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Governors Meeting 2/3/92 [OA 7567]

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Fact Check Copy 1

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992

~~Roosevelt Room~~ East Room

W 10:30 am

Margaret Jones

[ACKNOWLEDGMENTS] I'm glad to talk with you about the

January 28

growth agenda I launched last Tuesday, in my State of the Union

Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

I issued a challenge for Congress to do the right thing.

SOTU

Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. Use common sense. Pass my program, which relies on a simple principle: It's got to work.

Maybe what doesn't work is my plan to do language per David

I'm doing what I can. Specifically: I've set a moratorium

on federal regulations that could hinder growth; I've changed

federal tax withholding tables, to pump \$25 billion back into our

SOTU

economy this next year; I've ordered federal agencies to get

pro-growth spending into the economy, and I've pledged to

continue ^a monetary policy that keeps interest rates and inflation down.

I also laid out the only comprehensive economic recovery plan around. It starts with the most basic of basics: You can't create jobs without investment. I told Congress three ways we

can do it. First, change the alternative minimum tax and pass a 15% investment tax allowance; second, implement a first home tax credit and other ideas to encourage the real estate market;

third, create a maximum longterm capital gains tax of 15.4%. You

SOTU

know who this will help -- everyone who owns a home, a business, a farm, or an investment. They'll be back on payrolls because the capital gains cut favors growth and jobs for working America.

These simple proposals can help our economy get moving. They involve plain old common sense -- and I want Congress to pass them by March 20. We know Congress can do it: after all, ~~when confronted with its own bouncing checks, it managed to close the House bank in one day.~~ In 53 days, it should be able to adopt these basic solutions that encourage businesses to invest and therefore bring people back to work. If it doesn't act by then I'll step in, and the battle will be on.

Americans want Congress to act and then get out of the way. When it comes to the important things -- building a business, supporting a family, creating a future, solving a problem -- Washington does not know best -- the people do.

Once our short-term ideas are in place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice.

We will focus on marketplace competition, through trade and R&D, for our children -- the workers of the future. We'll focus on health care reform, preserving quality and choice while controlling costs. We'll focus on empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs -- Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: **education**, specifically America 2000.

You were there at the creation of this extraordinary reform.

Pres Documents
SOTU The Governors' Conference in Charlottesville was an historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools. Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are trained for the competitive world of the 21st century.

SOTU Second, we must get rid of the **unfinanced federal government mandates** that cripple you. It's absurd that Congress can tell your states and communities what to do -- and then disappear from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.

SOTU There's much more that I could stop if only Congress would give me the same thing 43 of you have -- the line item veto.

SOTU Third, we must refocus ourselves on **family**. *Governor* John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. It's the only way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with

new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

I saw a bumper sticker the other day that expresses the message we must send to those 535 men and women up on the Hill:

Bumper sticker
 "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. States and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light. Now I need your help. Take out your calendars. Put a circle around March 20. That's Congress' deadline for action on my plan. Let's all work together -- and do the right thing: No politics; no delays; no excuses.

? [Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, the great choir will sing again, each individual in this country adding his or her voice to our stirring chorus of greatness. May God bless this nation we share.

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Fact Check 2

(Hinchliffe/Nix)
February 3, 1992 9 a.m.
GOV6 Draft Six

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
East Room
11 a.m.

*Intergovernmental
Margaret
Jonas*

[ACKNOWLEDGMENTS]

[[I welcome our Nation's distinguished governors to the White House. It's a pleasure to have you here, although I hope this is as close to the Oval Office as any governor gets for at least four years.]]

[[You know, I spent some time with Boris Yeltsin this weekend. I really feel for the guy. His popularity has tumbled in just a couple of months. His economy's struggling. He's catching flak from critics on the right and left about everything from taxes to defense spending. Boy, I'd hate to be in his shoes.]]

Today, I'd like to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. From my point of view, you couldn't have come at a better time.

It seems that everyone in America agrees on two things: First, we need to get our economy moving; second, our people are up to the challenge of remaining Number One in the world.

Last Tuesday, I challenged Congress to do the right thing: pass a common-sense growth package by March 20, and pass a long-term series of growth initiatives without delay.

This package relies on some common sense-objectives: It encourages investment. It protects the value of basic

*sat
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investments, like a home. It does not raise taxes. It does not increase the federal deficit. And it does not employ short-term gimmicks that create long-term trouble.

→ You know the political process, and you know that bipartisan goodwill in an election year is ⁱⁿ short supply. But we can't afford to play politics as usual. We've got a chance to make real progress -- right now. Today, inflation and long-term interest rates have fallen to their lowest levels in two decades. Many people believe this sluggish economy is beginning to turn. And the American people are ready for action.

John F. Kennedy once wrote, "Any system of government will work when everything is going well. It's the system that functions in the pinches that survives."

Well, it's pinch time, and I've proposed a way in which all of us can rise to the occasion. In my State of the Union Address, I outlined a short-term growth package that takes care of the essentials: It encourages investment -- which allows us to expand businesses and create new ones. It strengthens the real-estate industry, which historically pulls us out of recessions. And it encourages risk-taking and investment by cutting the tax on long-term capital gains and by other stimulative procedures.

It also reforms government. It slashes away at pork-barrel projects. It holds the line on spending -- while moving money out of unnecessary programs and into vital ones.

Here's what that means for you: A 13-percent increase in

Kennedy
Pres
Documents

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OMB
Doug Norwood

158
money available for ^{highway funding} ~~surface transportation~~, a 300 percent ^{from last year.} increase in land and water Conservation Fund grants; record amounts for education -- a 15-percent increase from last year; a 27-percent increase in Head Start. My budget puts the money where it does the most good -- not where it best serves special interests.

Some people complain that it doesn't do much. Frankly, I'm proud of what it does -- it lays out a blueprint for growth -- and for some of the things it doesn't do. It doesn't violate the budget agreement. It doesn't raise taxes.

My program will work. So while you're here in Washington, visit your congressional delegation. Please tell them: Pass the package by March 20. We must meet this deadline.

Just a word about the long-term proposals announced in my State of the Union Address. If you think of this moment in history -- after the Cold War, right in the middle of the information revolution -- something becomes crystal clear. We must retool America to meet the challenges of a new age, an age of international competition. Cold War policies just don't cut it.

Businesses have begun retooling for competition in the world economy. State governments have adopted innovations that let them provide better services for less money. I think it's time the federal government became part of the solution, too.

Let's start with one long-term goal that will make a huge difference in your lives. For years and years we in Washington

Don
Norwood
OMB

have talked about cutting the deficit. We must get the deficit under control.

The federal government is too big and it spends too much. We need real budget discipline. My long-term plan and my short-term plan provide that discipline.

I want Congress to stop showering states with unfunded mandates. For businesses, or for states, mandated programs and benefits too often mean mandated deficits. I've told Congress: If you pass mandates onto states, pay for them -- and don't raise taxes.

I want Congress to give me something you have, I don't, and

I want: the line-item veto. I understand the legislator's urge to please a constituent by putting some item in the budget. I also know that this practice enrages taxpayers -- as it should. A line-item veto lets a President (or a Governor) say something that legislators find hard to say: No.

I want Congress to let States apply their own resources and imaginations to important social problems. Too often you have to use a one-size-fits-all blueprint that just doesn't fit outside the Beltway. Thomas Jefferson called states laboratories for Democracy. Well, it's time we let you do R and D.

I want to give state and local governments greater flexibility in administering services. My budget proposes a revised \$14.6 billion Block Grant. The Block Grant will provide states with needed flexibility to administer education, health and social services, and drug control programs.

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Dr. Gustafson
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I want to focus federal policy on the crucial issue of welfare reform. The key to welfare reform lies in one simple, powerful word: Responsibility.

Many states have begun to reform welfare with responsibility in mind. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. We also have responsibilities to those in the social safety net. We have a responsibility to ensure that welfare is a temporary safety net, not a guaranteed lifestyle.

So my administration will do whatever it can to help you reform your systems. If you need a waiver of federal regulations to reform your system, we'll get you a waiver as quickly as we can.

I want the federal government to redouble its efforts to help the most fundamental building block of a home, a school, a neighborhood, a city, our nation: the family.

Several weeks ago, a group of mayors from the National League of Cities came to the White House. Every one of them told me that they can't solve any of their big problems until they restore the integrity of the family.

So my plan looks at the fundamentals. It gives much-needed support to those raising families by increasing the personal exemption on the federal income tax by \$500 per child. That's not as high as I would like, but it's what we can afford now.

My plan also gives families a greater stake in the important things: health care and education. It proposes IRA reforms and tax changes that help people pay for these basics.

And in response to those big-city mayors, I have formed the Commission on America's Urban Families. I ^{have asked} Missouri Governor John Ashcroft and former Dallas Mayor Annette Strauss to lead that commission, and to propose honest, workable reforms.

A final issue: Education. The governors of this country have helped unleash a long-overdue and much needed revolution in education. I'd like to take this chance to commend the work of Governors Campbell and Romer on the Report of the National Council on Education Standards and Testing. The Senate has indicated unanimous support for the recommendations, and my new budget injects new funds for research, statistics, and assessment funding that would be used to help implement those recommendations.

We must now take the work we began together and take it further -- we must revolutionize America's schools. Help me send a message to Congress: Join the crusade to revolutionize American education. Pass the America 2000 education strategy.

We must give every child in America a full and fair opportunity to learn. There's only one way to do that: educational choice. Choice serves as a cornerstone of America 2000. Thirty states across this nation have already embraced America 2000. You can ensure that every state joins the march - - that every community become an America 2000 community -- that

gov
M. Jones
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Leslie
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every kid is prepared for the competitive world of the 21st century.

Our education revolution -- the revolution you started in Charlottesville more than two years ago -- shows what politicians can do when they lay down their partisan swords in service to a higher cause. I hope you will serve as an example and inspiration for all of us in Washington during the next six weeks.

I don't want a partisan fight over my growth package. I just want us to do what's right.

I'm counting on your help, because you see the problems up close: You serve as chief executives, and you know the problems that concern the people in your states.

Urge Congress to pass the initiatives by March 20. Then, inch-by-inch, day-by-day, issue-by-issue, we will move our economy, reform our schools, revive our neighborhoods, and build the America of our dreams.

Thank you. May God bless you and the great nation we share.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

ASSOCIATE DIRECTOR
FOR NATURAL RESOURCES,
ENERGY AND SCIENCE

1/27/92

1/27/92

Note to Tom Snow —
Dan McGroarty —
Joe Duggan —

cc: Dave
Beightol

In POTUS' speech to the governors next week, you should definitely mention the increase in the FY'93 budget (from \$23M to \$60M -- more than doubling in one year) for Land and Water Conservation Fund grants to the states. This is a very popular program to match the states 50:50 in a program to create state parks + enhance recreation facilities. Fiscal conservatives like it OK too, because it gets maximum leverage for the Federal dollar invested. Very popular. Call with questions. Thank Grady

→ Martinez, Ashcroft, ~~Room~~ Governors, Cabinet members.

(Hinchliffe/Nix)
January 29, 1991 10 a.m.
GOVERNORS Draft One

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992 / 11:00 a.m.
Roosevelt Room

[ACKNOWLEDGMENTS] I'm glad to be able to talk with you about the growth agenda I launched last Tuesday ~~just down the~~ road. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

The plan I gave to Congress to guide this country's economic recovery is driven by four ideas: response, reform, relief and responsibility. It cuts through the obstacles to growth and gets rid of the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape.

But in that speech, I did more than just introduce my plan.

I threw down a final gauntlet to a Congress ~~paralyzed by its own excesses and gridlocked by its own wasteful spending.~~ I gave Congress until March 20 ~~to pass my basic, short-term proposals.~~

In a hospital emergency room, the patient is first stabilized in the trauma unit before long-term recovery can begin. Well, it's up to Congress to go ahead and administer those first treatments.

America is sick -- of waiting. If Congress doesn't do its part by March 20 then I'm going to step in, and the battle will be on.

Americans are impatient for Congress to act because what's at stake is our way of life: our American dream. Americans will not "settle." America will not "settle." ~~That's not who we are. That's not who we have ever been. That's not who we will be.~~

Americans want Congress to act and then step out of the way.

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Maybe a piece
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Congress
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until
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March
20.

They've
been
waiting
for him (POTUS)

Already
done
New
joke -
needs
to ingratiate
them

threats?
they
just
got
the
deadline

Americans understand that our system works from Portland, Oregon to Portland, Maine because when it comes to problem-solving, Washington does not know best -- the people do. They will do great things if only we set them free.

I've laid my cards out -- mine is the only economic recovery plan out on the table -- and I'll tell you what's at the heart of it. In this \$6 trillion economy, the way to add jobs is to encourage long-term investment.

I've done what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; and I've pledged to continue ^a monetary policy that keeps interest rates and inflation down.

And I've sent to Congress a clear plan of action for the short-term -- this is what they must enact by March 20. We know they can do it -- when confronted with their own bouncing checks, they managed to close the House bank in one day. They have 45 more days to adopt these basic solutions that will encourage businesses to invest and therefore bring people back to work.

To remind you, my short-term plan includes: first, change in the alternative minimum tax and a new 25% investment tax allowance; second, a first home tax credit or \$5,000, and other ideas to encourage the real estate market; and third, a maximum capital gains tax of 15.4%. You know who this will help -- the bricklayers and the carpenters who are now on unemployment.

They'll be back on payrolls because the capital gains cut favors

Move state ^{relevant} language closer

makes him sound like he's backing off now.

Keep together

to the assembly line, back to the

tie in more direct

economic growth, opportunity and jobs for working America.

~~These are the items I've asked Congress to pass by March 20, and if they don't, then I will fight for them -- because I'll be fighting for Americans -- and I ask you to fight with me.~~

Once these ideas are in place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice.

One of foremost principles of ^{our my} administration is bringing ^{the} choice back to the states and to ~~our~~ people -- and it's a chord that runs through our economic plan. We will, of course, focus on marketplace competition ^{tomorrow's workforce. - our children} for our workers of the future, through trade and R&D. We will focus on health care reform, preserving quality and choice while controlling costs. We will focus on empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs -- Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of the futures of your own states. I want to begin with something close to all our hearts -- **education**, specifically America 2000. You were there at the creation of this extraordinary reform. That Governors' conference in Charlottesville stands as a historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools.

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Choice
Stress
New
American
Schools
525

Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march; that your communities become America 2000 communities; that your kids are being trained for the competitive world of the 21st century.

Second, we must get rid of the **unfinanced federal government mandates** that cripple you. It's absurd that Congress can tell your states and communities what to do -- and then disappear from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, this will stop.

And there's much more that I could stop if only Congress would give me the same thing 43 of you have: the line ⁼ item veto.

And third, we must refocus ourselves on **family**. Governor Ashcroft here is going to be leading a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong -- it's the only way we can strengthen *the* neighborhoods, cities, states, and our ~~own~~ country. *Direct words to Ashcroft*

As part of this, as I told Congress, many of your states are beginning to operate with new assumptions regarding welfare. You *are right:* ~~believe that when~~ ^{who} healthy adults receive government assistance, ^{have} ~~they have~~ responsibilities to the American tax-payers who fund them. They have responsibilities to seek work, education, or job training. And ^{for their sake & the sake of the American people} ~~we have responsibilities too~~ -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle. I know that often state reform requires that certain federal regulations be waived -- and I will act to make that process easier and quicker for every state that asks our help.

"Hand-up
not a
hand-out"
line
could
work
here

The time to get started on all of this work is now. You know, ^{there's} I saw a bumper sticker ~~the other day~~ that expresses the message we must send to those 535 men and women up on the Hill:

"Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. We will begin on March 20 when, in every one of your states, the American public ^{we} ~~will be expecting and demanding action.~~ ^{the day} I've done what I can.

So have many states and individuals -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as ^{parallel} Points of Light. ^{We're all on the same part of the team} The only one not yet onboard is Congress. Where ^{On the side of The American people.} will they be on March 20? ^{You have to tell them.}

Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to ^{expand this a call for their help} liberate America's genius, we will once again hear the stirring music of each individual in this country adding his or her voice to our chorus of greatness. ^{negative}

May God bless the future of this nation we share.

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Monday, February 3, 1992
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The plan I gave to Congress to guide this country's economic recovery cuts through the obstacles to growth and gets rid of the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. And it is driven by one principle: It's got to work.

I've done what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; and I've pledged to continue monetary policy that keeps interest rates and inflation down.

When I went to Congress, I laid out my cards. Mine is the only economic recovery plan on the table, and here's what's at the heart of it: in this \$6 trillion economy, the way to add jobs is to encourage long-term investment. I told Congress three ways we can do it. First, change the alternative minimum tax and add a 25% investment tax allowance; second, implement a first home tax credit of \$5,000 and other ideas to encourage the real estate market; third, create a maximum capital gains tax of 15.4%. You know who this will help -- the bricklayers and the carpenters who ^{are}

now on unemployment. They'll be back on payrolls because the capital gains cut favors growth and jobs for working America.

In my speech, I did more than just introduce this clear plan of action for the short-term -- I called on Congress to pass these basic proposals by March 20. We know Congress can do it: after all, when confronted with its own bouncing checks, it managed to close the House bank in one day. In 50 days, it should be able to adopt these basic solutions that encourage businesses to invest and therefore bring people back to work. If it doesn't act by then I'll step in, and the battle will be on, because I'll be fighting for Americans and I want you to fight with me.

We're impatient for Congress to act because what's at stake is our way of life. Americans will not "settle." That's not who we are. That's not who we have been. That's not who we will be.

Americans want Congress to act and then step out of the way. Americans understand that our system works from Portland, Oregon to Portland, Maine because when it comes to problem-solving, Washington does not know best -- the people do. They will do great things if only we set them free.

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housing and Enterprise Zone legislation. And we will, of course, focus on **crime and drugs** -- Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

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There's much more that I could stop if only Congress would give me the same thing 43 of you have -- the line item veto.

Third, we must refocus ourselves on **family**. John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. It's

the only way we can keep strong our cities, states, and country.

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Organization:

- 1) short-term goals
- " " unilateral program
- " " Congress

Don - call me.

Tony

(Hinchliffe/Nix)

January 29, 1991 10 a.m.
GOVERNORS Draft One

- 2) long term

- 3) Goal: What it all means for states; ask their help.

PRESIDENTIAL REMARKS:

GOVERNORS' MEETING

**Monday, February 3, 1992
Roosevelt Room**

[ACKNOWLEDGMENTS] I'm glad to be able to talk with you

about the growth agenda I launched last Tuesday just down the road. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

The plan I gave to Congress to guide this country's economic recovery is driven by ~~four~~ ^{one ~~main~~ principle: It's got to work.} ideas: ~~response, reform, relief and~~

? responsibility It cuts through the obstacles to growth and gets rid of the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape.

Use a lighter touch on Congress; also move to later after description of plan

But in that speech, I did more than just introduce my plan. I threw down a final gauntlet to a Congress paralyzed by its own excesses and gridlocked by its own wasteful spending. I gave Congress until March 20 to pass my basic, short-term proposals. In a hospital emergency room, the patient is first stabilized in the trauma unit before long-term recovery can begin. Well, it's up to Congress to go ahead and administer those first treatments. America is sick -- of waiting. If Congress doesn't do its part by March 20 then I'm going to step in, and the battle will be on.

Americans are impatient for Congress to act because what's at stake is our way of life: our American dream. Americans will not "settle." America will not "settle." That's not who we are. That's not who we have ever been. That's not who we will be.

Americans want Congress to act and then step out of the way.

Americans understand that our system works from Portland, Oregon to Portland, Maine because when it comes to problem-solving, Washington does not know best -- the people do. They will do great things if only we set them free.

Short-term Congress [I've laid my cards out -- mine is the only economic recovery plan out on the table -- and I'll tell you what's at the heart of it. In this \$6 trillion economy, the way to add jobs is to encourage long-term investment.

Short-term POTUS [I've done what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; and I've pledged to continue monetary policy that keeps interest rates and inflation down.

Short-term wrap-up [And I've sent to Congress a clear plan of action for the short-term -- this is what they must enact by March 20. We know they can do it -- when confronted with their own bouncing checks, they managed to close the House bank in one day. They have 45 more days to adopt these basic solutions that will encourage businesses to invest and therefore bring people back to work.

Short-term Congress [To remind you, my short-term plan includes: first, change in the alternative minimum tax and a new 25% investment tax allowance; second, a first home tax credit or \$5,000, and other ideas to encourage the real estate market; and third, a maximum capital gains tax of 15.4%. You know who this will help -- the bricklayers and the carpenters who are now on unemployment. They'll be back on payrolls because the capital gains cut favors

[economic growth, opportunity and jobs for working America.

These are the items I've asked Congress to pass by March 20, and if they don't, then I will fight for them -- because I'll be fighting for Americans -- and I ask you to fight with me.

Once these ideas are in place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice.

One of foremost principles of administration is bringing choice back to the states and to our people -- and it's a chord that runs through our economic plan. We will, of course, focus on marketplace competition for our workers of the future, through trade and R&D. We will focus on health care reform, preserving quality and choice while controlling costs. We will focus on empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs -- Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of the futures of your own states. I want to begin with something close to all our hearts -- education, specifically America 2000. You were there at the creation of this extraordinary reform. That Governors' conference in Charlottesville stands as a historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools.

Thirty states across this nation have already embraced America 2000. You can ensure that ^{every} ~~your~~ state joins the march; that your communities become America 2000 communities; that your kids are being trained for the competitive world of the 21st century.

Second, we must get rid of the **unfinanced federal government mandates** that cripple you. It's absurd that Congress can tell your states and communities what to do -- and then disappear from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, this will stop. *Ask for their help.*

And there's much more that I could stop if only Congress would give me the same thing 43 of you have: the line item veto.

And third, we must refocus ourselves on **family**. Governor Ashcroft here is going to be leading a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong -- it's the only way we can strengthen neighborhoods, cities, states, and our own country.

As part of this, as I told Congress, many of your states are beginning to operate with new assumptions regarding welfare. You believe that when healthy adults receive government assistance, they have responsibilities to the American tax-payers who fund them. They have responsibilities to seek work, education, or job training. And we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle. I know that often state reform requires that certain federal regulations be waived -- and I will act to make that process easier and quicker for every state that asks our help.

The time to get started on all of this work is now. You know, I saw a bumper sticker the other day that expresses the message we must send to those 535 men and women up on the Hill: "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. We will begin on March 20 when, in every one of your states, the American public will be expecting and demanding action. I've done what I can. So have many states and individuals -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light. The only one not yet onboard is Congress. Where will they be on March 20? You have to tell them.

Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, we will once again hear the stirring music of each individual in this country adding his or her voice to our chorus of greatness.

May God bless the future of this nation we share.

#

(Hinchliffe/Nix)
January 29, 1991 10 a.m.
GOVERNORS Draft One

**PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
Roosevelt Room**

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday just down the road. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

The plan I gave to Congress to guide this country's economic recovery cuts through the obstacles to growth and gets rid of the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. And it is driven by one principle: It's got to work.

I'm doing what I can.
~~I've done what I can.~~ Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; and I've pledged to continue monetary policy that keeps interest rates and inflation down.

When I went to Congress, I laid out my cards. Mine is the only economic recovery plan on the table, and here's what's at the heart of it: in this \$6 trillion economy, the way to add jobs is to encourage long-term investment. I told Congress three ways we can do it. First, change the alternative minimum tax and ~~add~~ *pass* a ^{15%} ~~25%~~ investment tax allowance; second, implement a first home tax credit of \$5,000 and other ideas to encourage the real estate market; third, create a maximum ^{long-term} capital gains tax of 15.4%. You know who this will help -- the bricklayers and the carpenters who

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GOVERNORS Draft One

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
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[ACKNOWLEDGMENTS, JOKES]

Launched domestic agenda -- blueprint to follow -- clear away obstacles to growth, have to get rid of the clutter that obscures our vision of economic reform -- the high taxes, the tight regulations, the government deficits, and the red tape

To help various segments

In this \$6 trillion economy, Encourage long-term investment; add jobs; centerpiece -- help and jobs;

Gridlock of torn Congress -- wasteful government spending

Cannot be dependent on Washington for answer -- our system works -- it works from Portland, Oregon to Portland, Maine because when it comes to problem-solving, Washington does not know best -- the people do. They will do great things if we only set them free.

At stake -- way of life, standard of living, not settle for less Americans will not "settle." America will not "settle." That's not who we are -- that's not who we have ever been -- and that's not what we will be.

WHAT I'VE DONE: Moratorium on federal regulations that could hinder growth -- regulatory overkill must be stopped -- changed federal tax withholding tables -- \$25 b back into our economy over the next year -- money to be spent -- continue monetary policy that keeps interest rates and inflation down

FIRST, for immediate needs -- CONGRESS: calling on them by MARCH 20 -- my short-term plan -- change in alternative minimum tax and new 25% investment tax allowance, will encourage businesses to accelerate investment and bring people back to work -- first home tax credit \$5,000, many other short term to encourage real estate, for that will lead the economy -- capital gains tax of 15.4% (you know who this will help -- you know that the bricklayers and the carpenters who are now in unemployment lines will be back on working lines because capital gains cut favors economic growth, jobs, and opportunity for working America -- this is all about jobs, and capital gains most of all) -- by March 20, and I will fight -- because I'm fighting for Americans -- and I ask you to fight with me

To ensure our growth endures, Long-term plan, based on fairness, equality, opportunity, and choice:

*Fairer
Eggs
Opportunity
Chair*

--TRADE -- open markets everywhere, to get more jobs and to train the workers of the future -- to do that, next two

--EDUCATION: we must revolutionize America's schools, 30 states across this nation America 2000 -- which began with you - O → C

--LONG TERM COMPETITION IN MARKETPLACE: R&D, promise and potential of emerging technologies

--CRIME AND DRUGS -- Congress must my comprehensive crime bill languishing in these halls for a year -- must pass it

--HOUSING -- Congress must HOPE proposal and Enterprize Zone legislation, bring business into inner city -- empower the poor in concrete ways

--HEALTH CARE -- details will be coming -- idea of choice - preserve quality while controlling costs -- will do that

--FEERAL DEFICIT UNDER CONTROL -- the pork barrel, the waste, the redundancy -- needs someone to control, I will do that if Congress will only give me the very same thing that 43 of you have -- the line item veto -- also get rid of unfinanced federal government mandates that cripple you, Congress telling your states and communities what to do without paying for it, this will cut your taxes, has been unfair to your people, will stop

--FAMILY -- Ashcroft knows, Commission on America's Urban Families -- keep families strong, keep neighborhoods, cities, and our country, asking Congress for speicific accton --- asking America for awareness -- reform welfare system, as I told Congress, your states are beginning to operate with new assumptions -- that whne able-bodied adults receive tgovernment assitance they have responsbilities to the tax payers, to seek work, ecucation, or job training and hold families together -- we will help -- often state reform requires waiving certain federal regulations, and I will act to make that process easier and quicker for every state that asks our help --

Call on all American resources -- including optimism, belief -- as I said in SOU, "If we can change the world -- we can change America."

Is it sound? Will it work?

Three things: crime -- stengthen American family -- restructuring welfare system

Capsulize my message to Congress -- Bumper sticker -- "Lead, follow, or get out of the way." We've unrolled the blueprints for this country's burst into the 21st century. You Governors are onbaord -- tell Congress set in motion the wheels for --

America singing - *Set them free* --

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Series: Speech File, Backup
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January 28, 1992

MEMORANDUM FOR BETH HINCHLIFFE

FROM: MICHELE NIX *WN*

SUBJECT: GOVERNOR'S MEETING

On Monday, February 3, at 11:00, the Pres will deliver 8-10 minute remarks in the Roosevelt Room to about 75 people. The NGA has invited all the governors, but there is no confirmation yet as to who is coming. The entire cabinet is invited. Designates Andy Card and Barbara Franklin are invited. The press will be there -- so there's got to be some good soundbites. The night before this event, there will be a State Dinner for the governors. (Andy and Carol are working on that event.)

The sequence of the event is as follows: Martinez makes opening remarks; Governor Ashcroft of Missouri (Chairman of NGA) makes remarks and then introduces POTUS; POTUS makes remarks; NGA Vice Chairman Roy Romer (Democrat) makes remarks; then a 30-minute Q&A.

The content of the President's speech should be the growth package. We should draw from the State of the Union -- particularly those points that are of direct interest to the governors. We don't want to have too much language that praises governors ("where would we be without this country's governors) - - since we have Gov. Clinton out there.

Of course, the Pres will want to elicit their support, along with the cabinet, to put his growth package in place. The Pres needs to come across as very confident in his plan, in himself.

For this is a fact: Strength in the pursuit of peace is no vice; and isolationism in the pursuit of security is no virtue. *9/21*

Now to our troubles at home. They are not all economic, but the primary problem is our economy. There are some good signs: Inflation, that thief, is down; and interest rates are down. But unemployment is too high, some industries are in trouble, and growth is not what it should be.

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

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

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

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

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

We must encourage investment. We must make it ^{again} ~~more possible~~ for people to invest money and time and create new products, new industries, new jobs. We must clear away the obstacles to growth

-- high taxes, high regulation, red tape, and yes, ^{unstable} government deficits. ^{spending}

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

We must have a short term plan to address our immediate needs -- and heat up the economy. And we need a long ^{on} term plan to keep the combustion going, and to guarantee our place in the global economy of the future.

There are certain things that a President can do without Congress -- And I am going to do them. ^{and}

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

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

I have instructed our government regulators to stop it.

I have directed every cabinet department, and every federal agency, to speed up pro-growth expenditures as quickly as possible. This should put an extra 10 billion dollars into the economy in the next 6 months. And our new transportation bill will put 151 billion dollars in six years into construction and maintenance projects that are vital to our growth and well being. That means jobs building roads, bridges, and mass transit.

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

Finally, working with the Chairman of the Federal Reserve, we will continue to support monetary policy that keeps both interest rates and inflation down.

These are the things I can do. And now, members of the Congress, let me tell you what you can do for your country. You you must pass the other elements of my plan to meet our immediate economic needs.

Everyone knows that investment spurs recovery.

I am proposing this evening a change in the alternative minimum tax, and the creation of a new 15% investment tax



allowance. This will encourage businesses to accelerate investment and bring people back to work.

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

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

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

And finally, my ^{immediate} short term plan calls on Congress to give crucial help to people who own a home, to everyone who has a business, or a farm, or a single investment ~~including a~~ pension plan.

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

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

And so, I'm asking you to cut their capital gains tax to a maximum of 6 1/2 percent.

Plan

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

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

While my plan is being passed and kicking in, we've got to care for those in trouble today. I have provided up to 4.4 billion dollars in my budget to extend federal unemployment benefits. I ask for Congressional action right away.

And let's be frank:

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

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

But let me tell you: far more important than my political future -- and far more important than yours -- is the well being

*read**(read)*

of our country. Members of this Chamber are practical people, and I know you won't resent some practical advice: When people put their party's fortunes before the public good, they court defeat not only for their country, but for themselves. And they will certainly deserve it.

I submit my plan tomorrow. I am asking you to pass it intact by March ²⁰~~15~~th. And I ask the American people to let you know they want this action by March 15th.

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

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

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

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

We all know that the key to our economic future is to ensure that America continues as the economic leader of the world. We have that in our power.

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

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

In our major trade negotiations I will continue pushing to eliminate damaging tariffs and subsidies -- especially in agriculture. We will protect the intellectual property rights of inventors and innovators -- to prevent others from stealing the ideas and technologies we've worked so hard to create.

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

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

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

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

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

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

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

We must encourage research and development. My plan is to make the R and D tax credit permanent, and to provide record levels of support -- 76 billion dollars this year alone -- for people who will explore the promise and potential of emerging technologies.

Fourth, we must do something about crime, and drugs.

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

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

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

Pass it. Help your country.

And support my ~~comprehensive drug proposals.~~ *Kemp*

Fifth, I ask you tonight to act on our HOPE housing proposal -- and to pass my Enterprise Zone legislation, which will get businesses into the inner city. We must empower the poor with

the pride that comes from owning a home, getting a job, becoming a part of things. *(Sullivan)*

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

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

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

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

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

We must make a choice.

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

Really, there are only two options: We can move toward a nationalized system -- which will deny patient choice in picking

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Sullivan

a doctor and force the government to ration services arbitrarily. And what we'll get is patients in long lines, indifferent service, and a huge new tax burden.

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

Let's build on our strengths.

My plan will provide insurance security for all Americans -- while preserving and increasing the idea of choice. We will make basic health insurance affordable for all low income people not now covered. We will do it by providing a health insurance tax credit of up to \$3,750 for each low income family. The middle class will get new help too. And, by reforming the health insurance market, my plan would assure that Americans will have access to basic health insurance even if they change jobs or develop serious health problems.

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

Seventh, we must get the federal deficit under control.

Congress and I worked out a controversial budget agreement in 1990. For me, the key part of that agreement was its budget discipline -- enforceable spending caps, and *we now have no law* ~~an~~ *requires* insistence that we pay for the programs we create.

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

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

With the help of Congress, my plan will get rid of 246 programs that don't deserve federal funding. Some of them have noble titles, but none of them is indispensable. We can get rid of each and every one of them.

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

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

We all know how these things get into the budget. Maybe you need someone to help you say No. I know how to say it. And you know what I need to make it stick. Give me the same thing 43 Governors have: The line item veto. I'll be happy to take the heat -- and save the taxpayers' money.

We must put an end to unfinanced federal government mandates. These are the requirements Congress puts on our

cities, counties and states -- without supplying the money. If Congress passes a mandate, it should be forced to pay for it, and to balance the cost with savings elsewhere. After all, a mandate just increases someone else's burden -- and that means higher taxes at the state and local level.

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

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

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

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

Get N. H. text

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

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

Americans are the most generous people on earth. But we have to go back to the insight of Franklin Roosevelt who, when he spoke of what became the welfare program, warned that it must not become 'a narcotic' and a 'subtle destroyer' of spirit.

Welfare was never meant to be a lifestyle; it was never meant to be a habit; it was never supposed to be passed from generation to generation like a family legacy.

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

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

We are going to help this movement. Often, state reform requires waiving certain federal regulations. I will act to make

5th

There is nothing in it but what we are not accustomed to. This is not acceptable.

—end— with imp. 13

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- 5 days
- restore an-frag system

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

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

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

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

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

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

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

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

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

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

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

MOODS COME AND GO, BUT GREATNESS ENDURES.

OURS DOES.

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

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

THE UNSTOPPABLE, UNSINKABLE U. S. A.

AND WE HAVE ALWAYS RISEN TO THE OCCASION.

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

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

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

#

Here's some quotes I originally pulled for the State of the Union.

AMERICA

The people, yes. The future, yes. By serving one, let us seize the other.

POTUS speech Mar 22, 1989. Makes reference to a Carl Sandburg poem, "The People, Yes," also quoted earlier in this speech

Democracy works; our system works. It works in Dover or in Des Moines; it works in Portland, Richmond; Portland, Oregon; Portland, Maine. And it works because when it comes to problem-solving, Washington does not know best; the people do.

--POTUS speech, 1989

Liberty and Union, now and forever, one and inseparable.

--Daniel Webster, Jan. 1830

The country is always stronger than we know in our most worried moments.

--E.B. White, 1967

American life is a powerful solvent.

--George Santayana, 1922

Sometimes people call me an idealist...that is why I know I am an American.

--Woodrow Wilson

Just what is it America stands for? If she stands for one thing more than another, it is for the sovereignty of self-governing people.

--Woodrow Wilson, Jan. 27, 1916

AMERICA AS SYMBOL OF FREEDOM

From Vietnam Veterans Memorial Dedication Speech, Nov. 1989:
. . . and of that memorable day when those Vietnamese refugees -- alone and vulnerable in an overloaded, sinking boat -- were spotted by the aircraft carrier Midway. And as the carrier approached, many were crying and all were waving, calling out, "HELLO, AMERICAN SAILOR! HELLO, FREEDOM MAN!"

ISOLATIONISM -- It's bad! Bad!

What we call foreign affairs is no longer foreign affairs. It's a local affair. Whatever happens in Indonesia is important to Indiana.

--Eisenhower, 1959

There can be no such thing as Fort America. If ever we were reduced to the isolation implied by that term we would occupy a prison, not a fortress.

--Eisenhower, 1959, State of the Union address

EDUCATION

From the Chamber of Commerce America 2000 event (January 14): "America 2000 restores the natural relationship between the family and the school. It closes the gap between the living room and the classroom. It invites everyone to help break the mold -- to build school for the future -- and to lay the foundations for a New American Century."

[This was your line -- I think it would work well in the America 2000 section.]

CRIME/DRUGS

"Zero tolerance" -- the President has used this phrase several times, specifically when talking about judicial reforms. E.g., in March 1989, in a speech to law enforcement officers in Delaware: "Zero tolerance is not a catchword. It means, quite simply, if you do crime, you do time."

Communities across the country recognize that the war on drugs is a battle to be fought day by day, house by house, family by family, child by child, because each kid saved is a victory won. [From POTUS speech, Jan. 23, 1990]

From my research for Drug Control Event on Monday, Jan. 27: Communities like the Orange Hats in Washington, DC, the Ad Hoc Group in Kansas City, and the Cabrini Green Housing Project in Chicago -- examples of neighbors joining neighbors to march on their drug worn streets and chase away drug dealers. Ad Hoc's six-word warning: "This neighborhood fights back against drugs."

CAPITAL GAINS

Some call such a cut a favor for the rich, and they should know better. They should know what you know -- that a capital gains cut favors economic growth, jobs, and opportunity for working America. It favors every American who makes a living day after day, brick by brick, hammer on nail; and it helps those get jobs -- those who do not have jobs now.

--POTUS speech to Nat'l Assoc. of Home Builders, January 19, 1990

THE WHITE HOUSE
WASHINGTON

Michelle-

Here's some info
you may want to
use in the speech.

Jonas
x7170

Rm ~~x~~ 160

THE WHITE HOUSE

WASHINGTON

January 17, 1992

MEMORANDUM FOR MR. SKINNER
Chief of Staff

THROUGH: DAVID F. DEMAREST, Jr. *AD*
Assistant to the President for Communications

DEBRA R. ANDERSON *DR*
Deputy Assistant to the President and
Director of Intergovernmental Affairs

FROM: *DM* DAVID J. BEIGHTOL, Jr. *✓*
Special Assistant to the President
for Intergovernmental Affairs

SUBJECT: GOP GOVERNORS' SURVEY

As Chairman of Republican Governors, Tommy Thompson surveyed his colleagues for "growth package ideas."

I hope the attached proves to be helpful for the State of the Union.

Attachment

cc: Bob Grady
Ron Kaufman
Tony Snow



REPUBLICAN GOVERNORS ASSOCIATION

HIGHLY CONFIDENTIAL

January 10, 1992

The Honorable Tommy Thompson
Governor of Wisconsin
115 E. State Capitol
Madison, WI 53707

Dear Governor Thompson,

Last month in Salt Lake City a number of us had an opportunity to discuss domestic issues during a Governors only session. We talked a lot about potential actions to improve and increase economic growth. Since the meeting was closed and not everyone attended, a suggestion was made to formally survey every Republican Governor to gain insight into offering recommendations to the President and his economic advisors prior to his State of the Union address scheduled for January 28th.

Rather than formulate a close-ended questionnaire, I would simply like to propose an open-ended question where you would list in priority what action you would like to see taken by the Administration to improve the economy. It is important that you complete this survey personally. Please use your own letterhead for your response. The results will remain confidential and you may rest assured of complete anonymity. Please return your recommendations by fax to the Republican Governors Association at 202/863-8659 to the attention of Chris Henick by 5:00 p.m. Tuesday, January 14, 1991. Moreover, if you would like to address other domestic issues within your recommendations, please feel free to do so.

SURVEY QUESTION

As you are aware, the President has laid the fundamental framework to improve economic growth by developing a long-term growth strategy based on several key elements.

Survey letter, page 2

These include:

- * Unleashing capital while keeping inflation in check and interests rates down.
- * Keeping American business competitive to slash red tape and regulations wherever possible.
- * A commitment to quality education and job training.
- * Deficit reduction to avoid driving interest rates up.
- * A commitment to free and fair trade.

In your judgement, what additional steps should be taken to improve the economy. Please list your recommendations in priority.

Thank you for your cooperation and advice.

Sincerely,

Tommy G. Thompson
Chairman, Republican Governors
Association



STAN STEPHENS
GOVERNOR

State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

CONFIDENTIAL
January 14, 1992

The Honorable Tommy G. Thompson
Chairman
Republican Governors Association
310 First Street, Southeast
Washington, D.C. 20003

Dear Tommy:

In reply to your letter of January 8, 1992.

I am in the midst of handling my own budget problems which call for cuts in spending while promising to veto any general tax increases. An interesting assignment in light of a Democratic controlled House and Senate.

Nevertheless, for what it's worth, here's my view on the national scene:

1. The problems of federal government are echoed throughout the states. Uncontrolled spending by the Congress has to be brought in line with available revenues. This positively means no increase in taxes.

2. We need to allow Americans to retain more of their own money. This points to the enactment of a capital gains break, IRA's that provide incentives to save, and a possible repeal of taxes on personal savings. More personal savings on the part of our people would spur investment or if spent would stimulate the economy which is a winner either way.

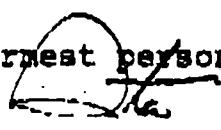
3. Despite being unpopular with the Congress, we need to move more control of government spending out of Washington and into the various states. The block grants to states proposal, previously discussed at the NGA, to replace mandates from Washington would put "more rubber on the road" by reducing administrative costs by the federal government and increased productivity when programs are administered by the states.

The Honorable Tommy G. Thompson
January 14, 1992
Page Two

4. I leave the balancing act of simultaneously controlling inflation and high interest rates to those knowledgeable in this area of number crunching.

5. The commitment to quality education, keeping American business competitive by slashing red tape and regulations and a commitment to free and fair trade are all laudable goals that should be encouraged. But the so-called bottom line has to be a fail safe plan to control unbridled spending by the Congress and a determination not to resort to increase taxes in order to achieve it.

Warmest personal regards,



STAN STEPHENS
Governor



STATE OF UTAH
OFFICE OF THE GOVERNOR
SALT LAKE CITY
84114

NORMAN H. BANGERTER
GOVERNOR

January 13, 1992

The Honorable Tommy G. Thompson
Chairman, Republican Governors Association
310 First Street, SE
Washington, DC 20003

Dear Tommy:

Regarding the survey on the fundamental groundwork to improve the economy, I don't disagree with what you mentioned in your January 8 letter but would emphasize two things.

First, it is imperative that the Republican Party and the President take a much more aggressive position on the need to reduce the deficit with concrete steps that will lead to such a reduction.

Second, not only a commitment to free and fair trade but in my judgment, even with the trip to Japan just having been completed, we did not get concessions and will not get concessions. We must take administrative steps immediately to slow down imports, making it more difficult technically. We would be reciprocating what I believe is the Japanese style--publicly advocating that they have free and fair trade, that our goods are welcome there, while administrative blockades occur in virtually every area.

On a final note, I agree with Boone Pickens's general though simplistic philosophy that they ought to be able to import all the cars they want. However, there is a slight problem: we can only afford one inspector in Sacramento who must inspect them all.

I know your task is difficult--so is ours. Until we realistically address the deficit and the trade imbalance with solid, aggressive unilateral effort from the Republican Party, we will continue in the slide which we now see.

Sincerely,


Norman H. Bangerter
Governor



STATE OF ARIZONA
EXECUTIVE OFFICE

FRED SYMINGTON
Governor

January 14, 1992

Tommy G. Thompson
Chairman,
Republican Governors Association
310 First Street, SE
Washington, D.C. 20003

Dear Tommy:

Thank you for giving me the opportunity to respond to your survey regarding the President's State of the Union address, and possible recommendations to his economic advisors. As it is in most states, economic development is a fundamental priority for my office, and is the subject of most of my legislative recommendations to the Arizona State Legislature. In the near future, I will send you a copy of the recommendations of my Economic Development Commission to the Arizona Legislature.

My fundamental position in attempting to lead Arizona during these difficult times is that we must not increase the cost of government for Americans right now. Increased fees, increased taxes, increased regulations are all anchors on the American economy. That's why I proposed a broad based, progressive, five-and-one half percent tax reduction in my State of the State address on Monday.

In general, it is absolutely essential that a serious effort is undertaken to restore fiscal integrity and credibility at the federal level. Fiscal policy is, quite frankly, bankrupt at this time. Any Keynesian "stimulus" which would increase the deficit is not good policy.

In my state, we are committed to developing a broad job training program. Current federal assistance in job training is accompanied by too many restrictions and mandates. I would support reducing those restrictions in order to allow states the flexibility to apply job training resources from both the federal and state government to maximize the benefits of the programs.

Gov. Thompson
January 14, 1992
Page 2

The President should continue to beat the drum in support of a capital gains tax reduction. Unfortunately, the debate over this issue has not been successfully waged, and most citizens still do not understand the broad impact this cut will have for people of all income levels. I also support efforts to restore investment tax credits for such things as research and development, retirement savings accounts and for first time home buyers.

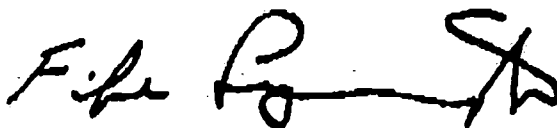
I strongly support Secretary Kemp's efforts in the area of Housing policy. At this time, however, the success of HUD's housing programs is hindered by the administrative costs that must be borne by the states. Once again, reducing the administrative costs, or developing programs that reduce state costs will help the programs reach farther into our communities.

Arizona, and many other states, are currently suffering the effects of a full-blown depression in the real estate market. This downturn resulted from the passage of the Tax Reform Act of 1986, which limited the deduction for losses on passive income, and repealed favorable capital gains treatment. In order to rebuild real estate values, I would recommend a repeal of the passive income rule. This strategy could be very effective in stimulating economic activity in the real estate and building sectors again, and reversing to some extent the significant losses that have occurred over the past 5 years.

Most of the Congressional proposals floated thus far are extremely disappointing. They devote massive resources to treating symptoms of the economic downturn, instead of attacking the causes. Extending unemployment benefits, increasing AFDC payments, and other "great society" proposals will never be as effective as a program which stimulates the economy, creates jobs, and helps put more money in the pockets of working men and women.

I very much appreciate your efforts in coordinating the survey responses. If you require any additional information or suggestions, with time, I am certain we could provide more ideas.

Sincerely,



Fife Symington
GOVERNOR



STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SPRINGFIELD 62706

JIM EDGAR
GOVERNOR

January 15, 1992

Chris Henick
Republican Governors Association

Dear Chris:

Pursuant to Governor Thompson's request, I offer the enclosed advice with regard to the President's State of the Union address.

I strongly endorse the priorities outlined in Governor Thompson's letter. I would place special emphasis on the capital investment priority. Efforts to provide a limited duration investment tax credit would likely have an immediate and important impact on midwestern states.

Politically, it would seem prudent for the President to speak to the appropriateness of additional defense-related savings. The world order has changed under Republican watch. The Democrats should not be allowed to steal this away from us by making the point that more can be saved from defense spending over the coming five years.

Given the federal budget deficit, I remain dubious about the appropriateness of a tax cut. In the event that a general tax reduction is contemplated, I would advise a simple approach that quickly puts cash in the taxpayers hands on a one-time basis. For example, what about a program to give every taxpayer a check of say \$50 per dependent, distributing the checks in March or April, and might help jump starting consumers.

Thank you for the opportunity to address this subject.

Sincerely,

Jim Edgar
GOVERNOR



STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27603-8001

JAMES G. MARTIN
GOVERNOR

January 15, 1992

MEMORANDUM

TO: Governor Tommy G. Thompson
FROM: James G. Martin *JGM*
SUBJECT: Answer to Survey Question, Republican Governors Association

The Federal Surface Transportation Act (1991) could give a strong boost to the economy, but it will be delayed, due to prolonged haggling over "mitigation" issues, involving wetlands and "endangered" woodpeckers! Since there is no doubt that we always end up having to do what we're told with mitigation, why haggle? If a state agrees in advance to accept mediation or arbitration to establish mitigation, go ahead and approve construction as soon as all other permits are approved, and mitigate later. That will accelerate impact three months!

JGM/jy

FAX		DATE 1/15/1992
TO Chris Henrich		
CO. R 202	FAX 202/863-	
FROM Gov. James Martin		8659
CO. NC	PH/FAX 919/733-	



STATE OF SOUTH DAKOTA

GEORGE S. MICKELSON
GOVERNOR

EXECUTIVE OFFICE
STATE CAPITOL, 500 EAST CAPITOL
PIERRE, SOUTH DAKOTA
57501-5070
(605) 773-3212

January 24, 1992

The Honorable Tommy Thompson
Chairman
Republican Governors' Association
310 First Street, S.E.
Washington, D.C. 20003

Dear Governor Thompson:

Thank you very much for your request.

I agree with the proposals President Bush has already made to reinvigorate the economy. Increased capital availability, low interest rates, low inflation, decreased business regulation, his strong commitment to quality education, reducing the deficit and free trade are all excellent strategies to create long-term growth in the nation's economy.

However, there are two specific suggestions I would make to accelerate the recovery during 1992. They involve the agricultural and manufacturing economies.

South Dakota is very dependent on agriculture. But, in the last ten years, we have made excellent advancements in our state's economy by expanding our manufacturing base. Our state's economy is now more diversified than it has ever been in our history.

To boost the agricultural economies of South Dakota and other rural states, we need accelerated export sales of our agricultural products. Efforts to allow our agricultural products into other markets without huge foreign tariffs should be increased.

To boost the manufacturing sector, I agree with two recommendations made to the House Budget Committee by Dr. Roger E. Brinner of DRI/McGraw-Hill on December 11, 1991.

The first one is to continue pushing bond rates even lower. Private sector financing of small business hiring and expansion will increase if bond rates are lower. It will also improve mortgage rates which boost real estate values and construction.

The second idea is unique. It is a self-financing threshold tax credit for productive equipment purchases. It will boost manufacturing and thereby generate enough extra national income that is subject to other taxes. Therefore, it would fund itself.



The Honorable Tommy Thompson
January 24, 1992
Page 2

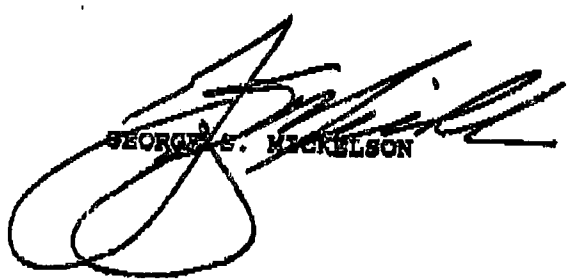
The "threshold" concept means the tax credit would be allowed only for equipment used for extra activity and expansions that would not happen without a tax credit. Using the "threshold" concept would focus these credits on companies that are capital intensive and, therefore, most in need of extra capital to expand.

Capital intensive companies are also the ones that usually pay higher wages and offer the most globally-competitive products. Therefore, boosting their productivity and employment will have a greater positive effect on the whole economy than targeting another manufacturing sector.

There would also be a secondary positive effect of holding down inflation because the additional or new products that result would be created at a lower cost than without the tax credit.

Thank you again for asking for my advice.

Very truly yours,


GEORGE S. MICKELSON

GSM:jsl