Dwight Eisenhower, "Free men do not lose their patience, their courage, their faith because the obstacles are mountainous, the path uncharted. Given understanding, they invariably rise to the challenge."

So, on this special day, the birthday of our nation, in the midst of all the joyous celebrations let us take a moment to remember the debt of thanks we owe to those who came before us, to the same God who guides us all, and to the spirit of faith and patriotism which still makes America "the land of the free and the home of the brave."

Thank you, God bless you, and God bless America.

*Note: The President's remarks were recorded earlier for use on nationwide radio.*

January 25, 1992

MEMORANDUM FOR TONY SNOW  
BOB SIMON

FROM: JAG

SUBJECT: MORE RHETORIC FOR SOU CONSIDERATION

MIDDLE EAST

--"where peace still roams as the region's prodigal son"

--"turn the cycle of demanding an eye for an eye into one of offering a hand for a hand."

THE VISION THING

--imply "I have a dream" type vision with a few consecutive lines prefaced with:

"I foresee a day when....."

"I forseee a day when....."

DEFINING MOMENT

--defining moment and global competition:

"The recent events around the globe are sending a message that America should already know. Governments, economic systems, ideologies that fail to respond to change are destined to die the death of the dinosaur -- extinction in a world where standing still means falling behind.

Part of the changed global landscape is increased global competition. This competition is 'new and improved,' and American industry is being challenged to keep up or get out. Our continued international competitiveness means more than merely carving out a bigger slice of the pie or bringing home a bigger slab of bacon. American competitiveness hinges on our ability, under free and fair market conditions, to produce goods and services that meet the tests of new markets, while maintaining or expanding the real incomes of our citizens.

Right now, nine out of ten Americans fear that the United States is losing its competitive edge. If America wishes to remain competitive in an increasingly diversified, increasingly challenging global market -- an America on cruise control won't cut it. An America on automatic pilot won't get us where we've got to be. And I believe that it will be America's workforce, American labor, that must both power and pilot our country to a more competitive, more prosperous future."

--Gingrich:

"I think America is at a crossroads and Americans know it. I think that Americans know we are winning the Cold War and losing the competitive war. I think they know that we are defeating the Soviet empire, but that we are losing the domestic struggle against the drugs, crime, ignorance, and welfare. They know we are losing the world market to Germany, Japan and Korea. They know we are losing faith in our constitutional system, that they do not see it working. They do not see their leaders being effective. They do not see the structures their Founding Fathers gave them producing results. And so they are almost in agony."

(Note: This rhetorical convention of "Americans know...they do not see," etc., is similar to what I was suggesting in the economic proposal section -- solidly positing what Americans know/want/see **first**, so as to plant us in the people's camp, then going into proposals thereby justified by their democratically seeded roots.)

#### RACE

--"an America by the numbers only adds up short"

--"some bureaucrat's paint-by-number dream"

#### EDUCATION

--"Daniel Webster once remarked that, "Mind is the great leveler of all things." True. "All things are ready if our minds be so," said Henry V on St. Crispin's Day.

--"Developed economies demand developing minds."

#### ECONOMY

--"the logical extension of zero-sum thinking is sum-zero growth."

--Theodore Roosevelt: "Far and away the best prize that life offers is the chance to work hard at work worth doing."

#### DOMESTIC AGENDA

--"policies of conviction, not convenience."

#### SPACE STATION

--"scale the dome of the heavens"

--"push the envelope of exploration"

--"pioneers on the fronteir of the unknown."

**U.S. BUREAU OF LABOR STATISTICS****OFFICE OF EMPLOYMENT AND UNEMPLOYMENT STATISTICS**

GAO Building, Room 2919  
441 G St., N.W.  
Washington, D.C. 20212

FAX #: 202-523-4558

**FROM:**

Name Jessie Marcus  
Title Economist - OEUS/HAUS 202-523-1002

**TO:**

Name Bob Summer  
Title \_\_\_\_\_  
Business \_\_\_\_\_  
City/State \_\_\_\_\_  
Country \_\_\_\_\_  
Fax # 456-6218

**SUBJECT:**

Monthly labor estimates 1982  
I-L, D.H., M.I.  
All states - November 1971

Total Pages: 5 (including this page)

## LAUS labor force data for November 1991

DATA NOT SEASONALLY ADJUSTED

State	Labor Force	Employment	Unemployment	
			Level	Rate
Alabama	1,888,900	1,772,100	116,800	6.2
Alaska	255,500	230,400	25,100	9.8
Arizona	1,733,100	1,615,000	118,200	6.8
Arkansas	1,125,800	1,055,700	70,100	6.2
* California	14,997,900	13,908,200	1,089,700	7.3
Colorado	1,777,700	1,687,600	90,100	5.1
Connecticut	1,802,400	1,689,800	112,600	6.2
Delaware	364,200	346,500	17,800	4.9
District of Columbia	274,000	252,200	21,900	8.0
* Florida	6,504,600	6,045,700	458,900	7.1
Georgia	3,150,400	3,019,700	130,600	4.1
Hawaii	559,800	543,500	16,200	2.9
Idaho	507,800	478,700	29,000	5.7
* Illinois	5,968,700	5,468,200	500,500	8.4
Indiana	2,777,000	2,616,000	161,000	5.8
Iowa	1,524,000	1,462,900	61,100	4.0
Kansas	1,296,300	1,242,200	54,100	4.2
Kentucky	1,769,900	1,644,600	125,300	7.1
Louisiana	1,940,100	1,819,900	120,200	6.2
Maine	630,100	590,200	39,800	6.3
Maryland	2,565,300	2,408,100	157,200	6.1
* Massachusetts	3,132,200	2,881,900	250,300	8.0
* Michigan	4,564,400	4,153,000	411,400	9.0
Minnesota	2,407,500	2,286,600	120,900	5.0
Mississippi	1,164,600	1,085,100	79,600	6.8
Missouri	2,681,900	2,517,600	164,300	6.1
Montana	396,700	367,400	29,300	7.4
Nebraska	841,700	818,100	23,600	2.8
Nevada	652,400	617,000	35,400	5.4
New Hampshire	622,500	579,200	43,400	7.0
* New Jersey	3,965,800	3,698,000	267,800	6.8
New Mexico	717,700	674,100	43,500	6.1
* New York	8,535,500	7,875,000	660,500	7.7
* North Carolina	3,469,800	3,273,500	196,200	5.7
North Dakota	312,600	300,000	12,600	4.0
* Ohio	5,457,300	5,166,900	290,400	5.3
Oklahoma	1,507,100	1,405,600	101,500	6.7
Oregon	1,503,900	1,410,900	93,000	6.2
* Pennsylvania	5,975,400	5,589,100	386,200	6.5
Rhode Island	506,200	462,500	43,800	8.6
South Carolina	1,738,700	1,633,900	104,800	6.0
South Dakota	363,600	353,300	10,300	2.8
Tennessee	2,429,100	2,281,700	147,400	6.1
* Texas	8,559,500	7,979,800	579,600	6.8
Utah	809,000	770,700	38,200	4.7
Vermont	313,500	296,100	17,400	5.6
Virginia	3,301,600	3,115,400	186,200	5.6
Washington	2,458,100	2,304,400	153,700	6.3
West Virginia	783,500	703,400	80,200	10.2
Wisconsin	2,602,200	2,474,000	128,200	4.9
Wyoming	238,500	225,100	13,300	5.6

\* Monthly labor force data are obtained directly from the Current Population Survey

NOTES: Employment and unemployment level may not add to labor force because of rounding.  
 Publication of official November 1991 State labor force estimates is scheduled for 1/14/92.

SOURCE: BUREAU OF LABOR STATISTICS

MONTHLY POPULATION CONTROLLED  
CPS ESTIMATES FOR ILLINOIS  
(NUMBERS IN THOUSANDS)

MONTH	CIVILIAN NONINSTI- TUTIONAL POPULATION	CIVILIAN LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT LEVEL	UNEMPLOYMENT RATE
1982					
JANUARY	8547.0	5524.0	4965.3	558.8	10.1
FEBRUARY	8549.0	5556.6	4995.0	561.6	10.1
MARCH	8551.0	5535.4	4969.5	565.8	10.2
APRIL	8553.0	5575.1	5012.2	562.9	10.1
MAY	8555.0	5550.2	4963.6	586.6	10.6
JUNE	8557.0	5709.8	5039.9	669.9	11.7
JULY	8559.0	5759.5	5057.6	701.9	12.2
AUGUST	8561.0	5718.3	5067.2	651.1	11.4
SEPTEMBER	8562.0	5639.7	4956.6	683.1	12.1
OCTOBER	8564.0	5563.3	4897.0	666.3	12.0
NOVEMBER	8565.0	5557.4	4853.5	703.9	12.7
DECEMBER	8567.0	5561.6	4860.5	701.2	12.6
ANNUAL AVERAGE	8558.0	5605.0	4970.0	634.0	11.3
1983					
JANUARY	8568.0	5601.2	4843.0	758.2	13.5
FEBRUARY	8570.0	5589.8	4817.8	772.0	13.8
MARCH	8571.0	5644.9	4938.7	706.2	12.5
APRIL	8573.0	5555.8	4894.6	661.1	11.9
MAY	8574.0	5610.3	4950.1	660.3	11.8
JUNE	8576.0	5659.1	4938.1	721.0	12.7
JULY	8577.0	5674.7	5009.7	665.0	11.7
AUGUST	8580.0	5625.5	4990.6	635.0	11.3
SEPTEMBER	8584.0	5559.9	5013.8	546.2	9.8
OCTOBER	8587.0	5522.5	5006.0	516.5	9.4
NOVEMBER	8591.0	5566.2	5050.7	515.4	9.3
DECEMBER	8594.0	5519.5	4998.8	520.7	9.4
ANNUAL AVERAGE	8579.0	5594.0	4954.0	640.0	11.4
1984					
JANUARY	8597.0	5510.1	4920.0	590.0	10.7
FEBRUARY	8601.0	5556.1	4996.5	559.6	10.1
MARCH	8604.0	5577.0	4983.7	593.3	10.6
APRIL	8608.0	5542.7	5014.6	528.1	9.5
MAY	8611.0	5592.3	5102.1	490.2	8.8
JUNE	8615.0	5748.7	5241.8	506.8	8.8
JULY	8618.0	5679.2	5188.9	490.3	8.6
AUGUST	8619.0	5571.2	5093.4	477.8	8.6
SEPTEMBER	8621.0	5572.1	5104.7	467.4	8.4
OCTOBER	8622.0	5623.2	5130.2	492.9	8.8
NOVEMBER	8623.0	5650.4	5193.5	456.9	8.1
DECEMBER	8624.0	5635.1	5153.1	482.0	8.6
ANNUAL AVERAGE	8614.0	5605.0	5094.0	511.0	9.1

MONTHLY SEASONALLY ADJUSTED  
CPS ESTIMATES FOR MICHIGAN  
(NUMBERS IN THOUSANDS)

MONTH	CIVILIAN NONINSTI- TUTIONAL POPULATION	CIVILIAN LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT LEVEL	UNEMPLOYMENT RATE
1982					
JANUARY	6771.0	4292.0	3657.0	635.0	14.8
FEBRUARY	6768.0	4275.0	3634.0	641.0	15.0
MARCH	6765.0	4304.0	3620.0	684.0	15.9
APRIL	6762.0	4243.0	3599.0	644.0	15.2
MAY	6760.0	4278.0	3655.0	623.0	14.6
JUNE	6757.0	4242.0	3625.0	617.0	14.5
JULY	6754.0	4280.0	3656.0	624.0	14.6
AUGUST	6750.0	4291.0	3636.0	655.0	15.3
SEPTEMBER	6746.0	4288.0	3616.0	672.0	15.7
OCTOBER	6743.0	4262.0	3594.0	668.0	15.7
NOVEMBER	6739.0	4244.0	3529.0	715.0	16.8
DECEMBER	6735.0	4334.0	3585.0	749.0	17.3
ANNUAL AVERAGE	6754.0	4277.0	3616.0	661.0	15.5
1983					
JANUARY	6731.0	4334.0	3650.0	684.0	15.8
FEBRUARY	6727.0	4284.0	3623.0	661.0	15.4
MARCH	6723.0	4285.0	3602.0	683.0	15.9
APRIL	6720.0	4315.0	3653.0	662.0	15.3
MAY	6716.0	4333.0	3685.0	648.0	15.0
JUNE	6712.0	4332.0	3689.0	643.0	14.8
JULY	6708.0	4288.0	3736.0	552.0	12.9
AUGUST	6711.0	4296.0	3690.0	606.0	14.1
SEPTEMBER	6714.0	4295.0	3725.0	570.0	13.3
OCTOBER	6716.0	4242.0	3684.0	558.0	13.2
NOVEMBER	6719.0	4178.0	3671.0	507.0	12.1
DECEMBER	6722.0	4254.0	3744.0	510.0	12.0
ANNUAL AVERAGE	6718.0	4286.0	3678.0	608.0	14.2
1984					
JANUARY	6725.0	4226.0	3736.0	490.0	11.6
FEBRUARY	6728.0	4289.0	3786.0	503.0	11.7
MARCH	6731.0	4356.0	3847.0	509.0	11.7
APRIL	6733.0	4358.0	3880.0	478.0	11.0
MAY	6736.0	4366.0	3860.0	506.0	11.6
JUNE	6739.0	4385.0	3888.0	497.0	11.3
JULY	6742.0	4383.0	3897.0	486.0	11.1
AUGUST	6746.0	4364.0	3888.0	476.0	10.9
SEPTEMBER	6751.0	4354.0	3889.0	465.0	10.7
OCTOBER	6755.0	4369.0	3903.0	466.0	10.7
NOVEMBER	6760.0	4364.0	3878.0	486.0	11.1
DECEMBER	6764.0	4337.0	3869.0	468.0	10.8
ANNUAL AVERAGE	6743.0	4347.0	3860.0	486.0	11.2

MONTHLY POPULATION CONTROLLED  
CPS ESTIMATES FOR OHIO  
(NUMBERS IN THOUSANDS)

MONTH	CIVILIAN NONINSTI- TUTIONAL POPULATION	CIVILIAN LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT LEVEL	UNEMPLOYMENT RATE
1982					
JANUARY	8044.0	5039.8	4440.7	599.1	11.9
FEBRUARY	8045.0	4975.6	4368.8	606.9	12.2
MARCH	8046.0	5021.9	4405.3	616.5	12.3
APRIL	8046.0	5057.7	4451.0	606.7	12.0
MAY	8047.0	5099.3	4532.2	567.1	11.1
JUNE	8048.0	5258.6	4614.2	644.4	12.3
JULY	8049.0	5267.7	4622.8	644.9	12.2
AUGUST	8047.0	5240.7	4583.1	657.6	12.5
SEPTEMBER	8046.0	5126.3	4496.5	629.8	12.3
OCTOBER	8044.0	5165.0	4483.9	681.0	13.2
NOVEMBER	8042.0	5075.2	4366.6	708.5	14.0
DECEMBER	8041.0	5043.2	4331.4	711.8	14.1
ANNUAL AVERAGE	8045.0	5114.0	4474.0	640.0	12.5
1983					
JANUARY	8039.0	4925.2	4189.4	735.8	14.9
FEBRUARY	8037.0	4906.5	4196.6	710.0	14.5
MARCH	8036.0	5006.7	4321.5	685.3	13.7
APRIL	8034.0	5066.5	4416.7	649.8	12.8
MAY	8032.0	5142.5	4481.1	661.3	12.9
JUNE	8031.0	5240.8	4572.5	668.3	12.8
JULY	8029.0	5273.2	4697.6	575.5	10.9
AUGUST	8030.0	5215.5	4653.8	561.7	10.8
SEPTEMBER	8030.0	5094.5	4529.3	565.2	11.1
OCTOBER	8031.0	5146.3	4599.3	547.1	10.6
NOVEMBER	8032.0	5134.2	4571.1	563.0	11.0
DECEMBER	8032.0	5029.0	4502.5	526.5	10.5
ANNUAL AVERAGE	8033.0	5099.0	4478.0	621.0	12.2
1984					
JANUARY	8033.0	4953.3	4442.6	510.6	10.3
FEBRUARY	8034.0	4915.5	4417.3	498.2	10.1
MARCH	8034.0	4930.6	4406.3	524.3	10.6
APRIL	8035.0	4986.7	4498.6	488.2	9.8
MAY	8036.0	5077.3	4584.9	492.4	9.7
JUNE	8036.0	5174.2	4706.4	467.7	9.0
JULY	8037.0	5283.2	4836.8	446.3	8.4
AUGUST	8040.0	5208.8	4727.3	481.5	9.2
SEPTEMBER	8044.0	5154.5	4703.5	451.0	8.7
OCTOBER	8047.0	5181.2	4708.1	473.1	9.1
NOVEMBER	8051.0	5104.1	4649.5	454.6	8.9
DECEMBER	8054.0	5093.9	4624.8	469.1	9.2
ANNUAL AVERAGE	8040.0	5089.0	4609.0	480.0	9.4

January 21, 1992

MEMORANDUM FOR TONY SNOW

FROM: BOB SIMON

SUBJECT: COMMEMORATIVE BILLS

Of the 245 bills signed by the President in 1991, fully one-third were commemorative in nature. I can find several examples where the bill arrived at the White House after the designated week or month was over, meaning the proclamation went out late as well. Here are a few choice titles:

National School Breakfast Week  
Emergency Medical Services Week "That's what the economy needs."  
National Education First Week "So why don't they do something?"  
Geography Awareness Week "Congress is lost..."  
National Trauma Awareness Week  
Crime Prevention Week "Congress could've passed my crime bill"  
National Crime Victims Rights Week ditto

These seemed like the best. I've got more if you want.

Don't forget the all-time champion: in 1989, Congress declared the 1990s as the "Decade of the Brain."

UNITED STATES DEPARTMENT OF COMMERCE  
Economics and Statistics Administration  
Bureau of Economic Analysis  
Washington, D.C. 20230

**BEA** FACSIMILE TRANSMISSION SHEET

JAN 22, 1992

Date

TO:

Bob Simon

Name

Agency/Office/Room number

Voice number

456 6218  
Fax number

FROM:

Steve Landefeld

Name

Division/Room number

523-0695

Voice number

(202) 523-7538

Fax number

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Subject

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Per our conversation

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For your information

For your comments

COMMENTS:

Bob, I am still trying to get a published  
citation for the BLS (2/90) estimate of daily  
turnover in foreign exchange markets (\$650 billion

per day).

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HG 4551. IS326

# F.I.B.V. STATISTIQUES

(Federation Internationale Des Bourses De



# F.I.B.V. STATISTICS

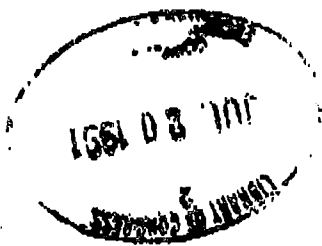
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Valours

1990



1990



BOHE DES ACTIONS

LE OFFICIALE MARKET - FIRST PART - LE MARCHÉ OFFICIEL - PREMIERE PARTIE

TABLEAU I.1 - NUMBER OF COMPANIES WITH SHARES LISTED ON F.I.B.V. / NOMBRE DE SOCIÉTÉS AYANT LEURS ACTIONS COTÉES AUX BOLS

Time zone Zone horaire	Exchange	A - Total, including investment funds Total, fonds d'investissement inclus						1989		% Variation 1980-89	Total
		1990		Foreign Cotes Sociétés Etrang.		Domestic Cotes Sociétés Nat.		Foreign Cotes Sociétés Etrang.			
		Total	Domestic Cotes Sociétés Nat.	Total	Domestic Cotes Sociétés Nat.	Total	Domestic Cotes Sociétés Nat.				
North and South Amérique Amérique du Nord et du Sud	AMERICA	859	789	70	860	801	59	-0.1	11		
	Buenos Aires	179	178	1	184	183	1	-2.7	11		
	MEXICO	380	390	—	354	354	—	10.2	15		
	MIDWEST	2,377	2,253	124	2,289	2,206	83	10.2	15		
	MONTREAL	657	638	21	693	667	26	3.8	23		
	NEW YORK	1,774	1,678	96	1,720	1,693	27	3.1	21		
	RIO DE JANEIRO	612	612	—	629	629	—	-2.7	—		
	SAO PAULO	579	579	—	592	592	—	-2.2	—		
	TORONTO	1,193	1,127	66	1,214	1,146	68	-1.7	—		
	TOTAL	8,620	8,127	86	8,535	8,146	88	1.0	—		
Europe, Africa, Middle East, Europe, Africa, Moyen-Orient	AMSTERDAM	498	280	238	480	251	229	3.8	13		
	BASEL (1)	387	151	236	379	151	228	2.1	21		
	BARCELONA	481	479	2	449	449	—	7.1	11		
	BRUSSELS	341	182	159	347	180	157	-1.7	7		
	COPENHAGEN	282	273	9	280	272	8	0.7	3		
	FEDER. GERMAN S. Es	647	413	234	641	408	233	0.9	3		
	GENEVA	411	162	249	404	164	240	1.7	21		
	HELSINKI	77	73	4	83	79	4	-7.2	—		
	ITALY (2)	220	220	—	217	217	—	1.4	—		
	JOHANNESBURG	769	740	29	766	736	30	0.4	10		
	LONDON	2,559	1,946	613	2,559	1,955	604	0.0	25		
	LUXEMBOURG	732	550	182	671	493	178	9.1	52		
	MADRID	429	427	2	417	417	—	2.9	—		
	OSLO	121	112	9	122	122	—	-6.2	—		
	PARIS	699	443	226	685	482	223	-2.3	—		
STOCKHOLM	132	121	11	144	135	9	-8.3	—			
TEL-AVIV	216	216	—	209	208	1	3.3	—			
VIENNA	151	99	52	133	87	46	13.5	9			
ZURICH	422	192	240	406	177	229	3.9	23			
TOTAL	9,544	9,389	240	9,389	8,146	229	1.5	—			
Asia, Pacific Asie, Pacifique	AUSTRALIAN	1,122	1,089	33	1,289	1,258	31	-13.0	46		
	HONG KONG (3)	299	284	15	294	284	10	0.3	49		
	KOREA	677	677	—	626	629	—	7.6	9		
	KUALA LUMPUR	271	268	3	305	249	56	-11.1	9		
	NEW ZEALAND	249	171	78	369	247	121	-32.3	27		
	OSAKA	1,138	1,138	—	1,117	1,117	—	1.9	—		
	SINGAPORE	172	150	22	333	336	197	-48.3	13		
	TAIWAN	205	205	—	185	185	—	10.8	6		
	THAILAND	159	159	—	145	145	—	9.7	5		
	TOKYO	1,752	1,627	125	1,718	1,597	119	2.1	5		
TOTAL	6,044	5,827	125	6,385	5,977	408	5.9	3			
TOTAL FIBV	24,208	24,319	—	24,319	24,319	—	-0.5	—			

R : Revised / Révisé.  
Footnotes on page 57 / Notes, page 57.

Time  
Zone



TABLE I.4.B - MARKET VALUE OF TRADING VOLUME IN SHARES TRANSLATED TO US DOLLARS AT YEAR-END 1990-1989 RATES  
 TABLEAU I.4.B - VALEUR BOURSIERE DU VOLUME DES TRANSACTIONS EN ACTIONS CONVERTIE EN US DOLLARS AUX TAUX DE FIN D'ANN

Time zone Zone horaire	Exchange	A - Total (millions USD) Total (millions de dollar US)		1990 Domestic Cles Sociétés Nationales	Foreign Cles Sociétés Etrangères	Total	1989 Domestic Cles Sociétés Nationales	Foreign Cles Sociétés Etrangères
		Total	Total					
North and South America Amérique du Nord et du Sud	AMERICAN (1)	37.715,0	NA	NA	44.683,0	R	NA	NA
	BUENOS AIRES (2)	800,8	800,8	—	396,1	—	396,1	—
	MEXICO (3)	18.537,6	18.537,6	—	13.547,4	—	13.547,4	—
	MIDWEST + MONTREAL	71.304,4	NA	NA	99.288,2	—	NA	NA
	NEW YORK (4)	13.278,7	13.235,4	41,4	17.662,8	R	17.619,6	R
	RIO DE JANEIRO (5)	1.325.332,4	NA	NA	1.542.845,0	—	NA	NA
	SAO PAULO (6)	644,0	644,0	—	1.686,3	—	1.686,3	—
	TORONTO	1.444,8	1.444,8	—	2.466,3	—	2.466,3	—
	TOTAL	55.165,5	54.869,8	275,7	72.177,7	—	71.760,7	417,0
			1.524.221,3			1.794.752,8		
Europe, Africa, Middle East Europe, Afrique, Moyen-Orient	AMSTERDAM (7)	44.010,8	43.698,1	312,7	49.329,4	—	48.881,3	448,1
	BASEL + (8)	55.005,8	NA	NA	64.810,9	—	NA	NA
	BARCELONA	4.841,4	4.840,6	0,8	4.754,9	—	4.754,9	—
	BRUSSELS	10.302,0	7.285,9	3.016,1	11.689,5	R	8.493,1	R
	COPENHAGEN (9)	12.205,7	11.894,0	311,6	13.998,2	R	13.998,2	—
	FEDER. GERMAN S. Es (10)	554.208,1	542.481,8	11.726,3	365.788,2	R	348.053,3	R
	GENEVA	NA	NA	NA	NA	—	NA	NA
	HELSINKI	4.222,3	4.138,7	83,7	7.814,7	R	7.784,9	R
	ITALY (11)	44.859,5	44.859,5	—	42.033,3	—	42.033,3	—
	JOHANNESBURG (12)	9.239,7	8.245,8	993,9	8.232,3	R	7.399,2	R
	LONDON + (13)	587.808,1	304.304,9	283.503,3	453.266,5	—	317.499,5	135.767,0
	LUXEMBOURG (14)	230,7	197,2	33,4	250,5	—	204,5	46,0
	MADRID	38.248,9	38.159,8	89,1	34.789,0	R	34.789,0	R
	OSLO (15)	14.941,0	14.830,0	111,0	13.035,4	R	13.030,5	R
	PARIS	127.019,3	122.115,8	4.903,5	115.328,6	—	110.626,8	4.701,8
	STOCKHOLM (16)	16.408,3	16.339,1	70,2	18.114,7	—	18.034,4	80,3
	TEL-AVIV + (17)	5.257,3	5.257,3	—	3.740,5	R	3.740,5	R
	VIENNA (18)	59.313,3	57.671,3	1.641,9	27.619,6	R	26.209,6	R
	ZURICH + (19)	400.253,2	NA	NA	413.779,5	—	NA	NA
TOTAL	1.988.376,5			1.648.375,6				
Asia, Pacific Asie, Pacifique	AUSTRALIAN (20)	39.765,8	NA	NA	44.895,8	—	43.548,9	1.346,9
	HONG KONG (21)	34.683,7	34.583,8	99,9	34.603,8	—	34.583,0	20,8
	KOREA	74.616,0	74.616,0	—	119.481,4	R	119.481,4	—
	KUALA LUMPUR (22)	10.759,8	10.711,6	48,2	6.824,7	R	6.606,2	R
	NEW ZEALAND (23)	711,6	NA	NA	1.051,9	—	943,8	108,1
	OSAKA (24)	266.463,2	266.463,2	—	290.550,7	—	290.550,7	—
	SINGAPORE	21.069,6	NA	NA	20.666,1	—	14.114,8	6.551,3
	TAIWAN	787.845,7	787.845,7	—	980.999,8	—	980.999,8	—
	THAILAND (25)	15.736,5	NA	NA	12.721,7	—	NA	NA
	TOKYO	1.403.887,0	1.388.890,0	14.997,0	2.338.196,1	R	2.318.693,6	19.502,5
	TOTAL	2.655.539,1			3.849.992,0			
TOTAL FIBV	6.168.136,8			7.293.120,4				

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S<sup>o</sup> ENEE 1990-1989<sup>o</sup>

Extended Pa	% Variation 1990-1989
1	-15,6
2	102,2
3	36,8
4	-28,2
5	-24,8
6	-14,1
7	-61,8
8	-41,4
9	-23,6
10	-15,1
11	-10,8
12	-15,1
13	1,8
14	-11,9
15	-12,8
16	51,5
17	-46,0
18	6,7
19	12,2
20	29,7
21	-7,9
22	9,9
23	14,6
24	10,1
25	-9,4
26	40,6
27	114,8
28	-3,3
29	20,6
30	-11,4
31	0,2
32	-37,6
33	57,7
34	-32,3
35	-8,3
36	2,0
37	-19,7
38	23,7
39	-40,0
40	-15,4

Time zone Zone here	Exc
North and South America	AM
Amérique du Nord et du Sud	BUI
	MIE
	MHI
	MCC
	MIE
	RIC
	SA
	TO
Europe, Africa, Middle East	AM
Europe, Afrique, Moyen-Orient	BA
	BR
	CC
	FE
	GE
	HE
	IT
	JC
	LC
	LL
	MM
	OK
	PI
	ST
	TE
	VI
	ZI
Asia, Pacific	AI
Asie, Pacifique	HK
	KK
	KN
	NI
	OS
	SI
	T/
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	Tr

R : Revised / Révisé - For The sale and purchase of.

ARCHIVE DES OBLIGATIONS

ONALE)

Internat.	% change	
Internat.	Variation en %	
NA	—	USD
—	706,8	ARA
—	54,9	MXKP
NA	—	USD
NA	—	CAD
56,2 R	23,3	USD
—	—	BRN
—	—	BRN
—	-53,8	CAD
1.970,9	9,3	NLG
NA	—	CHF
367,6	110,9	ESP
NA	11,2	BEF
11.500,0 R	9,5	DKK
10.961,4 R	-5,8	DEM
16.943,2	—	CHF
15.000,0	-38,3	FIM
NA	77,8	ITL
25.556,8	22,0	ZAR
19.642,0	-0,5	GBP
1.103,0 R	-11,2	LUF
—	106,1	ESP
3.027,0	64,4	NOK
—	-8,8	FRF
—	28,6	SEK
—	-3,2	ILS
NA	78,6	ATS
NA	—	CHF
—	5,7	AUD
149,6	-14,3	HKD
—	-36,9	KRW
—	431,9	MYR
NA	—	NZD
404,0	-52,6	JPY
NA	-46,9	SGD
—	569,9	TWD
—	-5,4	THB
12.828,0	-34,6	JPY

TABLE II.4.B - MARKET VALUE OF TRADING VOLUME IN BONDS, TRANSLATED TO US DOLLARS AT YEAR  
 TABLEAU II.4.B - VALEUR BOURSIERE DES TRANSACTIONS EN OBLIGATIONS, CONVERTIE AUX TAUX DE FIN

Time zone Zone horaire	Exchange	1990 (millions USD)			Internat.	Total	Domestic priv. sect Nationales secteur privé	Domestic public sector Nationales secteur public	Total	Domestic priv. sect National secteur privé
		Total	Domestic priv. sector Nationales secteur privé	Domestic public sector Nationales secteur public						
North and South America Amérique du Nord et du Sud	AMERICAN	NA	NA	NA	—	—	—	434,5	1,76	
	BUENOS AIRES	1.227,9	7,5	1.220,4	—	—	828,1	3.201,7	—	
	MEXICO	4.447,3	3.619,3	—	—	—	—	—	—	
	MIDWEST	—	—	—	—	—	—	—	—	
	MONTREAL	—	—	—	—	—	—	—	8.836,3 R	
	NEW YORK	10.892,7	10.831,0	2,1	59,6	—	—	—	—	
	RIO DE JANEIRO	—	—	—	—	—	—	—	—	
	SAO PAULO	—	—	—	—	—	—	—	146.366,3 R	
	TORONTO	67.478,6	—	—	—	—	—	67.478,6	158.838,8	
	TOTAL	84.046,5	—	—	—	—	—	—	—	
Europe, Africa, Middle East Europe, Afrique, Moyen-Orient	AMSTERDAM	56.006,9	6.056,3	49.350,9	599,6	—	—	45.198,7	6,47	
	BASEL	NA	NA	NA	NA	—	—	NA	—	
	BARCELONA	628,6	497,0	131,5	0,1	—	—	263,3	—	
	BRUSSELS	7.215,5	33,7	7.181,7	NA	—	—	5.822,1	150,8	
	COPENHAGEN	341.308,9	159.747,2	164.941,1	16.620,5	—	—	272.563,6 R	22,6	
	FEDER. GERMAN S. Es	603.929,3	32.327,8	540.594,7	31.006,8	—	—	564.309,9 R	48,8	
	GENEVA	NA	NA	NA	NA	—	—	1.816,9 R	1,6	
	HELSINKI	1.252,1	1.025,9	226,2	—	—	—	16.884,2	1,1	
	ITALY (1)	33.698,2	1.149,8	32.412,7	135,7	—	—	77.044,8 R	28,1	
	JOHANNESBURG (2)	93.040,6	2,9	93.037,7	50.286,7	—	—	853.138,7 R	—	
	LONDON	1.019.053,0	30.401,3	938.365,0	551,7	—	—	590,8	—	
	LUXEMBOURG	595,1	38,7	4,7	33,9	—	—	1.874,4 R	1,1	
	MADRID	4.373,6	3.059,7	1.280,0	—	—	—	27.344,4	17,1	
	OSLO	50.323,0	41.199,0	9.124,0	—	—	—	571.865,6 R	62,1	
	PARIS	588.315,7	77.349,2	510.374,7	591,7	—	—	128.633,4 R	34,1	
	STOCKHOLM	180.765,2	33.696,0	147.069,1	—	—	—	4.950,6	—	
	TEL-AVIV	4.594,2	880,4	3.713,9	—	—	—	20.634,3	—	
VIENNA (3)	40.780,2	NA	NA	NA	—	—	NA	—		
ZURICH (4)	NA	NA	NA	NA	—	—	2.720.486,3	—		
TOTAL	3.025.889,9	—	—	—	—	—	—	11.027,3		
Asia, Pacific Asie, Pacifique	AUSTRALIAN	11.373,4	1,5	11.371,9	—	—	—	38,8	—	
	HONG KONG (5)	33,2	13,8	—	19,4	—	—	7.576,6	—	
	KOREA	4.537,0	1.110,2	3.426,9	—	—	—	17,4 R	—	
	KUALA LUMPUR	92,7	92,7	—	—	—	—	NA	—	
	NEW ZEALAND	NA	NA	NA	NA	—	—	146.984,4	12,1	
	OSAKA	74.411,3	46.591,6	27.816,6	3,2	—	—	2.347,0	—	
	SINGAPORE	1.354,1	NA	—	—	—	—	34,8	—	
	TAIWAN	225,3	219,1	6,3	—	—	—	28,7	—	
	THAILAND	27,6	24,8	2,8	—	—	—	563.414,6	38,1	
	TOKYO (6)	393.511,8	149.557,9	243.875,9	78,4	—	—	731.469,7	—	
TOTAL	485.566,6	—	—	—	—	—	—	3.610.714,8		
TOTAL FIBV	3.595.502,9	—	—	—	—	—	—	—		

R : Revised / Révisé.  
 Footnotes on page 60 / Notes, page 60.

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LE TITRE PARTIE DE LA COTE DES OBLIGATIONS

YIELD RATES FOR 1990 AND 1989  
D'ANNEE DU DOLLAR US EN 1990 ET 1989

1989 (millions USD)	1989		Internal	% change
	1989	1988		
Domestic public sector	Domestic public sector	Domestic public sector	Internal	% change
Nationales	Nationales	Nationales	Internal	Variation en %
secteur public	secteur public	secteur public	Internal	Variation en %
470,8	37.699,0	1.028,9	NA	182,6
NA	NA	NA	NA	38,9
198,5	60,4	3,4	NA	NA
46,9	5.575,2	NA	NA	28,3
302,1 R	115.481,2 R	6.280,3 R	6.280,3 R	25,2
695,2 R	511.588,5 R	30.016,1 R	30.016,1 R	7,0
954,7	11.894,3	88.151,8	88.151,8	NA
533,4 R	289,8 R	161,4	161,4	-31,1
382,3	15.620,6	NA	NA	39,8
5,8 R	77.039,0 R	NA	NA	20,8
1988,9	789.106,5	41.085,3	41.085,3	19,4
28,2	2,2	549,3	549,3	2,5
1.290,7 R	573,7 R	10,1 R	10,1 R	133,3
1.864,9	9.479,5	523,0	523,0	84,0
2.574,6	508.768,0	NA	NA	2,9
4.366,5 R	94.266,9 R	NA	NA	40,5
752,9	4.197,7	NA	NA	-7,2
NA	NA	NA	NA	97,7
NA	NA	NA	NA	11,2
11,8	11.015,5	NA	NA	3,1
19,6 R	NA	19,2 R	19,2 R	-14,3
1.185,1	6.441,5	NA	NA	-40,1
17,4 R	NA	NA	NA	432,1
NA	NA	NA	NA	NA
22.049,1	24.933,5	2,8	2,8	-49,4
NA	NA	NA	NA	546,7
25,8	9,1	NA	NA	-3,9
27,2	1,5	88,4	88,4	-30,2
368.071,9	196.259,3	NA	NA	-33,6
				-0,4

# RENOIS

**TABLEAU 1.1**  
Nombre de sociétés ayant leurs actions cotées aux Bourses de la FIBV.

- 1) BALE : bons participatifs inclus.
- 2) ITALIE : suspensions de sociétés de la cote exclues.
- 3) HONG KONG : le total (A) exclut les fonds d'investissement.

**TABLEAU 1.2**  
Nombre de sociétés nouvellement admises à la cote des Bourses de la FIBV.

- 1) NEW YORK : en 1989, le total inclut 2 sociétés privilégiées ; en 1990, une seulement.
- 2) BALE : bons participatifs inclus.
- 3) ITALIE : en 1990, 4 sociétés suspendues ont été réadmis à la cote.
- 4) HONG KONG : le total (A) exclut les fonds d'investissement.

**TABLEAU 1.3**  
Capitalisation boursière des actions nationales.

- 1) AMERICAN : comprend les actions ordinaires, privilégiées et les warrants, mais exclut celles qui ont été suspendues.

- 2) BUENOS AIRES : inclut toutes les actions ordinaires nationales.
- 3) MEXICO : fonds d'investissement exclus.
- 4) MONTREAL : warrants exclus.
- 5) NEW YORK : actions nationales ordinaires et privilégiées.
- 6) RIO DE JANEIRO : comprend toutes les sociétés cotées.
- 7) SAO PAOLO : actions uniquement.
- 8) TORONTO : comprend toutes les actions sises au Canada excepté les warrants et droits de souscription.
- 9) AMSTERDAM : fonds d'investissement inclus :  
1990 : 38 687 millions NLG  
1989 : 44 372 millions NLG
- 10) BALE : inclut les actions ordinaires et sans droits de vote.
- 11) BARCELONE : fonds d'investissement exclus.
- 12) BRUXELLES : nombre de titres émis ou existants.
- 13) COPENHAGUE : exclut les fonds d'investissement et comprend les sociétés nationales et étrangères.
- 14) FEDERATION DES BOURSES ALLEMANDES : fonds d'investissement exclus.
- 15) GENEVE : fonds d'investissement inclus.
- 16) HELSINKI : actions uniquement.



# FOOTNOTES

**TABLE 1.1**  
Number of Companies with Equity Shares listed on FIBV Exchanges.

- 1) BASEL : shares without voting rights included.
- 2) ITALY : excluding suspensions.
- 3) HONG KONG : total (A) excludes the investment funds.

**TABLE 1.2**  
Number of Companies Newly Authorized to List Equity Shares on FIBV Exchanges.

- 1) NEW YORK : in 1989, total includes 2 preferred companies ; in 1990 one only.
- 2) BASEL : shares without voting rights included.
- 3) ITALY : in 1990, 4 suspensions re-listed.
- 4) HONG KONG : total (A) excludes the investment funds.

**TABLE 1.3**  
Market Value of Equity Shares of Domestic Companies.

- 1) AMERICAN : include common and preferred stocks and warrants but do not include those issues that are suspended from dealings.

- 2) BUENOS AIRES : include all domestic common shares.
- 3) MEXICO : excluding investment funds.
- 4) MONTREAL : exclude equity warrants.
- 5) NEW YORK : common and preferred domestic issues.
- 6) RIO DE JANEIRO : all companies listed.
- 7) SAO PAOLO : only shares.
- 8) TORONTO : include all equity shares (excluding rights and warrants) of Canadian based companies.
- 9) AMSTERDAM : include investment funds which represent :  
1990 : 38 687 millions NLG  
1989 : 44 372 millions NLG
- 10) BASEL : include common shares and shares without voting rights.
- 11) BARCELONA : excluding investment funds.
- 12) BRUSSELS : total of existing or issued shares.
- 13) COPENHAGEN : include all shares except unit trusts
- 14) FEDERATION OF GERMAN STOCK EXCHANGE : exclude investment funds.
- 15) GENEVA : include investment funds.
- 16) HELSINKI : shares only.

- 17) ITALIE : actions cotées uniquement sans les convertibles.
- 18) JOHANNESBOURG : comprend les actions ordinaires et actions de sociétés de développement, capital-risque, actions convertibles en actions ordinaires moins les sociétés de capital étrangères.
- 19) LONDRES : toutes les actions des sociétés britanniques uniquement.
- 20) LUXEMBOURG : fonds d'investissement exclus.
- 21) OSLO : toutes les actions cotées.
- 22) PARIS : actions ordinaires, privilégiées et certificats d'investissement.
- 23) STOCKHOLM : toutes les actions cotées.
- 24) TEL-AVIV : inclut les actions convertibles, warrants et les obligations convertibles.
- 25) VIENNE : comprend les actions nationales, les certificats de fonds d'investissement et de participation.
- 26) ZURICH : toutes les actions du "Swiss Performance Index".
- 27) BOURSE AUSTRALIENNE : sociétés nationales dont les titres sont convertibles en actions ordinaires.
- 28) KUALA LUMPUR : actions ordinaires et privilégiées.
- 29) NOUVELLE ZELANDE : toutes actions négociées sur le Parquet de Auckland, Wellington et Christchurch.
- 30) OSAKA : actions ordinaires.

- 17) ITALY : listed shares only excluding convertibles.
- 18) JOHANNESBURG : include ordinary stocks, development capital, venture capital, convertibles into ordinary shares minus foreign companies market capital.
- 19) LONDON : U.K. equity securities only.
- 20) LUXEMBOURG : without investment funds.
- 21) OSLO : include all listed shares.
- 22) PARIS : include ordinary shares, preferred shares and investment certificates.
- 23) STOCKHOLM : include all shares listed.
- 24) TEL-AVIV : include shares, warrants and convertible bonds.
- 25) VIENNA : include domestic shares, investment fund certificates, participation certificates.
- 26) ZURICH : all shares included in the Swiss Performance Index.
- 27) AUSTRALIAN : domestic companies which have listed ordinary shares and securities converting to ordinary shares.
- 28) KUALA LUMPUR : include only ordinary and preference shares.
- 29) NEW ZEALAND : all shares sold across the trading floor in Auckland, Wellington and Christchurch.
- 30) OSAKA : common stocks.

- 31) TAIWAN : valeur boursière des actions cotées uniquement.  
 32) THAILANDE : actions ordinaires et privilégiées.  
 33) TOKYO : actions ordinaires.

**TABLEAU 1.4**

Valeur boursière du volume des transactions en actions.

- 1) AMERICAN : actions ordinaires, privilégiées et warrants.
- 2) BUENOS AIRES : valeur boursière de toutes les transactions en actions cotées à la Bourse.
- 3) MEXICO : transactions au comptant.
- 4) NEW YORK : comprend toutes les actions ordinaires et privilégiées.
- 5) RIO DE JANEIRO : comprend les transactions sur actions au comptant et sur les marchés d'options.
- 6) SAO PAULO : comprend les transactions sur actions au comptant, sur paquets d'actions, sur les marchés d'options et à terme.
- 7) AMSTERDAM : comprend les transactions en Bourse des actions cotées effectuées par les Membres de la Bourse.
- 8) BALE : transactions sur obligations comprises.
- 9) COPENHAGUE : SICAV exclues.

10) FÉDÉRATION DES BOURSES ALLEMANDES : comprend le second marché et exclut les warrants. L'achat et la vente comptent pour une transaction (changement de méthode de calcul).

- 11) ITALIE : actions cotées sur le marché officiel pendant les horaires des transactions.
- 12) JOHANNESBOURG : transactions à terme, spéciales et étrangères (options exercées).
- 13) LONDRES : toutes transactions en actions effectuées à la Bourse, confirmées ou sur SEQUAL. Comprend les transactions hors bourse.
- 14) LUXEMBOURG : la valeur boursière des transactions se rapporte à la somme en valeur des transactions effectuées par les membres de la Bourse durant les séances boursières suivant les ordres de la clientèle ou pour compte propre. Toute opération n'est comptabilisée qu'une seule fois. Ne comprend pas les négociations entre contreparties.
- 15) OSLO : toutes les transactions effectuées par les Membres de la Bourse.
- 16) STOCKHOLM : toutes les transactions effectuées par les sociétés de Bourse agréées et par les banques sur les valeurs cotées.
- 17) TEL-AVIV : comprend les obligations convertibles, actions, warrants et les transactions hors bourse.

18) VIENNE : comprend les actions, certificats de fonds d'investissement et de la vente comptent ceux fois (changement de calcul).

- 19) ZURICH : comprend les transactions en actions, obligations et options.
- 20) BOURSE AUSTRALIENNE : actions ordinaires et actions convertibles en actions.
- 21) HONG KONG : transactions sur actions, obligations, warrants et autres titres représentés par le système Teletext. Le total A comprend les fonds d'investissement.
- 22) KUALA LUMPUR : actions ordinaires et privilégiées.
- 23) NOUVELLE ZELANDE : transactions sur actions, obligations, warrants et autres titres représentés par le système Teletext. Le total A comprend les fonds d'investissement.
- 24) OSAKA : actions ordinaires.
- 25) THAILANDE : actions ordinaires.

**TABLEAU 1.5**

Nombre de transactions en actions échangées.

- 1) MEXICO : transactions de FCP



- 31) TAIWAN : market value of listed shares only.
- 32) THAILAND : include ordinary and preferred shares.
- 33) TOKYO : common stocks.

**TABLE 1.4**

Market value of trading volume in shares.

- 1) AMERICAN : include common and preferred shares and warrants.
- 2) BUENOS AIRES : include all trades on listed shares.
- 3) MEXICO : cash trades.
- 4) NEW YORK : include all common and preferred stock issues.
- 5) RIO DE JANEIRO : include transactions in the cash and options markets, only on stocks.
- 6) SAO PAULO : include cash transactions with shares, round-lot, options and forward trades over shares.
- 7) AMSTERDAM : include on-exchange trading of listed shares reported by Members of the S.E.
- 8) BASEL : include also trading in bonds.
- 9) COPENHAGEN : unit trusts not included.

10) FEDERATION OF GERMAN STOCK EXCHANGES : include parallel market turnover, exclude turnover in warrants. Single counted (change of calculation method).

- 11) ITALY : shares traded on the floor during the trading hours.
- 12) JOHANNESBURG : time bargain, special bargain and foreign deals (options exercised).
- 13) LONDON : all business in equity shares dealt on the Exchange reported through checking or SEQUAL. Include off-board trading.
- 14) LUXEMBOURG : the market value is the sum of the transactions made by the Stock Members for their customers or for their own accounts during opening hours. Any transaction counts for one. Exclude intra-market dealings.
- 15) OSLO : include all trades executed by the Members of the S.E.
- 16) STOCKHOLM : include all transactions by licensed brokers and banks in listed securities.
- 17) TEL-AVIV : include convertibles bonds, shares and warrants. Set-off and off-board trading.

18) VIENNA : include domestic certificates and participation certificates (change of calculation method).

- 19) ZURICH : include on and off board, bonds, options.
- 20) AUSTRALIAN : include ordinary and securities converting to ordinary.
- 21) HONG KONG : include transactions in securities, warrants and unit/mutual funds represented by the Teletext System. Total A does not include mutual funds.
- 22) KUALA LUMPUR : include trades on and off board only.
- 23) NEW ZEALAND : include trades on and off board represented : 3 408,7 mill NZD ; in 1990 : 2 283
- 24) OSAKA : common stocks.
- 25) THAILAND : include ordinary and preferred shares.

**TABLE 1.5**

Number of transactions in equity shares traded.

- 1) MEXICO : exclude trades in mutual funds

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ns nationales, les certifi-  
e participation. L'achat et  
gement de méthode de  
actions hors bourse et en  
tions.  
ctions ordinaires et privi-  
ctions ordinaires.  
ur actions, valeurs repré-  
SICAV/FCP enregistrées  
A ne comprend pas les

quement.  
actions sur le marché uni-  
is hors marché ont repré-

3,3 mill NZD  
es et privilégiées.

ions et nombre d'actions  
exclues.

: shares, investment fund  
rtificates. Double counted

if exchange trades in sha-  
nary and preferred shares  
ary shares.

nsactions in equities, debt  
ual funds recorded through  
es not include investment

ransactions in equity shares  
transactions on market. In

3,3 mill NZD.  
y and preferred shares.

ity shares and number of  
mutual funds.

2) NEW-YORK : le nomb  
compte des paquets d'acti  
et privilégiées.

3) RIO DE JANEIRO/SAR  
fractionnement fréquemment  
dévaluations monétaires.  
tion du nombre d'actions

4) AMSTERDAM : pour  
et la vente d'un titre comp  
échangées a été multiplié  
la taille moyenne des trans

5) BALE : le nombre d'ac  
Les données existent seul

6) FEDERATION DES Br  
et la vente d'un titre compl  
ment de méthode de calcul

7) HONG KONG : le nom  
transactions en actions, e  
de la dette et en FCP : le  
seulement les actions.

TABLEAU 1.7  
Répartition de la capitalis  
leur volume de transaction  
1) AMSTERDAM : compr

2) NEW-YORK : number  
lot volume ; includes com

3) RIO DE JANEIRO:SA  
use very frequently stock  
rency adjustments ; the  
number of shares traded

4) AMSTERDAM : the  
counted ; the number of  
by two in order to calculat

5) BASEL : approximat  
only exist since april 1991

6) FEDERATION OF GE  
number of transactions is  
tion method).

7) HONG KONG : the  
trades in equities, debt  
the number of shares tra

TABLE 1.7  
Concentration of dome  
shares  
1)AMSTERDAM : includi

Gouvernement.

2) HONG KONG : l'international inclut les valeurs de la dette étrangère.

3) TOKYO : exclut les obligations libellées en devises étrangères.

#### TABLEAU II.4

Valeur boursière des transactions en obligations.

1) ITALIE : valeur nominale.

2) JOHANNESBOURG : le secteur privé représente les emprunts ; le secteur public représente les obligations du Gouvernement.

3) VIENNE : l'achat et la vente d'un titre comptent double (changement de méthode de calcul).

4) ZURICH : déjà inclut dans le tableau I.4.

5) HONG KONG : l'international inclut les valeurs de la dette étrangère.

6) TOKYO : exclut les obligations libellées en devises étrangères.

#### TABLEAU II.5

Valeur nominale des obligations cotées sur les Bourses de la FIBV.

1) HONG KONG : l'international inclut les valeurs de la dette étrangère.

2) JOHANNESBOURG : le secteur privé représente les emprunts ; le secteur public représente les obligations du Gouvernement.

3) MEXICO : inclut les obligations de développement et d'infrastructure des banques et les emprunts.

#### TABLEAU II.6

Montant global des nouvelles émissions d'obligations.

1) JOHANNESBOURG : le secteur privé représente les emprunts et les chiffres sont la valeur monétaire du nouveau capital levé par les emprunts convertibles ; le secteur public représente les obligations du Gouvernement et les chiffres sont la valeur monétaire du capital introduit à la bourse.

2) NEW-YORK : le secteur privé de la section A inclut les offres et investissements privés (Source : IDD Investment Services) ; l'international de la section A représente le montant des émissions des sociétés américaines à l'étranger.

3) OSAKA/TOKYO : chiffres pour l'ensemble des Bourses japonaises.

4) OSLO :	1990	1989
total privé :	22 780	44 997 NOK
total public :	39 949	37 920 NOK
total intern.	1 350	0 NOK

5) THAILAND : valeur nominale.

6) TEL-AVIV : inclut le capital levé

#### TABLEAU III.1

Indices boursiers.

1) AMEX : Amex Market Value Index  
4/9/1973 = 50. Totalité des actions (893 valeurs).

2) AMSTERDAM : Indice Général C  
1983 = 100. Couvre toutes les actives sauf les fonds d'investissement et les sociétés holding.

3) BOURSE AUSTRALIENNE : All Share  
31/12/79 = 500. Couvre 242 valeurs.

4) BALE : Swiss Performance Index  
1/6/87 = 1000. Couvre 384 valeurs.

5) BARCELONE : Indice Général.  
1/1/1986 = 100. Couvre 75 valeurs.

6) BRUXELLES : Indice Belge Général  
1/1/1980 = 1000. Couvre 270 valeurs.

7) BUENOS AIRES : Value Index.  
30/12/1977 = 0,1. Couvre 179 valeurs.

8) COPENHAGUE : Total Share Index  
1/1/1983 = 100. Toutes les valeurs.

ment bonds.

2) HONG KONG : international includes foreign debt securities.

3) TOKYO : exclude foreign currency denominated bonds.

#### TABLE II.4

Market value of trading in bonds.

1) ITALY : at par value.

2) JOHANNESBURG : domestic private sector represents debentures ; domestic public sector represents the government bonds.

3) VIENNA : double counting (change of calculation method).

4) ZURICH : included in question I.4.

5) HONG KONG : international includes foreign debt securities.

6) TOKYO : exclude foreign currency denominated bonds.

#### TABLE II.5

Par value of bonds and debentures Listed on FIBV Exchanges.

1) HONG KONG : international includes foreign debt securities.

2) JOHANNESBURG : domestic private sector represents debentures ; domestic public sector represents the government bonds.

3) MEXICO : include bankers development and infrastructure bonds and debentures.

#### TABLE II.6

Gross amount of newly issued bonds and debentures.

1) JOHANNESBURG : domestic private sector represents debentures and figures are a monetary value of new capital raised via convertible debentures ; domestic public sector represents the government bonds and figures are a monetary value of capital introduced onto the Exchange.

2) NEW-YORK : the private sector in section A includes offerings and private placements (Source : IDD Investment Services) ; the foreign sector in section A represents the amount raised by US Corporations in foreign countries.

3) OSAKA/TOKYO : figures are for all Stock Exchanges in Japan.

4) OSLO :	1990	1989
total dom. priv.	22 780	44 997 NOK
total dom. publ.	39 949	37 920 NOK
total foreign	1 350	0 NOK

5) THAILAND : at nominal value.

6) TEL-AVIV : including capital raising.

#### TABLE III.1

Stock Market Indexes.

1) AMERICAN : Amex Market Value Index  
Sept. 4th, 1973 = 50. Index covers all listed securities and warrants traded on the Amex.

2) AMSTERDAM : CBS All share Index  
1983 = 100. Index covers all listed securities excluding inv. funds, property funds.

3) AUSTRALIAN STOCK EXCHANGE  
Index. Dec. 31st, 1979 = 500. Index covers all listed securities.

4) BASEL : Swiss Performance Index  
Jun. 1st, 1987 = 1000. Index covers all listed securities.

5) BARCELONA : General Index.  
Jan. 1st, 1986 = 100. Index covers all listed securities.

6) BRUSSELS : General Index "Retail"  
Jan. 1st, 1980 = 1000. Index covers all listed securities.

7) BUENOS AIRES : Stock Exchange Index  
Dec. 30th, 1977 = 0,1. Index covers all listed securities.

8) COPENHAGEN : Total Share Index  
Jan. 1st, 1983 = 100. Index covers all listed securities.



Extended Page

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11) HELSINKI : HEX Inde  
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12) HONG KONG : Index  
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13) ITALIE : Indice histor  
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14) JOHANNESBOURG :  
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16) KUALA LUMPUR : KI  
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THE WHITE HOUSE

WASHINGTON

January 22, 1992

MEMORANDUM FOR TONY SNOW

FROM: HANNS KUTTNER *HK*

SUBJECT: Family

Following up on our Saturday discussion, and, in the spirit of the moment, briefly:

- Attached are the memoranda signed by President Reagan as follow-up to the study of family issues. The policy ideas are the underlined text.
- The ideas are small and with good reason: there isn't much the federal government can do that makes a big difference.
  - Even tax policy leads to conflicts. Larry Lindsey's book notes that lower marginal rates tend to induce secondary earners (previously non-working moms) into the workforce.
  - One are not touched upon: child support. The biggest problem is establishing legal paternity.
- The most important fact about teen pregnancy, for example, is that the nationwide rate has not changed much since the 1950s. What has changed is the proportion who marry: down significantly.
- In sum, the problem is one of attitudes: that men don't have to marry women who bear their children, that parents can walk away from marriages without regard to the well-being of children.
  - If there is any element of government policy to be changed, it might be something in the hands of the states: the laws of divorce.

cc: Bob Simon

## Appointment of John R. Van de Water as a Member of the Federal Service Impasses Panel

September 8, 1988

The President today announced his intention to appoint John R. Van de Water to be a member of the Federal Service Impasses Panel, Federal Labor Relations Authority, for the remainder of the term expiring January 10, 1989. He would succeed Robert G. Howlett.

Mr. Van de Water is currently a writer-lecturer in San Diego, CA. Prior to this, he was Counselor to the U.S. Secretary of Labor, 1985-1987, and Chairman of the National Labor Relations Board, 1981-1982. He also served at the University of California,

Los Angeles, as director of executive programs for the Graduate School of Management, and was an adjunct professor of management and industrial relations at the Graduate School of Business Administration at the University of Southern California.

Mr. Van de Water graduated from the University of Chicago (B.A., 1939; J.D., 1941). He was born March 26, 1917, in Long Beach, CA. He served in the U.S. Army, 1945-1946. Mr. Van de Water has six children and resides in San Diego, CA.

## Memorandums on Governmentwide Family Policy

September 9, 1988

### *Memorandum for the Secretary of Agriculture*

I have approved the recommendations contained in the first 11 sections of the Family Report directed by the Executive Order on the Family. These recommendations address one particular issue that falls within the purview of your Department.

Would you please ensure that the following recommendation is carried out:

The Farmers Home Administration (FmHA), together with the Department of Housing and Urban Development, should report to the Domestic Policy Council, within 90 days, on the progress of their joint Rural Housing Market Initiative that is testing the use of housing vouchers in rural areas served by FmHA.

I am directing Gary L. Bauer, Assistant to the President for Policy Development, to monitor progress on our response to these recommendations and to provide me with status reports in September and December 1988. Please provide Mr. Bauer with appropriate information about your progress.

appropriate information about your progress.

RONALD REAGAN

### *Memorandum for the Secretary of Education*

I have approved the recommendations contained in the first 11 sections of the Family Report directed by the Executive Order on the Family. These recommendations address many issues that fall within the purview of your Department.

Would you please ensure that the following recommendations are carried out:

1. Work with the National Drug Policy Board, the Office of Personnel Management, and the Department of Health and Human Services to develop a model policy that agencies could use to make the receipt of Federal funds contingent upon institutions taking appropriate steps to create a drug-free environment.

2. Work with the Office of Policy Development and the Working Group on the Parental Role in Education to plan a White House workshop on choice in education to highlight the advantages of choice for educational reform and to recognize the people who have contributed to the movement for greater parental choice in American education.

I am directing Gary L. Bauer, Assistant to the President for Policy Development, to monitor progress on our response to these recommendations and to provide me with status reports in September and December 1988. Please provide Mr. Bauer with appropriate information about your progress.

RONALD REAGAN

*Memorandum for the Secretary of Health and Human Services*

I have approved the recommendations contained in the first 11 sections of the Family Report directed by the Executive Order on the Family. These recommendations address many issues that fall within the purview of your Department.

Would you please ensure that the following recommendations are carried out:

1. Ensure that all human sexuality and family planning educational and informational materials developed for teens by Federal agencies and, to the extent permitted by law, grantees focus on promoting and encouraging abstinence.

2. Propose legislative initiatives or to take such necessary administrative action consistent with the law to prevent the use of Federal funds for the distribution of contraceptives or prescriptions for contraceptives in schools without parental permission for these services.

3. Work with the National Drug Policy Board, the Department of Education, and the Office of Personnel Management to develop a model policy that agencies could use to make the receipt of Federal funds contingent upon institutions taking appropriate steps to create a drug-free environment.

4. Work with the Office of Policy Development to develop options such as an Exec-

utive order, or other actions if appropriate, that would, to the extent permitted by law, protect unborn or newborn children from experimentation, research, and organ transplantation, except in cases where the unborn or newborn child would itself directly benefit by any such procedures to which it was subjected.

I am directing Gary L. Bauer, Assistant to the President for Policy Development, to monitor progress on our response to these recommendations and to provide me with status reports in September and December 1988. Please provide Mr. Bauer with appropriate information about your progress.

RONALD REAGAN

*Memorandum for the Secretary of Housing and Urban Development*

I have approved the recommendations contained in the first 11 sections of the Family Report directed by the Executive Order on the Family. These recommendations address two issues that fall within the purview of your Department.

Would you please ensure that the following recommendations are carried out:

1. Issue by September 7, 1988, the final rule implementing Public Housing Resident Management and a *Federal Register* notice for public housing homeownership and management opportunities, as authorized in the Housing and Community Development Act of 1987; and expeditiously implement these provisions to bring about substantially increased resident management and homeownership of public housing projects.

2. With the Farmers Home Administration (FmHA) report to the Domestic Policy Council, within 90 days, on the progress of their joint Rural Housing Market Initiative that is testing the use of housing vouchers in rural areas served by FmHA.

I am directing Gary L. Bauer, Assistant to the President for Policy Development, to monitor progress on our response to these recommendations and to provide me with status reports in September and December 1988. Please provide Mr. Bauer with appro-

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RONALD REAGAN

*Memorandum for the Secretary of the Treasury*

I have approved the recommendations contained in the first 11 sections of the Family Report directed by the Executive Order on the Family. These recommendations address two issues that fall within the purview of your Department.

Would you please ensure that the following recommendations are carried out:

1. A study of methods whereby tax changes can be directed toward families with dependent children, either through an increase in the personal exemption for dependent children, targeted tax credits, or other methods. Such tax relief would be contingent upon the need to maintain the government's revenue base and must not be at the expense of higher marginal rates. The study should be submitted for further analysis to the Economic Policy Council within 120 days.

2. A study of the idea of allowing spouses without earned income to contribute the same amount to an IRA (\$2,000) as those who work outside the home. A report should be submitted to the Economic Policy Council, within 120 days, containing budget-neutral options for achieving this reform.

I am directing Gary L. Bauer, Assistant to the President for Policy Development, to monitor progress on our response to these recommendations and to provide me with status reports in September and December 1988. Please provide Mr. Bauer with appropriate information about your progress.

RONALD REAGAN

*Memorandum for the Attorney General*

I have approved the recommendations contained in the first 11 sections of the Family Report directed by the Executive Order on the Family. These recommendations address many issues that fall within the purview of your Department.

Would you please ensure that the following recommendations are carried out:

1. Prepare for my signature a memorandum advocating implementation of the major recommendations of the Attorney General's Task Force on Family Violence of 1983, with special emphasis on the following: that family violence be treated by law enforcement agencies as a criminal law violation, not primarily a social service problem; that the public be educated about this serious and often secret crime; and that prevention and early intervention are the best ways to stop violence and to build healthy families.

2. Develop a legislative proposal requiring that no bill be reported to the Senate or House of Representatives by any Committee of either House unless such bill is accompanied by a Family Impact Statement.

I am directing Gary L. Bauer, Assistant to the President for Policy Development, to monitor progress on our response to these recommendations and to provide me with status reports in September and December 1988. Please provide Mr. Bauer with appropriate information about your progress.

RONALD REAGAN

*Memorandum for the Director of the Office of Personnel Management*

I have approved the recommendations contained in the first 11 sections of the Family Report directed by the Executive Order on the Family. These recommendations address one particular issue that falls within the purview of your agency.

Would you please ensure that the following recommendation is carried out:

Work with the National Drug Policy Board, the Department of Education, and the Department of Health and Human Services to develop a model policy that agencies could use to make the receipt of Federal funds contingent upon institutions taking appropriate steps to create a drug-free environment.

I am directing Gary L. Bauer, Assistant to the President for Policy Development, to monitor progress on our response to these recommendations and to provide me with

status reports in September and December 1988. Please provide Mr. Bauer with appropriate information about your progress.

RONALD REAGAN

*Memorandum for the Chairman of the National Drug Policy Board*

I have approved the recommendations contained in the first 11 sections of the Family Report required by the Executive Order on the Family. These recommendations address many issues that fall within the purview of the National Drug Policy Board.

Would you please ensure that the Board complies with the following:

1. Develop legislative proposals requiring mandatory minimum sentences for those who sell and distribute drugs to minors and those who use minors in drug trafficking.

2. Work with the Department of Education, the Department of Health and Human Services, and the Office of Personnel Management to develop a model policy that agencies could use to make the receipt of Federal funds contingent upon institutions taking appropriate steps to create a drug-free environment.

3. Develop programs that promote family participation in the prevention, intervention, and treatment of illegal drug use by children.

I am directing Gary L. Bauer, Assistant to the President for Policy Development, to monitor progress on our response to these recommendations and to provide me with status reports in September and December 1988. Please provide Mr. Bauer with appropriate information about your progress.

RONALD REAGAN

*Note: Each memorandum was issued separately by the Office of the Press Secretary.*

**Remarks on Signing the Youth 2000 Week Proclamation**  
*September 9, 1988*

*The President.* Secretary McLaughlin; Secretary Bowen; and Bill Kolberg, president of the National Alliance of Business, I thank you all. And let me give a special welcome to representatives of the Denver Nuggets, who next week are going out on the "Fastbreak for Life" tour, and also to the dancing drill team, the Kansas City Marching Cobras. You know, I used to be in the entertainment business, so I'm always delighted when a group of young stars comes to visit.

Well, Youth 2000 Week helps remind us all that the 21st century is just around the corner. Now, I still remember when they said that the 20th century was just around the corner—[laughter]—and before that it was the 19th century that was around the corner. When you get to be my age, you notice that every 100 years they start talking about the next century being just around the corner. But in one sense the 21st century has already arrived.

You see, I did a little arithmetic before this ceremony—I figured I might as well set a good example—and what I calculated is that the children entering first grade this fall should graduate from high school in the year 2000. Now, America's next century will be an exciting time. There will be new technologies, new industries, new jobs. It'll be a period rich with opportunity. And what Youth 2000 is all about is giving each of our children the greatest chance to take full advantage of those opportunities.

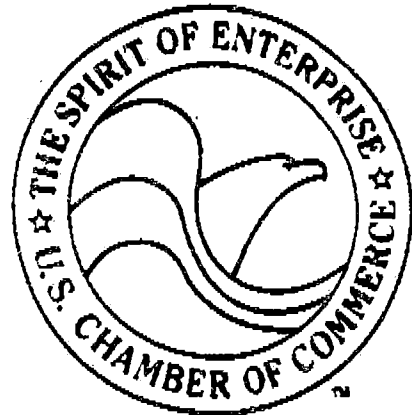
Men and women like you here today are reaching out a hand, showing young people that you care about them, and asking them to care about themselves. America will spend over \$300 billion this year on education, but for children facing tough odds, what ultimately will make the difference is the time, concern, the love that people like you are willing to give them just because you care. In Indianapolis, you're helping to

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# U.S. Chamber of Commerce

TAX POLICY CENTER

1615 H Street N.W. Washington, D.C. 20062 202 463-5620 Fax 202 463-3174



**DATE:** Jan 21, 1992

**TO:** Bob Simon  
\_\_\_\_\_  
\_\_\_\_\_

**FROM:** Benson Goldstein

**TOTAL NUMBER OF PAGES:** 3 (including this cover)

**COMMENTS:**

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## THE MYTH THAT A REDUCTION IN THE CAPITAL GAINS TAX RATE IS A TAX CUT FOR THE WEALTHY

The Joint Committee on Taxation suggests that approximately 60 percent of the tax benefit from a capital gains tax reduction would go to the persons in the income group of \$200,000. It is important to remember, however, that this is a deceptive statistic since it by definition labels almost anyone with a large capital gain in any given year as "rich". It does not recognize that millions of middle class and elderly realize capital gains and benefit from a capital gains tax reduction.

The Joint Committee data refers to "adjusted gross income" which includes capital gains sales. This inclusion of the gain in income is often referred to as "bunching". Thus, if an elderly or small business person has held a stock investment, business or home for 20 years and decides to sell the asset this year, then according to the Joint Committee data, he would be rich for the current year. The Joint Committee data ignores the fact that the elderly person may have a very small fixed income during the year before or the small business person had all of his life savings tied up in his business.

When capital gains are taxed at ordinary rates, bunching creates a special problem for low and middle income taxpayers by pushing them into higher tax brackets. For many of these taxpayers, their capital gains push them into a higher tax bracket forcing them to pay a 28 percent tax rate on most of their capital gains, even if they normally fall in the 15 percent tax bracket. Bunching is particularly a problem for elderly taxpayers who are two and a half times more likely to realize capital gains in a given year than tax filers under the age of 65.

A more realistic picture of the capital gains benefit distribution is portrayed by using data based on levels of ordinary income, which exclude the capital gains. Looked at this way, almost half of all capital gains accrue to Americans with incomes below \$50,000. In addition, 68 percent of IRS returns with capital gains income were from taxpayers with ordinary income below \$50,000.

### Capital Gains Taxes Paid by Income Group Current Law Versus Enactment of a Capital Gains Tax Rate Cut

Adjusted Gross Income	Capital Gains Taxes Paid Current Law (\$ Billions)	With Rate Cut	Change
Less than \$10,000	\$ 0.3	\$ 0.3	\$0.0
\$10,000 to \$20,000	0.7	0.7	0.0
\$20,000 to \$30,000	0.8	0.8	0.0
\$30,000 to \$50,000	3.0	3.0	0.0
\$50,000 to \$100,000	7.9	8.2	0.3
\$100,000 to \$200,000	9.7	10.0	0.3
More than \$200,000	26.8	27.7	0.9
<b>Total</b>	<b>49.0</b>	<b>50.7</b>	<b>1.7</b>

### CAPITAL-GAINS DISTRIBUTION

By levels of ordinary income (excluding capital gains)

<u>INCOME GROUP</u>	<u>CAPITAL GAINS (In Billions)</u>	<u>PERCENTAGE OF ALL GAINS</u>
Less than \$10,000	\$ 35.3	20.8%
\$10,000-20,000	8.9	5.2
\$20,000-30,000	10.7	6.3
\$30,000-40,000	10.1	6.0
\$40,000-50,000	11.1	6.5
\$50,000-75,000	17.5	10.3
\$75,000-100,000	12.5	7.4
\$100,000-150,000	13.1	7.7
\$150,000-200,000	8.7	5.1
Over \$200,000	41.2	24.7
<b>TOTAL</b>	<b>169.8</b>	<b>100</b>



62.5%

55%

55.2

Source: Based on IRS data for 1983.



# National Center for Policy Analysis

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FAX 202-456-6218

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# **THE BUSH SAVINGS PLAN**

by

**Aldona Robbins**

**Gary Robbins**

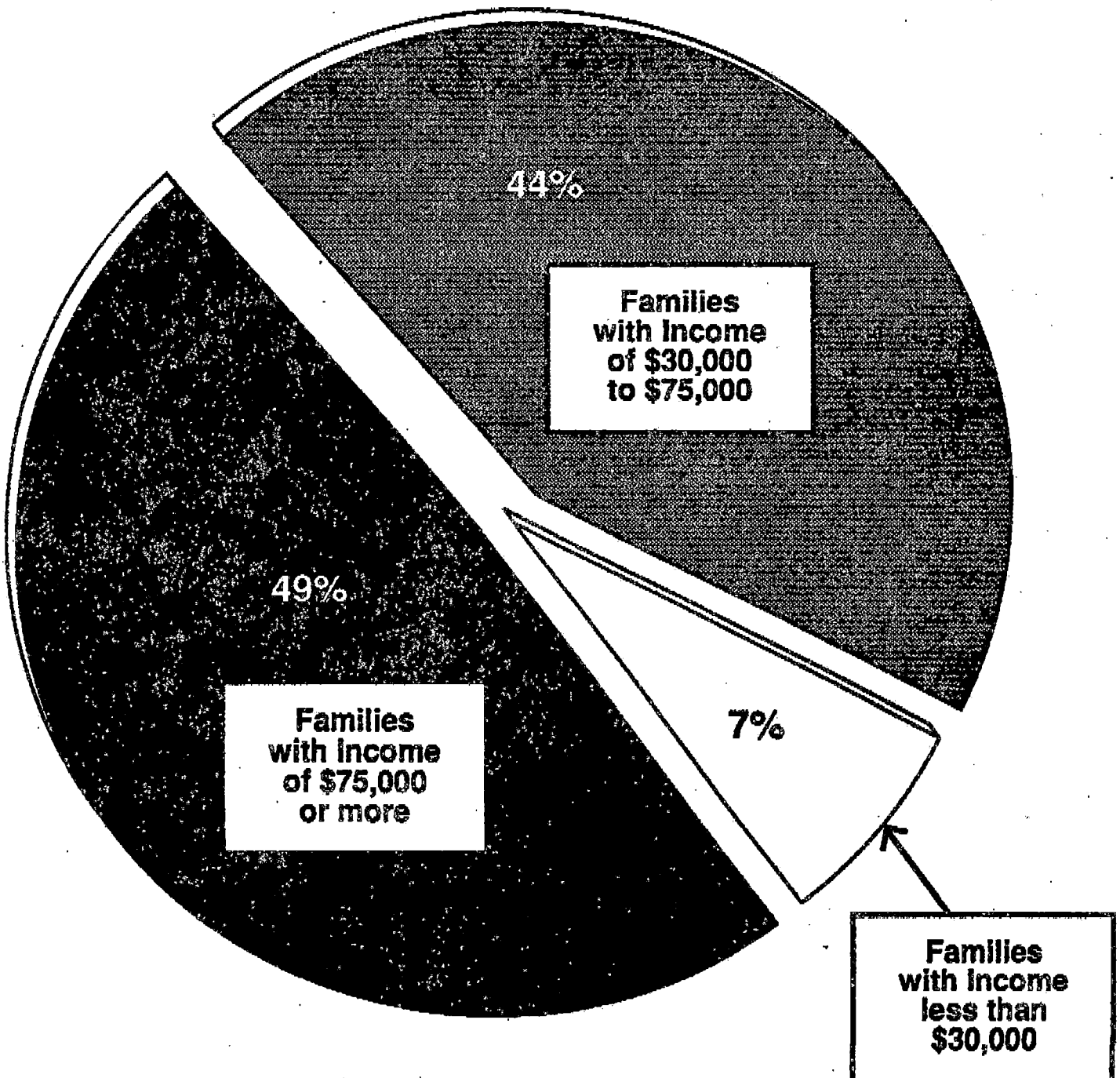
**NCPA Policy Report No. 152**

**June 1990**

**National Center for Policy Analysis  
12655 N. Central Expy., Suite 720  
Dallas, Texas 75243  
(214) 386-6272**

# THE PRESIDENT'S CAPITAL GAINS PROPOSAL WILL INCREASE GOVERNMENT REVENUE

## WHO WILL PAY THE NEW TAXES?



Distribution of new tax payments in 1995.

Note: Taxpayers pay additional taxes only to the extent that they have increased income. New income arises because of new economic growth as well as the sale of capital assets. About 9.2 percent of taxpayers have income of \$75,000 or more, 32.7 percent have income between \$30,000 and \$75,000, and 56.1 percent have income less than \$30,000.

**TABLE 8**  
**INCREASE IN PERSONAL INCOME AND**  
**PERSONAL INCOME TAXES IN 1995**  
**Using the Treasury Static Assumptions<sup>1</sup>**  
**(\$ billions)**

Income <sup>2</sup>	Increase in Income <sup>3</sup>	Increase in Income Tax	Increase in Aftertax income
Less than \$7,500	\$ 4.7	\$ 0.0	\$ 4.7
\$7,500 to \$15,000	3.2	0.0	3.2
\$15,000 to \$30,000	10.0	0.7	9.3
\$30,000 to \$45,000	11.5	1.3	10.3
\$45,000 to \$60,000	11.6	1.8	9.8
\$60,000 to \$75,000	10.2	1.5	8.7
\$75,000 to \$150,000	23.1	2.6	20.5
\$150,000 to \$300,000	14.9	1.0	13.9
\$300,000 to \$750,000	13.3	0.5	12.8
\$750,000 or more	36.9	1.0	35.9
<b>All returns, total <sup>4</sup></b>	<b>139.6</b>	<b>10.4</b>	<b>129.2</b>

<sup>1</sup>Static analysis used by the Treasury plus NCPA estimates of the dynamic effects.

<sup>2</sup>Size of adjusted gross income plus excluded capital gains in 1990 dollars.

<sup>3</sup>Refers to personal income only.

<sup>4</sup>Cumulatives may not add exactly due to rounding.

**TABLE 9**  
**INCREASE IN AFTERTAX INCOME IN 1995**  
**Using the Treasury Static Assumptions<sup>1</sup>**

<b>Income<sup>2</sup></b>	<b>Increase in Aftertax Income<sup>3</sup></b>	<b>Cumulative from Top</b>	<b>Cumulative from Bottom</b>
Less than \$7,500	3.63%	100.00%	3.63%
\$7,500 to \$15,000	2.10	96.37	5.73
\$15,000 to \$30,000	6.22	94.27	11.95
\$30,000 to \$45,000	6.94	88.05	18.89
\$45,000 to \$60,000	6.84	81.11	25.73
\$60,000 to \$75,000	6.14	74.27	31.87
\$75,000 to \$150,000	15.61	68.13	47.48
\$150,000 to \$300,000	11.54	52.52	59.02
\$300,000 to \$750,000	10.63	40.98	69.65
\$750,000 or more	30.35	30.35	100.00
<b>All returns, total</b>	<b>100.00%</b>		

<sup>1</sup>Static analysis used by the Treasury plus NCPA estimates of the dynamic effects.

<sup>2</sup>Size of adjusted gross income plus excluded capital gains in 1990 dollars.

<sup>3</sup>Refers to personal income only.

*Donald Lehr*  
**THE NOLAN/LEHR GROUP, INC.**  
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SOME NEW WORDS AND MEANINGS IN

RANDOM HOUSE WEBSTER'S COLLEGE DICTIONARY

RANDOM HOUSE WEBSTER'S COLLEGE DICTIONARY contains over 180,000 vocabulary entries, almost 20,000 more than its nearest competitor. Many are not in any other standard English dictionary. (The number in parentheses refers to a new definition or meaning for an old word.)

GENERAL VOCABULARY

acquaintance rape	love handles
African-American	loony tunes
airkiss	low-rent
A list	mallng
ambulette	Matroplex
appliance garage	minefield (2)
aromatherapy	Mirandize
assault rifle	Neorican
biological clock (2)	no-name
black hole (2)	notch baby
blue-rinse	Nuyorican
boarder baby	outing (3)
bunker (5)	phone tag
caller ID	play date
caregiver	politically correct
celebutante	power (27)
cocooning	quality time
code blue	quick-and-dirty
codependent	rubber room
<u>crackhouse</u>	rubber-chicken
date rape	sandwich generation
designated driver	secondhand smoke
diamond lane	shock (11)
down-and-dirty	significant other
emergicenter	smile face
fast-track	smoke and mirrors
<u>feel good</u>	sniglet
friendly (5)	-something
<u>garbology</u>	support group
gender bender	telephone tag
grade inflation	touchy-feely
hearing-ear dog	Twelve-Step
heightism	-ville
herstory	waitron
homeschooling	wannabe
hot button	warehouse (2, 7)
hub-and-spoke	white-bread
jock (3)	weightism
jump start	wicca
kiss-and-tell	wiggle room
lemon law	wilding
life-care	wimp
loop (12)	womyn

New Words and MeaningsSLANG

asset (4)  
 attitude (5)  
 B-boy  
 blasted (2)  
 boy toy  
 bumrush  
 crackhead  
 def  
 dis  
 ditz  
 doofus  
 dope (14)  
 dufus  
 dweeb  
 ear candy  
 ecstasy (5)  
 homeboy  
 ice (10)  
 illin'  
 legs (11)  
 mall rat  
 out (38)  
 posse  
 roundheel  
 skosh  
 wack  
 wax (9)  
 wuss

IDIOMS

buck	bang for the _____
cow	have a _____
cut	make the _____
dumb	_____ down
empty	running on _____
feet	vote with one's _____
flagpole	run something up the _____
flesh	press the _____
flow	go with the _____
history	you are _____
lighten	_____ up
lose	_____ it
max	to the _____
push	_____ the envelope
read	_____ someone's lips
scam	_____ on
veg	_____ out
wimp	_____ out
zone	_____ out

ACRONYMS

ATM (automatic-teller machine)  
 buppy (black urban professional)  
 dink (double income no kids)  
 ERT (estrogen replacement therapy)  
 MEGO (my eyes glaze over)  
 NIMBY (not in my backyard)  
 NOTA (none of the above)  
 PC (politically correct)  
 SAD (seasonal affective disorder)  
 SDI (Strategic Defense Initiative)  
 SSC (superconducting supercollider)  
 WIMP (weakly interacting massive particle)

New Words and MeaningsCOMPUTERS & HIGH TECH

backslash  
 BBS  
 BIOS  
 bit map  
 cache (3)  
 CALS  
 click (8)  
 computer virus  
 cyberspace  
 drag (6)  
 dumb (7)  
 flat-file  
 Floptical Disk<sup>®</sup>  
 graphical user interface  
 hypermedia  
 hypertext  
 landscape (7)  
 laptop  
 multiuser system  
 neural network (2)  
 notebook (4)  
 phone phreak  
 phreak (1, 2)  
 portrait (3)  
 program trading  
 resident (9)  
 reverse video  
 shareware  
 shell (18)  
 speller (3)  
 touchscreen  
 Trojan Horse (3)  
 vector graphics  
 virtual reality  
 virus (4)  
 wildcard (4)  
 worm (11)

ECOLOGY & ENVIRONMENT

animal rights  
 deep ecology  
 ecology (4)  
 ecotage  
 Gaia hypothesis  
 global warming  
 green (10)  
 greenhouse gas  
 monkey-wrench  
 ozone hole  
 tree-hugger  
 xeriscaping

PHYSICAL SCIENCES

attractor (2)  
 butterfly effect  
 chaos (4)  
 chaotic (2)  
 cold fusion  
 dark matter  
 Great Attractor  
 -ino  
 LEP  
 quasicrystal  
 remote sensing  
 seismic gap  
 strange attractor  
 string (9)  
 string theory  
 superstring theory  
 supersymmetry  
 TeV  
 tevatron  
 Theory of Everything  
 WIMP

LIFE SCIENCES

abortion pill  
 ADD (attention deficit disorder)  
 Africanized honeybee  
 amnio  
 antigestational drug  
 antisense  
 arenavirus  
 atherectomy  
 attention deficit disorder  
 biochip  
 catbox  
 ELISA  
 estrogen replacement therapy  
 gateway drug  
 gene amplification  
 gene map  
 genetic fingerprinting  
 genomic DNA  
 genomics  
 homeobox gene  
 Human Genome Project  
 killer bee  
 lipofilling  
 liposuction  
 lovastatin  
 MDA  
 MDMA

New Words and MeaningsLIFE SCIENCES (continued)

minoxidil  
 neuroimmunology  
 Norplant®  
 omega-3 fatty acid  
 polymerase chain reaction  
 Prozac®  
 Retin-A®  
 RFLP  
 riflup  
 right brain  
 rotavirus  
 RU 486  
 seasonal affective disorder (SAD)  
 slim disease  
 transgenic  
 tretinoin  
 tuck (15)  
 urgicenter  
 virusoid  
 waggle dance  
 Western blot  
 zeitgeber

BUSINESS & FINANCE

automatic-teller machine  
 cafeteria plan  
 command economy  
 corporate raider  
 cross train  
 deep pockets  
 divestiture (4)  
 dollarization  
 double breasting  
 economy of scale  
 EFTS  
 401(k)  
 glass ceiling  
 golden handcuffs  
 golden handshake  
 intrapreneur  
 kye  
 LEO  
 megadeal  
 micromanage  
 mommy track  
 new collar  
 Pac-Man defense  
 program trading

BUSINESS & FINANCE (continued)

sequencing  
 shark repellent  
 third party (3)  
 tin parachute  
 tombstone ad  
 triple witching hour  
 win-win

POLITICS & MILITARY

Afrocentric  
 contra (updated)  
 damage control  
 disappear (3)  
 finding  
 G7  
 gavel-to-gavel  
 intifada  
 handler (4)  
 hidden agenda  
 loose cannon  
 mujahedin  
 narcoterrorism  
 nomenklatura  
 Pamyat  
 paper trail  
 Patriot (3)  
 perestroika  
 politically correct  
 reflag  
 RICO  
 SDI  
 Sendero Luminoso  
 Shining Path  
 spin (18)  
 spin control  
 spin doctor  
 Stealth (5)  
 superdelegate  
 yellow ribbon

New Words and Meanings

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BIOGRAPHICAL & GEOGRAPHICAL

Chernobyl  
 Collor de Mello, Fernando  
 Kennedy, Justice Anthony  
 Mandela, Nelson & Winnie  
 Myanmar  
 Quayle, James Danforth  
 Souter, Justice David  
 Soweto  
 Tutu, Desmond  
 West Bank  
 Yangon

THE MEDIA & PUBLISHING

advertorial  
 animatronics  
 arc (5)  
 bingo card  
 bookend (2)  
 checkbook journalism  
 Claymation®  
 college radio  
 cyberpunk  
 dial (5)  
 dramedy  
 feeding frenzy  
 graphic novel  
 infomercial  
 infotainment  
 MTV®  
 NC-17®  
 New Revised Standard Version  
 people meter  
 prequel  
 psychotronic  
 slasher (3)  
 sound bite  
 superhero  
 sweeps (2)  
 tabloid (4)  
 talk radio  
 techno-thriller  
 televangelist  
 toon  
 zap  
 zine

AUDIO & VIDEO

ambisonics  
 blue box  
 cassingle  
 CD single  
 colorize  
 Claymation®  
 digital audiotape  
 HDTV  
 high-definition television  
 jewel box (2)  
 MTV®  
 Nintendo®  
 remix (2)  
 sample (3)  
 sampler (4)  
 scratch (9)  
 seven inch  
 teleport  
 twelve inch  
 videographer

MUSIC & DANCE

Afropop  
 AOR  
 cover (42)  
 elevator music  
 filmi  
 hard core (4)  
 headbanger  
 highlife (2)  
 house music  
 industrial  
 juju (4)  
 lambada  
 mbaqanga  
 metalhead  
 rai  
 slam dance  
 soca  
 soukous  
 synthpop  
 technopop  
 voguing  
 world beat  
 zouk