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# FOIA MARKER

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**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Backup Files  
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**Folder Title:**  
State of the Union 1/28/92 [OA 7567] [3]

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<b>G</b>	<b>26</b>	<b>22</b>	<b>2</b>	<b>7</b>

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# RETURN OF THE "R" WORD

## The Regulatory Assault on the Economy

MURRAY WEIDENBAUM

**I**t took a lot of stupid government actions to produce a sluggish American economy—but the tax increases and archaic banking standards introduced in late 1990 as the economy was sliding into recession are not the only villains. Those who wonder why the economy has not responded more swiftly to successive doses of monetary stimulus should consider a development overlooked by most analysts of the macro-economy: any U.S. company brave enough to consider embarking on a new capital investment faces a thicket of obstacles in the form of expanded environmental and other social regulations.

At first glance, the regulation of business seems to be a cheap way of achieving national objectives. It appears to cost the government very little and does not seem to be much of a burden on the public. Hence, there is no public pressure to relate its costs and benefits. But the public does not escape paying. Every time a government agency attempts to safeguard the environment, it imposes on business a more expensive method of production. The cost of those products goes up.

### Regulatory Dust Storm

Environmental regulations alone cost each family more than \$1,000 a year. Congress would never pass the \$110-billion hidden budget for environment compliance. But government agencies do not worry about the expense. Those compliance costs only show up in private budgets.

The direct costs, large as they are, are not the most serious consequences of rapidly expanding regulation. Even more costly is the enormous uncertainty that follows enactment of each regulatory statute, as the resultant regulations await the inevitable rounds of court challenges. Meanwhile, businesses considering building new factories or expanding and modernizing existing production facilities do not know whether they will meet the standards that will be in force after the construction is completed. The sensible direction all too often is to delay the capital investment until the regulatory dust settles—or to relocate to a more benign regulatory environment overseas.

If this sounds somewhat alarmist, just examine the

new Clean Air Act that Congress passed late in 1990. This is easier said than done, because the new law comes to nearly 800 pages, compared with fewer than 50 pages for the previous Clean Air Act. To help in this task, the Environmental Protection Agency devoted the January/February 1991 issue of the *EPA Journal* to the new statute. Here are a few revealing samples from the EPA's own publication:

1) The 1990 law contains "massive" new regulatory programs, including acid rain controls, a new air toxics program, and a comprehensive program for ozone and carbon monoxide.

2) Operating permits are required for all major sources, but permits "can never replace the SIP [state implementation plan] system." The typical state implementation plan "may be a file cabinet full of rules, amendments to rules, detailed technical tables, and analytical and monitoring methods. A SIP is also a hodgepodge of different sorts of rules."

### "Administrative Nightmare"

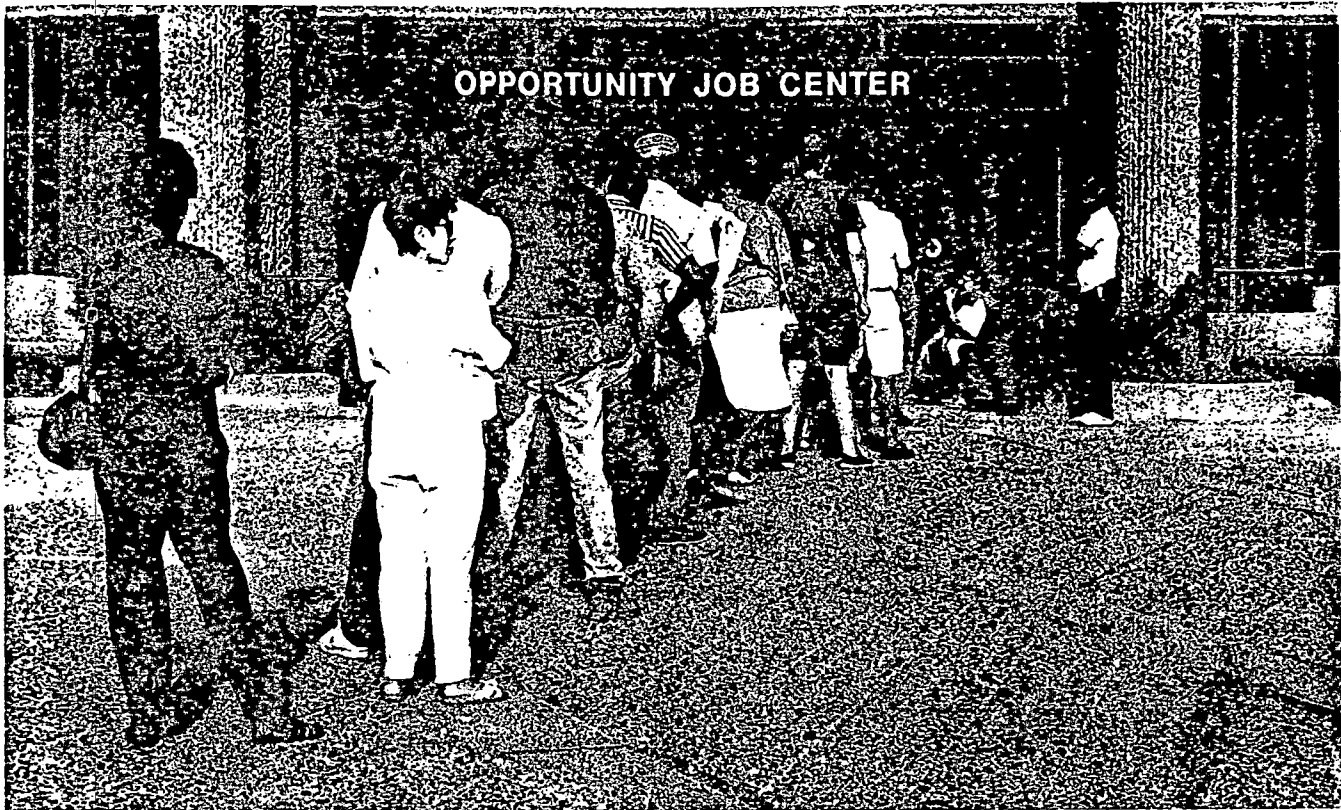
3) "Despite the complexity, rarely is a SIP indexed or organized so that a lay person can navigate through it. Often only a handful of people in the state regulatory agency and the EPA regional office even know where the SIP is, much less what is in it."

4) Former Deputy Administrator of EPA John Quarles describes issuing the new air permits as "a huge administrative challenge. It may become an administrative nightmare."

5) "The regulatory officials will be overwhelmed by the challenge of processing permit applications for existing sources, distracting their attention from those permits which must be issued to give the green light to new projects."

6) Frank Blake, a former EPA general counsel, writes, "There is more to be commanded and controlled under this legislation than has ever been attempted before. The

MURRAY WEIDENBAUM is director of the Center for the Study of American Business and Mallinckrodt Distinguished University Professor at Washington University in St. Louis. He was chairman of the Council of Economic Advisers from 1981 to 1982.



AP/Wide World Photos

**Cost-ineffective environmental regulations are partly to blame for the sluggishness in the economy.**

legislation is an odd mixture of marketplace philosophies with standard command-and-control approaches."

#### **Harsh Effects on Small Business**

We should not overlook the disproportionately harsh effects on small business, which does not experience the usual economies of scale in complying with environmental regulations. Each small auto-body repair shop will have to spend about \$100,000 for equipment to catch hydrocarbon emissions from spray paint. Furniture makers will need incinerators to burn off releases of hydrocarbons. One firm says it will have to spend more than one-fourth of its \$11 million in annual sales to buy new pollution-abatement equipment.

About 150,000 small businesses will have to obtain clean air permits. Just to obtain one set of the permits will force a small company to spend between \$10,000 and \$15,000 to collect the data and do the paperwork. The monitoring devices needed to track emission rates will cost an additional \$10,000 to \$50,000.

The Pollution Prevention Act of 1990 is not as widely known as the Clean Air Act, but its effects deserve attention. The law was quietly passed in the closing hours of the last Congress. Buried in the budget reconciliation package, the act requires an annual report from each manufacturing facility with 11 or more employees that uses one or more of 300 listed chemicals. Every business, from the largest to the smallest, must report on the following:

- The quantity of each of the 300 chemicals released into the environment prior to recycling, treatment, or disposal during the year and the percentage change from the previous year.

- The amount of the chemical recycled, the percentage change from the previous year, and the recycling process used.

- The source-reduction practices used.

- The amount expected to be reported for the two calendar years following the calendar year for which the report is filed (that comes to four years of data).

- The ratio of production in the past year to production in the previous year.

- The techniques used to identify source-reduction opportunities.

- The amount of any toxic chemical released into the environment that resulted from a catastrophic event, remedial action, or any other one-time event not associated with production processes.

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## **The budget for fiscal year 1992 finances the largest number of federal regulators ever—122,400.**

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- The amount of the chemical from the facility that is treated, and the percentage change from the previous year.

Ecologists should mourn for the trees that will be cut down to provide the paper for all the reports that will be prepared, in triplicate at least, under the Pollution

Prevention Act of 1990. Meanwhile, business executives cannot overlook the fact that other social regulatory statutes enacted in 1990 will also bedevil their planning for the future.

### **Rising Litigiousness**

The Americans with Disabilities Act (ADA) is another social statute whose title made it hard to oppose. Removal of unfair barriers to people with disabilities is surely a worthy objective. But the economic impacts—a subject that was glossed over during the congressional deliberations—are likely to be quite substantial. That will be so, at least in part, because both the law and regulations issued to date are vague. The Equal Employment Opportunity Commission (EEOC) says that it will evaluate claims on a case-by-case basis. This likely means the new law will be shaped primarily by court decisions to be made over the next several years. In the words of a Justice Department pamphlet explaining ADA, "Some litigation is inevitable."

Virtually every provision of ADA is subjective. Determining what is required to satisfy the reasonable accommodation standard will vary from situation to situation and will largely depend on the size and financial strength of the employer. The law and regulations state that they are designed to avoid imposing "undue hardship" on employers. A straightforward reading of the provisions makes it clear that, as in many other parts of ADA, the vague language will be difficult to interpret with any degree of confidence—prior to protracted adjudication.

The EEOC expects to receive 20 percent more charges of discrimination in 1992, when it begins enforcing the Americans with Disabilities Act. EEOC Chairman Evan Kemp believes that the ADA is a "more complicated act to enforce" than Title VII of the 1964 Civil Rights Act. The EEOC anticipates that a significant portion of ADA cases will require the use of medical, architectural, biotechnical, or vocational specialists.

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## **Ecologists should mourn for all the trees that will be cut down to satisfy the Pollution Prevention Act of 1990.**

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In short, the regulatory policy pendulum is swinging again. The regulatory excesses of the 1970s led to the reforms of the 1980s and, in turn, they are being followed by the continued regulatory expansions of the 1990s. Ironically, while the rest of the world is moving toward smaller government, the forces for greater government intervention in the American economy have gotten their second wind.

A few numbers point up the new trend. During the 1970s, the headcount of the federal regulatory agencies rose 71 percent. During the 1980s, the number of

regulators declined, from 121,700 in 1980 to 106,000 in 1989. The budget for fiscal year 1992 finances the largest number of federal regulators ever—122,400. Once again we are seeing the expanding regulatory trends of the Carter years.

The legislative victories of the environmental activists whetted their appetites. They are now gearing up for a new legislative drive that includes a revised Clean Water Act, a revised toxic wastes law (the Resource Conservation and Recovery Act, or RCRA), renewal of the Superfund statute (the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA), as well as a "toughening" of the Toxic Substances Control Act, or TOSCA.

### **Who's the Dirtiest of Them All?**

The growing regulatory burden on business is particularly unfair because many of the worst violators of existing rules, namely federal agencies, are still going scot-free. The regulatory agencies lack the enforcement power over government bodies that they possess over the private sector. Reports of plants closing because of the high cost of meeting environmental and safety standards are common. In contrast, there is no record of a single federal facility closing down for failing to meet the requirements of social regulations.

The General Accounting Office (GAO) says, in its understated way, that the environmental performance of federal agencies "has not been exemplary." A GAO study of 72 federal facilities reported that 33 were in violation of EPA requirements; 22 had been cited for Class 1 (serious) violations. Three facilities had been out of compliance for more than three years. The Department of Defense is a major offender. It generates approximately 500,000 tons of hazardous waste a year, more than the five largest chemical companies combined. Of course, you won't find this out if you call EPA's "hotline" providing information on the worst polluters in each community. Congress has specifically exempted government agencies from this reporting requirement.

The Pentagon's inspector general estimates that the total environmental cleanup bill for the military establishment will exceed \$100 billion. The cost of cleaning up the 70 nuclear plants, laboratories, and other sites of the Department of Energy is expected to be more than double the Pentagon's environmental bill.

Civilian agencies are reluctant to follow the same standards they impose on the private sector. The storm drains at one NASA facility flow into San Francisco Bay and have contaminated the bay with toxins; wildlife has died in the marshlands. Another NASA site discharges waste from its electroplating operation into the sanitary sewer system, contaminating the sewage treatment plant. (The NASA facility operates without a permit.)

The Energy Department says that "it would not be helpful" if EPA were able to collect the unprecedented \$300,000 fine it levied on the department for all sorts of environmental violations. The departmental spokesman quickly added that such fines would be appropriate in the case of a private enterprise. Reluctantly, the department agreed to settle for a \$100,000 fine plus spending \$150,000 more on cleanup—subject to Congress ap-

propriating the money.

To put it mildly, the federal government does not set a good example in complying with its own directives. It expects the private sector to take environmental and safety concerns far more seriously than it does itself. The late Admiral Hyman Rickover would toss out of "his" Navy yards inspectors from EPA and the Occupational Safety and Health Administration. What private company would dare to do that?

### Relating Costs and Benefits

This is not a plea to oppose all efforts to provide a safer environment or a healthier workplace. Contrary to rumor, economists breathe the same air and drink the same water as real people. The challenge is how to achieve the nation's environmental and other social objectives in the most efficient manner.

As a first step, we need to improve public understanding of the new wave of government regulation. Government should not adopt the most disruptive and most costly ways of cleaning the air or the nation's rivers. After all, society's bottom line is not the impact of regulation on government or on business—but the effect on the consumer, on the citizen. It is we consumers who wind up paying the costs of regulation every time we buy a product whose price includes the rising expense of complying with an ever-widening array of governmental directives.

Regulation also generates serious side effects, such as stifling innovation. Henry Ford's Model T could not have survived today's environmental challenges. It had no pollution gear and it was dangerous. Why, you could break your arm cranking it.

We need to cool the regulatory fever by requiring government agencies, in the regulations that they do issue, to use economic incentives and to weigh more carefully the benefits they expect against the costs they impose.

Paul Portney, a senior economist at Resources for the Future, a research institute specializing in environmental analysis, estimates that the costs of the 1990 Clean Air Act will be between \$29 billion and \$36 billion a year. The benefits that would result, he figures, range between \$6 billion and \$25 billion. Thus, even if we take the very low end of Portney's cost estimates and the very high end of his benefit estimates—a most generous interpretation but a very unlikely combination—the costs of the new Clean Air Law exceed the benefits. If we take the midpoints of the cost and benefit ranges, we come up with yearly benefits of \$15.5 billion, less than half the costs of \$32.5 billion.

What hurts is the realization that, in many cases, more environmental cleanup could be achieved with simpler and less expensive methods than those mandated by the Congress. For example, half the pollution generated by motor vehicles is produced by less than 10 percent of the cars on the road. A \$150 tuneup by a proficient mechanic can make almost any polluting vehicle—old or new, sports car or city bus—run clean.

Helping the public understand the limits of government regulation is a fundamental educational challenge. EPA is charged with administering the Clean Air Act; the

Clean Water Act; the Resource Conservation and Recovery Act; the Toxic Substances Control Act; the Noise Control Act; the Quiet Communities Act; the Safe Drinking Water Act; the Asbestos Hazard Emergency Response Act; the Medical Waste Tracking Act; the Comprehensive Environmental Response, Compensation, and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Marine Protection, Research, and Sanctuaries Act; and the Insecticide, Fungicide, and Rodenticide Act.

### Three Proposals

Even if EPA were staffed entirely with Newtons and Einsteins, it could not meet its present statutory obligations, much less the additional workload that Congress is anxious to impose on it. We need to set in motion the intellectual pressures for yet another swing in the policy pendulum—to less regulation of private enterprise, to restraint rather than enthusiasm in wielding governmental power.

In that vein, Congress should start a new trend toward regulatory reasonableness by adopting three simple but powerful changes.

1) *In rewriting the Clean Water Act, shift from arbitrary standards to pollution fees.* As Germany has demonstrated

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## Environmental cleanup could be achieved with simpler and less expensive methods than those mandated by Congress.

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for decades, such fees or taxes are not licenses to pollute. Rather, they provide a strong incentive to shift to less polluting ways of production—and consumption.

2) *Follow the same tax-in-lieu-of-standards approach by quickly amending the Clean Air Act before it takes full effect.* Rescind the arbitrary requirement for clean air permits, which is bound to generate one of the worst bureaucratic snafus of the decade. The overwhelming task of issuing thousands upon thousands of new permits and reviewing changes in existing permits is likely to regulate American industry into slow motion.

3) *Subject all government facilities to the full array of environmental regulations and requirements.* A ton of federal pollution is just as undesirable as a ton of business pollution. What is sauce for the private-sector goose is sauce for the public-sector gander!

I conclude with a medical analogy: regulation is a powerful medicine. The congressional doctor should prescribe it in small doses with full regard to all the adverse side-effects on employment, innovation, productivity, and competitiveness. Regulation is also an expensive medicine and the consumer winds up paying for it. So do the people who aren't hired by the businesses that find it much harder to start up or expand. 



3RD STORY of Level 1 printed in FULL format.

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August 30, 1991, Friday, Final Edition

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HEADLINE: Mapping A New World Order;  
Soviet Changes Keep Cartographers Busy

SERIES: Occasional

BYLINE: Dana Thomas, Special to The Washington Post

BODY:

This upheaval in the Soviet Union is a cartographer's dream.

"It may add a few gray hairs to my head," says LeRoy M. Tolman, vice president and chief cartographer for Replogle Globes, "but it sure is good for business."

Names will change. Borders will change. That means country map colors are going to change. And new profiles have to be written. This is, perhaps, the greatest cartographic overhaul since the Treaty of Versailles.

The problem is, they don't know what to do yet!

Rand McNally, the 135-year-old atlas and road map firm, has made a bold move. The company temporarily stopped printing its New Cosmopolitan Atlas this week and has redesigned the Soviet Union page. Now the page will show the three Baltic republics, Estonia, Latvia and Lithuania, as independent countries. But what about the other republics that have declared their independence? Rand McNally will provide forms to order updated pages if things change.

The decision to recognize the Baltic states is quite a gamble, cartographically speaking. Most firms do not act on geographic revisions until both the U.S. State Department and the Board of Geographic Names say the renamings are official. Because, mainly, these things can change. And when things change, the map becomes obsolete.

Take the African Republic fiasco of the early '80s.

"The Central African Republic decided to become the Central African Empire," says Barbara Fine, president of the Map Store on Farragut Square. "By then, publishers had enough changes to make that they decided to make a new map. But a year later, the Central African Empire ceased to exist and went back to the Republic. So, the old maps were more current than the new ones."

That's why most map companies are taking a wait-and-see stance. They're having plenty of meetings. They've put their cartographers on standby. But that's all so far.

"We're watching the situation real carefully," says Jack Shupe, National Geographic's associate chief cartographer. "If tomorrow afternoon there is an



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announcement and it is etched in stone, we would get product out as soon as possible."

But that's probably not going to happen.

"Everybody's speculating," he says, "but I think we're all being cautious."

Maps are not updated all that often -- say, every four or five years. And usually it's just names. In the 1960s and 1970s there were a lot of new names: African nations free of colonial rule, a few Far East countries. Every time a new world map or atlas was published it was noticeably different, namewise, from the previous issue. But in the mid-'80s there were no really big changes, so map companies sort of coasted. National Geographic, which began making atlases in 1962 and updated them every five years, didn't issue a new one for the whole decade.

By 1990, with the fall of the Berlin Wall, the unification of Yemen, the renaming of Benin, the respelling of Moldavia to Moldova and various other geographic reshufflings, there were enough changes to warrant a new edition. However, although it was seemingly apparent that East and West Germany were going to reunify, National Geographic decided to go with two Germanys. Then at press time last fall, the Germans voted to reunite. So National Geographic stopped printing and binding, pulled the Germany page, remade the plate to show one country, combined and rewrote the nation profiles, then went back to press.

"We thought it was that important," says Shupe. "We would not have wanted to put out a world atlas in 1990 and not include the reunification of Germany."

Every three months the Defense Mapping Agency, the international naming body of the Board of Geographic Names, meets to discuss new names. When the agency rules on a name it is published in the DMA bulletin, which is sent to federal agencies, and entered into a gazetteer, an alphabetical listing of all names of towns and countries around the world.

"We ought to get the same names down or everyone will be confused," says Richard Randall, geographer of the DMA, which is based in Fairfax. "It's as simple and corny as that."

It is also the biggest problem facing cartographers when it comes to remapping the Soviet Union. If the Baltic states become independent, all the towns, lakes, rivers, streets, mountains -- everything -- will change back from Russian to the original ethnic names. Ditto for the other republics. And Yugoslavia and Croatia.

The DMA is going to take its time, though, in declaring what those names are going to be, so the agency doesn't have the same problems it had with the renaming of Burma.

"About a year ago," says Randall, "the people of Burma said, 'We're going to give our country a new English spelling: "Myanma" ' [after the country's largest ethnic group]. Then they came out with a new one for a better pronunciation. 'We're going to add an R,' they said. Whose better pronunciation, I don't know."

The DMA decided to wait awhile and see if it changes again.



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"Who would have thought!" declares Randall. "Oh, the many many changes! The world is stepping down to a new consciousness. Some call it ethnicity, others call it tribalism. Who knows when it will end?"

GRAPHIC: MAP, TWP

TYPE: NATIONAL NEWS, FOREIGN NEWS

SUBJECT: GEOGRAPHY; U.S.S.R.

ORGANIZATION: RAND MCNALLY

ENHANCEMENT: MAP

## TALLY OF BILLS IN THE SYSTEM

CONGRESS SESSION: S102-1

TOTAL BILLS	249
PENDING BILLS	0
X BILLS	0
TOTAL LAWS (includes overridden vetoes)	245
PUBLIC LAWS	243
PRIVATE LAWS	2
APPROVED BILLS	245
PUBLIC BILLS	243
PRIVATE BILLS	2
VETOED BILLS	4
REGULAR VETOED BILLS	2
POCKET VETOED BILLS	2
OVERRIDDEN VETOES	0
RETURNED BILLS	0
10-DAY LAWS	0
BILLS REQUESTING PROCLAMATIONS (includes X bills)	84

January 3, 1992

MEMORANDUM FOR TONY SNOW

FROM: BOB SIMON

SUBJECT: END OF COLD WAR QUOTES

Here are some quotes from the beginning of the Cold War predicting the day when the Soviet empire would finally collapse. This could be a point of departure for saying "We fulfilled that mission and their dream and won the Cold War. Now we face new challenges in a new era....."

William Donovan -- founder of U.S. central intelligence

"One day the Iron Curtain will lift and the captive nations of the East will become part of a United Europe. Even Russia, purged by future events of its desire to bully and subdue its neighbors, will be a member, and given the innate genius of the Russian people, a highly respected and valued member."

Dwight Eisenhower -- August 25, 1952 to the American Legion in New York City

"The day must come when the peoples of the enslaved lands will have the opportunity, in the fullness of freedom and in the light of international scrutiny, to choose their own paths into the future."

Dwight Eisenhower -- September 6, 1959

"I like to believe that people in the long run are going to do more to promote peace than are governments. Indeed, I think that people want peace so much that one of these days governments had better get out of their way and let them have it."

Dwight Eisenhower -- July 4, 1952 in McCook, Neb.

"[The Iron] Curtain exists for two reasons: to keep us from getting a good look at Russia, and to keep the Russians from getting a good look at us. The men in the Kremlin wouldn't dare let their people get an eye-full of America.... I am convinced that if we could put the Russian people on a train and let them cross this country -- what they'd see and what they'd learn about freedom would just about finish communism -- once and for all."

Harry Truman -- from his last State of the Union message to Congress on January 7, 1953

"As we continue to confound Soviet expectations, as our world grows stronger, more united, more attractive to men on both sides of the Iron Curtain, then inevitably there will come a time of change within the Communist world. We do not know how that change will come about, whether by deliberate decision in the Kremlin, by coup d'etat, by revolution, by defection of satellites, or perhaps by some unforeseen combination of factors such as these.

"But if the Communist rulers understand they cannot win by war, and if we frustrate their attempts to win by subversion, it is not too much to expect their world to change its character, moderate its aims, become more realistic and less implacable, and recede from the Cold War they began.

"Do not be deceived by the strong face, the look of monolithic power that the Communist dictators wear before the outside world. Remember their power has no basis in consent. Remember they are so afraid of the free world's ideas and ways of life, they do not dare to let their people know about them....

"The masters of the Kremlin live in fear their power and position would collapse were their own people to acquire knowledge, information, comprehension about our free society. Their world has many elements of strength, but this one fatal flaw: the weakness represented by their Iron Curtain and their police state. Surely a social order at once so insecure and so fearful, must ultimately lose its competition with our free society."

# Withdrawal/Redaction Sheet (George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Fax	John Girauso to Austin Furse, re: Privatization/ Infrastructure Initiative. (9 pp.)	12/18/91	<del>P-5</del>	

**Collection:**

**Record Group:** Bush Presidential Records  
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**Open on Expiration of PRA  
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- P-5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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From: \_\_\_\_\_  
Name: John Giraudo

Floor/Rm. 6-29

Facsimile No.: (202)

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Total number of pages including this cover letter: 5

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Also, all legal size documents (8 1/2" x 13" or 14") must be sent to the automatic machines.

**MEMORANDUM TO AUSTIN FURSE****From:** John P. Giraudo**Re:** Privatization/Infrastructure Initiative

In response to your request for new ideas for the President's domestic policy agenda, there is one I feel is particularly worthy of consideration.

**Summary:** The Administration should embark on a privatization/infrastructure initiative to permit state and local governments to privatize their federally subsidized infrastructure assets such as roads, ports, airports and wastewater plants provided state and local governments reinvest the proceeds of these privatizations in new capital projects. Such an initiative has the potential of pumping into the economy billions of dollars of infrastructure spending without increasing the federal deficit one cent. It would not require Congressional action. It would also greatly enhance the efficiency of state and local government services while improving infrastructure and promoting free market principles.

**Introduction:** The recently enacted DOT Surface Transportation bill is historic not merely for the size of the federal subsidies being provided for transportation infrastructure -- \$151 billion -- but for the boost it gives to state and local privatization of transportation infrastructure. The bill permits private parties to own existing bridges, roads and tunnels and offers large federal subsidies to states willing to harness the private sector and leverage their federal grants by commingling public and private funds in the financing of new and existing bridges, roads and tunnels. It also repeals any obligation of state and local governments to reimburse the federal government for the past receipt of federal grants in the event state and local governments choose to privatize such transportation infrastructure.

**Objective:** The Administration should take credit for this success. It should also move quickly to take advantage of the willingness of state and local governments to privatize other kinds of infrastructure assets which they own. The Administration should initiate a privatization/infrastructure initiative.

**Issue:** State and local governments have considerable equity (billions of dollars) in infrastructure which has been federally subsidized -- bridges, roads, tunnels, ports, airports, water and wastewater plants, hospitals, schools and the like. All of this infrastructure is in state or local government ownership. Given

the correct inducement, state and local governments would be willing to privatize these government-owned enterprises and reinvest the proceeds in new capital projects. They have, thus far, not done so for both a formal and practical reason.

Formal Impediment: Because much of the infrastructure in the United States has been subsidized by the federal government through the provision of federal grants or donations of federal property, federal agencies retain control over the disposition of federally subsidized assets through their grant agreements with state and local governments. State and local governments cannot privatize their federally subsidized infrastructure without the approval of the federal agency which originally provided the grant or donated the property. OMB supervises the agencies in this regard through OMB Circular A-102 and a regulation (known as the Common Rule). The Common Rule has been adopted by each agency of the federal government for the purpose of establishing uniform rules for the administration of grants to state and local governments. It is the formal obstacle blocking state and local government privatization. OMB interprets Circular A-102 and the Common Rule as mandating, in most cases, government ownership of federally subsidized infrastructure. OMB also takes the position that Circular A-102 and the Common Rule require reimbursement of the federal grants expended on an asset or reimbursement of the value of the donated property in the event of its transfer to the private sector.

Proposed Action: OMB is authorized by Circular A-102 and the Common Rule to make exceptions to the foregoing rules for entire classes of grants. OMB should avail itself of this authority to permit the privatization by state and local governments of their federally subsidized assets and to discharge state and local governments from any reimbursement obligations to the federal government. This should be done only on condition that the state and local government reinvest the proceeds of any such privatization in new capital projects. The net effect of allowing state and local governments the opportunity to undertake such privatizations will be for the federal government to provide needed money (in lieu of grants) to state and local governments for investment in new infrastructure. Without adding a single penny to the federal deficit, it would put new money (potentially billions of dollars) in the hands of state and local governments for investment in infrastructure and thus stimulate the economy. The President could issue an executive order making the necessary regulatory change.

Practical Impediment: Several state and local government officials who have been exploring the privati-

zation of infrastructure have encountered the practical problem of how to create a regularized process to manage the recycling of their investment in existing infrastructure into new infrastructure. At present there is no public institution to act as trustee of the proceeds of a state or local government privatization. Nor is there any way for a state or local government official to ward off the claims of interest groups for a share in the proceeds of a privatization. Some mechanism should be created to operate as trustee and channel the recycling of the proceeds of a state or local privatization into appropriate capital projects.

Proposed Action: An Office of State and Local Government Privatization could be created in the federal government (perhaps in the Treasury Department or OMB) to act as trustee of the proceeds of a privatization and to establish criteria for what would constitute an eligible capital project for reinvestment. Some criteria for screening out de minimus privatizations would additionally need to be developed. The functions of such an office would be akin to the privatization agencies in Eastern Europe and the Soviet Union. It would act as intermediary between state and local governments and the federal agencies to facilitate and expedite privatization of federally subsidized state and local government infrastructure. The creation of such an office could also be accomplished by an executive order of the President.

#### Political Assessment

- Pros
- \* potential to pump billions of dollars into the economy -- relatively quickly
  - \* does not increase the federal deficit one cent
  - \* does not require Congressional legislation
  - \* aligns the Administration with the plight of the inner cities
  - \* promotes Republican free market principles at the state/local level without obliging the Administration to pursue them at the federal level
  - \* greatly enhances efficiency and the allocation of resources

- \* creates an incentive for Democratic mayors and governors to reduce the number of public sector union members that support them
- \* makes the President attractive with conservatives and preempts the Democrats which are focusing on infrastructure as an issue in next year's election
- \* creates a link between the President's foreign policy triumphs in bringing about the end of government ownership in Eastern Europe, the Soviet Union and Latin America with a similar kind of domestic initiative in favor of privatization at home

Cons

- \* state and local governments may not want to take advantage of privatization opportunities in an election year
- \* federal agencies will not want to relinquish control over state and local government assets they historically have administered through grant agreements and federal deeds
- \* some agency grant statutes may place specific statutory restrictions in the way of making a privatization fully successful
- \* some may view the policy initiative as a gimmick and a one-time sale of the family silver

DRAFT EXECUTIVE ORDER ON STATE AND  
LOCAL GOVERNMENT PRIVATIZATION

By the authority vested in me as President by the Constitution and laws of the United States of America and in order to fully implement the principles of federalism set forth in Executive Order 12612, which I once again reaffirm, and in order to align the domestic policy of the federal government more closely with the federal government's foreign policy and thus bring into effect, between the federal government and state and local governments, those fundamental principles of private enterprise and private ownership which have been the basis of our nation's freedom and prosperity for more than 200 years and the cornerstone of our international relations and new world order which we are seeking, and in order to greatly improve the infrastructure of the United States which supports our economic well-being and provides our global competitive advantage, I hereby order the following:

**SECTION 1. DEFINITIONS.**

When used in this Executive Order, the following terms shall have the meanings set forth below:

(a) "infrastructure" shall mean any physical property or facilities owned by a state or local government which directly supports the economy, including but not limited to: bridges, roads, tunnels, electricity, mass transit, rail transportation, airports, ports, waterways, water supply, wastewater treatment, solid waste disposal, recycling, housing and school buildings.

(b) "local governments" shall mean units of local government or political subdivisions established by the States.

(c) "privatization" shall mean the disposition either by sale or by a lease for more than 30 years of infrastructure owned by a state or local government.

(d) "state or states" shall mean the States of the United States of America, individually or collectively, and where relevant shall also mean State governments.

**SECTION 2. PRIVATIZATION PRINCIPLES.**

In formulating and implementing policies and in taking any action which has an effect on state or local governments, executive departments and agencies shall be guided by the following principles:

(a) Private enterprise is the foundation of our nation's economy. It is the method by which we organize the means of our economic production. Private enterprise has been the source of our prosperity for more than 200 years and under girds our present efforts to achieve economic recovery. As a constitutional value it is rooted in the belief that our political liberty is best assured by limiting the size of government and the scope of government control of economic decisions.

(b) Private ownership of property is the driving force of our economy. Its existence is the very reason the United States has been a leading example to other nations struggling to modernize their societies and more effectively deliver goods and services to their people.

(c) Privatization of government-owned enterprises around the world is one of the most significant economic and political developments of the second half of the 20th century. It has long been a guiding principle of the federal government's foreign policy. Since the end of the Cold War, it has been one of the federal government's most important policy objectives in areas of the world formerly under communist dominion. Henceforth, it shall also be a guiding principle and objective of the federal government's domestic policy.

(d) Infrastructure is a critical component of our economic productive capacity. Without substantial improvement in infrastructure, our nation's competitive advantage may be lost. Because much of that infrastructure is in state and local government ownership, it is in serious need of repair and better management. It is imperative, therefore, that state and local governments privatize their existing infrastructure and reinvest the proceeds of such privatizations in new infrastructure or in the rehabilitation of existing infrastructure.

(e) Economic recovery is the first order of the federal government's business. Private enterprise, private property, privatization and the rebuilding of America's infrastructure are all essential ingredients to bringing about that recovery in the shortest possible time.

### Section 3. PRIVATIZATION INITIATIVE.

For the reasons set forth in Section 2 hereof, the federal government shall, to the greatest extent possible, consistent with the public interest and this Executive Order, encourage and facilitate the privatization of state and local government-owned infrastructure. Specifically, in order to carry out this policy as quick-

ly as possible, executive departments and agencies shall immediately take the following steps:

(a) catalogue all state and local government infrastructure which has received federal financial assistance in its acquisition or development pursuant to a federal grant, federal cooperative agreement or which is the result of a donation or conveyance of formerly federal property.

(b) alert state and local government owners of such infrastructure that it is the policy of the federal government that such infrastructure should be in private ownership and offer to assist state and local government owners to privatize this infrastructure in accordance with the conditions set forth in this Executive Order.

(c) accede to any request by a state or local government owner of federally subsidized infrastructure to dispose of that infrastructure to the private sector pursuant to a privatization on condition that the state or local government owner agrees to reinvest the proceeds of such a privatization in new infrastructure projects or in the rehabilitation of existing infrastructure.

(d) to the greatest extent possible, but consistent with all laws of the United States, (i) revise all regulations, rules, manuals or agency policy which impedes the privatization of state or local government infrastructure, (ii) waive all restrictions or requirements in any federal grant agreement, cooperative agreement or federal deed of property which impedes the privatization of state or local government infrastructure, and (iii) construe all pertinent laws affecting infrastructure under state or local government ownership in a manner which effects the intent of this Executive Order to bring about the privatization of such infrastructure.

#### SECTION 4. OFFICE OF MANAGEMENT AND BUDGET.

(a) The Office of Management and Budget ("OMB") shall be the lead agency with the responsibility for implementing the policy directives stated in this Executive Order. OMB shall create an Office of Privatization with an Associate Director for Privatization to supervise, direct and coordinate the executive departments and agencies in carrying out this Executive Order. Such Office of Privatization shall, to the greatest extent permitted by law and consistent with that authority, take action to ensure that the policies of the executive departments and agencies are consistent with the policy directives stated in this Executive Order.

(b) OMB's Office of Privatization shall also assist state and local governments to undertake privatization of their infrastructure by directing and coordinating the executive departments and agencies in providing to state and local governments such technical assistance in regard to privatization as the following: treasury department accounts for privatization proceeds pending their reinvestment, federal grants to state and local governments to finance the costs of feasibility studies for privatization and information and advice about privatization techniques.

(c) Further, OMB is directed to exercise its authority, within thirty days from the date of this Executive Order, under the agency-wide common regulation, the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, to grant a class exception to that regulation for state and local government recipients of federal grants who exercise their right to privatize federally subsidized property in accordance with this Executive Order. OMB is hereby directed to waive any grant repayment obligation to the federal government that might otherwise be deemed to be owing under such regulation as a result of a state or local government privatization of federally subsidized infrastructure.

**SECTION 5. JUDICIAL REVIEW.** This Executive Order is intended only to improve the internal management of the Executive Branch, and is not intended to create any right or benefit, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or any other person.

SO ORDERED

# LORAL

Corporation

1111 Jefferson Davis Highway  
Suite 811  
Arlington, VA 22202-3275  
(703) 685-5500

## TELECOPIER TRANSMISSION

TO: Dan McGroarty

FAX NUMBER: 202-456-6218

DEPARTMENT: \_\_\_\_\_ EXTENSION: \_\_\_\_\_

FROM: Joe Tedino

DATE: 1/24/92 COVER SHEET PLUS 4 PAGES

COPIES TO: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COMMENTS: Per our telephone conversation  
this morning.  
\_\_\_\_\_  
\_\_\_\_\_

If you have incurred any difficulty with this transmission, please call LORAL • 703/685-5500  
Our fax numbers: 703/685-5582 or 5584

**LORAL**

Corporation

1111 Jefferson Davis Highway  
Suite 811  
Arlington, VA 22202-3275  
(703) 685-5500

Washington Operations

January 24, 1992

Mr. Daniel McGroarty  
Speech Writer to the President  
Deputy Director of Speech Writing  
The White House  
Room 122, OEOB  
Washington, DC 20500

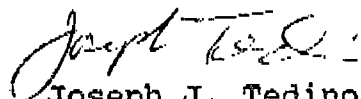
Dear Dan:

In these days of increased criticism of America's manufacturing capability, it is encouraging to note that there are sectors of U.S. industry still considered to be among the world's leaders.

Last month, Japan selected Loral Corporation to build its next-generation of telecommunications satellites for Nippon Telegraph and Telephone Corporation, their equivalent of our AT&T.

As the enclosed materials indicate, the Japanese not only came to America for this advanced technology, but the major Japanese satellite manufacturers will be Loral's subcontractors on the program, reaffirming that American companies do lead the world in certain industries, and that foreign companies strive to be a part of our team.

Sincerely,



Joseph J. Tedino  
Manager, Corporate  
Public Relations

AVIATION WEEK &  
SPACE TECHNOLOGY  
New York, NY

WEEKLY

142,409


 DEC 23, 1991

M1154B

LUCY PRESS CLIPPINGS

## Loral to Build Two Communications Satellites Under \$600-Million Contract With NTT

TOKYO

Space Systems/Loral will build two N-Star communications satellites for Nippon Telegraph and Telephone Corp., after winning a contract worth up to \$600 million that covers launching the two spacecraft in 1995.

General Electric and Hughes Communications also bid for the NTT work, which is seen as a plum in the increasingly important and competitive Japanese space telecommunications market (AWST Oct. 7, p. 61).

The award to a U. S. company is seen as highly political here. It follows U. S. government pressure to open Japanese satellite procurements. Three Japanese satellite manufacturers—Mitsubishi Electric, Toshiba and Nippon Electric—did not bid to be prime contractor but are expected to supply components to Loral.

The three candidate satellites were viewed as technically comparable, and Loral was selected on the basis of cost, an NTT official said.

Negotiations are still under way on details of the pact. The agreement will bring the backlog of satellite work at

Loral to 16 telecommunications and environmental spacecraft, worth \$1 billion, with options outstanding for an additional 14.

Loral's chief executive Bernard L. Schwartz said the NTT work will be important because it will keep the U. S. company well positioned as a provider of telecommunications satellites in Asia.

The N-Star satellites, which will replace Japanese-built spacecraft, will be among the most complex commercial spacecraft. They will draw on technology being used on the Intelsat 7 satellites under construction at Space Systems/Loral, which is based in Palo Alto, Calif.

Each three-axis, body-stabilized satellite will have three antennas and 26 transponders, in K<sub>a</sub>, K<sub>u</sub>, C and S bands. Each spacecraft will weigh about two tons fully fueled and span 28 meters (92 ft.) with solar arrays deployed. The satellites are expected to be operational for more than 10 years.

N-Star A is to be stationed at 132 deg. E. long., N-Star B at 136 deg. E. long. □

**LORAL**

Corporation

600 Third Avenue  
New York, NY 10016  
(212) 697 1105  
Telex: 644018

**News**  
For Immediate Release

**SPACE SYSTEMS/LORAL SELECTED BY NIPPON TELEGRAPH & TELEPHONE  
TO SUPPLY TWO TELECOMMUNICATIONS SATELLITES**

NEW YORK, December 6, 1991 -- Space Systems/Loral today announced that it has been selected as the successful bidder by Nippon Telegraph & Telephone (NTT) to provide two N-Star telecommunications satellites to be delivered in orbit in 1995.

With these two additional satellites, Space Systems/Loral's backlog reaches \$1 billion, with 16 telecommunications and environmental satellites under contract, and options for an additional 14.

This new award reinforces Space Systems/Loral's position as the primary provider of telecommunications satellites to the Japanese market.

"The selection of Space Systems/Loral is significant not only because of the value of the contract, but more importantly because it enables us to continue our longstanding relationships in the Japanese satellite market," said Bernard L. Schwartz, Chairman and Chief Executive Officer of Loral Corporation.

more...

The N-STAR satellites will provide fixed and mobile communications in Japan and have an expected life of over 10 years. They will draw on state-of-the-art technology being used on the Intelsat VII bus series of telecommunications satellites, currently under construction by Space Systems/Loral.

Space Systems/Loral, based in Palo Alto, CA, designs and manufactures satellites for telecommunications and environmental applications.

# # # #



U.S. GENERAL SERVICES ADMINISTRATION

Office of Public Affairs (X)  
Suite 6002  
18th & F Streets, NW  
Washington, DC 20405

Date: January 24, 1992

Phone: (202) 501-0705  
FAX: (202) 501-1300

**HEADS UP!**

**FROM:**

**Kathryn L. Gaddy**  
Associate Administrator  
for Public Affairs

**TO:**           **NAME:**       Dan McGroarty  
                  **TITLE:**       Deputy Director of Speechwriting  
  
                  **PHONE:**      (202) 456-2930  
                  **FAX:**         (202) 456-6218

**Total Number of Pages Including Cover Sheet:**

**Remarks:**

Dan - Here are additional "citizen" letters  
in appreciation of food provided through  
"Operation Desert Share" — for possible  
mention in State of the Union Address  
*Kathryn*

UPDATE: Operation Desert Share

Operation Desert Share is the program developed and managed by the U.S. General Services Administration to distribute surplus food from the Persian Gulf War. Getting the estimated \$240 million worth of food and supplies to needy Americans is the primary focus of the program.

Transferred or Allocated To Date:

<u>DISTRIBUTION RECIPIENT</u>	<u>VALUE</u>
Interagency Council on the Homeless	
- Second Harvest National Food Bank Network	\$109,000,000
- Salvation Army	\$ 15,900,000
Other Federal Agencies	\$ 28,160,000
State Agencies for Surplus Property (50)	\$ 74,408,000
District of Columbia	\$ 700,000
	<hr/>
Total To Date	\$228,168,000
Estimate of Additional Allocations	\$ 12,000,000
	<hr/>
	\$240,000,000

It should be noted that Operation Desert Share has also assisted disaster victims: migrant farm workers in California, cyclone victims in American Samoa, and flood victims in Texas.

7630 Meeker Park Dr  
Evansville, In 47720  
November 13

Richard Austin, Administrator  
GSA

N91-3226

Dear Sir,

Recently, we read of Operation Desert Share in Parade's "Intelligence Report." We would like to commend you for your efforts in this project. You have demonstrated that Government waste can be avoided and instead supplies can be diverted to good use in feeding hungry people at home and abroad.

Sincerely,  
Robert and Martha Bach

RECEIVED  
NOV 14 1 10 PM '91  
EXECUTIVE SECRET (A2)

— from citizens who are glad to see that "Government waste can be avoided..."



# SECURITY FEDERAL SAVINGS

1330 N Street • P.O. Box 80609 • Lincoln, Nebraska 68501 • 402/474-4444

- Taxpayer support

November 6, 1991

Mr. Dick Austin  
General Services Administration  
Room 6344  
18th and F Streets NW  
Washington, DC 20405

Dear Mr. Austin:

As president and board member of the Lincoln Food Bank, I thank you for your efforts to help feed the hungry through Operation Desert Share. Returning these surplus military supplies to needy civilian usage was a very appropriate decision which I as a taxpayer, strongly support. By using the Second Harvest national food bank network you have assured fast and equitable distribution of these products throughout the country.

The demand for food to feed the hungry has never been greater in the Lincoln area. Just this fall an emergency appeal for food was made in this community by the Lincoln Food Bank because of declining food stocks and increasing need. The response was great, but the continuing need is greater. The Desert Share commodities are greatly needed and appreciated.

Yours truly,

Ken Hake  
Chairman of the Board

KH/ljs

1091-3136

KENLON H. HAKE  
Chairman of the Board  
MICHAEL L. FOSDICK  
President  
JAMES L. ESSAY  
Executive Vice-President  
ERNA M. GILLASPIE  
Treasurer

NANCY A. OSSENKOP  
Vice-President Administration  
BETTY L. JOHNSON  
Cashier  
VELDA R. MENARD  
Loan Officer

WANDA S. KLAWITTER  
Customer Services  
JULIA C. JORDING  
Customer Services  
LINDA S. MILLER  
Loan Assistant

M. INGRID TATE  
Loan Originator  
RHONDA S. DAVID  
Loan Assistant  
SHELLY L. SHIPP  
Secretary



FDIC - INSURED

01.24.92 11:22AM

PO4

SONOMA COUNTY COALITION AGAINST HUNGER  
1111 PETALUMA HILL ROAD  
SANTA ROSA, CALIFORNIA 95401  
(707) 528-2717

EXHIBIT

NOV 14

RE

- from Coalition  
Against Hunger

- 48% of clients  
are children

November 6, 1991

Mr. Dick Austin  
General Services Administration  
Room 6344  
18th & F. Streets N.W.  
Washington, D.C. 20405

Dear Mr. Austin:

The Sonoma County Coalition Against Hunger is participating in Operation Desert Share through our certified 2nd Harvest Bank in San Francisco; The San Francisco Food Bank.


Approximately 50% of all Desert Share food coming through the San Francisco Food Bank goes to Sonoma County. In turn, we include Lake, Mendocino and Humboldt Counties in the distribution of food from Operation Desert Share. This covers the entire Northern California Coast all the way to the Oregon border.

The food is distributed through hundreds of service agencies in three classifications: (1) hot meal sites, such as St. Vincent de Paul Dining Rooms and other senior dining sites, (2) residential care, developmentally disabled, homeless shelters, and (3) Pantries which deliver food bags to needy families and seniors.

Approximately 48% of the people served in these categories are children with the next largest percentage being senior citizens. If the Operation Desert Share program continues, we might be able to handle the additional demand brought on by the present stress in economic conditions.

// This letter is to inform you of our progress in our efforts to reach as many needy people possible, and to thank you for your support in making Operation Desert Share a part of our efforts to ease hunger in our communities.

Very truly yours,

  
Wayne K. Hamlin, Director  
Sonoma County Coalition Against Hunger

1091-3149

# Missions

1008 NORTH MCKINLEY  
OKLAHOMA CITY, OK 73108  
(405) 235-8855

- helped hungry  
and homeless  
people in Oklahoma

November 14, 1991

Mr. Dick Austin  
General Services Administration  
Room 6344  
18th & F. Streets NW  
Washington, DC 20405

Dear Mr. Austin:

I am the director of a private agency that distributes food to the hungry and homeless in Oklahoma City. We serve an estimated 750 - 800 people each month through our pantry. Many of these families are literally "living on the streets" or are from shelters and have little or no facilities to prepare or cook food. We receive no government funding and get about 70% of our food stock from the Oklahoma City Food Bank. The Food Bank's recent acquisition of the Desert Storm surplus has helped us tremendously in serving those in need of pre-cooked food.

I feel the decision to release this product for use in private agencies such as ours was a sound decision. Those of us in the private sector have long realized that the burden of caring for this nation's poor and hungry cannot rest on the government alone. We are doing our part each day to help alleviate some of the problems and are encouraged when things such as Operation Desert Share happen.

Please don't take a step backward. This product is and can continue to help greatly in the fight against hunger.

Sincerely,

Peggy Garrett  
Executive Director

1991-3/53

RECEIVED

NOV 20 10 02 AM '91  
EXECUTIVE DIRECTOR

# Hope Center

## Youth & Family Services

Post Office Box 760  
Groveton, Texas 75845-0760  
(409)642-2384

...providing alternatives for Texas since 1972.

*Executive Director*  
David C. Winship

*Corporate Address*  
4115 Yoakum Boulevard  
Houston, Texas 77006  
(713)526-HOPE

*Residential Services*  
Bob Lanier  
Wilderness Program  
Elizabeth G. Lanier  
Wilderness Program  
Independent STEPS

*Non-Residential Services*  
Alternative School  
Family Therapy

*Board of Directors*  
Bob Lanier, Chairman  
Judge Eric G. Andell  
Judge A. D. Azios  
Thomas E. Berry  
Rufus P. Cormier, Jr.  
Holly Lanier  
Senator Jimmy Phillips  
Reverend John R. Pitts  
Frank Thompson  
Nancy Wilfong  
David C. Winship

*Directors Emeriti*  
Judge Cris Cole  
(Posthumous)  
Seymour Cox  
Elizabeth G. Lanier  
(Posthumous)

November 7, 1991

Mr. Dick Austin  
General Services Administration  
Room 6344  
18th & F Street NW  
Washington DC 20405

*- on behalf of  
emotionally  
disturbed and  
delinquent youth*

Dear Mr. Austin,

The Houston Area Food Bank distributed products from Desert Share to food pantries and agencies qualified to receive food. The Elizabeth G. Lanier Wilderness Program serving emotionally disturbed and delinquent youth of Texas, was fortunate enough to receive a portion of the food and rations. We rely on the Food Bank for a supplement to our food services and to help reduce the cost of food and supplies. The Desert Share food and rations were a wonderful and helpful addition to the services we are able to offer. This helps us keep our costs down so we can continue to serve children with difficulties.

*N91-3158*

Some of the products we received were a box of rations and a variety of food products such as chopped onions, cake mix, biscuit mix, and dehydrated cheese. We appreciate these products and hope that you will continue to support their distribution to food pantries and agencies.

Sincerely,

Karla Drover  
Assistant Director  
E.G.L.W.P.

THE NATION THAT SHALL OBEY  
NON-DENOMINATIONAL CHURCH #1 INCORPORATED

EAST FRANKLIN (Temporary Address)  
CLARKSVILLE, TENNESSEE 37040

HOME  
PHONE 615-552-2083

WILEY B. MOORE, FOUNDER & PASTOR

CHURCH  
PHONE 615-648-3680

The Pastor, Officers and Members of The Nation That Shall Obey Non-Denominational Church #1 Inc. are alarmed at the possible action to stop the sparing of surplus food from Operation Desert Share.

We would be hard pressed to continue our small effort to feed the needy and elderly on fixed income in community.

With the already lessening inventory from the Super Market Chains, This Food was a great help in filling the gap in the supply left in the Food Banks.

We would like to urge you to put forth every effort to continue the efforts you have already started.

Respectfully Yours:

*Wiley B. Moore*  
WILEY B. MOORE  
FOUNDER & PASTOR

COPIES OF THIS LETTER TO:

MR. DICK ALLEN (GSA)  
MS. PATRICIA CARLILE (ICOH)  
MR. JACK KEMP (HUD)

*- rural, religious  
association*

*N91-3155*

*All pages weren't received*

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION  
DWIGHT D. EISENHOWER LIBRARY, ABILENE, KS 67410

Telecopier/Facsimile Cover Page

Date 1-3-92 Time \_\_\_\_\_

Number of pages (including this page) 6

To: \_\_\_\_\_  
Mr. Bob Simon  
\_\_\_\_\_  
White House  
\_\_\_\_\_  
Phone; FTS-456-7750  
\_\_\_\_\_

From: \_\_\_\_\_  
Herb Pankratz  
\_\_\_\_\_  
Eisenhower Library  
\_\_\_\_\_  
Abilene, KS 67410  
\_\_\_\_\_

Phone/FAX: FTS 456-6218

Phone: 913-263-4751

SUBJECT: DDE re containment, rollback, or weakness of Communism  
(campaign speeches for July 4, Aug. 25, Sept. 22, Oct. 13 & 16, 1952)

FOR AIs JULY 4, 1952

McCOOK, Nebr.

Great experience for an American to get a close-up at this vast productive land of ours.

Sometimes seems to me we take it too much for granted --

I've been abroad a good deal in the last few years -- Every time I return it's a new thrill and a new revelation.

-----

Thought has often occurred to me that you people out here in our great Middle West are one of the reasons for the Iron Curtain --

You see, that curtain exists for two reasons:

To keep us from getting a good look at Russia.

To keep the Russians from getting a good look at us.

The men in the Kremlin wouldn't dare let their people get an eye-full of America.

They wouldn't dare let them get a close-up of the way people live in McCook --

I am convinced that if we could put the Russian people on a train and let them cross this country -- what they'd see and what they'd learn about freedom would just about finish Communism -- once and for all.

-----

Unfortunately, the Iron Curtain Mentality is not wholly unknown in our own country.

Right now -- some devotees of that mentality seem to be at work in Chicago.

They've put up an Iron Curtain so that we can't see what goes on in the Credentials Committee of the Republican National Convention --

The American people have a right to hear and watch those proceedings on radio and television.

What goes on in the Credentials Committee is not the private business of a little clique of politicians.

What goes on there is public business.

That means it's your business.

That business ought to be conducted in the full light of day.

\* \* - - - - -

If I know the American people -- this ruthlessness in Chicago will boomerang.

Everyone of you is going to keep a closer eye than ever on the proceedings.

You will want to know whether, by what it does, the Republican Party deserves to win.

I am confident of the outcome --

I am firmly convinced that an overwhelming majority of the delegates to the Convention will refuse to allow back-room schemings to control the outcome of the convention.

8-25-52 NYC - Am.  
Legion

Russia is no Nazi Germany or Imperial Japan. Their war machines were fed by fractional economies, isolated from raw materials. Victory for them depended on the crushing impact of early military shocks — on the finality of their surprise assaults. Once the remainder of the world was mobilized and concentrated against them, their defeat was assured.

The Soviets will not repeat the fatal error of those enemies we vanquished in World War II. If and when they decide it is to their advantage to start a global war, they shall most certainly at that moment have under their iron-fisted control the military, industrial and human strength they think necessary to carry the conflict to a successful end for themselves.

In my measured opinion, they have not yet reached that position. This means we still have time. But it means also that to the threat posed by the Soviets, we must at once find the right answer. So long as menace hangs over our heads, our peril circumscribes our industrial goals, our agricultural program, our fiscal policy, our entire economy and all our attitudes.

Fear, induced by peril, is a climate that fosters militarism and the conversion of a nation into an arsenal for war. Fear is a climate that nourishes bankruptcy in dollars and morals alike. Those afraid seek security in a heedless extravagance that breeds waste of substance and corruption of men. Fear is a climate that, if long endured, is as costly in its toll on material resources, on lives, on the spirit of men as defeat in war. In an era of chronic fear can be heard the death rattle of a nation.

From this time forward, we Americans cannot tolerate the preparation and execution of our program in a climate of fear and hysteria. Day by day we must follow a course which all our people may understand and support with confidence; and we must not abate our efforts until we have banished from the free world the last probability of Communist aggression.

The course to peace is the establishment of conditions that will abolish fear and build confidence.

There are three areas of immediate demand upon us.

First, America must be militarily and productively strong. It must be committed to security forces of such mobility and offensive impact that their retaliatory readiness and the massive potential of their blows will haunt the Kremlin with nightmares of the punishment to be visited upon Russia should it violate the peace. At the same time, we must keep America economically strong. Even military preparation must not weaken our great competitive enterprise system. America's spiritual, economic, and military strength must be the cornerstone of a free world structure.

Second, we must build greater cooperative unity with every nation in the free world that is prepared to stand with us, work with us, build with us for the security of all of us. Let us never for a moment forget that the men and women of the free world dwarf the Communist world numerically, and tower above it in skills, in command of natural resources, in material might, in greatness of spirit and heart. We and free peoples everywhere are one in our desire to live in peace. Why should we not be one in our front against the common threat? United, we can be invincible and unafraid.

Third, our Government, once and for all, with cold finality, must tell the Kremlin that we shall never recognize the slightest permanence in Russia's position in Eastern Europe and Asia. The day must come when the peoples of the enslaved lands will have the opportunity, in the fullness of freedom and in the light of interna-

will have the opportunity, in the fullness of freedom and in the light of international scrutiny, to choose their own paths into the future. More than that, we must tell the Soviets with an equally cold finality that never shall we rest content until the tidal mud of aggressive Communism has receded within its own borders. And we must tell them this: -- never shall we desist in our aid to every man and woman of those shackled lands who seeks refuge with us, who keeps burning among his own people the flame of freedom, who is dedicated to the liberation of his fellows.

These three elements are immediate in their urgency. We cannot brook any delay about them. Nor may we suffer delay in other crucial areas if we are to achieve peace and prosperity in the free world -- if we in cooperative unity with other free peoples are to achieve our destiny as children of God and heirs to peace.

more

Page 3 - Cincinnati, Ohio, Monday, Sept. 22, 1952

Moreover, I believe that the decision to fight to hold Korea-- like the decision to struggle so bravely to hold Berlin -- was an inescapable decision.

What I deplore in these cases of Berlin and Korea is this: The incompetence of political leaders which made military action necessary. Our servicemen were summoned to snatch military victory from political defeat. Democracies cannot afford the luxury of assigning armies of soldiers to go around "picking up" after their statesmen. *XX*

~~The American people have been condemned by such policies to live in a purgatory of improvisation.~~

Surely something better can be found.

Yet all we have been offered is a program of bits and pieces-- a plan here, a program there, a loan here, a doctrine there -- an endless game of makeshift and make-believe.

It simply isn't good enough.

A deadly result of this playing by ear has been to frustrate the free world's quest for unity. I mean this in three quite specific senses. Here they are:

We have no single, coherent policy in Asia on which all our allies agree. Despite all the conferences, in these seven years of perilous peace, in all the capitals of the Western world, we still -- in plain fact -- have not agreed among ourselves on what precisely to do in Asia. Even the unleashing of a ~~great~~ war -- and the Korean conflict is a ~~great~~ war -- has not proved sufficient incentive to our statesmen to achieve such unity.

We have, similarly, failed to use our influence to the fullest to bring about unity in Western Europe. I mean real and tangible unity -- the kind of unity of which Italy's great Prime Minister De Gasperi spoke last week. This means a unity not of words and forms and gestures -- but a unity of currencies, of trade policies, of armies.

We have, lastly, failed to achieve a real unity of spirit with our allies. The truth is that the spirit of our relationship with them has remained too much that irksome bond which binds debtor and creditor. Many of our allies are bound to us more by the loans which they have needed, than by a faith which our policies and practices should inspire. *XX*

There is one big block on the road to understanding. It is the fear among many Europeans that in the struggle between Russia and the United States, they are merely our pawns. This is a fear we together must seek to remove. *And why it has been allowed to*

I do not cite these failures to find partisan pleasure in *them*. I cite them with a constructive purpose. For these failures point to what must be the first, most important goals of a new administration and a new foreign policy. I stated many of these goals in a recent speech in Philadelphia. Chief among them in this connection are these: Agreement among our interested Western allies on a single policy in Asia, and the realistic pursuit of true unity in Western *plans* *draw* *XX*

Europe itself.

This kind of leadership in the free world can work political wonders. But it demands, above all else, fidelity to our principles. And these principles -- I have said before and I repeat it once again -- do not permit our acquiescing in the perpetual enslavement of any peoples. These principles demand that we use every political, every economic, every psychological tactic to see that the liberating spirit, in the nations conquered by Communism, shall never perish.

Thus, we shall help each captive <sup>people</sup> nation to maintain an outward strain against its Moscow bond. <sup>not let them down</sup> The lands closed in behind the Iron curtain will seethe with discontent: their peoples, not servants docile under a Soviet master, but ardent patriots yearning to be free again. Nothing is so damaging to a tyrant's war machine as the steadfast spirit of an unhappy people.

(more)

~~Wesley, Wyoming, Monday, Oct. 15, 1954~~

If we are strong, if we are honest, if we are straight-forward in our dealings, we will have the prestige abroad, we will have the support abroad, this is needed if we are to lead the free world into that combination of power that will stop Communism in its tracks, and, because it is stopped, finally force it to recede -- induce it, at least, to recede -- into the areas from where it originates.

Ladies and gentlemen, this is a very serious proposition that you must study as you reach your own decisions that you are going to register on November 2. What kind of government can you afford to have in Washington? My contention is that you can afford to have none but the best.

If you are interested in programs of peace that will gradually lift this terrible burden and the shadow of Korea off our backs and eliminate future wars, if you are interested in expenditure programs that the United States can afford for necessary purposes, if you are interested in getting a business-like administration instead of the terrible confusion we have in Washington now, if you are interested in getting just plain woodshed honesty in government, so you can respect and honor it, our crusade and all its leaders contend we must have a change.

The big job I have outlined for you, ladies and gentlemen, is not a one-man job; it is a very serious teamwork job. It involves the combat troops right down on the frontlines, the men who are going into the voting booths and getting all their friends and all their family to go at the same time. Suppose each of you, for example, got ten people -- and we do that all over this country. If we get them all in the voting booths, of course we are going to have a reformation in this government. Anyway, starting with the combat troops and going right on up, you get into the leadership of each state. One reason I was very anxious to come into Wyoming; By no means must you forget that if you were to send me there, with the responsibilities of executive leadership, you must send men like Frank Barrett. He is exactly the kind of man who is needed in the leadership team for this great crusade. And you must send Congressman Harrison along with him. So I come to say; Here is a team job for all of us, and whether you are interested in the great oil deposits of this oil capital of the Rockies, whether you are a rancher, whether you are a businessman, whether you are the housewife who is bringing up the youngster in the home and you want to hold before him an example of decency as applied in your government -- whatever you are, ladies and gentlemen, you have got to have good government, honest government, efficient government, and above all, dedicated government.

That is what this crusade wants to give you. It comes before you not with any specific promises -- at least not with competition in promises. You know, all of those political promises have been worn out in the last twenty years anyway. Many of them were made and never kept and many were made with no intention of keeping them. But, in any event, the people who are leading this crusade -- and are going around the country to get all the American people to join with them -- are interested in this business of giving you good government that is honest, efficient and dedicated.

Now, ladies and gentlemen, I want to tell each of you how deeply honored I feel by your presence here this morning. You have come a long way to see me, to give me a chance to look into your faces, to get reactions from you as to what you are thinking and what you believe, and you encourage me mightily.

You know, in the profession in which I was raised there are a lot of textbooks. One of them tells about the general going around to visit his troops. There are a lot of ex-G.I.'s here who have been by having VIP brass hats come around and the purpose of these visits was supposed to be to get the combat

come around, and the purpose of those visits was supposed to inspire the combat troops, you know, get them all pepped up. I used to make those visits, and there are a lot of them here who have seen me come around, but I did it for a different purpose; I went around to get inspired. I could recite to you by the hour stories, when I went around feeling very low about a battle that was coming up, and the soldiers looked at me, grinned, and said, "What are you worried about, General? We are on the job." One great thing, wherever I go, in all these meetings, from Florida to Washington and across the country, and from North to South, when I meet people like you I go away feeling better. You look to me like you are on the job. I thank you for coming out this morning.

# # # # # # #

Page 5, Al Smith Dinner, New York City, Oct. 16, 1952

We should next recognize that the Soviet leaders, for all their formidable gains since 1945, have suffered some rude jolts to their expectations of that date. In the first place: with such American help as the Marshall Plan, European governments that might have stumbled toward Communism in 1945 have held fast to their freedom. Secondly, the vigor and courage of the armies of the United Nations in Korea have astonished a Kremlin that had been led to believe that this little nation could provide a cheap and easy victory. In the third place: the stunning defiance of Yugoslavia has coldly warned that nationalism can infect Communist territory with dangerous success. Finally and most importantly: the cataclysmic American economic collapse supposed to strike immediately after the war has never come. Our economy is vulnerable and insecure in many ways. But all our people have come to know that it is the primary task of any President and any government to insure that our country never again suffer a great depression. As a soldier and as an ordinary citizen, I know that to permit such a disaster -- in the name of any economic theory whatsoever -- would be the quickest way to concede victory to Stalin. Our economic strength and our military strength are our nation's shields -- without which peace could never be preserved, nor freedom defended. All America's acceptance of this basic truth is -- in itself -- one of America's surest sources of strength.

These facts do something to offset the staggering losses suffered elsewhere by freedom's forces in these years of dubious peace.

There is yet more solace and hope, I believe, to be found in some of the grave weaknesses of Soviet Communism itself. It is one of the crude ironies of our times that this system, so charged with internal strife and tension, should preach such lengthy sermons on the "internal contradictions" of the free world.

The truth, of course, is that the "internal contradictions" of communism are constant and stupendous threats to the Soviet Union's own safety. There is the colossal "contradiction" of slave labor -- both a mockery of the pretensions of the workers' paradise, and a source of constant political and economic danger. It is indeed strange that a government -- so loudly shouting that the free world is going to be destroyed by harsh, inescapable economic laws -- itself ignores the ancient historic law that no economy is so explosive as a slave economy. There is the "contradiction" of nationalism itself -- a risky weapon to be wielded by a government whose own empire presumes the denial of national identity and freedom. And there is this most curious of all "contradictions" -- the fact that Soviet policy constantly becomes frightened by demons of its own invention. Thus its self-induced hysteria over fear of Western attack led it into a truculence which solidified the free world against it as nothing else could have done. Its neurotic fear of non-existent Western alliances spurred it to actions which have, in fact, brought those alliances into being. Rarely in history has a nation been so justly punished for its own wild and ugly imagination.

Those, then are a few reasons why the free peoples -- despite the formidable size and might of the Soviet empire -- can face any new Soviet tactics without panic, with steady poise and clear purpose.

We can successfully meet those tactics -- I believe -- only by dedication to two ideals. They are: unity and faith. Upon our understanding of these two ideals and our fidelity to them depends

understanding of these two ideals, and our fidelity to them, depends, in truth, the fate of freedom.

Unity is no simple precept. It is a complex and exacting principle. It is the subject more often of fervent talk than of faithful practice.

To Americans today, this ideal, in its fullest dimensions, has a twofold meaning. It means our own national unity. It also means our unity of purpose with the whole free world.

more

Tate's fax  
313-668-6249

fax to Tate tonight  
get to Dammun

SNOW/SIMON  
SOTU  
DRAFT TWO

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

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

We meet tonight, in difficult times, and challenging times.  
We look upon a world reshaped by dramatic, sweeping change.

Tonight, I will discuss these changes, and about how together we  
can ensure that America <sup>R moves toward,</sup> remains confident and strong.

~~R It's important for all of us to note that while we see these~~  
<sup>There's an irony, that we see ourselves as</sup>  
challenges vividly at home, the rest of the world sees America as <sup>weak</sup>  
proud and tall as ever. <sup>as we proceed, we need to remember this.</sup> R

That's crucial because we stand at a clear dividing point  
between past and future.

Behind us lies the hard work and tension of the Cold War.

After 50 years of determined opposition to communism, and  
determined defense of freedom throughout the world, we have won  
the battle of ideals. <sup>T</sup> <sup>S</sup> There are more living in freedom than ever before in  
history.

[list of nations, supplied by NSC. Do we wish to mention  
Cuba? <sup>NO RT</sup> If so, how?] <sup>NO R</sup>

These changes <sup>R</sup> certainly have brought new vigor to nations  
crushed by communist oppression, but they also are very <sup>R</sup> important  
to the American people as well. They reaffirm our most cherished

move down to bottom of p. 5

ideals, and they present us with <sup>not only</sup> ~~incredible~~ <sup>but new</sup> new challenges and opportunities.

~~If ever you wanted assurance that principles, bravery and fidelity to principle counts,~~ think of Christmas night. In the chilly Moscow evening, Russian patriots hauled down the red communist banner -- the hammer and sickle -- and sent it off to the mists of history. In its place they unfurled over the Kremlin a new flag, a <sup>mother</sup> tricolor of freedom, a flag of red, white and blue. <sup>Russian?</sup>

~~Communism collapsed of its own dead weight.~~ (Now, virtually every state that once called itself ~~socialist or communist~~ has begun to explore the unbridled promise of liberty.)

The world has changed so quickly that there isn't a single, up-to-date atlas on the market today. ~~Yet in lands blessed with the first light of liberty, a grand map greets each dawn -- (a map of new freedom of hope) -- a map that wears a proud label: Made in the U.S.A.~~

This revolution of freedom, ~~like most great events,~~ took generations to produce. It took place because Americans, through tough times and good, stood fast to their principles. We won the Cold War because America is more than a plot of land, more than stones and fields; cool lakes and rumbling volcanoes. The power of America rests in a stirring yet simple idea: that people will do great things if you only set them free. We Americans always do great things, on a scale that others can watch only with awe, and we do it because our country has instilled in us an

unconquerable devotion to liberty, freedom, responsibility and human dignity.

Several generations of Americans grew up in the shadow of nuclear <sup>war</sup> ~~confrontation~~. I remember my own children asking if we had dug a bomb shelter in the back yard -- just in case, <sup>R</sup> ~~and~~ <sup>R</sup> ~~for~~ millions and millions of Americans, <sup>R</sup> ~~distant~~ <sup>R</sup> ~~clouds~~ <sup>R</sup> ~~hovered~~ over their future. ~~Would they live free lives, or would everything vanish in a horrible flash?~~ <sup>R</sup> ~~ES~~

fear  
air raid siren  
Shadowed  
T: even-present part of our lives

Today, for the first time in fifty years, our strategic bombers are not <sup>R</sup> ~~no~~ alert. Today, for the first time in half a century, our children can sleep without fear of nuclear holocaust. We enjoy this peace today because we never failed to stand by our principles, by our families, by our country. We enjoy this peace today because generations of Americans risked their lives on distant fields of conflict because they refused to give away freedom's dream.

Americans detest war, <sup>R</sup> ~~and~~ we will pursue our principles peacefully wherever we can. But when others challenge our basic ideals and threaten our basic interests, we will not back down.

T: Lottien principle nat'l leadership

When we met a year ago, I had ordered American men and women to begin pushing Saddam Hussein out of Kuwait.

Within two months, we had liberated Kuwait.

Within nine months, Arabs and Israelis had agreed to talk about peace -- an historic first.

Within ten months, workers had extinguished the last flames inflicted by Saddam upon Kuwait's oil fields.

Shorter RT

Within eleven months, all of our Middle East Hostages had returned home <sup>and with</sup> -- back to their families, friends, and countrymen.

Our triumph changed and inspired the world. In an age too often dulled by cynics who prefer temporary comfort to a life of morals and ideals, Americans proved that ideas really do count, and ideas really do shape the world.

Now, wherever freedom blossoms, wherever people embrace new hope and joy, wherever old tyranny has surrendered to the tough and thrilling business of establishing a new order of freedom -- people of all races and nations say to themselves: God bless America! \\  
R: none on

So tonight, I say thanks again, to those of you who <sup>the</sup> supported me in my decision to fight for freedom. \\  
Congress? overall pt.

I say thanks to the brave men and women of Desert Storm. \\  
R not just of this war, but through this century

S T R  
Vietnam

I say thanks to the families, who worked and prayed while loved ones huddled on desert sands far away.

I say thanks to the businesses that held jobs open for those who had left to serve their country.

T: Thank people, bombis communities, members of this body for 50 years of ...

And I say thanks to the American people, who, when tested by a determined foe, believed in themselves. \\  
When the desert sands finally settled, and the last black flames fell still, no one in the world doubted that Americans can do anything they set their minds to -- and that Americans will.

D<sup>2</sup>

R: no

The Gulf War <sup>marked</sup> ~~drove a stake through the cold heart of the~~ <sup>and began the New World Order</sup> ~~end of the~~ Cold War. Now, an entirely different world <sup>awaits</sup> greets us. I know that changes frightens some people, and that some demagogues out

there look beyond our borders and see nothing but enemies. Well, I don't see it that way. I look to the horizon and I see opportunity.

*R: as we always have*

Let's face facts: Isolationism invited two global wars, and protectionism crushed a booming world economy, setting off the most dramatic <sup>worst</sup> economic depression the world has ever known.

The impulse to curl inward and look beyond our borders with suspicion and fear just isn't worthy of Americans. Isolationism -- in its foreign policy and economic forms -- is nothing but a new politics of malaise. And the Know Nothing Nativism that has erupted in some places embraces the delusions of the lynch mob: Rather than accepting responsibility for competing in a new and exciting world, it grabs the torches and ropes, hunts for enemies, and ferociously tries to hide from the fact that none of us can stop the march of time.

*T: cut*

Isolationism and protectionism boil down to defeatism -- and <sup>to cut and run,</sup> *say we should stand and fight, because when America matters, I will not stand for either one. competes, America wins.*

We should welcome the new world we have created. We should accept its challenges, seize its opportunities, fulfill its promise.

And we can start by reshaping and reforming our military structure to meet our new obligations in a new world.

--- defense insert ---

[important technological and economic changes of the past decade; setting the record straight on Republicans' economic record.]

D<sup>2</sup> Our future success will depend upon our ability to thrive in a world marketplace. The earth-shaking events of the last few years prove that we can shape the world before us. We just need to marshall the same values, the same determination, and the same ingenuity we used to win; the same grit, spirit and unity of purpose that brought us victory in the Gulf; the same unbeatable optimism that allows us to dream great dreams and do great things. Let's resolve to show that Americans can lead the way in economic growth; lead the way in innovation; lead the way in pioneering new and exciting ways of living, of working, of raising families and building neighborhoods -- of unleashing all the promise that life offers to us all. Dow?

I don't know a single American who doesn't feel capable of doing good work, who doesn't feel that the only thing missing from life is a fair chance to show off his or her ability.

T: Tonight, we begin the task of letting the air and light and color of opportunity flow down upon all our people -- and give them the chance to be the most they can be.

I know the American people. We hate to lose at anything. And I guarantee you, we won't lose our drive to remain the world's beacon of hope, its model of progress, the land people dream about when they dream of living free.

Americans all agree: we need to get our economy moving. I know many people want me to offer a startling, magical proposal to get America moving at full speed -- immediately. I'm not going to insult you with gimmicks. I have developed <sup>a</sup> ~~a~~ two-part strategy to get the economy moving; ~~and ensure our long-term progress and growth.~~ T R

*Plan: for the short term and for the long-term, to ensure sustained growth in a competitive economy*

This <sup>plan</sup> ~~strategy~~ meets <sup>the one true test</sup> ~~simple requirements~~: It makes sense, and it will work. ~~No magic. No gimmicks. No rabbits in the hat.~~

*from authority as POTUS, I have taken action using my as President I can do some things on my own*

In the ~~short run~~, I propose three kinds of action. First, I ~~will take every possible unilateral step~~ -- measures that ~~doesn't require your approval~~ -- to get the economy moving.

I have ordered every cabinet department and agency to get funds into every pro-growth program already in place. For example, I've already ordered the Department of Transportation to get the money from the transportation bill into action -- helping to build roads, bridges, railways -- helping people get to work more swiftly, home more swiftly, to the places they want and need to be more swiftly.

I will continue working to alleviate the credit crunch -- so people can get good loans for good reasons.

I will take dead aim at red tape and mandates that make life miserable for everyone.

*a*

I will continue supporting ~~the kind of sensible monetary policy that the Fed has promoted~~ -- <sup>that</sup> lower interest rates, <sup>while keeping</sup> more affordable borrowing. *inflation down.*

R

And tonight, I announce two new initiatives.

I have instructed all my cabinet departments to put a 90 day moratorium on the implementation of new regulations. A regulation should do more good than harm. It should address real concerns -- and not fictional possibilities. And it should promote the vigorous economic growth necessary to generate the technologies that will make our lives safer, healthier, more fulfilling.

I also have asked the Treasury Department to reduce the option of lowering the amount of federal tax withheld from their paycheck excessive personal income tax withholding. This measure will

reduce annual federal income-tax withholding by an average of \$345 per taxpayer.

These series of steps make common sense, and they will help encourage growth and economic activity.

But the broader growth agenda needs you. I need Congress to act.

First, I want you to encourage investment. After all, you can't create new jobs, businesses and opportunities out of thin air. You can't expand existing businesses out of mere whim. You need support. You need investors.

Here's my plan:

- Create a 15 percent investment tax allowance; and
- Simplify and liberalize the treatment of depreciation under the Alternative minimum tax.

A good growth plan also must get our housing industry back.

on its feet. This plan will

short  
R T  
make  
big  
\$20 billion  
stimulus  
make  
tougher  
to people

give every taxpayer  
while this step will not reduce the tax owed, it  
optional give the choice  
will increase your  
take-home pay  
immediately  
The rest of the short-term  
agenda  
regimes

ment R  
T: Everyone knows the  
only way to create  
jobs is to stimulate  
businesses to  
expand.  
T: Real estate has led every postwar  
recovery.  
real estate

RT sound

correct R

Here's ~~my~~ plan:

R I ~~want~~ <sup>propose</sup> a new, \$5,000 tax credit for first-time home buyers.

I ~~want~~ IRAs <sup>unleashed</sup> reformed, so first-time homebuyers can draw from their IRAs without penalty.

I ~~want~~ a modified passive loss rule for real estate investors.

I ~~want~~ you to extend tax preferences for mortgage revenue bonds and low-income housing.

In the short term, we need one <sup>furth~~er~~</sup> <sup>S</sup> final, crucial action. I want you to take one step crucial for ensuring economic growth today, and for building a foundation for robust economic activity in the future.

Cut the capital gains tax. <sup>Cut it</sup> to —.

The capital gains tax punishes success, plain and simple. It puts entrepreneurs in a lose-lose situation. If they invest in failed companies, they lose their money. If they invest in winners -- the government punishes their success by means of the capital gains tax.

It only stands to reason that the higher the capital gains tax, the less likely investors are to take chances on untried businesses -- radical new products, ideas and services.

The facts back this up. The number of new company starts falls dramatically whenever we raise the capital gains tax. The number of initial public stock offerings falls dramatically when we raise the capital gains tax. And when we place a high tax on

penalize anyone who owns a home, a farm, a business,  
or an idea waiting  
to be born.

T: too long

capital gains, the small business sector -- the real engine of growth in the modern economy -- comes screeching to a halt.

Japan doesn't punish success this way. Germany doesn't punish success this way. And <sup>major</sup> none of our competitors punish success this way. Neither should we.

More importantly, I hear people argue all the time that the capital gains tax taxes only the rich. That's just not true. [percent] of people who declared capital gains on their tax forms last year come from what we would call lower or middle-income households -- \$75,000 a year or less.

A capital gains tax will increase home values, decrease the cost of the savings and loan rescue, and will strengthen every pension plan in America. That's not a tax break for the rich: It's a bonus for everybody.

R: Most of the immediate benefits of a capital gains cut go to young entrepreneurs; to retirees, who have homes and pension plans; and to workers, who in the end receive 90 percent of the benefits of any capital investment. The point is: You can't make a capital gain unless someone else benefits. Investors don't make money unless workers and shareholders prosper first.

This short term plan isn't radical. It employs common sense. It gets investment flowing. It strengthens the housing market. And it encourages the risk-taking that's absolutely essential for any growing economy.

~~[comments on an ideal cap-gains package]~~

~~[luxury tax; the perverse effects of class warfare]~~

*don't want to move into divisive  
We tried that. And the people who suffered  
were the ones who build the boats, leaving*

*R:  
shrink  
to  
2%*

*You can't  
tax a  
capital  
gain unless  
someone  
makes a  
gain. And  
right now,  
there is  
too  
little risk-*

*taking investment  
to create jobs*

The capital gains cut will create jobs and give more people access to capital and opportunity. But as we enact this plan, we still have a responsibility to help those now out of work.

*T: compassion sentence*  
Therefore, in addition to this growth plan, I want you to extend *R: \$4 billion*

*in* unemployment insurance benefits for another six months (correct time period?).

I know that this is an election year. I know that some people may feel tempted to sit on this plan, hold it hostage for other interests. Some even may feel the election-year temptation to defeat my measures, push forward bills that I won't sign, and then accuse me of turning the American worker into a political hostage. Well, that trick won't fool anyone.

*R* The American people understand that you don't create jobs just by putting the word "jobs" in the title of a bill. You must put power in the hands of the people. *POTUS plan vs. GOP plan*

I want you to take up this short-term package now, and I want you to pass it by March 15. No games. No demagoguery.

*T: & expect you*  
Just do the right thing, and do it without delay. *T: people counting on you to act*

*R We must get beyond short-term*  
As you take up this action, understand that our long-term success in the world depends upon our ability to compete successfully in the world economy. That will require ~~some~~ *R* fundamental reforms in the (way we do business) and prepare ourselves for the age of Competition. *R* *This plan won't make it worse.*

We can meet those challenges with the following ~~six-point~~ plan.

Step one: Build a firm basis for free, open and fair international trade.

Everyone knows that open markets mean jobs, opportunities, and economic growth. I have fought for free and fair trade since Day One, and I will continue to do so.

I will push for <sup>to lower ~~the~~ damaging tariffs and subsidies</sup> a successful conclusion to the Uruguay Round <sup>with our trading partners through the General Agreement on</sup> of ~~GATT~~ negotiations. <sup>GATT negotiations in Geneva.</sup>

I will work to craft a North American Free Trade Agreement that will create the largest unified market in the world, and will strengthen our own bonds of friendship and <sup>prosperity</sup> ~~interest~~ with Canada and Mexico.

I will promote free trade <sup>and economic growth</sup> throughout the hemisphere through our Enterprise for the Americas Initiative.

And I will negotiate with any and all trading partners to open markets, create fair opportunities for both sides, and build a firm foundation for shared growth and wealth.

The United States exports more than any nation on earth, and we exported more last year than ever before. The vast majority of our economic growth over the past five years has come from the export business. <sup>Our choice is clear</sup> Free trade means jobs. Protectionism means pink slips. I'll take jobs anytime.

Step two: Create schools that are second to none. Our educational system hasn't changed much since <sup>when kids had to help on the farm all summer.</sup> ~~the horse and buggy~~ era. Now, it must change to meet the demands of the 21st Century. We need tomorrow's schools -- <sup>and we need them</sup> today. now.

We need safe schools, where children can learn. Today, many ~~when~~ <sup>send their children off in the morning, they</sup> parents worry more about their children's ~~survival in the schools~~ than about their children's educations. In every major school district in this nation last year, weapons seizures outnumbered ~~national merit scholars~~. In one major city school district, for instance, authorities seized 596 weapons, while the schools graduated 25 National Merit ~~finalists~~ <sup>Scholars</sup>.

We need effective schools, where children will learn. Achievement test scores have been declining steadily for more than 30 years. That just can't continue. We should measure student progress, assess ~~our own educational~~ <sup>each school's</sup> quality, and demand ~~better and better schools~~ <sup>progress from those in charge.</sup>

I want schools that prepare children for life's challenges -  
- that give them strong, sensible values; equip them with the ability to read, write, calculate and think on their own; supply the intellectual resources, tools and curiosity necessary to thrive <sup>and adapt</sup> in a world of change.

I want schools that form the heart of a community, and seek the help and involvement of everyone.

That's almost impossible in today's take-it-or-leave-it schools. It's perverse that a felon languishing in a ~~prison~~ has greater choice in selecting an education than a young child in our public schools, or that our ~~schools offer~~ <sup>have</sup> parents <sup>1</sup> no more choice in ~~vital matters of education~~ <sup>picking a school</sup> than the government offers when handing out social security numbers.

*Our education strategy -*

1 America 2000 will close the gap between the living room and the classroom by giving everyone a voice -- and everyone a choice. <sup>Right now, only</sup> Today, wealthy families already have <sup>a</sup> educational choice. <sup>if schools.</sup> *America 2000* <sup>every family</sup> ~~is~~ <sup>of choice,</sup> and a <sup>chance for</sup> ~~real~~ hope, opportunity -- and at last, a real hope of a <sup>a high</sup> quality education. -- to everyone.

If you want a 21st Century educational system -- stop <sup>pouring</sup> pumping money into <sup>a bucket full of holes</sup> the old ways, and support the new. Support choice. Support equal opportunity. Support innovation and competition. <sup>(one too many)</sup> ~~Support hope.~~ Support America 2000.

Step three: common-sense investments in the future:

My plan calls for record investment in federal research and development, and in federal support of civilian basic and applied research.

My plan calls for <sup>making</sup> ~~a permanent extension of~~ the Research and Development tax credit. <sup>permanent.</sup>

My plan calls for record investment in Head Start, and make it possible to cover all participating, eligible four year olds.

My plan calls for unprecedented levels of investment in programs that help children and encourage preventive health.

My plan calls for record levels of investment in education - especially in math and science education.

My plan calls for an all-out assault on crime and drug abuse. We have made tremendous progress in our war against drugs, and that's important. Drug abuse destroys worker productivity, it weakens the minds of students, it <sup>causes</sup> abets crime. If you <sup>stop the scourge of</sup> conquer drug abuse, you eliminate <sup>the root</sup> a problem that

~~contributes to~~ many of our worst and most persistent social problems.

My plan proposes Job Training 2000, <sup>a total reorganization of the governments</sup> ~~which will give workers~~ ~~access to effective~~ job training and vocational education programs. <sup>teaching new skills to new workers for the jobs of the future.</sup>

My plan calls for <sup>fighting crime and revitalize our cities</sup> ~~a major expansion of what the Justice Department calls~~ "weed and seed" <sup>by the approach</sup> -- ~~an initiative that pushes~~ <sup>then seed the</sup> ~~criminals out of neighborhoods, and uses the combined strength of~~ <sup>reclaimed ground</sup> legal and social services to foster <sup>new</sup> business, community involvement, <sup>and neighborhood</sup> pride. -- ~~and neighborhood stability.~~

My plan calls for enterprize zones. We should encourage entrepreneurs to bring business, growth and hope to areas too <sup>abandoned to</sup> long ~~assaulted by~~ poverty and crime.

When I talk about investing in the future, I'm really talking about investing in people -- giving them the strength, the power, and the confidence <sup>to</sup> ~~that they can~~ build full and dignified lives.

Step four: A comprehensive, affordable, market-based health care system. Everyone agrees that medical care costs too much, has become too complicated, and excludes too many people.

When we <sup>confront</sup> ~~survey~~ this problem, we've got to make a choice. We could adopt a nationalized, one-size-fits-all system -- the sort of program that denies patients any choice in selecting a doctor, often forces society to ration health care arbitrarily, condemns patients to <sup>a bureaucracy with all the</sup> ~~long lines, indifferent service~~ <sup>efficiency of</sup> -- and general <sup>the Post Office and the compassion of the IRS.</sup> ~~distress.~~

((And I'm probably being unfair to the Post Office!))

On the other hand, we can reform our own private care system which, whatever its faults, provides the highest quality health care on earth -- one that gives patients choice, <sup>encourages</sup> doctors ~~an~~ <sup>to stay up-to-date on the best possible care,</sup> ~~incentive to provide better and better service,~~ and encourages people to take good care of themselves.

My plan adopts the market solution. It gives every American access to quality health care -- regardless of age, regardless of disability, regardless of condition. It excludes no one. It also makes absolutely no compromises in terms of quality or flexibility.

Step five: bring the federal government into the age of Competition.

First, cut spending.

My budget calls for a freeze of all domestic discretionary authority; and a cut in total discretionary budget authority.

My plan will eliminate a vast range of programs that we just don't need, and whose funding we cannot justify. In all, I want to cut 4,000 projects.

My plan will freeze federal domestic government employment, and we will cut overall federal personnel by four percent.

My plan will place an enforceable cap on the growth of unfinanced "mandatory" spending and a cap on the cumulative subsidies of hidden liabilities.

I want you to extend and refine the key elements of the Budget Enforcement Act -- the spending caps, the accounting improvements, the pay-as-you-go discipline.

Perhaps most important, we're going to take a hard look at government management. [management improvement initiatives; broader case for government reform]

While you're at it, think about the kind of reform that will encourage sensible spending, and put an end to the annual temptation to finance a pork-barrel project for every congressional district in the land.

Every year, the press has a field day with outrageous examples of pork-barrel spending. Last year's budget, for instance, contained special appropriations for handling manure - - and resolving disputes with neighbors who might find the odor a little offensive.

These may not add up to a huge chunk of the federal budget, but they send a powerful signal to the public -- more direct and pungent than any manure fumes. They tell the public that Congress has time for frivolous matters, but not for the real business at hand.

R:  
NO

I have served in the House and I presided over the Senate for eight years. I know the pressure constituents can bring to bear. That's why I want a line-item veto. Give me this power, a power enjoyed by xx governors. I guarantee you: You won't spend another penny trying to improve the public image of manure -- including the kind that has a bill number.

And Step six: strengthen the fundamental building blocks of our society. We must stop accelerating the depreciation of our most precious national asset -- our families.

I want Congress to raise the standard deduction by \$500 per child for every family in America. We ought to support whole families, not cripple them, and this measure will take a first important step toward putting power in the home -- and taking it out of the bureaucracy.

That's not all: We need to take dead aim at social programs that do more harm than good. Today, welfare laws actually reward unwed mothers to have babies, do not punish young men who father children and then run away; encourage poor families to split up; encourage some able-bodied, low-income workers to take a federal check instead of working -- in short, some of our laws serve to enslave people who merely want the dignity of living independent and free lives.

We need a welfare system that promotes the values necessary to succeed in our world -- hard work, ambition, dedication.

We also need social programs that build strong neighborhoods, filled with concern and hope and pride. I want you to make the American dream accessible to everybody.

Too often, we think that you provide dignity and affluence by handing out checks. But a check without responsibility is nothing. A life without responsibilities is barren and dull. When we think about lifting up those trapped in lives of want and despair, we should supply real dignity. We should promote responsibility by demanding real work. We should build dignity by giving every American the chance to own and pay for a home. And we should give poorer Americans real assets -- job skills,

property, responsibility -- rather than urging them to remain passive, awaiting next month's check.

Americans want a government of common sense, and not of uncommon expense. Americans are generous: Give them a chance to help someone, and they will. But Americans will not continue pouring money into programs riddled with unintended incentives, programs that don't provide opportunity, dignity and hope.

States and cities have tightened their belts; they've begun to search for new innovations and solutions; they've begun to produce better services for less; they've set priorities and made tough choices.

Communities have stepped forward to assume their share of the responsibility for solving our problems. People in record numbers have begun volunteering their services in every way imaginable.

My Administration has offered an action plan that will work.

So that leaves Congress. It's time for you to act.

Pass my plan. Don't hold Americans hostage to the whims of political competition. Let's win the people's support with our actions, rather than bidding for their attention with election-year slogans.

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ending section on the way.

*Copy Speech  
writers &  
researcher.*

January 29, 1992  
Title: The Plan

PROPOSED :30 SECOND TV COMMERCIAL  
(NEW HAMPSHIRE)

New Hampshire and our nation have been through tough times.

I've given Congress a deadline of March 20th to pass my Plan for  
Economic Growth.

It will cut taxes for families, encourage investment so  
businesses can create new jobs and restore the value of homes and  
real estate.

My plan will work -- without the big government spending that has  
failed us before.

But I need your help now to send a real message..to Congress.

Get to work.

# # #

January 29, 1992  
Title: The Plan

PROPOSED :30 SECOND TV COMMERCIAL  
(NATIONWIDE)

Our nation has been through tough times.

I've given Congress a deadline of March 20th to pass my Plan for Economic Growth.


It will cut taxes for families, encourage investment so businesses can create new jobs, and make a college education more affordable.

My plan will work -- without the big government spending that has failed us before.

But I need your help now to send a real message..to Congress.

Get to work.

M E M O R A N D U M

TO: SPEECHWRITERS AND RESEARCHERS  
FROM: DOUG CHIA, RESEARCH INTERN   
DATE : JANUARY 30, 1992  
RE: COMPLAINTS ABOUT MARCH 20 DEADLINE

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Here are the highlights of today's complaints from the Hill and elsewhere about the deadline:

Thomas Foley said "there's a sense in the [SOTU] of combativeness and challenge that I think creates some sense of concern" about the POTUS's political motives.

Foley also said there was an "almost swaggering suggestion that after the 20th of March, well, if there is going to have to be a fight, then you know how I welcome fights. . . . And I'm not sure that meshes with his call for cooperation."

George Mitchell said that Bush's deadline "doesn't mean anything." He also said "We want to act, we intend to act, we will act, not because of any so-called deadline, but because it's the right thing to do."

The Washington Post notes that "in further indication that Congress will rush to act on an economic package, even while complaining about Bush's deadline, members of the House Budget and Ways and Means committees have been notified to be ready to work through the Feb. 8-17 President's Day recess if necessary to hasten work on the plan."

Robert Byrd said "There is certainly no need to hurry and pass this plan. . . . It is the wrong course for America."

Robert Dole urged Republicans to "roll up our sleeves and help [the POTUS] meet his March 20 deadline."

## REVIEW & OUTLOOK

### Will George Do It?

WSJ  
1/30/92

Put a circle around March 20 on your calendar. If we understand what George Bush said in his State of the Union address, that should be the eve of Operation Domestic Storm.

"This will not stand," the President said twice of the "hard times" the nation's economy faces. "I pride myself that I'm a prudent man, and I believe that patience is a virtue, but I understand that politics is, for some, a game and that sometimes the game is to stop all progress and then decry the lack of improvement," he said. He asked the Congress to pass his short-term economic program by March 20. "From the day after that, the battle is joined. And you know, when principle is at stake, I relish a good fair fight."

George Bush, as they discovered in Iraq, likes deadlines. With this deliberate invocation of his Desert Storm rhetoric, he is putting himself on the spot. Unless he wants to go back on another "read my lips," on March 21 he'll have to do something dramatic about the economy and, more to the point, about the Congress. Can he? Will he? When President Bush gave Saddam Hussein a date certain for getting out of Kuwait, many people, including us, wondered whether he'd actually make good on the threat. Saddam assumed he wouldn't, but on January 16 there were cruise missiles over Baghdad.

The President's economic program, as it happens, is too timid for our tastes. Even the capital-gains proposal, the best of the lot, is encumbered with gimmicks on holding periods. Robert Barro details other shortcomings alongside. But in a certain sense the specifics are not the point. The economy is suffering most of all from a sour public mood, and the quickest way to break that mood would be for the administration to break out of the Depublican-Remocrat deadlock and offer the voters a clear choice on economic policy.

In any event, there is almost no chance that Congress will pass the President's proposals. The blood of election-year politics will be in the water, whether or not Bill Clinton defeats Gennifer Flowers in the New Hampshire primary. The virulent anti-incumbent mood in the land means the Members will be looking out for only their own parochial interests, not the common good, which is traditionally a presidential responsibility. Besides, the Senate voted down the education bill the very day Mr. Bush spoke (newspaper photos depicted a triumphant Ted Kennedy).

Jack Kemp's HOPE program to empower poor people with property, which the President asked for, was trashed last year. And of course, his capital-gains proposals have been filibustered and otherwise kept from even coming to a vote.

So the March 20 deadline will pass. Then what?

Then, we hope, George Bush will mount a unilateral campaign to liberate the American economy, and dare Congress to stop him.

As President, Mr. Bush has direct authority over the executive branch, which is to say all the departments, agencies and attendant bureaucrats who most directly affect the economic life of America's workers and employers. The President has the authority to issue executive orders, as he demonstrated Tuesday night with his 90-day moratorium on new regulations that "will hurt growth." When Congress refuses to act, he has the option of asserting his authority, leaving it to voters to approve or disapprove in November.

The President could, for example, unilaterally adopt indexation of capital gains via regulatory fiat. The argument for this action, which has been discussed at the White House, was described here Tuesday ("Presidential Indexation"). As we have also argued, he could also unilaterally assert the line-item veto; his signature messages have in effect already exercised this option against unconstitutional provisions in dozens of non-spending bills. Item-veto fans noted the President's pointed references to the Lawrence Welk museum and Belgian endive research, not to mention 246 programs that "don't deserve federal funding."

These assertions of executive authority would be controversial, and ultimately subject to Supreme Court review. But the most important verdict would be that of the voters. The inability of Washington to control the budget, the political deadlock, the anti-incumbent mood all argue for finding a vehicle to sharpen the debate, not for endless wheel-spinning over the terms of a deal. So it's significant that Mr. Bush strongly hinted going unilateral, "There are certain things that a President can do without Congress. And I'm going to do them."

The State of the Union has been delivered. The New Hampshire primary will be coming February 18. The preliminaries are already under way. We're buying box seats for March 20. The Deadline.

## **The Deadline: A Tactic With Political Roots**

The March 20 deadline that President Bush set in his State of the Union address for Congress to pass his economic growth agenda is one firmly rooted in politics, not law.

There is no legal sanction if the deadline is missed, but, as Bush made clear Tuesday night, there will be a rhetorical one. "From the day after that, if it must be, the battle is joined," he said.

Bush used the same technique last year when he challenged Congress to pass highway and crime legislation in 100 days, the amount of time it took U.S.-led forces to drive Iraq from Kuwait.

When the date passed without final action on either measure, Bush traveled around the country assailing lawmakers for inaction, tapping the strong anti-Congress sentiment among the public.

Administration and Bush-Quayle campaign officials plan to do the same if Congress does not act on the economic legislation in the 50 days between yesterday's budget submission and March 20.

The deadline falls amid important primaries in the Democratic presidential race. According to congressional officials, the White House had considered March 15 as a deadline, but wanted to avoid allusions to the Ides of March, the date in 44 B.C. when conspirators led by Marcus Junius Brutus assassinated Gaius Julius Caesar.

Others noted that moving the deadline to March 20 put it beyond the Illinois primary, when House Ways and Means Chairman Dan Rostenkowski (D-Ill.) faces his first challenge in many years. "That might have been a consideration," one congressional official said.

—John E. Yang

WP 1/30/92

M E M O R A N D U M

TO: SPEECHWRITERS AND RESEARCHERS  
FROM: DOUG CHIA, RESEARCH INTERN *DC*  
DATE: JANUARY 31, 1992  
RE: COMPLAINTS ABOUT MARCH 20 DEADLINE

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THE MAGIC NUMBER IS 49

More comments regarding the deadline from the past few days:

Rep. Dan Rostenkowski commented that Congress is not bound by the POTUS' March 20 deadline and said, "we might have a package by March 20 or not."

Sen. Daniel Inouye said, "The President has asked us to wait for three months to hear his plan, and now he says he wants us to act in 45 days. . . . It's rather unreasonable."

Jay Buchert, chairman of the National Association of Home Builders, said, "We think the March 20 deadline is very, very important."

Sen. Jim Sasser said, "The President has given us 50 days to send him a solution, when it took him 480 days to notice we had an economic problem."

Sen. Lloyd Bentsen said, "I think when the President talks about getting it all done by March 20, he knows it can't be done that quickly. And that's to try to set up a political confrontation."

Budget Committee Chairman Leon Panetta said that his panel and the House Ways and Means Committee are "planning to move quickly" on the budget proposal and will try to meet the deadline. He also said, "The speaker has asked [us] to meet through the Presidents Day break and to try to report a budget resolution to the floor by late February or early March, and we intend to do that."

A Washington Post-ABC News Poll conducted Wednesday night found that, by 2 to 1, most Americans supported Bush's Call for Congress to act on his economic proposal by March 20. The survey also found that 8 in 10 expected Congress will fail to meet the deadline.

Speaking about the deadline, Rep. George Mitchell said, "We don't operate that way. . . . [The deadline] has no meaning in terms of what and how we act [sic]."

Bill Pascoe of the Washington Times says that the 50-day time limit is "egregiously hypocritical. Mr. Bush's first 'wait for the [SOTU]' response to a question about what he planned to do about the recession came as far back as Nov. 15 -- 10 weeks ago. If the recession is so serious a problem that he believes a remedy must be written into law by March 20, why did he make us wait 10 weeks to hear his plan? The logic escapes me." Pascoe adds that "to believe that George Bush will actually declare war on Congress is to believe in the tooth fairy and little green men on the moon."

# Will Bush Fight?

George Bush stopped the hemorrhaging from conservative supporters with an address he should have delivered last Nov. 15, but the new question is whether he will confront Congress by sticking to his March 20 deadline for action.

Republican congressional cloakrooms are permeated with fears that President Bush's new line in the sand will vanish, as did his 1991 demand for results in "a hundred days." Such apprehension is justified by backstage events at the White House.

■ The popular limitation of congressional terms, nominally supported by Bush, was not included in his speech. The reason: concern that it might offend Congress.

White House Chief of Staff Samuel Skinner is trying to "compartmentalize" Richard G. Darman as director of the Office of Management and Budget. That means "limiting" Darman, always an advocate of compromise with Congress, to one of the government's most powerful jobs.

■ Treasury Secretary Nicholas Brady, reflecting his department's permanent bureaucracy, resisted the size of the capital gains cut and killed any bigger reduction. He has been fighting staff restructuring at the White House that might reduce his power.

These three factors, while raising doubts about the future, also help explain Bush's current difficulty. His State of the Union, well written (by Peggy Noonan, called on for the first time

since 1988) and adequately delivered, would have saved the president 60 days of political devastation had it been given when Congress adjourned. It was not because of caution, Darman and Brady.

Bush's residual desire to avoid provoking Congress with term limits contradicts reality. Senate Majority Leader George Mitchell runs a take-no-prisoners ship. Easygoing Republican elder Howard Baker, a former Senate majority leader and White House chief of staff, has told the Bush high command he has never seen the Democrats more blood-thirsty.

The president, in laying down a gentlemanly gauntlet Tuesday night, represents a compromise between Hobbesian reality and Bush's kinder, gentler preferences. His demand for a capital gains cut, though three years late, defied Mitchell. But the 15.4 percent rate faced opposition from Brady's Treasury (which wanted 19 percent) and came only after a guerrilla raid by Dan Quayle.

The vice president and his chief of staff, William Kristol, pressed on Brady an idea by supply-sider Paul Craig Roberts to reduce capital gains taxation without congressional approval—by ordering the Internal Revenue Service to plug in inflation when calculating profits. Recoiling in terror, Treasury bureaucrats bought the 15.4 percent.

Darman's current sins are less obvious, and in fact, he was helpful in writing the speech's final draft. But he is so unpopular with Republicans as an

advocate of dealing with the Democrats that the cost of retaining him is reduced congressional backing for the president.

That was shown when Darman and Skinner faced the House GOP conference just before the president's speech. Darman encountered Rep. Dick Armey, a feisty Texas conservative who had excoriated the budget chief in a New York Times article. "Thanks for helping me with my moderate base," Darman cracked to Armey, who was not amused. Later, when Skinner asked for suggestions from the floor, Armey said, "Get rid of that guy sitting next to you."

Skinner defended Darman then, but subsequent news leaks from the White House depicted the chief of staff countermanning the OMB director. The White House has put out word it wants Darman in his own "compartment," with his power curtailed.

That would be done by bringing in Republican National Chairman Clayton Yeutter as an augmented domestic policy adviser. Darman claims he doesn't mind, but Brady has bitterly resisted the threat to his chairmanship of the Economic Policy Council. He considers the Yeutter scheme a personal affront and has told Bush as much.

No wonder the president is in a fix. No wonder he didn't deliver a radical State of the Union stressing welfare, budget and tort reform, demanding term limits and calling for a-zero capital gains tax. No wonder there are doubts he will confront Congress on what he did propose.

M E M O R A N D U M

TO: SPEECHWRITERS AND RESEARCHERS  
FROM: DOUG CHIA, RESEARCH INTERN *DC*  
DATE: FEBRUARY 4, 1992  
RE: COMPLAINTS ABOUT MARCH 20 DEADLINE

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MAGIC NUMBER: 45

Not much noise today about the deadline except from CBS's Susan Spencer who last night said, "I think [the POTUS's plan] has absolutely no chance of passing before this artificial deadline. Parts of it probably will get through because the Democrats don't want to be blamed for everything. What we all have to keep in mind, of course, is that this plan is now five days old, and suddenly there's this urgency about it that didn't exist before."

The attached article from the latest issue of Congressional Quarterly is worth reading.

CQ

2/1/92.

## Congress' Latest Deadline

*"I submit my plan tomorrow. And I am asking you to pass it by March 20. And I ask the American people to let you know they want this action by March 20. From the day after that, if it must be: The battle is joined."*

—President Bush

**W**ith these words, President Bush demonstrated in his State of the Union address on Jan. 28 how easy it is for a president to set Congress' agenda and even establish the terms for its consideration.

The deadline is a particularly effective tool, and this is the second time in a year the president has used it. Last year, after the Persian Gulf War, he challenged Congress to send him anti-crime and transportation legislation in 100 days. It took considerably longer than that for the transportation bill to arrive at the White House. As for the crime bill, it still hasn't arrived, held up, ironically, by Senate Republicans who don't like what's in it.

Congress generally bristles at such presidential interference. "The truth of it is, the president has taken two months to figure out what he wants to do, and he's just changed it," Sen. Sam Nunn, D-Ga., said. "He is not giving Congress as long as he took himself. . . . The legislative process should be given, on average, at least twice as long as one man has to make up his mind."

Senate Majority Leader George J. Mitchell, D-Maine, said if Congress moves expeditiously, it will be because the times demand it. Speaker Thomas S. Foley, D-Wash., has pressed House chairmen with jurisdiction over tax and budget legislation to move quickly, but he also has said the president's "swaggering" attitude isn't helpful. Even Senate Republican leader Bob Dole of Kansas has expressed doubt about a March 20 deadline.

But with the economy limping along and an election less than 10 months away, the Democratic majority in Congress will ignore the latest deadline at its own political peril. Indeed, the House Ways and Means and Budget committees plan to work through the February recess, to ready tax and budget legislation for floor action. Even so, the package Congress sends Bush probably will not be the one he requested; Democrats have their own ideas about tax relief. And the bill won't arrive by March 20.

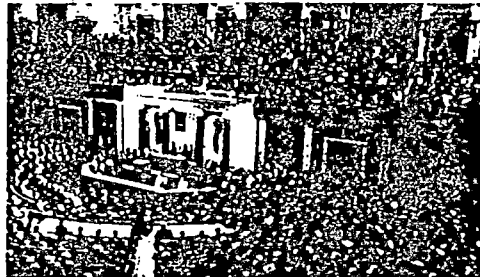
Rep. Mickey Edwards, R-Okla., a member of the House GOP leadership, said the deadline isn't firm. "All we need by March is a commitment from the Democrats to have a vote on the president's tax package, or whatever Republican tax package emerges from Ways and Means," he said.

The White House probably never expected Congress to meet its deadline; there is no explanation for March 20, beyond the president's say-so. If anything, the deadline was selected because it won't be met; failure will transfer the heat generated by the recession from Bush to Congress.

"Now it's up to Congress to produce," White House Chief of Staff Samuel K. Skinner said. "And if they don't, they are going to go into the fall having failed the American people. And if they fail the American people, they won't be coming back in January."

This is the type of talk that leads Rep. Byron L. Dorgan, D-N.D., to conclude that the "president's plan has a made-in-New Hampshire label on it." Any doubts disappeared Jan. 30. Bush's re-election campaign began airing a 30-second television spot that featured the president's challenge to Congress. The president, who acknowledged the recession only two months ago, urged voters "to send a real message to Congress to get this job done."

—Chuck Alston



R MICHAEL JENKINS

A packed chamber listens to Bush's speech.

M E M O R A N D U M

TO: SPEECHWRITERS AND RESEARCHERS  
FROM: DOUG CHIA, RESEARCH INTERN <sup>PET</sup> DC  
DATE: FEBRUARY 5, 1992  
RE: COMPLAINTS ABOUT MARCH 20 DEADLINE

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MAGIC NUMBER: 44

Rep. Dan Rostenkowski said today that he is "drop-dead" serious about getting tax cuts passed quickly to get the economy out of its slump and that he is "ready to cooperate with any good-faith effort to get this economy moving" and to meet the deadline. "There will be only one tax bill this year, and it's going to be written in the next few weeks as the President has demanded." Meeting the President's timetable is a "tall order," he said, but he pledged that his Ways and Means Committee would act swiftly, "not because of the President's demand, but rather because there's a lot of pain in America today." They will begin drafting a bill next Wednesday and work through the weekend if necessary.

Sen. Lloyd Bentsen said that every effort will be made to meet the deadline, but added, "We're not going to rubber-stamp what the President proposed." He said his Finance Committee will begin action on a bill Feb. 19.

Speaker Thomas Foley predicted "a very early vote" on an economic package and said it would come well before March 20. Foley said Friday that "I'm satisfied we'll bring both [a budget and tax reform package] by the March 20 deadline."

Sen. Arlen Specter urged fellow Senators to forego their Feb. 8 to 17 recess and instead work on solving the nation's economic problems. "I believe it is incumbent on us, Mr. President, to tackle these problems right now, Friday afternoon, Jan. 23 [sic], almost 2 p.m. . . . I don't think we ought to be in recess in February, Mr. President, and I don't think we ought to be in recess in March, and I think this Congress ought to respond to this President's challenge of a March 20 date."

M E M O R A N D U M

TO: SPEECHWRITERS AND RESEARCHERS  
FROM: DOUG CHIA, RESEARCH INTERN DC  
DATE: FEBRUARY 3, 1992  
RE: COMPLAINTS ABOUT MARCH 20 DEADLINE

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MAGIC NUMBER: 46

Sen. Lloyd Bentsen said after the SOTU, "I think the President's decision to set an artificial deadline. . . will not be helpful." He added, "He's demanding that Congress approve in 50 days a proposal he's been working on for 90 days, and he's still fine-tuning it."

Speaker Thomas Foley said, "I'm satisfied we will move to a vote before the March 20 deadline, not because he set a deadline, but because we believe we should move quickly."

The Washington Post has reported that Rep. Dan Rostenkowski "also pledged to meet the deadline but complained that the administration has not presented a bill containing Bush's economic proposals. In an interview, Rostenkowski dismissed as 'silly speculation' suggestions that Bush set a deadline of March 20, three days after a rare primary challenge to the Chicago Democrat, to benefit him politically. He said his votes on the economic package would be cast before the primary, so there was no political advantage to be had."

Talking to a conference of House Democrats on Friday, Foley said, regarding passing an economic package, "Our first task, which has not been easy in the past, is to be both faster and clearer."

The New York Times points to three important dates as to the task to be faster. "One is Mr. Bush's March 20, and all that anyone expects it to produce is a lot of speeches by him and Republican lawmakers about how the Democrats aren't meeting his reasonable expectations of tax legislation. . . . The real deadline is probably April 10, the Friday before Congress's scheduled Easter break. It will mean fewer Mondays and Fridays off, but it can be met. As long as Congress is working, Republican's complaints about Mr. Bush's March 20 deadline will carry little weight, but it would be another thing to miss a deadline and then take a vacation. The other important date is Feb. 18, when New Hampshire holds its primary."

Donald Lambro of The Washington Times says that Congress is not likely to act on any of the President's short-term economic growth proposals by March 20. "And not because it is impossible: If Congress can pass a pay raise in a matter of hours, surely it can come up with a recovery package in two months. But Congress won't because the Democrats do not want to engineer an economic turnaround this early in the presidential election year."

In the latest New York Times/CBS News Poll, just 17 percent approved Congress's handling of its job, while 71 percent disapproved.

Editorials

# End the Delay

ROLL CALL  
1/30/92.

In his State of the Union Address Tuesday, the President set another deadline for Congress: pass my economic recovery package by March 20, or else. We generally find such presidential threats obnoxious (and, judging by the last one, not particularly effective), but, in this case, Bush may have a valid point.

Is Congress truly working hard to resolve what most Members at least publicly call an economic crisis? Consider: The first session of the 102nd Congress was effectively adjourned on Nov. 27 — two to three weeks earlier than normal. The House and Senate returned for a few minutes on Jan. 3, then disappeared until last week. Since then, the Senate has been preoccupied with amendments to S.2, the education bill that's long overdue, while the House.... Well, what has the House been doing? Here, verbatim, is the schedule for this week, as published by the Democratic Study Group:

"Monday, January 27: House not in session. Tuesday, January 28 (House meets at noon): Suspensions — Five bills are scheduled for consideration under suspension of the rules.... Wednesday & Thursday, January 29 & 30 (House meets at 2 p.m. on Wednesday and at 11 a.m. on Thursday): Pro forma sessions. No legislative business. Friday, January 31: House not in session."

Not a particularly taxing schedule, and don't forget the long-awaited "Lincoln/Washington District Work Period" coming up in mid-February.

This newspaper has long been a defender of Congressional work habits, but in this instance the delays are unjustified. The President has given Congress 52 days (including weekends and district work periods) to pass his package — that's a shorter time than the holiday recess just past. There may well be partisan reasons for dilatory tactics, but it would serve the institution far better either to pass the package, or reject it. The delays must end; the battle must be joined.

MR. BRODER: --is seriously in trouble. Will the Congress act by the March 20 deadline that the president has set?

SEN. MITCHELL: The Congress will act promptly because it's the right thing to do, not because of any deadline.

The fact of the matter is, of course, that there has been a 21-month delay in action, caused entirely by the president. For 18 months, he's said there's no recession, there's no problem, therefore he offered no solution. When it was finally obvious to every American and the president admitted it, he then asked for three more months to figure out what to say.

So we've had a long delay--21 months--induced entirely by the president. We're going to act, and we're going to act promptly, but not because of a deadline.

MR. BRODER: Excuse me, Senator, you say "induced entirely by the president."

SEN. MITCHELL: Yes.

MR. BRODER: The president last January--a year ago--asked for a highway bill which would have put money into states and local government to create jobs. Congress didn't pass that highway bill until the very last day of the session. That was not caused by the president, was it?

SEN. MITCHELL: Not the highway bill's final passage. The fact of the matter is, we pushed that. We passed it in the Senate prior to the deadline that (he proposed?).

MR. BRODER: Well, will the March 20 deadline be met?

SEN. MITCHELL: Well, it's my hope that we can do it before that. We may do it before then. We may do it on that day. It may be a little bit (after?). The deadline is a political ploy. It has no relationship to what actually occurs in government and in the process--

MR. BRODER: But you're prepared to sit here this morning and tell the American people that on your own, irregardless of anything the president may have said, you will have an economic package ready for the president to sign or veto by March 20?

SEN. MITCHELL: We're going to act as soon as possible. The deadline--

MR. BRODER: What does that mean, Senator?

SEN. MITCHELL: That means it may be before March 20. Why should we say--(inaudible)--

MR. BRODER: Also means it could be May 20 or June 20?

SEN. MITCHELL: I don't think it's likely to be that. I think it's going to be very soon. We're going to act promptly. We obviously have to proceed through the legislative process. These proposals must be considered and evaluated, some accepted, some rejected, constructive alternatives proposed.



February 13, 1992

To: Bob Teeter, Sam Skinner, Dave Demarest

From: GB *W*

I sent Tony Dolan the attached notes.

The press are playing "Bush moves 'right' etc."

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let's be sure it gets in all our major speeches. I owe this to  
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