

Originally Processed With FOIA(s):

S

FOIA Number:

S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Backup Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13796
Folder ID Number: 13796-011

Folder Title:
National Grocers Convention 2/4/92 [OA 7567]

Stack:	Row:	Section:	Shelf:	Position:
G	26	22	2	7

Photo Copy Preservation

703-437-5300

Tom Wearing

Tom Zander

Patty Ottenstein

703-437-7768

January 31, 1992

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST
 TONY SNOW

FROM: JOSEPH P. DUGGAN

SUBJECT: NATIONAL GROCERS CONVENTION

I. SUMMARY

On Tuesday, February 4, at 11:00 a.m., you will address 4,000 members of the National Grocers Association in Orlando, Florida. The members are mostly family-owned independent supermarket owners.

II. DISCUSSION

The remarks (14 minutes, on teleprompter) repeat highlights from the State of the Union.

Regarding the opening jokes: These are inside jokes which all the conventioners will get. The previous night's banquet really is called the "Asparagus Club." Also, the finals of the grocery bagging contest occur just after your speech. The question refers to how check-out clerks now ask customers what kind of bags they want: "Paper or plastic?"

(Duggan/Simon)
January 31, 1992
Draft Five

PRESIDENTIAL REMARKS: NATIONAL GROCERS ASSOCIATION
ORLANDO, FLORIDA
TUESDAY, FEBRUARY 4, 1992
11:00 a.m.

Thank you, Tom [Zaucha, NGA's president],[^] It's a great pleasure to be here. ((I originally had planned to be at your dinner last night, but when I found out it was called the "Asparagus Club Banquet," \ I thought I better not take a chance. That comes dangerously close to being broccoli. \\))

Thank you also, Bill Confor, your chairmanship.

((You all know of my love for sports, and this being an election year, my competitive juices are flowing more than ever. So today, I'm making an announcement that many of you have been expecting for a long time. \ I'm officially declaring my entry \\ into your "Best Bagger" contest. \\ \\ Just one question: paper or plastic? \\))

I'll always remember the warm reception the NGA gave me when I addressed your 1985 convention in New Orleans. You gave me a good education about your industry then, and I remember it still. A typical NGA member is a family-run business. \ Many of you carry on legacies built through the vision and sacrifice of a grandmother or grandfather, perhaps an immigrant to this country. You work on the thinnest of profit margins. You challenge one another with bracing competition that benefits our consumers like no others in the world. And today as always, your success as community grocers depends not just on the bottom line but on the old-fashioned virtues of being a good neighbor. \\

Since I met you last in 1985, the world has changed. \ We won the Cold War. \ We led a coalition in the Gulf to crush Saddam Hussein's aggression in Kuwait. We've created a world with the prospects of unprecedented prosperity and peace. \

But we've also run into some hard times. Our economy has slowed down, and we must get it fired up again. \ The professional pessimists tell us America has become weak and disabled -- that our economy has fallen and it can't get up. \

Well, that's just plain bunk. \ Day by day and step by step, we'll get ourselves moving -- and we'll do it as Americans always have: We'll combine our common sense, our work ethic, and our determination with pro-growth policies. With these, we'll carry the entire world into the Next American Century. \ \

You don't have to be a rocket scientist to understand how. You just stick with the basics. \ I proposed a common-sense action plan last week in my State of the Union address. It gets investment going, because you can't build new businesses and create jobs without new investment. It strengthens the industries that historically have led us into recoveries -- especially real-estate.

It hacks away obstacles to growth -- burdensome regulations, high taxes, nuisance lawsuits. It cuts the federal deficit by holding back spending. You and I know that government is far too big and spends too much. \ \ How free are we, really, when the federal government gobbles up 25 percent of our GNP? \ I'm demanding that Congress get serious about this. \ I've listed

246 wasteful programs that I want cut this year -- and I want the line-item veto so I can enforce real spending discipline. \\

We've got to get Washington back to common sense. \ To do that, I need your help -- and I know you can deliver. You know your neighbors, and they know you. \\ I've asked Congress to enact some laws that will create jobs by getting our economy growing again -- and I've given Congress a deadline: March 20. Circle that Friday on your calendar. \\ I have. \\ Remember this deadline. Congress needs to take a few simple steps to create good American jobs -- now. \\

Here's what I want by the deadline: \ First, incentives to make productive investments: These involve a 15-percent investment tax allowance; needed changes to the alternative minimum tax; and a permanent research and development tax credit. These will encourage business to invest in equipment and become more productive.

Second, incentives to build and buy real-estate: A change in passive-loss rules for active real-estate developers; penalty-free withdrawals from IRAs for first-time homebuyers, and a \$5,000 tax credit for the purchase of that first home.

Third, incentives to succeed: Cut the capital gains tax. This tax hurts anyone who has made a sensible investment -- in a home, a business, or a farm. None of our key economic competitors taxes gains at high rates -- Japan's effective rate comes to about 1 percent; Germany doesn't tax long-term capital gains at all. Let's stop penalizing savings and investment.

Let's stop punishing excellence. Lower capital gains taxes mean more investment -- and more investment means more jobs. So let's cut the capital gains tax -- now. \\
 \

Three measures, three pieces of common sense; three things Congress should do by March 20. \ I'm counting on your help. \\
 \

In the meantime, I've initiated some reforms that will get the economy moving -- without having to wait for Congress to act. I've imposed a 90-day freeze on federal regulations that could hinder economic growth. During that period, all departments and agencies will review regulations, old and new -- to stop the ones that will hurt growth and speed up those that will help growth.

I see from your convention schedule that you have a workshop entitled: "The Regulators Are Back." \ No wonder: You can't get through a day without having to worry about what some regulator is going to do to you through some thoughtless regulation. Regulations may have stated aims as wholesome as Mom and apple pie. \ But you know better than anyone that when regulators carry regulation too far, there won't be any apple pie for Mom to buy. \\
 \

I ran a council on deregulation for eight years, as vice president. And I'm here to assure you: We have not lost the spirit of deregulation. \\
 \ I want you to be able to spend your time working on what you can do for your customers -- rather than fretting about what some regulator might do to you. I'm also fighting hard against this epidemic of lawsuits. If we were as good at rewarding success as we are at suing each other, we'd be

a century ahead of the rest of the world. America's love affair with the lawsuit must stop. \\
 \

The greatest lesson of our times is this: Government micromanagement doesn't work. \ After seventy years of tragic failure, the leaders in Moscow finally recognize that total government regulation produces only one thing: total failure. Now, Russians want to try something different -- like grocery stores with groceries on the shelves. \\
 \

I find it a bitter irony that some in Congress still favor government coercion and control over freedom and competition. It's as though we'd entered a time warp. \ When I hear the shrill sounds of "soak the rich" demagoguery -- when I hear politicians demand more taxes, regulations, government coercion and control, I wonder: Where have these people been? \\
 \

Isn't it ironic -- at the exact moment the world is turning to our values of more economic freedom and competition -- some in Congress want to go the opposite way. Here's an example of the trouble brewing in Congress: the so-called FDA enforcement bill. I'm sure those of you who sell your own private-label groceries aren't exactly thrilled by the prospect of more legal and accounting and paperwork burdens. But that's just what some in Congress want to do. Well, let me tell you in no uncertain terms: The time for this type of over-regulation is over. \\
 \\
 \

And from now on, if Congress passes a mandate for state and local governments, it shouldn't pass the buck. Congress should pay for the mandates it imposes, without heaping on new taxes. \\
 \

Again, Congress can help get the economy moving if it will just do the right thing. Congresswoman Schroeder of Colorado said last week that maybe Congress should just pass my plan "as it is, and put it on [my] desk." And I agree exactly. If anyone thinks my program is controversial, let me take the heat. I know my program will get the economy moving again.

March 20 is not a moment too soon to enact my short-term program. But we also need to look to longer horizons. I proposed a long-term plan in my State of the Union address. Let me give you some highlights:

First, let's create more American jobs by opening up and expanding markets all over the world. A new GATT agreement will make the world trading system come to grips with the damaging tariffs and export subsidies in agriculture. And by tearing down economic barriers with Mexico and Canada, a new North American Free Trade Agreement can lift us to new heights of prosperity.

Second, let free choice and free markets reform our health care system. This week I'll ask for a new credit to help those without health insurance to buy such coverage. My plan will assure that American workers will have access to basic health insurance even if they change jobs or develop serious health problems. We can't improve health care by threatening the health of job-intensive businesses. The last thing we want is for companies to cut health costs by cutting workers. I'm wholeheartedly opposed -- as I know you are -- to schemes that costs jobs by mandating benefits an employer must pay.

Third, let's strengthen the family -- the cornerstone of the American dream. Let's ease the burden of child-rearing. The personal tax exemption has not kept up with inflation. I'm asking Congress immediately to increase the exemption for each child by \$500. It's a significant move in the right direction - - and for our kids' sake, we mustn't do less. \ \

Look at my economic proposals and you will find simple, plain solutions to our problems. Some may complain that they lack the flash of an expensive new program. But I'm not seeking spending for spending's sake. \ I want results. \ My plan is sound and it will work. \ \

If you hear people in Congress gripe that they can't get the job done by March 20, remind them: We won the Gulf War in 44 days. \ Surely Congress can pass my urgent domestic program in 52 days. Remember, Congress can act with lightning speed when it wants to. So: Accept no excuses. Accept no delays. And accept no substitutes. \ \

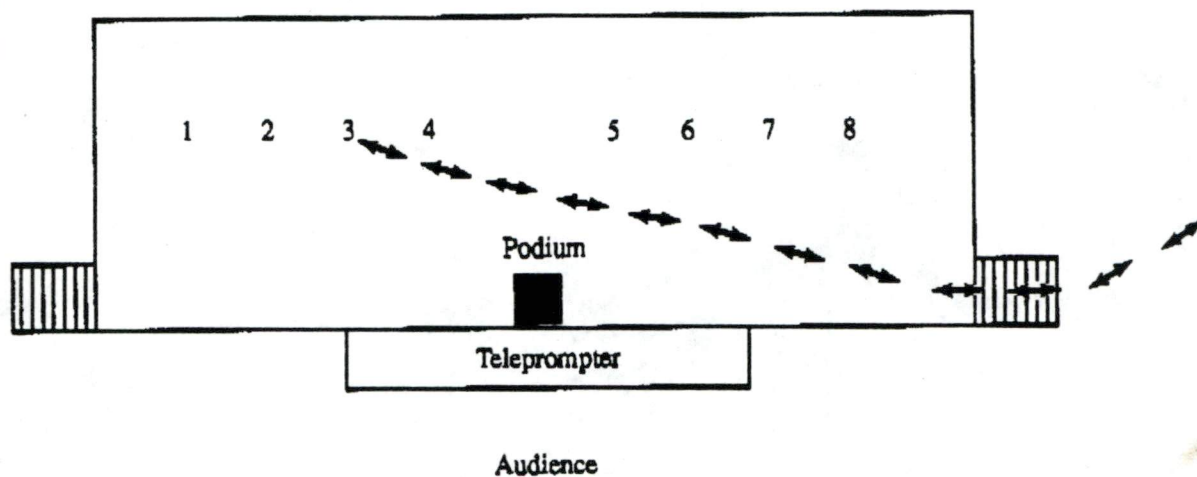
I appreciate your vote of confidence. *You've already taken the first step by voting to endorse my plan.*
 But, Please don't leave this message behind when you leave this convention hall. Take it home to your families. \ \ Take it home to your customers -- to your neighbors. \ \ From February 8 till February 17, your congressmen will be home for the President's Day recess. That's a great time for you to go to their hometown offices and tell them to meet the deadline and pass my plan. \ \

With effort like this, I know we'll get their attention -- \ and we'll get America moving again. \ \ \ \ Thank you. May God bless you and the United States of America.

"[There's] a temptation to just report it [the President's plan] as it is, put it on his desk, look at our clocks, and say, 'OK, the recovery clock is running. Let's let you have it your way.'"

Congresswoman Pat Schroeder
Fox Morning News
January 30, 1992

TAB H
ORLANDO, FLORIDA
Orange County/Civic Center
Address National Grocers Association
Dais Diagram
Tuesday, February 4, 1992



1. Robert Hand, Vice Chairman - NGA
2. Tom Zaucha, President - NGA
3. THE PRESIDENT
4. William Confer, Chairman of the Board of Directors - NGA
5. Kenneth Techau, Immediate Past Chairman - NGA
6. Patrick Quinn, Executive Committee - NGA
7. Jerome Yaguda, Secretary/Treasurer - NGA
8. Lee Schear, Executive Committee - NGA

KEY:

→ THE PRESIDENT

MONEY

**BUSINESS
INDUSTRY**

Smoke get in their ads?

Companies that accept cigarette advertisements in their articles about the hazards of smoking, a study has found.

Peaks, market responds

NEW YORK — Wall Street investors, uninspired by President Bush's economic package and worried that interest-rate cuts are in the offing, sent stocks down yesterday. The Dow Jones industrial average fell 47.18 points at 3,224.96, its biggest fall since 120.31 points on Nov. 15. The blue chip index fell to a record 3,272.14 on Tuesday. Losers outnumbered winners 1,043 to 647 on active volume of 249 million shares on the New York Stock Exchange.

Makes headway

NEW YORK — R.H. Macy & Co. Inc. yesterday got a \$60 million in emergency financing to let the retailer maintain normal operations during bankruptcy court proceedings. Suppliers said they will resume shipping merchandise now that Macy can pay them.

Steel to cut 6,500 jobs

PITTSBURGH — Armco Steel Corp. yesterday reported losses for the first time in 10 years, and announced plans to cut 6,500 jobs by closing plants, including Sparrows Point plant in Baltimore.

Formula omits profits

WILMINGTON, Del. — Du Pont Co. reported a \$240 million fourth-quarter loss yesterday, saying it was the result of the cost of a corporate restructuring and a product recall. Du Pont, the nation's largest chemical concern, said the loss compared with net income of \$68 million a year earlier. For the year, Du Pont lost \$1.4 billion, down almost 40 percent from \$1.8 billion.

Plan on approach

NEW YORK — A plan to save his privately held Trans World Entertainment by filing a "pre-packaged" Chapter 11 bankruptcy could come as early as today, sources said. The plan, announced last year, TWA creditors would have a stake in a debt-free company.

Counterattacks

PARIS — Source Perrier SA yesterday launched a counterattack against Nestle SA's \$2.5 billion hostile takeover, accusing the Swiss food giant of conspiracy in the takeover of business. The world's largest beverage company asked French antitrust regulators to block the offer made Jan. 20 by Nestle and its parent conglomerate Cie de Suez.

Take wing at Boeing

SEATTLE — The Boeing Co. yesterday reported a 10 percent increase in fourth-quarter earnings, boosted by strong commercial jet sales and a 10 percent profit in its defense business. For the quarter, Boeing reported record profits of \$403 million on sales of \$1.5 billion.

Losses cause dividend cut

PITTSBURGH — Westinghouse Electric Corp. cut its dividend almost in half yesterday from 35 cents and announced plans to sell \$500 million of preferred stock.

Economy's flight to freedom?

Plan wins praise — as a first step

By Anne Veigle
THE WASHINGTON TIMES

President Bush's rousing call to "set the economy free" isn't likely to help consumers feel better about their economic future, but most business groups said the president's new growth plan is a good first step.

The growth package, which was presented to Congress yesterday, contained a mix of both new and old proposals aimed at giving a short-term boost to the economy and preserving growth over the long term.

Business groups generally praised the assortment of tax cuts and spending reductions because they are not expected to increase the federal deficit. In addition, some of the short-term proposals could put more money into consumers' pockets in the next year.

The president's growth package also won some faint praise from Federal Reserve Chairman Alan Greenspan, who appeared yesterday before the Senate Banking Committee. The committee is considering Mr. Greenspan's nomination for another four-year appointment and is likely to approve it.

Mr. Greenspan said he did not think a fiscal stimulus package was necessary, but the president's plan would not cause any harm. He said the president's proposal was not "major," and would not create long-term problems in the economy.

The economy will pick up on its own "independently of what other fiscal policy moves the Congress chooses to make," Mr. Greenspan said.

"My only concern about fiscal policy moves is that it is very easy to overdo them, and I think we have sufficient experience of overloading the system, which suggests to me that we have to be quite careful," he said.

Some economists were disappointed with the president's plan, saying it fell far short of the long-awaited economic leadership Mr. Bush had been promising in the weeks leading up to the State of the Union speech. Some economists were particularly critical of the growth plan's limited assistance for middle-income taxpayers.

"There's a huge gap between public confidence and economic reality," said Raymond A. Worsecck, chief economist with A.G. Edwards & Sons Inc. in St. Louis. "From my vantage point the whole point is how to get people to be more confident. When you examine the proposals, they are very anemic."

see IMPACT, page C10



Photo by Stephen... Federal Reserve Chairman Alan Greenspan says the Bush plan...

TAX TONIC

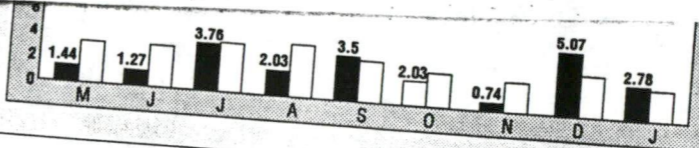
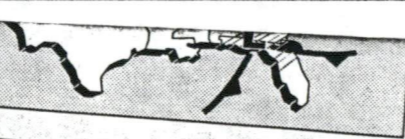
Some of President Bush's proposals to speed an economic recovery would lower the amount of money the government receives in taxes. Here are some of the economic proposals the president made and their effect on the 1993 federal budget. In billions of dollars.

Proposal	'92	'93
Adopt a new equipment investment tax allowance	-6.1	-
Repeal the luxury tax on airplanes and boats and eliminate the diesel fuel exemption	-	-
Permit deduction of interest on college student loans	-0.1	-
Establish flexible individual retirement accounts	0.1	0
Waive penalty for withdrawals from IRAs for education and medical expenses	-	-
Provide a tax credit to first-time homebuyers	-0.2	-

CENTRAL: Today will bring a mixture of clouds and sunshine with a very mild afternoon in the western Dakotas and

44 western New York and 55 in southern Maryland. Light snow is likely in Maine tonight; otherwise, tonight will be partly cloudy. Lows 5 in northern Maine to 37 in southern Maryland.

Forecast for Noon today



Seoul	36/20sh	38/22pc	40/22sn
Stockholm	44/30c	40/32c	43/28c
Sydney	84/70pc	84/70pc	84/68pc
Taipei	64/52pc	62/52pc	64/52pc
Tokyo	47/36pc	45/30c	45/27s
Toronto	37/28sf	32/19sf	23/16pc
Vienna	35/20pc	35/22c	37/24pc
Warsaw	36/18c	32/16c	34/22pc

IMPACT

From page C1

"What we really need to do to get the economy going is to drastically shake up public confidence," he said. The State of the Union speech failed to do that, he said.

Others unhappy with the Bush growth plan included defense contractors and businesses dependent on the military. Defense spending is scheduled to be cut by \$50 billion over the next five years.

One of the firms hit hardest by those cuts is Falls Church-based General Dynamics Corp., whose Seawolf submarine program was limited to the one ship it is currently building. The company's Electric Boat Division said in a statement yesterday that it is "disappointed and very concerned" with the proposed defense cuts, though the company knew the cuts were expected.

Martin Marietta Corp. officials said they are ready for the defense cuts, a spokesman for the Bethesda firm said yesterday. Martin Marietta does about 75 percent of its business with the military.

On the other hand, real estate industry officials were enthusiastic about the president's plan, which contains a number of measures aimed at stimulating house purchases.

chases. "This is the shot in the arm the economy needs to get back on its feet," said Robert "Jay" Buchert, the newly elected president of the National Association of Home Builders.

The president's plan includes a \$5,000 tax credit for first-time home buyers and also would permit the use of funds from a new type of flexible individual retirement account. The plan also would make it easier to issue mortgage revenue bonds so more money would be available to first-time home buyers.

"Assuming the tax stimulus program is enacted by March 20 as the president proposed, housing starts in 1992 will total 1.4 million, up 18 percent from the 1.185 million projected by NAHB without the tax credit incentive," Mr. Buchert said. He expected the proposals to generate more than \$20 billion in additional economic activity."

The one bell-ringer proposal that won universal acclaim from businesses was the president's call for a capital gains tax reduction. The rates would be 15 percent for assets held one year, 30 percent on assets held two to three years and 45 percent on assets held three or more years.

"I think that's the most significant piece in the package," said Alan Reynolds, director of economic re-

A MATTER OF ASSUMPTIONS

The administration is more optimistic about the economy and a declining budget deficit — provided President Bush's proposals are adopted — than the Congressional Budget Office. The CBO foresees a lower gross domestic product and higher budget deficit.

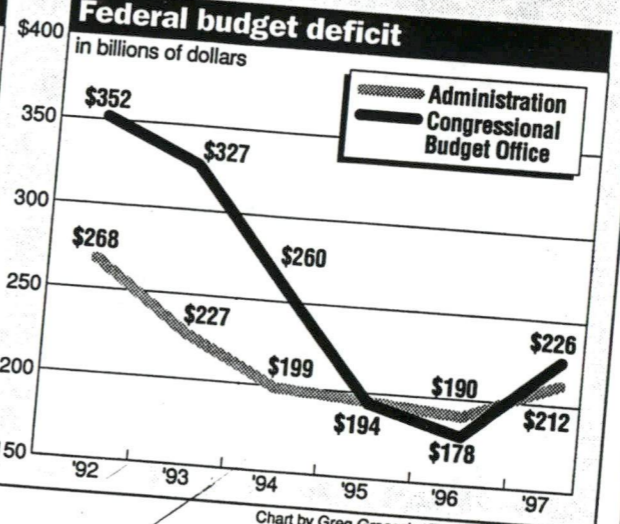
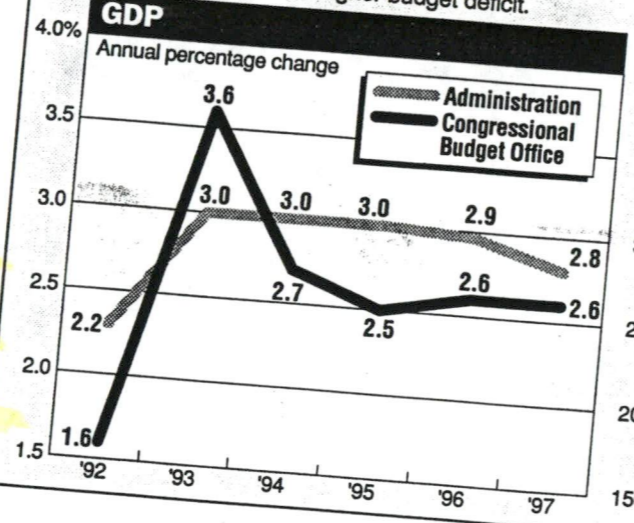


Chart by Greg Groesch / The Washington Times

search with the Hudson Institute in Indianapolis. "It's stronger than anything he's proposed before."

"The message Bush gave was cut taxes, freeze regulations and freeze the budget," said Lawrence A. Kudlow, chief economist with Bear Stearns Co. Inc., an investment banking house in New York.

Business groups also welcomed the administration's call for a three-

month moratorium on new regulations—the U.S. Chamber of Commerce especially has been calling for a halt in new regulations for more than a year.

"It may not be bold enough or strong enough for many people, but I think most businesspeople understand the president's approach is in the right direction," said William MacReynolds, economist with the

U.S. Chamber of Commerce. "He's taking a sensible approach."

The administration's proposals aimed at the middle-income taxpayer include an increase in the personal exemption of \$500 per child, tax deductibility of student loans, more flexible rules on individual retirement accounts, and a health care reform package that the president will unveil next month.

GDP

From page C1

span told Congress yesterday central bank is beginning to see very subtle signs that the economy is beginning to "size."

also suggested that "this economy can move out of this extreme stagnation with monetary policy and without the huge tax cuts Mr. Bush and many congressmen are proposing."

with the growth package impact of lower interest rates.

of recent recoveries. The economy sank into recession in July 1990 and, after declining at a 3.9 percent annual rate in the fourth quarter and 2.5 percent in the first three months of 1991, showed signs of a weak revival.

But it stalled again in late summer, prompting concerns it might be headed for the fifth double-dip recession since World War II.

In early December, the GDP replaced the gross national product as the nation's broadest measure of economic health. The difference is that the GDP measures output within the United States while the

helped boost third-quarter GDP by a 1.8 percent annual rate.

"There is no sign that consumers are ready to forge ahead," observed Kermit Baker of Cahners Economics in Newton, Mass. He cited the latest survey by the widely respected Conference Board, a business research group, showing consumer confidence continuing to erode in January.

Exports soared at a 15.4 percent rate in the October-December quarter, but many economists expressed concern this source of strength would dissipate as the economy

Experts reveal why local homeowners should fix "problem basements" now

Thanks to the unusually dry winter in the Washington Area, waterproofing contractors—even the very best—remain more flexible in their prices than they have been in the past.

According to Mr. Wilson, the smartest homeowners are seizing the opportunity and having their basements inspected and repaired now.

boost profits by overpricing their job or cutting corners in the work.

Take stock in America.



ADVERTISEMENT

of a visit to the United States, Yeltsin said Russia is striving for "minimum sufficiency" in nuclear and conventional weapons. He welcomed arms control proposals made by President Bush in his State of the Union address just hours earlier and suggested that Moscow could join Washington in creating and jointly operating a global defense system against nuclear attack in place of the Strategic Defense Initiative.

Soviet political commentators said Yeltsin's proposals appeared designed in part to project a statesmanlike image prior to a two-day trip to the United States, during which he will address the U.N. Security Council. Yeltsin went out of his way to depict Russia, the largest and most powerful member of the new Commonwealth of Independent States, as the rightful successor to the defunct Soviet Union in the military field.

The Russian leader said he would propose deep reductions in strategic offensive weapons when he meets with Bush at Camp David on Saturday. Under his proposal, each side would be left with only 2,000 to 2,500 strategic nuclear weapons—roughly 20 percent of the present Soviet strategic arsenal.

Like Bush, the 60-year-old Russian leader stressed that his arms control initiatives could produce tangible material benefits for a population preoccupied with domestic economic troubles. He said resources saved from cutting armaments would be channeled to "civilian needs" and to easing the transition to a market economy from the communist system of central planning.

See YELTSIN, A18, Col. 3

■ *Bush and Yeltsin add impetus to nuclear cutbacks.* Page A18



BORIS YELTSIN

... 600 missiles taken off alert

Skeptical of Bush Plan

Some Industries

Welcome Incentives

WP 1-29-92

By Jerry Knight and Kirstin Downey
Washington Post Staff Writers

President Bush has promised that the initiatives he detailed in his budget this week will "lift this nation out of hard times inch by inch," but economists interviewed yesterday said that with the economy advancing just one inch at a time, there will be no quick return to prosperity.

The White House plan is to steadily dribble sand on the scales until the economy returns to balance rather than to toss out weighty new programs that might risk tilting the system.

That approach satisfies many economists who believe the nation is gradually growing out of the recession and who fear that new efforts to give the system a bigger jolt might reignite inflation.

The president has proposed "a nice mix of sound policies," said economist Jerry Jasinowski, president of the National Association of Manufacturers. But the limited scope of the programs makes it clear that the administration's main strategy for economic revival is a continued reliance on lower interest rates engineered by the Federal Reserve, he added.

"He has avoided the problem of going forward with extreme programs that would raise long-term interest rates," Jasinowski said. "Extreme" in this sense would be a much bigger package of tax cuts that could give a big boost to consumer spending, but also send prices sharply upward.

But the benefits of each one of the dozens of tax, spending and economic policy changes proposed by the White House are so difficult to measure that even those who support the president's approach worry that they may not add up to enough to achieve either the political or economic goals that are desired.

"If it doesn't work economically, it's not going to work politically," warned Fabian Linden, chief economist for the Conference Board, a business organization that regularly monitors consumer confidence. The board's latest survey, released the day of the president's speech, showed consumer confidence at its

See ECONOMISTS, A6, Col. 1



Budget Director Richard G. Darman explains spending plan at new

Speech Praised for S

Democrats Who Voted for Bush in 19

By David S. Broder
Washington Post Staff Writer

TIMONIUM, Md.—Before President Bush began his State of the Union address Tuesday night, the 11 men and women gathered here—all of them Democrats who had backed Bush in 1988—said in urgent tones that they hoped he would speak to their concerns about the recession and unemployment, imports, education, health care and homelessness.

When he had finished, most of them said he hadn't really done that—or done it as well as they had hoped. But they liked the speech and the man who gave it because he was "real positive," "confident," "very strong."

They accepted and endorsed his view that he was trying to do his part in meeting domestic needs and

ADDITIONAL BUDGET

■ Bush administration officials yesterday outlined their vision of a new, post-Cold War military. The administration program would include sharply reduced purchases of advanced weapons, but there would be no personnel cuts beyond the previously announced plans to shrink the armed forces by 25 percent. Page A10

■ The White House again recommended in the budget for the Endowment for the Humanistic Studies, which has been criticized in past years for support of controversial projects while increasing requests for other arts programs, including the Smithsonian and National Endowment for the Humanities.

Md.'s Doomsday Option

It's New Taxes or Schaefer's Worst-Case Cuts

By Richard Tapscott
Washington Post Staff Writer

ANNAPOLIS, Jan. 29—Maryland Gov. William Donald Schaefer has drafted a budget that eliminates state-funded public assistance and many housing programs and ends all state tax contributions to the Department of Natural Resources.

continue severely abbreviated functions with federal funds and fees.

Schaefer's self-proclaimed doomsday option appears certain to add to the pressure in an already tense atmosphere at the Statehouse, where leaders have been unable to fashion a consensus for either tax increases or major budget cuts.

INSIDE

Israeli Elections

■ Israel's two major parties agreed tentatively to hold parliamentary elections June 23 to resolve a crisis caused by the withdrawal of two small parties from Prime Minister Shamir's coalition. **WORLD, Page A16**

Missiles to Sausages

■ A Ukrainian factory that

Bearing

Accuser From

By Marc Fish
Washington Post Foreign

STUTTGART, Germany—They stood four separated now only two men stiffened by a horseshoe of white turned to Germany af

	1991	1992	1993
Gross domestic product	0.2%	2.2%	3.0%
Consumer inflation	3.0%	3.1%	3.3%
Unemployment	6.9%	6.8%	6.4%

NOTE: 1991 figures are actual. Unemployment figures are fourth quarter rates.

Many Economists Skeptical Of Bush Plan for Recovery

ECONOMISTS, From A1

lowest level in a decade, and this pessimism has been a heavy drag on the economy, offsetting thus far the lower interest rates offered by the Fed.

Linden, generally supportive of the administration plan, said, "The instincts are perfectly fine: to get more bucks into the hands of the guy who is going to run down to his local retailer and buy something." But the impact of many of the president's proposals will be so minimal "that you'll need a magnifying glass to find it," he said.

Linden noted that even the administration's biggest economic incentive for consumers—a proposed \$5,000 tax credit for first-time home buyers—"as a contribution to buying a house is a less than imposing sum."

The one big fix in the administration package is aimed at the housing industry, which last year saw construction of new homes and apartments fall to the lowest level since 1946. Kent Colton, executive vice president of the National Association of Home Builders, predicted the package will result in 250,000 additional housing starts, 415,000 more jobs and \$20 billion in additional economic benefits when buyers go shopping for furniture, paint, lawn mowers and everything else a new house needs.

The home builders presented Bush with a wish list of incentives and got virtually every one of them—the first-time buyers tax credit, penalty-free withdrawals from individual retirement accounts for first-time home

"If it doesn't work economically, it's not going to work politically."

— Fabian Linden, economist

buyers, restoration of special investment loss deductions for real estate industry professionals, tax deductions for losses on sales of homes and an extension of low-income housing credits.

Those incentives will encourage potential home buyers to buy now rather than wait, said Steve Montgomery, national director of real estate tax services for accounting firm Ernst & Young. "It will stimulate an earlier purchase decision than would otherwise have occurred," he said.

The administration plan was also welcomed by another hard-hit industry: the Detroit automakers. "People have been scared. They've put off buying high-ticket items like cars and homes that mean jobs," said Chrysler Corp. Chairman Lee A. Iacocca. "The president's proposal may be just the shot in the arm this economy needs."

For most families, however, the

shot won't be anywhere close to big enough to make the payments on a new car. A trip to McDonald's is what most families can expect from the cut in federal income tax withholding ordered by Treasury Secretary Nicholas F. Brady.

A typical family of four with one wage-earner bringing in \$700 a week will find an extra \$6.60 a week in the paycheck as a result of the withholding change, and a single person making \$25,000 a year would get an extra \$15 a month, administration officials calculated.

Added together nationwide, however, these small amount total \$25 billion a year in additional cash and most of it will flow directly into the economy. "If people get an extra \$5 in their pocket, they'll spend it," said former Internal Revenue Service director Sheldon Cohen, now a Washington tax lawyer.

That extra spending money is not the result of a tax cut, but simply of reducing withholding rates to put into people's paychecks today the refund they would ordinarily receive next spring.

Lots of people would rather not have that happen, Cohen warned. "Most people still want to be over withheld," even if it means a little less money to spend today.

"If they succeed [in stimulating the economy by reducing withholding] they will have lots of unhappy Americans on their hands," he predicted, because the reduction in withholding will inevitably mean some people will not have enough money taken out of their checks to cover the taxes due.

Some experts are skeptical that some of the proposed tax law changes meant to stimulate the economy will work at all or that they will work as well as predicted.

"It's quite possible they will have some effect. The real question is what's the magnitude," said Randall Weiss, director of tax economics for Deloitte & Touche, another big accounting firm. "Compared to lower interest rates, these things are relatively small."

Because of the inch-by-inch approach the White House is pursuing, the individual impact of any one of the proposed tax law changes will be very minor, said Eugene Steuerele, a former Treasury Department tax expert now at the Urban Institute in Washington.

Many of the changes represent a retreat from the tax reforms of 1986, which lowered overall income tax rates by doing away with hundreds of specific tax advantages for certain investments. But the tax write-offs are so small, they barely matter, Steuerele said. "Even the investment credit—which I happen to believe is a bad idea—is a pretty trivial credit," he said. "It's a movement backward, but without a lot of meat there."

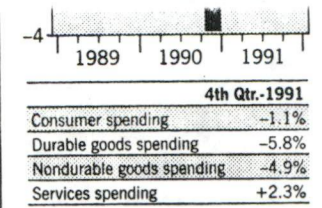
1.8 percent and 1.4 percent rates in the two previous quarters.

The impact of the recession was seen more clearly in the fact that GDP for last year was down 0.7 percent from the 1990 level. It was the first annual decline since a 2.2 percent drop in 1982.

Most forecasters expect another weak showing in the current January-March period, followed by at least a modest acceleration in economic growth. The Bush administration, for example, yesterday said it expects real GDP to grow 2.2 percent over the course of 1992, up from the scant 0.2 percent increase last year.

Michael J. Boskin, chairman of the Council of Economic Advisers, said the "very flat, sluggish position the economy's been in since the late summer . . . will continue . . . in the early part of 1992." If President Bush's various new proposals to stimulate the economy are quickly adopted, "people will notice a demonstrably higher rate of growth" by the middle of the year, he said.

Alan Greenspan, testifying at a Senate Banking Committee confirmation hearing on his nomination to a second four-year term as chairman



SOURCES: Commerce Department; KRT Graphics
THE WASHINGTON POST

of the Federal Reserve, said he also expects a rebound later this year even without further cuts in interest rates, tax cuts or spending increases by the government.

Greenspan cautioned, however, that some of the factors, such as high debt burdens of businesses and households, that caused the economic recovery to falter last fall have no precedent in recent U.S. economic history and make predictions highly uncertain.

"I would expect the economy to quicken its pace," the Fed chairman said, "but I am spending a lot more time watching [the economy] than forecasting."

Many private economists think the economy could do better this year than the administration forecast. One, William Melton, chief



	Orig.	SALE
Brightener-added blue fox jackets with dyed shadow fox trim.....	\$1400	\$599
Dyed ranch mink jackets.....	\$2000	\$799
Full-length, brightener-added blue fox coats.....	\$2100	\$899
Full-length, natural or dyed mink coats.....	\$3000	\$1249

Data Show U.S. Approved \$60 Million in Sales to Iran

Associated Press

The Bush administration approved \$60 million in high-tech sales to Iran

The procedure calls for the Commerce Department to evaluate export applications by getting expert

Weather

Today: Mostly sunny, mild. High 50. Low 34. Wind 6-12 mph. Thursday: Partly sunny, mild. High 54. Wind 8-16 mph. Yesterday: Temp. range: 32-48. AQI: 50. Details on Page D2.

The Washington

115TH YEAR No. 55

WEDNESDAY, JANUARY 29, 1992

Bush Tells Nation Recession

Tax Plan Calls for Rebate This Year, Array of Cuts

By Steven Mufson and Eric Pianin Washington Post Staff Writers

The Bush administration is planning to give Americans their 1993 tax rebates in 1992 by changing the Internal Revenue Service withholding tables and taking less out of the average weekly paycheck.

The centerpiece of the president's election year package, announced in his State of the Union address last night, gives the average taxpayer about an extra dollar a day this year, a measure the administration hopes will stimulate the sluggish economy. But it will reduce next year's tax refunds by an average of \$345 for every taxpayer, administration officials estimated.

In addition, the administration is proposing a host of tax cuts reported earlier aimed at quickly putting money in the hands of Americans, spurring corporate investment and resuscitating the moribund real estate business.

The measures include a \$500-per-child increase in the personal exemption, expanded tax-free savings plans, additional tax incentives for corporations to increase investments, a variety of tax breaks to revive the ailing real estate industry and a cut in the maximum tax rate on capital gains to 15.6 percent for assets held three years or more.

Navy subs, largest Army programs face budget ax. Page A12

By the administration's own estimates, those proposals would cost the government an additional \$24.6 billion over five years, an amount that would be covered by other unspecified savings. Under current law, the proposed tax benefits will require at least \$5.2 billion of offsetting spending cuts in the current year if enacted by Congress, and using revenue estimates of congressional economists even bigger offsets would be needed.

But the president said little about specific spending cuts except to propose a freeze in government hiring that administration officials said would slice the number of government employees by 4 percent.

See ECONOMY, A12, Col. 1



In third State of Union address, Bush says, "We can defeat hard times together." BY RAY LUSTIG—THE WASHINGTON POST

A Declaration of Political War on the Democrats

By Ann Devroy Washington Post Staff Writer

A year after he summoned the nation to battle in the Persian Gulf War, President Bush tried for a comeback last night. In the name of the capital gains tax cut, alternative minimum tax depreciation and modifying the "passive loss" rules, the president borrowed the soaring language, the deadlines and the steely threats to Iraqi President Saddam Hussein to

construct a case for political war on the Democrats.

In using the most memorable phrase of the Bush presidency—his "This will not stand" threat to Saddam—the president put himself on a war footing and implied that anyone who wasn't with him was somehow unpatriotic. Democrats, he said, will surely not turn their backs on the nation in this time of peril because "you're patriots, and you want the best for your country."

NEWS ANALYSIS

In Fairfax, Pay Bias Suit Exacts a Personal Price

Woman Fired After Filing Gains Settlement

By Sandra Sugawara Washington Post Staff Writer

Irene Lugenbeel stared at the salary data on the computer screen. She had her proof. Two of her colleagues who did the same work as she did at their Northern Virginia

A Fairfax County Human Rights Commission official assured her that her job was safe because it's illegal to fire people in retaliation for filing discrimination claims.

So she filed a complaint against a subsidiary of Iverson Technology Corp. of McLean

RALLY FOR CHAMPION REDSKINS



of its modern force of SS-18 and other missiles.

Experts consider the MX missile warhead, which carries a force equal to 300,000 tons of TNT, the most accurate and destructive

initiative largely involves the long-range nuclear weapons linked most directly to the nation's security and image.

By focusing on eliminating those missiles armed with multiple war-

expressed a willingness to convert a "substantial portion of our strategic bombers primarily to conventional use" without seeking a similar commitment from Moscow.

Each of these is a major concession by the Defense Department,

with Moscow. Bush is also trying to take the initiative away from Democratic legislators and presidential candidates who have called for a substantial "peace dividend." Chairman Joseph R. Biden Jr. (D-Del.) of the Senate Foreign Relations subcom-

Russian Pres- "has been very U.S. official, st of anonymity. to present "a pl a planned meo Camp David the

THE ECONOMY

Bush Offers Proposals to Break Slump

ECONOMY, From A1

Most of the president's economic package faces a tough election-year battle in the Democratic Congress, but the change in payroll deductions does not require legislation. The IRS will send out changes in withholding tables today, and most firms will reduce the amount of money taken out of workers' paychecks by the end of February, the administration said.

In his address, Bush made only fleeting reference to the federal deficit. But his measure on withholding would drive up that deficit by \$25 billion over a period of 12 months—adding \$19 billion in the current fiscal year, which ends Oct. 1, and bringing the 1992 total up to \$399 billion, the Office of Management and Budget estimated.

The administration asserted that the change—the single biggest item in the economic package—would not break the budget agreement and did not need to be offset by other tax increases or spending cuts, adding that it falls within the scope of executive action permissible under the budget agreement.

The administration said that essentially the government is returning money that it is borrowing from taxpayers at no interest. But the reduction in payroll deductions would mean that the government would have to borrow at regular rates in credit markets the \$25 billion it is returning to taxpayers during the next year. Taxpayers will bear the cost of that borrowing.

Administration officials said that too much money is withheld from the average American's paycheck and that the average rebate has grown from \$800 to more than \$1,000. Over 85 percent of Americans would still get refunds every spring, administration officials said, but the refunds would be smaller. The average taxpayer—and there are about 90 million taxpayers—would receive money in 1992 that he or she would otherwise not get until 1993. For single individuals the amount could be as low as \$175 and for two-income families the amount could come to more than \$600, administration officials said.

The changes in the withholding schedules would be phased out between \$70,000 and \$90,000 of income for individuals, because most upper-income earners do not withhold extra money, officials said. The phasing out of changes also enables

the administration to claim that lower- and middle-income earners will benefit most and blunt Democratic criticism of proposals that benefit the wealthy.

Bush himself raised the issue of pitting one class against another, accusing Congress of making the cut in capital gains taxes a class issue. "You kind of remind me of the old definition of the Puritan who couldn't sleep at night worrying that somehow, someone, somewhere was out having a good time," Bush said.

He added that "... those who've authored various so-called soak-the-rich bills that are floating around this chamber should be reminded of something: When they aim at the big guy, they usually hit the little guy."

Democrats took up the gauntlet. "Given the emphasis on capital gains and the paltry effort to help middle-class people, you're going to have a battle now," said Rep. Thomas J. Downey (D-N.Y.), a senior member of the Ways and Means Committee. "Once you see the distributional tables on his proposal, it will be so weighted in favor of the rich that it will fall of its own weight."

Bush accused Democrats of being "demagogues" by attacking a cut in the capital gains tax as a benefit for the rich, claiming that 60 percent of the people who would benefit have incomes under \$50,000. But Bush neglected to say that the size of their benefits from cuts in capital gains taxes are paltry compared with the benefits received by wealthy Americans.

The administration's economic package also takes special aim at reviving the real estate sector.

The president wants to grant subsidies to first-time home buyers. Under his plan, a first-time buyer who buys a home after Feb. 1 would get a tax credit of up to \$2,500 and an additional credit of the same amount next year. A tax credit, unlike a deduction, reduces taxes dollar for dollar, so this plan would reduce the buyer's taxes by \$5,000 over two years.

In addition, first-time buyers would be allowed to make a penalty-free withdrawal from their individual retirement accounts (IRAs) if the money were used for the down payment on their home.

And finally, homeowners who sell their houses at a loss would be allowed to deduct those losses—something they are not now allowed to do.

Bush would also aid the real estate industry further by easing restrictions on tax deductions for losses in the industry and by encouraging pension funds to invest more money in real estate.

Real estate industry executives and spokesmen were jubilant about the recommendations. "I'm excited about the [housing] provisions," said Hal Ellis, chairman and chief executive of San Francisco-based Grubb & Ellis Real Estate. "If Congress embraces them and passes them quickly, then it could have a very stimulative effect on our economy. And when you stimulate our housing industry, it impacts a whole range of other industries that supply materials for housing."

Administration officials claimed that their entire economic package would stimulate the creation of half a million new jobs.

Housing economist Michael Sum-

christ said he believed the housing-related proposals could increase the number of housing units built in the United States in 1992 by 150,000 to 175,000 units above the 1.15 million housing units built in the country in 1991. Administration officials claimed that the tax credit for first-time home buyers alone would add a quarter of a million home buyers beyond what would otherwise be expected.

Bush also proposed to make the interest deductible on student loans for post-secondary education.

Taxpayers would also be able to open new "flexible" individual retirement accounts that would allow them to withdraw money for any reason, such as home down payments, medical costs or tuition. Contributions to the accounts would be taxed, but earnings could be withdrawn tax-free after seven years.

Bush's proposal on capital gains would cut the tax rate the longer investments are held. Bush would exclude 45 percent of capital gains on assets held longer than three years, resulting in a top maximum rate of 15.6 percent for those assets. Assets held less than one year would still be fully taxed at rates of up to 28 percent.

Other tax cuts would benefit businesses. Corporations could deduct an additional 15 percent of the cost of a piece of equipment purchased after Feb. 1. Varying depreciation rates currently allow companies to deduct anywhere from 10 percent to 50 percent of the cost of equipment.

Staff writers Kirstin Downey and Albert B. Crenshaw contributed to this report.



At president's speech, in front row from left, Vice President Quayle's wife Marilyn; daughter-in-law Margaret Bush; the Rev. Billy Graham; Barbara Bush; daughter Dorothy Bush LeBlond; Fred McClure, White House congressional lobbyist.

DEFENSE

Navy Program

By John and Barbara

The \$50 billion program outlined in the State of the Union would include a next-generation RH-66 Comanche, the largest weapon the Army's budget makers brief the president's plan.

Defense Secretary Cheney told key closed-door brief last night that future weapons will reflect a developing weapons will stop short in many cases. The also call for shared missile programs, production of the B-2 at 20 planes, progress has authority than the 75 callous Air Force plan.

But Cheney also the proposed budget contain additional cut beyond the 25 percent included in the Pentagon plans and would of costly program near the production of the Air Force F-22 fighter and C.

Similarly, Cheney that the budget also completing nuclear aircraft carrier fleet port News and a new carrier began Cheney briefed the Pentagon's \$2 for fiscal 1993, veiling today, and details on the program to save \$50 billion over five years.

The proposals, far deeper cuts than thought possible, still are not likely as members of lawmakers have the defense budget cut in recent weeks the full benefits of savings would not be a decade, because the budget authority, actual outlays.

The result, according to a far more "peace dividend" than might

JOBS AT RISK

In California, Anger and Resignation on the B-2

By Steven Pearlstein
Washington Post Staff Writer

PALMDALE, Calif., Jan. 28—In this high desert home of the B-2 "stealth" bomber, a handful of people who build it gathered tonight to hear President Bush declare victory in the Cold War, but left feeling like its casualties.

"The timing couldn't have been worse," said Carol Visokey, a manufacturing planner for Northrop Corp., the B-2's builder. "First you had your auto workers, then construction workers and now aerospace. Hey, we're the middle class. We are the ones who are supposed to pay the bills."

Engineer Jorg Largent, who began work on the B-2 nearly a decade ago when he couldn't even tell his wife about the super-secret project,

"It is unwise how much we have dropped our guard," said Largent.

Yet for all their disappointment and even anger with the decision to cap the B-2 program at 20 airplanes, Northrop employees interviewed tonight in this Republican enclave were divided over whether they would hold Bush responsible at the polls in November.

"He betrayed us," said Visokey's husband Bill, who makes tooling for the B-2. "I probably could never vote for him now."

"If it comes to feeding a family, I'd cross party lines," warned C.J. Butler, a B-2 mechanic and mother of five.

But any number of B-2 employees agreed with 18-year Northrop employee Leon Robinson when he said the alternative to Bush may be no better for the industry. "Democrats

portraying the B-2 as a gold-plated fiasco rather than the engineering marvel that inspires their pride.

More than 15,000 Californians are working directly on the B-2 program, most of them for Northrop and Hughes Aircraft Co. in the Los Angeles area. Northrop alone has 13,000 employees working on the plane, and a company spokesman said last night that as many as 1,500 workers would probably be laid off by year-end, most of them at the company's engineering and design facility in Pico Rivera.

Nationally, 40,000 jobs are tied directly to the program, at major subcontractors such as Boeing Co. in Seattle, LTV Corp. in Dallas and engine-maker General Electric Co. in Cincinnati.

Yesterday, planes No. 5 through 10 in various stages of assembly and, should progress approve, a production run of 20 to keep the lights on through 1998.

Even before the president's speech, workers seemed resigned to a program and grateful that, with a clear path to the B-2's fate after years of politicking, they could get on with planning lives.

Many B-2 workers are veteran aerospace industry, which has dominated the area's economy for 30 years. They identify the fortunes of the industry up and down with the Lockheed L-1011 commercial jetliner, then later with Rockwell's Space Shuttle orbiter, both of which were built at



39TH STORY of Level 1 printed in FULL format.
Copyright 1992 Investor's Business Daily, Inc.
Investor's Business Daily
January 30, 1992

SECTION: Bush's Budget Proposal; Pg. 7

LENGTH: 1157 words

HEADLINE: Bush Plan To Aid Home Builders Could Hurt If Congress Delays It

BYLINE: By Robert Corrigan, Investor's Daily

President Bush had plenty of good news for home builders and the real estate industry Tuesday night. But some observers said yesterday that in the short term, the president's proposal could hinder home sales until Congress acts on it.

"There's no question that a \$ 5,000 tax credit and the ability to pull money out of IRAs without penalties for first-time home buyers will have a very positive effect on the industry," said Bruce Karatz, president and chief executive of Kaufman & Broad Homes Corp., the giant Los Angeles-based builder.

"But Congress has got to act on it in a speedy fashion to keep the momentum going," he added.

In his State of the Union address, Bush included five proposals to help real estate:

- * A \$ 5,000 tax credit for first-time home buyers.

Potential buyers who have not owned a home in the last three years would be eligible. The program would apply retroactively to either new or existing houses bought between Feb. 1, 1991, and Jan. 1, 1993. Half of the credit would be taken off 1992 taxes and half off 1993 taxes.

Contrary to some predictions, Bush mentioned no income limit.

- * Permission to withdraw up to \$ 10,000 from an Individual Retirement Account without penalty when it would be used to help purchase a new home.

Under existing law, any withdrawals from an IRA before the age of 59 1/2 are subject to taxes immediately and are penalized by a 10% fee.

- * Deductions on losses from the sale of a principal residence.

If a homeowner sold his home at a loss after Feb. 1, he could deduct the amount that exceeded 10% of his income.

- * Incentives to encourage real estate purchases by pension funds.

Pension funds presently are restricted by "prudent investment" rules that confine them mostly to low-risk investments in securities.



Investor's Business Daily, January 30, 1992

* Reinstatement of 'passive loss' tax breaks that were outlawed by the 1986 Tax Reform Act.

Real estate developers would be able to apply their losses on real estate investments against their taxes on profits from other businesses.

For most housing analysts, the first proposal - the tax credit for first-time home buyers - is the most significant one for the home building industry, home buyers and the economy as a whole.

The National Association of Home Builders told Investor's Business Dailyyesterday that if passed by Congress, the tax credit could sharply increase housing starts this year.

Before Tuesday, the NAHB had forecast that 1.185 million units would be built in 1992, the first increase in six years but still near last year's post-World War II low of 1.02 million units.

In the wake of Bush's proposal, the NAHB sharply changed its forecast yesterday to 1.4 million starts for the year.

David Seiders, chief economist at the NAHB, said the single-family home market will be positively affected, while the apartment market - already devastated by a credit crunch and other problems - will be hurt further.

Under rgw NAHB's original 1.19-million-unit estimate, 200,000 units were to be in multifamily starts and 985,000 units in single-family construction. Though the new estimate accelerates the total to 1.4 million units, only 170,000 multifamily starts were predicted, while single-family construction was raised to 1.23 million units.

'There will clearly be some negative impact on multifamily housing because you're taking people who are or would be renters and moving them into homeownership,' Seiders said.

The NAHB estimates that about two million American households now renting are likely to be considering buying a house, based on Commerce Department statistics. Bush's tax credit incentive is aimed at that group.

The tax credit would encourage about 300,000 of that number to buy a home, on top of those who were planning to buy anyway, said the NAHB.

Of the nation's 95 million households, 34 million presently are renters, according to the government.

Seiders added that while the tax credit would be good for the purchase of an existing home as well as a new home, the transaction would force the construction of a new home at some point down the road.

Sales of existing homes typically account for 80% of all home sales, while new-home sales make up the balance.

Home builder Karatz noted that a similar tax credit was attempted in 1975, with positive results.



Investor's Business Daily, January 30, 1992

He said that 1975's desultory 1.16 million starts figure jumped to 1.54 million units the following year with the help of a \$ 2,000 tax credit for first-time buyers.

Bush's \$ 5,000 tax credit proposal also promises to put many unemployed builders back to work. The NAHB estimates that 415,000 construction jobs are likely to be created from the surge in purchases.

Bush stated in his speech that he would like Congress to act on his package of proposals by March 20. But some housing analysts said the process could take months longer, raising fears that potential first-time home buyers attracted by the proposed tax credit will delay their purchases until Congress acts.

The result could be a further delay in the rebound of the housing market, which has shown signs of life in the past few months. Bush said in his speech that he is counting on the housing industry to lead the country into recovery, as it has after every recession since the end of World War II.

"I'm very concerned about what could happen short-term. Sales could shut down for months," said Todd Zimmerman of Zimmerman Associates, a Clinton, N.J.-based housing research firm.

Seiders agreed that any dallying by Congress could hurt home builders' sales.

"If you were going to buy a house anyway, there is no reason why this delay should hold you up. If you are contemplating buying because of the tax credit, you certainly won't until it's a sure thing," he said.

But Karatz said weakened home prices and record-low mortgage rates are likely to encourage a healthy amount of buying even if Congress doesn't act until summer.

Bush's other real-estate-related proposals met with mixed reviews. Karatz said the IRA withdrawal plan could help thousands afford down payments on new homes.

But Angelo Mozilo, president of the Mortgage Bankers Association, said in a statement yesterday that "recent data indicate that only 10% of American renters, typically those in higher-income brackets, have IRA accounts. Help is desperately needed at the lower end."

Housing analysts said the deductions for losses on the sale of principal residences are likely to help only a limited number of home buyers in areas where prices have declined significantly, such as the Northeast.

The proposals concerning passive losses and incentives for pension funds will be welcomed by commercial real estate developers, but are unlikely to affect home builders, analysts said.



64TH STORY of Level 1 printed in FULL format.

Copyright 1992 The Chronicle Publishing Co.
The San Francisco Chronicle

JANUARY 30, 1992, THURSDAY, FINAL EDITION

SECTION: NEWS; Pg. A8

LENGTH: 962 words

HEADLINE: Bush's Economic Plan Wins Praise From Experts
Analysts say proposals provide near-term relief, 1

BYLINE: Jonathan Marshall, Chronicle Economics Editor

BODY:

In the wake of Tuesday's State of the Union address, economists and budget analysts generally praised the emphasis of President Bush's latest proposals to limit election-year damage to the economy while stimulating long-term growth.

Bush advanced an eclectic mix of measures to lift the gloom of recession from the economy and speed its future expansion. They include lowering the withholding on paychecks, slashing capital gains taxes, tax relief for middle-income families with children, tax credits to first-time homebuyers, more incentives for corporate research, development and investment and a re-examination of federal regulations that burden business.

"The grand design was pretty well put together," said Christopher Varvares, a senior economist at Laurence H. Meyer & Associates, a consulting firm based in St. Louis. "In the short term, his approach was to stimulate spending to lift demand. In the longer term, his proposals work to improve productivity through research-and-development tax credits, cutting the capital gains tax and reforming education."

Rudolph Penner, an analyst at the Urban Institute in Washington and former director of the Congressional Budget Office, also detected a "coherent philosophy" of fiscal moderation underlying Bush's message.

"There was much more emphasis on constraining spending, more substantial cuts in defense than I expected," Penner said. "It's a traditional Republican approach to deficit reduction."

Even with all the tax cuts, parallel cuts in spending, from farm subsidies to Medicare, would leave the deficit only a few billion dollars higher this fiscal year and decrease it slightly thereafter.

'VERY MODEST IN TOTAL'

Despite the sheer number of proposals, Penner said, "they are very modest in total. I personally think that's a very good thing, since most measures will hit at the wrong time, after the recovery comes."

Penner added that Bush "had no choice whatsoever politically" but to back middle-class tax cuts in a difficult election year. "This was a definite exercise in damage limitation," Penner said. "The real danger is that this



(c) 1992 The San Francisco Chronicle, JANUARY 30, 1992

will become the first bid in a bidding war that leaves us much worse off.'

Whoever wins the war, almost no one expects Bush's program to emerge intact. In a response to the State of the Union address, House Speaker Thomas Foley, a Washington Democrat, railed against the proposed cut in the capital gains tax as another handout to the rich.

Most economists agree that wealthy Americans, who have more money to invest, would benefit the most. Many economists also maintain, however, that such a tax cut would indirectly benefit average Americans by stimulating new investment. Varvares said he forecasts that a capital gains cut would add about 0.3 percent to the nation's annual output of goods and services.

POLITICAL LINES

The capital gains debate should help draw some clear political lines in 1992, said John Cogan, a senior fellow at the Hoover Institution and former deputy director of the White House budget office.

'Foley's whole speech was on redistributing the pie,' Cogan said. 'Bush's whole emphasis was on increasing the size of the pie. People talk about the lack of choices in politics, but here is a wonderfully clear distinction on what government policy should emphasize.'

In another move to pick up the economy in the long term, Bush proposed revamping the alternative minimum tax on corporations, which now penalizes those taking large deductions for investment. Mark Bloomfield, president of the American Council on Capital Formation, said, 'We give him a B+ for addressing this hit on investment.'

In contrast, several of the president's short-term measures will have little effect on the economy, several experts said. Cutting taxes for the middle class, at the expense of inflating the budget deficit, 'doesn't really help since the middle class carries the burden of public debt,' said Murray Weidenbaum, head of the Center for the Study of American Business at Washington University in St. Louis.

Similarly, said Cogan, 'if the cut in withholding has any effect, it will be very trivial' because few people will ignore their tax obligations and go on a buying binge.

INVESTMENT TAX ALLOWANCE

The one-year investment tax allowance, which allows business a faster write-off on new equipment, may do more than any other proposal to fuel the recovery by reviving sluggish business spending this year, said Weidenbaum.

But he and other supporters of investment incentives were more dubious about Bush's proposals to revive the real estate industry with more favorable tax laws. With the tremendous oversupply of commercial office buildings nationwide, 'you sure don't want to encourage any new building,' Weidenbaum said.

In the long run, the most significant element of Bush's package may be signaled by his 90-day moratorium on new federal regulations. Existing environmental laws alone cost the country \$ 110 billion a year, according to



(c) 1992 The San Francisco Chronicle, JANUARY 30, 1992

the Environmental Protection Agency, and the new Clean Air Act will add \$ 25 billion or more, said Weidenbaum.

'In and of itself, the moratorium shouldn't have much effect,' said Cogan. 'But if it signals a change in the administration's basic approach to regulation, then over a long period of time, I would expect it to have a large effect on the economy's performance.'

Any such fundamental change, however, would have to overcome intense congressional opposition. Foley, arguing that regulations protect people from pollution, deceptive advertising and unsafe food and medicine, said, 'This is not the way to create jobs or make American business prosperous.'

TYPE: RELATED STORY

SUBJECT:

US; PRESIDENT; FEDERAL BUDGET; PLANNING; REACTION; ECONOMY

NAME:

George Bush



DATE: FEBRUARY 2, 1992

CLIENT:
LIBRARY: NEXIS
FILE: MACLEH

YOUR SEARCH REQUEST IS:
KUDLOW AND DATE AFT 1/28/92

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 1



1ST STORY of Level 1 printed in 100 VAR KWIC format.

Copyright (c) 1992 Educational Broadcasting and GWETA;
The MacNeil/Lehrer NewsHour

January 30, 1992, Thursday Transcript #4259

LENGTH: 9174 words

HEADLINE: Recession Buster?;
Welfare at Issue;
Search & Recover

BYLINE: In New York: ROBERT MAC NEIL; In Washington: JAMES LEHRER; GUESTS:
MARTIN FELDSTEIN, Reagan Economic Adviser; ROBERT HEILBRONER, Economist;
LAWRENCE KUDLOW, Reagan Economic Adviser; CHARLES SCHULTZE, Carter Economic
Adviser; CORRESPONDENTS: PETER GRAUMANN; ELIZABETH FARNSWORTH

BODY:

... somebody who now doesn't have a job. And what we're trying to do is the same thing you're trying to do, not just get cash in people's pockets through gifts, but get them jobs that are secure jobs for the long-term so they have not the small amount of money you referred to, but a respectable income that is secure.

MR. MAC NEIL: Now, to evaluate the President's economic plan, we get the views of four economists. Martin Feldstein was President Reagan's leading economic adviser from 1982 to '84. He's currently a professor at Harvard and head of the National Bureau of Economic Research in Cambridge. He joins us from public station WGBH in Boston. Charles Schultze is director of economic studies at the Brookings Institution in Washington. He was President Carter's chief economic adviser and President Johnson's budget director. Lawrence Kudlow was associate director for economics and planning in Reagan's first term. He's now senior managing director and chief economist at Bear Stearns and Company, a New York investment banking firm. And Robert Heilbroner is an author and professor of economics at the New School for Social Research in New York City. Martin Feldstein, starting with you, let's take it as President Bush did, the measures for the short-term first, and then we'll move on to the long-term in a moment. Has he done enough to get the economy -- enough in the short-term to get this economy out of the recession?

MR. FELDSTEIN: I think, first of all, that the Federal Reserve's cut in interest rates in December are going to give a big boost to the economy, not this quarter, but as we get into the spring and early ...

... one does to promote spending right now helps. I mean, when you are in a bad way, and we are in a bad way, every penny is better than no penny. I only take a negative point of view because I think the situation is more serious than President Bush does. Let me say one word. President Bush is making a bet, and the bet is that there's enough momentum in the economy, enough vigor there, so that by feeding it, bandaiding it, patting it on the back, so to speak, the economy will get moving again. And my bet is, or rather my prediction is, my feeling is that there is not enough vigor there, that the bandaids and the patting on the back will help some, certainly better than nothing, but that you have to do something much more drastic.

LEXIS® NEXIS® LEXIS® NEXIS®



(c) 1992 EBC & GWETA. All Rights Reserved, January 30, 1992

MR. MAC NEIL: Which bet is right, do you think, Larry Kudlow?

MR. KUDLOW: Well, I think President Bush has pretty much got the story right. I mean, he's sending a very expansionary message for the first time in his Presidency. He's saying we're going to cut taxes rather than raise them, we're going to reduce regulations, rather than increase regulatory cost. And this whole emphasis was on growth. Prior State of the Unions, prior budgets from the Bush Administration, have been very austere and very restrictive. And I believe sent a punitive message which has really damaged public confidence. And, of course, in specific terms it's hurt business. Now, in terms of Bush's specific proposals, the two that stand out in my mind, No. 1, I think he's proposed a very sizeable reduction in the capital gains tax. It's a 45 percent drop from 28 percent to 15 percent. And I think this is going to have, if it gets through Congress, this is going to have a very stimulative impact. It's going to unlock a lot of new capital, which will be rechanneled into new investment. It will provide the kind of liquidity that small businesses and new businesses desperately need in this period of a banker's credit crunch in the absence of any credit out there whatsoever, and I think it's going to create a resurgence in new business start-ups, which is really a big job creator in the United States. And the other thing that stands out is the accelerated depreciation, which is also a capital cost reduction. I wish it had been permanent, rather than temporary.

MR. MAC NEIL: Which means that businesses can in a fewer number of years write off a new piece of equipment?

MR. KUDLOW: Well, that's right. In particular, they're going to get a 15 percent break for equipment that they purchased this coming year. And I might add, in the capital gains tax proposal, I noticed it's effective February 1st, and there's a window of opportunity, if you do it, if you take capital gains in the 11 months of 1992, you'll get the full exclusion and get your 15 percent rate. So these are good things. And I agree also that lower interest rates and lower inflation rates have set the stage for economic recovery. So with these added capital incentives, we have a decent chance of getting a respectable recovery, although there are parts of this bill that I do not like.

MR. MAC NEIL: Charlie Schultze, how do you see this? Has the President done enough in the short-term to dig us out of the recession?

...

... much in the short run package, because if we do, there's a danger that the economy will be overheated, that we'll see inflation going back up, and we'll force the Federal Reserve into a position where it's got to raise interest rates, and that's certainly not what anybody wants to see happen. So I think that it's a good thing that this is only a modest package for the short run to reinforce what the Fed has done.

MR. MAC NEIL: Why is it a bad thing that it's such a modest package, in your view, a bandaid?

MR. HEILBRONER: Because we're so far from overheating that if we don't do something at least as vigorous, if you call it vigorous, as the President has administered, we're going to be in the soup. We need to take this recession seriously in terms of its human misery and its political cost and then move on

LEXIS[®] NEXIS[®] LEXIS[®] NEXIS[®]



(c) 1992 EBC & GWETA. All Rights Reserved, January 30, 1992

beyond.

MR. KUDLOW: I think Bob Heilbroner has got this story much closer right. I mean, look, the notion of fears of inflation doesn't strike me as at all realistic. Commodity prices have been steady to declining. We are at the lowest inflation rate in about 25 years. And I applaud that. In fact, I think monetary policy has been on the correct path, but we need fiscal expansionism here. We not only need to send a policy message, but we also need to create as many incentives to work, produce and invest as possible. Now, I've argued for the capital gains tax as a good capital formation incentive. I happen to agree with a lot of the Democratic proposals. I think we need some permanent tax rate reduction for middle income people. For example, Sen. Moynihan, Sen. Kasten and others have proposed a rollback in the payroll tax rate. That strikes me as very sensible. Others have talked about lowering the 15 percent bracket a couple of points. That strikes me as very sensible. We have been in a period of economic austerity and stagnation for several years. The problem is not inflation. The problem is to get the country moving again we should be setting growth targets of 4 percent real GDP for the next several years.

MR. MAC NEIL: Let me go back to Charlie Schultze here a moment. Mr. Schultze, the growth rate that the administration, the most optimistic one that it's predicting, with its, these stimuli, are in the order I think of 2.2 percent for next year. If it's only that, shouldn't, as Larry Kudlow says, a lot more stimulus be injected right now, threats of inflation or not?

MR. SCHULTZE: No, I don't think so. You know, this country's capacity to produce is only growing a little over 2 percent a year. I don't mind some -- let me say it another way -- 10, 15, 20 years ago, yeah, maybe. You're in a recession, it's a mild recession by most standards, yeah, put more stimulus in, I don't worry too much about the inflationary impact right now. The problem is we're going into all of this [a] with deficits right now well over \$300 billion, and even that wouldn't bother me so much, but looking down the road, according to the Congressional Budget Office, the deficit's going to level ...

... other country, with Japan, with Germany, with France, with Europe, in general, we have a decrepit, a rotting infrastructure going across the Queensboro Bridge is a living example of what it is, except there are fictions in Queensboro Bridge but there are not fictions in national infrastructure.

MR. MAC NEIL: Mr. Feldstein, how do you respond to that?

MR. FELDSTEIN: The budget deficit really is a very serious problem and Bob Heilbroner is just minimizing it. Sure, we ought to be spending more on certain aspects of the infrastructure, but there's no reason to add to an already gargantuan budget deficit in order to do that.

MR. MAC NEIL: You're saying the infrastructure problem or the future growth problem is not urgent enough or serious enough to increase the deficit further?

MR. FELDSTEIN: We don't have to increase the deficit to do it. We certainly shouldn't be in a mode where we are, as Larry Kudlow seems to suggest, cutting taxes further, adding to the budget deficit. What we need to do is to get more investment in plant and equipment, more investment in R&D. The only way we can do that is to increase our national saving rate. And the budget deficit, as Charlie Schultze said, is borrowing back, to use Bob Heilbroner's words, is

LEXIS NEXIS LEXIS NEXIS



(c) 1992 EBC & GWETA. All Rights Reserved, January 30, 1992

borrowing back the savings that American households and businesses are providing. And so we just don't have the investment in plant and equipment. We don't have the investment in R&D that we need to get this economy growing like the economies of Europe and Japan. And that should be the No. 1 long-term priority.

MR. MAC NEIL: Let me ask Mr. Kudlow what he thinks about that.

MR. KUDLOW: I'm just afraid I don't agree. I think the principal long-term goal is not terribly different from the short run goal. We should try to create sufficient rewards and incentives so that the private sector can flourish, be creative, be innovative, and be inventive and grow this economy. For 45 years after World War II, the average growth rate in real GDP terms was 3 percent a year. If we continue on the course now, even with the President's assumptions on the economy, we're going to have a growth gap which is going to grow larger and larger in the next decade. Now, my view is where President Bush missed his opportunity is he should have a long run plan to put more resources in private hands. We're taking the defense budget down and I reckon we can take it down even more. But I'd like to see a tax reduction that will help saving and investment.

MR. FELDSTEIN: You don't care about the budget deficit at all anymore, Larry?

MR. KUDLOW: I care about the budget deficit, but I recognize, Marty, that the only way we're going to deal with the budget deficit in the long run is to get this economy back to its proper long run growth trajectory and at the same time to keep interest rates as low as possible by a zero inflation policy. We are not going to do it by raising taxes. We're not going to do it by artificial saving. We're only going to do it by growing, investing and creating new jobs in the private sector.

MR. MAC NEIL: Charlie Schultze, what's your view of this long-term situation and whether the President's done enough?

MR. SCHULTZE: First, you've got to distinguish between the next year or two when additional amounts on the deficit wouldn't kill us from the long-term when it hurts. It doesn't hurt because deficits in sum, there's that bogey word -- when you borrow money, the government gets resources from somewhere. It's taking money. We don't save very much in this country. And the federal government, when it borrows, takes saving that could have been used to invest in the nation's future. So far from needing a tax cut, in the long run, we need more taxes. This country needs -- it's the lowest tax country in the world -- just about -- in any big country.

MR. KUDLOW: -- a balanced budget --

MR. SCHULTZE: We need to put more resources into investing in our future privately and publicly to cut the budget deficit down so there's more available for private investment, but also to use some of this higher taxes and defense cuts for public investment like Heilbroner wants.

MR. MAC NEIL: Okay. Well, gentlemen, we could go on and on, but I can't, and I have to thank you all very much and pass it on to Jim. Jim.



1992 N.G.A. Convention & Buying/Merchandising Expo

February 2-5, 1992

Orlando, Florida

"10th Anniversary Celebration!"

FAXSIMILE TRANSMISSION

DATE: FEBRUARY 1, 1992

TO: Bob Simon
White House/Research 202-456-6218 FAX

FROM: Stu Zlotnikoff
407-345-9623 FAX
407-345-9637 TELEPHONE

PAGES INCLUDING THIS COVER PAGE 1

IF YOU DO NOT RECEIVE ALL MATERIALS INDICATED
PLEASE CONTACT THIS OFFICE.

*William Confer
Chairman of the
Board of Directors*

**National Grocers Association**

1825 Samuel Morse Drive, Reston, Virginia 22090-5317

(703) 437-5300

FAX (703) 437-7768

Board Resolution

Whereas, President George Bush has presented to the nation a comprehensive action plan for revitalizing the nation's economy while maintaining budget discipline;

Whereas, the President has proposed immediate action to increase job creating investments, encourage business investment in equipment, and spur home sales;

Whereas, the President has established a long term agenda, including the expansion of investment in the future, reformation of the health care system, deficit control, and reformation of banking, tort and civil justice systems; and

Whereas, President George Bush during his first term in office has exhibited outstanding leadership and courage.

Therefore, Be It Resolved: That the National Grocers Association does hereby endorse and pledge its support for President Bush's Growth Agenda. Furthermore, the National Grocers Association commends his vision and leadership as President and hereby endorses his reelection.

THE WHITE HOUSE

Office of the Press Secretary
(Philadelphia, Pennsylvania)

January 30, 1992

For Immediate Release

REMARKS BY THE PRESIDENT
TO GREATER PHILADELPHIA CHAMBER OF COMMERCE

Philadelphia Chamber of Commerce
Philadelphia, Pennsylvania

12:11 P.M. EST

THE PRESIDENT: Thank you all very, very much for that welcome back. (Applause.) Please be seated, and thank you. Please be seated. I don't want to keep Boris Yeltsin waiting later on. (Laughter.)

Thank you, Joe. Senator Specter and Joan, laboring in the vineyards of the City Council here, we're delighted to be with you. And coming up with us from Washington were two of our great congressmen from this area, Larry Coughlin and Kurt Weldon over here.

And may I, too, salute the Mayor. I asked Joe earlier on how was it going, realizing that, as in Washington, things have been tough. But I think -- and across the country in many ways. But I said, knowing a little bit about history in Philadelphia, I asked this question, how's the Mayor doing. And Joe and everybody else I've spoken to has said he's really hit the ground in a wonderful way, going forward, bringing out the best in this city. So I want to salute Ed Rendell and his wife, Midge. (Applause.)

Joe Paquette, who introduced me, is the Chairman of the Greater Philadelphia Chamber. That was a very enthusiastic presentation he made about how things were going -- so much so that maybe he can make a little loan to those of us in Washington, D.C., who cannot have quite that optimistic a report. (Laughter.) But I like that can-do spirit of this Chamber, and I'm grateful to Charlie -- to Charlie Pizzi, and to Joe and all the rest of you that have put together this opportunity for me -- all of you at the Chamber.

And so, thank you very much. I am happy to be here in Philadelphia. As you can imagine, these last few weeks in Washington have been pretty high pressure -- high pressure time for me -- what with all the experts and the instant analysis and the columnists giving unsolicited advice. Thank goodness the Super Bowl is over. (Laughter.)

I am very pleased to be here, particularly pleased to be here today, because American businesses -- as represented by this group gathered here -- have a unique perspective on the tough times we've been going through recently. As businessmen and businesswomen, you can separate the sensational from the sensible, the sweet-sounding quick-fixes from real solutions. When it comes to America's economy, we can't accept empty symbols and slogans. We need to work together -- that's what I like what Joe was saying about the way the Mayor and you all are approaching it in this city -- we've got to work together nationally and turn this economy around.

Tuesday night, I came before the American people to outline a program for doing just that. And we all know this is an election year. The air back in Washington has been thick with feel-good gimmicks that have nothing to do with true prosperity and everything to do with politics. We need to get down to business --

MORE

literally. In the critical weeks ahead, common sense must replace partisanship. And I came here to ask for your help.

The plan that I put before Congress and the American people contained several action steps, and one of the most critical was this: to free up American businesses by clearing away the obstacles to growth -- high taxes, overregulation, and government deficits. And I've offered the only comprehensive plan that doesn't raise tax rates, doesn't throw away the spending discipline now in place on the Congress, these spending caps, and doesn't cut defense beyond what's necessary for this country's security. But let me tell you the three words that really separate my plan from what I think of the rest of them: It will work. Those three, it will work.

Each of us has a role to play, so I am moving forward with steps I can take right now. You may remember I divided that State of the Union message into steps I can take, short-term areas where we need legislation; and then a longer-term program. Right now, I have instructed every Cabinet department to speed up progrowth expenditures -- and we estimate that will be as much as \$10 billion worth in the next six months. Don't have to go to Congress to get them to do that, we just accelerate the spending plans to try to give this economy an extra kick.

I directed the Secretary of the Treasury to change the federal tax tables so that millions of Americans can choose to have the government withhold less from their paychecks. Now, that's a large number. That could pump as much as \$25 billion into the economy this year alone. That is money in the pockets of working men and women to help pay for clothing, or to help save for college, or to help buy a new car. And after all, it is their money. And there has been this schedule where really there has been overwithholding. And this, I think, will give -- for those who elect to do it -- if everyone elected to do it, it would be \$25 billion, and I think that will give the economy a jolt.

I have asked Cabinet departments and federal agencies to institute a 90-day moratorium on new federal regulations that could hinder growth. We'll undertake a top-to-bottom review in the fields of energy, the environment, transportation, exports, financial services, and communications, among others. Here's the test: We will accelerate any regulations that encourage growth and the creation of jobs. And whenever possible, we will scrap those that tie the hands of business and impede growth. I know I have regulatory responsibilities affecting safety in the workplace, for example; health; environmental protection. And I will not neglect those responsibilities.

But you know as well as anyone how government -- sometimes with the best of intentions -- can hobble innovation and risk-taking, the life-blood of a successful business. Government naturally tends to expand ever outward, its red tape oblivious to anything standing in its path. It touches everyone. Every regulation that reduces efficiency slaps a hidden tax on the consumer as well. From the tab on a bag of groceries at the checkout line to the sticker price on the showroom floor -- every American takes a hit when the government over-regulates.

American businessmen and -women need this freedom to experiment, to compete without looking over their shoulders for Washington's approval. Small businesses and those just starting up feel the sting of overregulation most of all. Yet these businesses drive America forward. They create most of our new jobs. They reinvigorate our communities. They embody the power of the American dream. I make this pledge: we will set America's dreamers and doers free and put an end to regulatory overkill. (Applause.)

In some of this area I will need the help of the Congress, and I promise I will take the message as strongly as I can

MORE

- 3 -

to the Congress in this regard. Even now, an untold number of hard-working, responsible men and women go without needed bank loans for starting up a new business, or for investing more in an existing one. We've got to ease the credit crunch and give these people a chance. That's why we've given the bank regulators more than 30 policy changes and clarifications to restore common sense and balance to the regulatory system.

I've mentioned this before, but in regulation, again, we have a responsibility. We don't want to go back to what is known as forbearance, where we neglect the soundness that is required. But there is regulatory overkill; the people are afraid, I think, in some instances in the financial community because of the excesses of regulation. And we're going to try very hard to achieve a better balance.

Now, I've mentioned some of the things that I can do -- and there's a few more. But Tuesday night I told Congress, directly challenged it, told it directly what it must do. And I started with the obvious: No investment, no new jobs. Congress must reward investment and stop punishing success. For three years now, I have asked the Congress to lower the capital gains tax. And for three years, that essential growth measure has been pilloried and parodied as a windfall for the rich. Now, you and I know that claim for what it is: it's nonsense. Sixty percent -- sixty percent of the people who benefit from lower capital gains have incomes under \$50,000.

A windfall for the rich? By freeing up investment, a cut in the capital gains tax creates new jobs for those looking for work and better jobs for those who want to move up. A lower capital gains tax helps anyone who owns a small business or a farm -- anyone who owns a home, anyone who has a single investment. We're talking about helping every working man and woman and every retired person in this country.

We don't have time for any more of this demagoguery on this question. Let me remind you, in Japan, the effective capital gains tax rate comes to about one percent; Germany doesn't tax long-term capital gains at all. To create jobs, to restore a vibrant economy for all Americans, Congress must lower the capital gains tax. And it must lower the capital gains tax now -- 15.4 percent. (Applause.)

With a few simple steps, taken right now, Congress can help get the housing industry -- builders, investors, buyers and sellers -- back on its feet. To those young families who want to buy their first home but can't quite afford it, I say this: We can help put your dream within reach. And we will. I have offered a plan to allow first-time homebuyers to withdraw savings from IRAs without penalty, and to provide a \$5,000 tax credit for the first purchase of a home.

I might say parenthetically that Senator Specter, your Senator, has been in the forefront of fighting for the change on how IRAs are treated. He understands what this can mean in terms of stimulating the economy and helping the homeowner. And I have asked Congress to mark the calendar: They must put my recovery plan in place by March 20.

Yesterday, right after -- the State of the Union was the night before -- and yesterday morning, I went up to the Congress and I met with the leaders of both the House and the Senate up on Capitol Hill. And I urged them to meet this timetable. I set the deadline because of a simple fact: The American people want action. They deserve action. Our states are working overtime -- so are thousands of communities across the country. They're tightening their belts, aggressively facing the future. And every day, individual Americans are working hard to get this economy back on its feet, and it's time

MORE

for Congress to do the same thing. (Applause.) It can be done in that time frame.

What troubles me is if we let it drag on, it's going to get really caught up in the rough and tumble of 1992 national politics. People are crying out for help now, and the Congress can move. We've seen them do it on a wide array of legislative initiatives, and they can do it on these stimulative tax changes. So I ask every member of Congress -- and please tell them the same thing -- to set aside now partisanship for just 51 days and give this plan a chance. Get the plan, put it to work.

Immediate growth, as I mentioned at the outset, is just one part of the picture, one part of our program. We've got to look even further ahead -- to ensure that when the American economy regains its strength -- and inevitably it will -- it stays strong.

We start by opening markets to American goods. In our trade negotiations, we will continue to push for open trade, pulling down the barriers that stand in the way of international competition.

To guarantee that American goods and services are the world's finest, we must guarantee America's preeminence in another field -- in the field of education. Our America 2000 strategy will revolutionize education in this country, will create New American schools, places where our kids will learn the lessons they need for a new century. And it will allow parents to choose their children's schools. Choice means competition, and you understand as well as anyone what comes from competition. Competition inspires innovation and creativity. It inspires excellence. And that's why we are going to push for our program, we're going to push for school choice.

As I look at education and the fact that we are not where we should be in world standing, it isn't a question of a change here and there. It isn't a question of adding to programs that have failed, programs mandated in Washington. It is a question, literally, of revolutionizing. And that's what we tried to do when we set the education goals, working with Republican and Democrat governors; that's what we're trying to do with Lamar Alexander in the lead for us, our Secretary of Education, as we take this America 2000 program all across the country. We need your help. It is the best possible investment for the future of this country.

Now, we need a healthy America -- and that means reforming health care. I think everyone would agree we cannot afford our present system. But we've reached a fork in the road. We can either go the way of greater government mandates, leading inevitably to a state system of nationalized care, with the long lines and indifferent service that such a system creates. Or we can reform our private system, preserving the greatest possible patient choice, maintaining the quality of care -- which, for all its faults, is still the best in the world. That's the approach I outlined in a rather broad detail Tuesday night, and that's the approach that I will take when we announce the full detail of our plan next week.

We've proposed another reform, one that is crucial to creating jobs. America has become the most litigious society on Earth. Frivolous lawsuits are exhausting our ability to compete. If we were as good at rewarding success as we are at suing each other, we would be a century ahead of the rest of the world. (Applause.)

Lawsuit madness gums everything up. Needed new products never reach the marketplace because of concerns over liability. In many areas, businesses are forced either to drive prices into the stratosphere -- or literally close shop.

My Competitiveness Council, that's chaired by the Vice President, Vice President Quayle, has offered 50 concrete recommendations to restore sanity to our civil justice system. I've

MORE

enacted some of these recommendations by Executive Order. Others, however, require Congress to act. And with all respect, there are 62 lawyers in the United States Senate, a lot of lawyers up there on Capitol Hill. I realize that might present a problem, but it also presents an opportunity. And I'd like to see them move forward now with these changes to cap some of these outrageous areas of unlimited liability. It's driving our small businesses right flat into the ground, and costing American workers jobs.

And, finally, I can use Congress's help in another all-important area. We must get the federal deficit under control. Now, let's face the facts: The government in Washington is too big and it spends too much. I have proposed a freeze on all domestic discretionary budget authority as well as a freeze on federal domestic government employment. And I have asked Congress to get rid of 246 federally-funded programs. Now, some of them have very noble titles. But in these times, none of them is indispensable. And I'm going to call on Congress to get rid of them. I think we're talking about something like \$4 billion in this regard, the list.

For too long, Congress has been violating an important principle of good government: Do no harm. It's been imposing its own habits on state and local governments -- and the taxpayer ends up, as you may all know, by footing the bill. These unfinanced federal government mandates, as they're called, require the cities, require the states to provide new services or institute new programs -- but the Congress doesn't provide the money to pay for them. That means the local governments must pass along Congress's wish list to the taxpayer in the form of higher taxes at the local level. Now, the National Governor's Association -- made up, obviously, of Republicans and Democrats -- continually urge the Congress to stop these mandates, which are killing innovation, killing savings at the state and local level.

From now on, if Congress passes a mandate, it shouldn't pass the buck. Congress must pay for the mandates it imposes, without heaping on new taxes. (Applause.) I've spared you some of the detail. But taken together, these and other steps that I've outlined will, in my view, reinvigorate our economy -- give it the boost that it needs now, and ensure that it continues to provide opportunity and create jobs for all who want to partake. That is the promise America makes to her citizens. They have a right to expect no less.

Almost two centuries ago, Philadelphia's merchants gathered together at the City Tavern to form this Chamber of Commerce. They looked out on a nation almost limitless in possibility. A special kind of faith brought them here -- that if they worked hard, and worked together, their young country would allow them to fulfill their dreams. America has changed dramatically in those 200 years. And yet, the essentials remain. The pessimists are wrong; the pessimists are wrong. We are going to pull out of these tough times. Inflation is down; inventories are down. The market has been expressing optimism in the future. Interest rates are down.

This is no time for gloom and doom. It is time for action in Washington to restore confidence and get this economy moving again. (Applause.) And here's where you come in. We need your help. You can effect the way Congress approaches this program that I have outlined in some detail. We need your help. And with your help, we'll get that action, and we will reaffirm our country's rightful place as the world's leader, for this decade and for the next century.

Thank you all very, very much for this opportunity.
Thank you. (Applause.)

END

12:37 P.M. EST

To SOB
Date Jan 31 '92 Time 1:25p

WHILE YOU WERE OUT

M. Tom Zaucha
of Nat. Grocers' Assoc.
Phone (407) 352-4000

Area Code Number Extension 2642

TELEPHONED	<input type="checkbox"/>	PLEASE CALL	<input type="checkbox"/>
CALLED TO SEE YOU	<input type="checkbox"/>	WILL CALL AGAIN	<input type="checkbox"/>
WANTS TO SEE YOU	<input type="checkbox"/>	URGENT	<input type="checkbox"/>
RETURNED YOUR CALL		<input type="checkbox"/>	<input type="checkbox"/>

Message _____

Operator [Signature]



AMPAD EFFICIENCY®

23-021 CARBONLESS

Staffed

(Duggan/Simon)
January 29, 1992
Draft Three
Grocers

PRESIDENTIAL REMARKS: NATIONAL GROCERS ASSOCIATION
ORLANDO, FLORIDA
TUESDAY, FEBRUARY 4, 1992
[time]

[Acknowledgments, humor]

7-31-85
It's a pleasure to be with you. I'll always remember the warm reception the National Grocers Association gave me when I addressed your 1985 convention in New Orleans. You gave me a good education about your business then, and I remember it still.

Of course, our world has changed dramatically since 1985. We won the Cold War. We led a coalition in the Gulf to crush Saddam Hussein's aggression in Kuwait. We have created a world with the prospects of unprecedented prosperity and peace.

But we've also run into hard times. Our economy has slowed down, and we must get it fired up again. The professional pessimists tell us America has become weak and disabled -- that our economy has fallen and it can't get up.

Well, that's just plain bunk. We'll get up and running in no time -- and we'll do it the old-fashioned way: We'll use our common sense, our work ethic, our determination, and we'll carry the entire world into the Next American Century.

You don't have to be a rocket scientist to understand how. You just stick with the basics. I proposed a common-sense action plan last week in my State of the Union address. It gets investment going, because you can't build new businesses without

new investment. It strengthens the industries that historically have led us into recoveries -- especially real-estate. It hacks away obstacles to growth -- regulations, high taxes, nuisance lawsuits. It cuts the federal deficit by cutting spending. And it builds on our strengths. It lets American workers and businesses show the world what they can do.

All over this country, families, businesses and even local governments have grasped a simple fact: The world has changed. The old ways won't do. If we want to remain the world's economic dynamo, we've got to get leaner and tougher. We've got to change with the times, and abandon old ways from the old days.

More to the point, we've got to get Washington moving toward the 21st Century. To do that, I need your help. I've asked Congress to enact some laws that will get our economy moving and growing again -- and I've given Congress a deadline: March 20. Circle that Friday on your calendar. I have. Call it J-Day: The day by which Congress needs to take a few simple steps to create good American jobs -- now.

Here's what I want by J-Day. First, incentives to invest: an amended alternative minimum tax and a 15-percent investment tax allowance.

Second, incentives to build and buy real-estate: A change in passive-loss rules for active real-estate investors; penalty-free withdrawals from IRAs for first-time homebuyers, and a \$5,000 tax credit for the first purchase of that first home.

FY 93
Budget
p. 8

Third, incentives to succeed: Cut the capital gains tax.

This tax hurts anyone who has made a sensible investment -- in a home, a business, a farm, even a pension plan. None of our key economic competitors taxes gains at high rates -- Japan's effective rate comes to about 1 percent; Germany doesn't tax long-term capital gains at all. The world's fastest growing economies let people collect their capital gains tax-free. Let's stop penalizing excellence. Cut the capital gains tax -- now.

Three measures, three pieces of common sense; three things Congress should do by March 20. I'm counting on your help.

In the meantime, I've initiated some reforms that will get the economy moving -- without having to wait for Congress to act. Here's one you'll like: I've imposed a 90-day freeze on federal regulations that could hinder economic growth. During that period, all departments and agencies will review regulations, old and new -- to stop the ones that will hurt growth and speed up those that will help growth.

See NGA brochure I see from your convention schedule that you have a workshop entitled: "The Regulators Are Back." No wonder: You can't get through a day without having to worry about workplace safety regulations, food safety regulations, environmental regulations. Now, no one objects to the stated aims of these regulations: Health and safety and respect for the environment are classic, Mom-and-apple pie social values. But you know better than anyone that when regulators carry regulation too far, there won't be any apple pie for Mom to buy.

I ran a council on deregulation for eight years, as vice president. And I'm here to assure you: The spirit of deregulation is back. I want you to be able to spend your time worrying about what you can do for your customers -- rather than fretting about what some regulator might do to you.

The greatest lesson of this century is: Government micromanagement doesn't work. After seventy years of tragic failure, the leaders in Moscow finally recognize that total government regulation produces only one thing: total failure. Now, Russians want to try something different -- like grocery stores with groceries on the shelves.

I find it a bitter irony that some in Congress still favor government coercion and control over freedom and competition. It's as though we'd entered a time warp. When I hear the shrill sounds of "soak the rich" demagoguery -- when I hear politicians demand more taxes, regulations, government coercion and control, I wonder: Where have these people been for the past three years?

Let me make you a promise: If Congress sends me any new legislation to make economic regulation more intrusive, more burdensome, more unreasonable, I'll veto it. Here's an example: The so-called FDA enforcement bill. I'm sure those of you who sell your own private-label groceries aren't exactly thrilled by the prospect of regulatory G Men prowling around America's food factories and piling on new record-keeping burdens. But that's just what some in Congress want to do. Well, let me tell you in

Margaret
Porter
301-
443-4370

no uncertain terms: That bill, and coercive bills like it, are big fat targets for my veto pen.

And if Congress sends unfunded mandates down to state and local governments, I'll tell it to make a choice: Pay for the mandates without raising taxes, or get ready for a veto. The federal government spends too much money as it is. It has no right to force state and local governments to accept new burdens.

Again, Congress can help get the economy moving if it will stop demagoging and do the right thing. Remember: March 20.

But we also need to look beyond the J-Day agenda. I proposed an ^{nine} eight-point long-term plan in my State of the Union address. I want to highlight three of those measures today.

First, let's open up and expand markets all over the world. A revolutionary new GATT agreement will make the world trading system come to grips with the damaging tariffs and subsidies in agriculture. And by tearing down economic barriers with Mexico and Canada, a new North American Free Trade Agreement will lift us to new heights of prosperity. *It will create new American jobs.*

Second, let free choice and free markets reform our health care system. I've proposed a health insurance tax credit of up to \$3,750 for each low-income family. My plan also assures that Americans will have access to basic health insurance even if they change jobs or develop serious health problems. We can't improve health care by jeopardizing the financial health of labor-intensive businesses. That's why I'll never sign my name to any

SOTU
1-28-92

SOTU
1-28-92

scheme that mandates benefits an employer should pay.

Third, let's strengthen the family -- the cornerstone of the American dream. Let's ease the burden of child-rearing. The personal tax exemption has not kept up with inflation. In 1948 (?), the personal exemption was set at \$~~---~~⁶⁰⁰. In 1992 dollars, that exemption would be worth \$~~---~~³⁴⁰⁰. But over the years, we've only increased the exemption to \$~~---~~²¹⁵⁰. I'm asking Congress immediately to increase the exemption for each child by \$500. We can afford this move in the right direction.

Look at my economic proposals and you will find simple, plain solutions to our problems. Some may complain that they lack the flash of an expensive new program. But I'm not seeking spending for spending's sake. I want results. My plan is sound and it will work.

If you hear people in Congress gripe that they can't get the job done by March 20, remind them: We won the Gulf War in ~~45~~⁴⁴ days. Surely Congress can pass my urgent domestic initiatives in ~~53~~⁵² days. Remember, Congress can act with lightning speed when it wants to. It took the House of Representatives just one day to shut down its bank and thereby stop its little problem with check-bouncing.

So: Accept no excuses. Accept no delays. And accept no substitutes.

With your help -- we'll get America moving again soon. Thank you. May God bless you and the United States of America.

#

tax tables
From Glenn
Hubbard
566-2563

1-16-91
+0
2-28-91

CQ
10-5-91
p. 2845

COPY FOR YOUR
INFORMATION

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

Fax Message Number:

Date: January 30, 1992Number of Pages to Follow: 3To: Bob Simon
White HouseAddressee's Fax Number: 456-6218Addressee's Confirmation Number: 456-7750From: R. Glenn Hubbard
Deputy Assistant Secretary (Tax Analysis)Sender's Fax Number: (202) 786-8440Sender's Confirmation Number: (202) 566-2563

Comments/Special Instructions:

UNCLASSIFIED

TABLE 1.—HISTORY OF FEDERAL INDIVIDUAL INCOME TAX EXEMPTIONS AND FIRST AND TOP BRACKET RATES

(In dollars unless otherwise specified)

Year	Personal exemptions: 1			Tax rates: 2		
	Single persons	Married couples	Dependents	First bracket	Top bracket	Taxable income over
				Rate (percent)	Rate (percent)	
1913-15	3,000	4,000	1	7	500,000
1916	3,000	4,000	2	15	2,000,000
1917	1,000	2,000	200	2	15	2,000,000
1918	1,000	2,000	200	6	67	2,000,000
1919-20	1,000	2,000	200	4	77	1,000,000
1921	1,000	2,500	400	4	73	1,000,000
1922	1,000	2,500	400	4	73	1,000,000
1923	1,000	2,500	400	9	56	200,000
1924	1,500	2,500	400	1.5	46	500,000
1925-28	1,500	3,500	400	1 1/2	25	100,000
1929	1,500	3,500	400	1 3/4	24	100,000
1930-31	1,500	3,500	400	1 3/4	25	100,000
1932-33	1,000	2,500	400	4 3/8	63	1,000,000
1934-35	1,000	2,500	400	4	63	1,000,000
1936-39	1,000	2,500	400	4	79	5,000,000
1940	800	2,000	400	4.4	81.1	5,000,000
1941	750	1,500	400	5 10	81	200,000
1942-43	500	1,200	350	6 19	88	200,000
1944-45	500	1,000	500	23	94	200,000
1946-47	500	1,000	500	19	86.45	200,000
1948-49	600	1,200	600	16.6	82.13	400,000
1950	600	1,200	600	17.4	91	400,000

21

TABLE 1.—HISTORY OF FEDERAL INDIVIDUAL INCOME TAX EXEMPTIONS AND FIRST AND TOP BRACKET RATES—Continued

Year	Personal exemptions ¹			First bracket		Top bracket	
	Single persons	Married couples	Dependents	Rate (percent)	Taxable income	Rate (percent)	Taxable income
				up to	up to	over	
1951	600	1,200	600	20.4	4,000	0.91	400,000
1952-53	600	1,200	600	22.2	4,000	0.92	400,000
1954-63	600	1,200	600	20	4,000	0.91	400,000
1964	600	1,200	600	16	1,000	77	200,000
1965-67	600	1,200	600	14	1,000	70	200,000
1968	600	1,200	600	14	1,000	75.25	200,000
1969	625	1,250	625	14	1,000	77	200,000
1970	675	1,350	675	14	1,000	70	200,000
1971	750	1,500	750	14	1,000	70	212,000
1972-78	1,000	2,000	1,000	13.825	2,100	69.125	106,000
1979-80	1,000	2,000	1,000	13.12	2,100	60	106,000
1981	1,000	2,000	1,000	13.11	2,100	50	159,000
1982	1,000	2,000	1,000	13.11	2,100	50	155,480
1983	1,040	2,080	1,040	13.11	2,270	50	171,580
1984	1,080	2,160	1,080	13.11	3,000	38.5	90,000
1985	1,950	3,900	1,950	15	29,750	28	29,750
1986	1,950	3,900	1,950	15	18	28	10
1987	2,000	4,000	2,000	15	18	28	10
1988	2,150	4,300	2,150	15	18	28	10
1989-90	2,150	4,300	2,150	15	18	28	10
1991 and after	2,150	4,300	2,150	15	18	28	10

\$5

1. From 1948, the number of exemptions allowed was increased to 2. From 1948, the number of exemptions allowed was increased to 2. From 1948, the number of exemptions allowed was increased to 2.

- ¹ From 1948 through 1986 taxpayers who were blind or over sixty-five were allowed additional exemptions.
- ² Taxable income excludes zero-bracket amount from 1977 through 1986. Rates shown apply only to married persons filing joint returns beginning in 1948. For the relationship of other rates to these rates, from 1922 through 1986 lower rates applied to long-term capital gains.
- ³ If net income exceeded \$5,000, a married person's exemption was \$2,000.
- ⁴ After earned-income credit equal to 25 percent of tax on earned income.
- ⁵ Before earned-income deduction equal to 10 percent of earned net income.
- ⁶ Exclusive of Victory Tax.
- ⁷ Exemptions shown were for surtax only. Normal tax exemption was \$500 per tax return plus earned income of wife up to \$500 on joint returns.
- ⁸ Subject to the following maximum effective rate limitations (year, and maximum effective rate (in percent)):
1944-45-50--90; 1946-47--85.5; 1948-49--77.0; 1950--87.0; 1951--87.2; 1952-53--88.0; and 1954-63--87.0.
- ⁹ Includes surcharge of 7.5 percent in 1968, 10 percent in 1969, and 2.5 percent in 1970.
- ¹⁰ Does not include add-on minimum tax on preference items or alternative minimum tax.
- ¹¹ Earned income was subject to maximum marginal rates of 60 percent in 1971 and 50 percent from 1972 through 1981.
- ¹² In addition to the personal exemptions, a per capita tax credit of \$30 was allowed for 1975, and \$35 per capita or 2 percent of the first \$9,000 of taxable income, whichever was larger, for 1976-78.
- ¹³ Beginning in 1975, a refundable earned-income credit is allowed for low-income individuals.
- ¹⁴ After tax credit of 1.25 percent against regular tax.
- ¹⁵ The personal exemption is phased out for higher taxable incomes.
- ¹⁶ The rate applied to the first \$29,750 of taxable income is gradually increased to the top-bracket rate between taxable incomes of \$71,900 and \$149,250 in 1988. The phaseout range is adjusted for inflation beginning in 1989.
- ¹⁷ Excludes the effects of the phaseout of the 15 percent bracket and the personal exemptions. See footnotes 15 and 16.
- ¹⁸ The exemption is adjusted for inflation beginning in 1990.
- ¹⁹ The bracket limits are adjusted for inflation beginning in 1989.
- ²⁰ The phaseout of the 15-percent rate, effective in 1988-90, is repealed for years beginning after December 31, 1990.

57

Sources: Relevant public laws and summaries prepared by the Joint Committee on Taxation. Much of the material is reprinted, with permission, from J. Pechman, "Federal Tax Policy," pp. 313, 314, Brookings Institute, Washington, D.C. (5th ed. 1987).



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

8/1991

The Honorable Henry A. Waxman
Chairman, Subcommittee on Health
and the Environment
Committee on Energy and Commerce
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

We understand that your Subcommittee will soon consider an amendment in the nature of a substitute to H.R. 2597, the "Food, Drug, Cosmetic, and Device Enforcement Amendments of 1991". This bill would amend the Federal Food, Drug, and Cosmetic Act (the Act) to give significant new authorities to the Food and Drug Administration (FDA) such as recall authority, embargo authority, subpoena authority, civil money penalties, expanded authority to inspect and document company records during facility inspections, and new authorities with respect to violative imported products.

If the bill were presented to the President in its current form, I would recommend that it be vetoed.

Based on our reading of the Committee Discussion Draft, dated September 26, 1991, it is evident that changes have been made to the bill as introduced to narrow some authorities and guard against abuse or unauthorized use of these authorities.

We have very strong reservations about the broad scope of the bill and feel that it proposes extending enforcement authorities further than necessary. Beyond this, we have some specific concerns about several provisions. We would like to provide several examples.

First, we are strongly opposed to the bill's requirement for mandatory new record-keeping and reporting requirements, and we are concerned that the bill fails to describe the kinds of records that would be subject to inspection.

The bill proposes civil money penalties for specified violative acts. However, we believe these authorities should be restricted to significant or repeated violations of the Act. Also, we oppose the unnecessarily high monetary limits established in the bill for civil money penalties. Further, the bill proposes subpoena authority. We do not believe this new authority is necessary.

Page 2 - The Honorable Henry A. Waxman

We object to the provision of the bill concerning administrative recall authority. Currently and historically, when FDA determines that a product should be recalled from the market because of violations of the Act, we are able to achieve more than 90 percent of such recalls through voluntary compliance. For the reasons stated and because of the unnecessarily broad scope of the proposed substitute to H.R. 2527, we recommend that it not be favorably considered.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report and that the enactment of H.R. 2527 in its current form would not be in accord with the program of the President.

Sincerely,

Louis W. Sullivan

Louis W. Sullivan, M.D.

THE WHITE HOUSE

WASHINGTON

SCHEDULE PROPOSAL

DECEMBER 18, 1991

TO: KATHY SUPER, DEPUTY ASSISTANT TO THE PRESIDENT FOR APPOINTMENTS AND SCHEDULING

THROUGH: DAVID DEMAREST, ASSISTANT TO THE PRESIDENT FOR COMMUNICATIONS

FROM: BOBBIE KILBERG, ^{AK} DEPUTY ASSISTANT TO THE PRESIDENT FOR PUBLIC LIAISON

MOLLY OSBORNE, ^{MO} ASSISTANT DIRECTOR, OFFICE OF PUBLIC LIAISON

REQUEST: That the President address the National Grocers Association (NGA) at its annual 10th anniversary convention in Orlando, FL (February 2-5).

PURPOSE: To discuss Administration economic and health care policy initiatives immediately after the State of the Union to a supportive audience of small businessmen.

BACKGROUND: The National Grocers Association is comprised of independent family-owned grocery companies and wholesalers who service them. These family-owned grocers are active politically and committed to community service. There will be approximately 2,000 individuals present at NGA's general business sessions held on February 2-5, 1992. The audience will be comprised of retail grocers, major wholesalers and manufacturers from all 50 states.

According to Tom Zaucha, President & CEO of NGA, NGA will endorse the President's reelection at its Board of Directors meeting on February 1, 1992.

DATE AND TIME: February 2-5, 1992.

DURATION: 30 minutes.

LOCATION: Orange County Convention Center, Orlando, FL

PARTICIPANTS: The President

In audience: membership of NGA (approximately 2,000)

**SEQUENCE OF
EVENTS:**

TBD.

REMARKS REQUIRED: Yes.

MEDIA COVERAGE: Open Press.

PROGRAM UPDATE

Partners in Performance

RETAILERS • WHOLESALERS • MANUFACTURERS



1992 N.G.A. Convention & Buying/Merchandising Expo
Orlando, Florida • February 2-5, 1992

Introducing . . .

GREAT BUSINESS PERFORMANCES

at the 1992 N.G.A. Convention

February 2, 1992

Early Bird Session—"EXCELLENCE IN MERCHANDISING"

Kick off the convention with the 1992 "Excellence in Merchandising" competition presentations, the culmination of the past year's best in merchandising in 13 different categories. See and learn about 39 proven display merchandising successes that you can use for your business today.

This year's Early Bird Session promises to provide a creative array of excellent merchandising ideas. The winners alone account for combined bottom line increases of 3,588% ! Come find out how they did it -- apply these proven techniques to increase your profits, customers, and employee pride.

General Session — "OUR NATION'S BUSINESS TODAY"

The week before convention, President Bush will give the State of the Union Address unveiling his economic plans. **Meryl Comer**, the Emmy Award-winning anchor of television's "Nation's Business Today" and "It's Your Business," will conduct a pointed critique and moderate a thought-provoking discussion on the political and economic trends impacting the nation. Joining Ms. Comer will be **Dr. C. Jackson Grayson, Jr.**, founder of the American Productivity and Quality Center, and N.G.A. political analyst, **Dr. James Unger**, as well as political leaders from the Democratic and Republican parties.

February 3, 1992

General Session — "THE GROCERY INDUSTRY -- ISSUES AND ANSWERS"

Following a presentation on the issues and challenges facing the industry today -- G-Trends -- by N.G.A. President and CEO **Thomas K. Zaucha**, probe the critical forces of change impacting the food industry in 1992 with a blue-ribbon panel of industry leaders, including **Everett Dingwell**, president and CEO, Certified Grocers of California; **Ron D. Pedersen**, Chairman of Marketing Specialists Corporation, and 1992 Chairman of the National Food Brokers Association; **Michael A. Cianciarulo**, president of Gooding's Supermarkets; moderator **J. Byron Felter**, founder, J.B. Felter Affiliates, and noted industry analyst and recipient of the 1991 N.G.A. Industry Service Award; **Mike Wright**, chairman, CEO, and president, Super Valu Stores, Inc.; and **H. John Greeniaus**, president and CEO, Nabisco Brands, Inc.

SPECIAL BRIEFING SESSION - PART 1:

"Responding to the New Competitors"

Join a panel of senior marketing and purchasing executives from leading wholesalers and retailers to discuss the critical trade issues and new marketing strategies that have arisen in response to the buying and selling practices of the wholesale clubs and mass merchandisers.

February 4, 1992

General Session — "QUALITY PLUS SERVICE EQUALS PERFORMANCE"

Two-time Olympic gold medalist and member of the Olympic Hall of Fame, **Donna de Varona**, will introduce the subject of teamwork and excellence.

THE RITZ-CARLTON EXPERIENCE

Horst H. Schulze, president and CEO of The Ritz-Carlton Hotel Company, shows how a philosophy to instill quality and service can produce the highest level of professionalism. The Ritz-Carlton is "Ladies and Gentlemen serving Ladies and Gentlemen."

SERVICE, DISNEY STYLE

Disney is a recognized leader in quality and service. **Frankie Turner**, manager, Operations and Marketing, Walt Disney World Productions will demonstrate how excellence is achieved through planning, facilities, proper supportive training, and management of your people.

SPECIAL BRIEFING SESSION - PART 2 :

"How Retailers Can Compete Against the Deep Discount Store, Wholesale Club and Discounters"

Dr. Kenneth Stone, professor of economics and extension economist at Iowa State University, and **Dan Boone**, director of trade marketing for the business development group of Noble & Associates, will probe the impact of Wal-Mart, K-Mart, and other discount mass merchandisers and clubs on supermarket sales by department. Share the results of their research on grocery sales before and after the impact of new food competitors. Learn how to strategically compete with a special focus on a sample analysis of how mass merchandisers and wholesale clubs are impacting the Florida market.

Women Grocers of America Luncheon

"LIFE ON THE HOME FRONT: The Family Partnership"

Mrs. Brenda Schwarzkopf tells her experiences of an American family in time of war. Only Mrs. Schwarzkopf, as the spouse of General H. Norman Schwarzkopf, can share the mixed emotions of anxiety and great pride for their extended family of thousands of American men and women.

February 5, 1992

Closing Brunch — "ETHICS AND VALUES IN AMERICA"

F. Lee Bailey, renowned defense lawyer, author, and legal scholar, presents his views on ethics and values and their relationship to an individual's performance. Mr. Bailey will share his views regarding the merits and implications of the Thomas confirmation hearings and the William Kennedy Smith trial.



1992 N.G.A. Convention & Buying/Merchandising Expo

February 2-5, 1992 Orlando, Florida

"10th Anniversary Celebration!"

December 13, 1991

Ms. Bobbie Kilberg
Deputy Assistant to the President
for Public Liaison
128 Old Executive Office Building
Washington, DC 20500

Dear Bobbie:

The National Grocers Association (N.G.A.) is eager to support President Bush's reelection campaign in 1992. To that end, and as part of his overall strategy, N.G.A. would like to help communicate the President's economic growth proposal to the grocery industry and to the communities our members serve.

N.G.A. will hold its 10th Anniversary convention February 2-5, at the Orange County Convention Center in Orlando, Florida. Given the fact that this major national meeting of the grocery industry follows closely the President's State of the Union address on January 28, we feel that it would be a timely opportunity to reinforce the Administration's economic record and growth plan to a valuable political/business constituency.

As you know, N.G.A.'s membership is comprised of independent family-owned grocery companies and the wholesalers who service them. Traditionally, family-owned grocers are the keystones of their communities and are active politically and committed to community service. The independent grocer symbolizes small business entrepreneurship. In 1985, then Vice President Bush addressed this audience in New Orleans on tax reform.

Five thousand people attend the convention, and approximately 2,000 people are present at our general business sessions held on February 2nd, 3rd, 4th, and 5th. The audience will be comprised of retail grocers, major wholesalers, and manufacturers from all 50 states. I've enclosed a copy of the convention program agenda. You will note that the convention begins with a session entitled "Our Nation's Business," moderated by Meryl Comer.

If the timing and location are compatible with the President's schedule, we would be honored by his appearance any time during the convention.



National Grocers Association

1825 Samuel Morse Drive, Reston, Virginia 22090-5317

(703) 437-5300

FAX (703) 437-7768

Page Two
December 13, 1991

On the other hand, if the President's schedule precludes a visit to Orlando in this time frame, we would suggest, as an alternative, a live satellite address to the convention on Sunday morning, February 2, or a video message.

Bobbie, as was true in 1985, I'm confident that our convention represents the ideal small business audience to receive a major economic policy message from the Administration, and the timing is perfect. We will formally endorse the President's State of the Union message and his candidacy for reelection at our Board of Directors meeting on February 1.

In summary, if you feel this project has merit, please let me know what further information I can provide.

N.G.A. compliments the work of your office and the professionalism of your staff. You have developed an environment for open communication from a broad cross section of public constituencies. N.G.A. appreciates being a part of that system and having an opportunity to provide input to the administration through your office. We look forward to four more years of working with you.

With best regards to you and your family for a happy holiday season.

I am sincerely,



Thomas K. Zaucha
President and CEO

TKZ/psr

cc: ✓ Molly Osborne
Lorena Jaeb

(Duggan/Simon)
January 29, 1992
Draft Two
Grocers

food costs

PRESIDENTIAL REMARKS: NATIONAL GROCERS ASSOCIATION
ORLANDO, FLORIDA
TUESDAY, FEBRUARY 4, 1992
[time]

[Acknowledgments, humor]

It's a pleasure to be with you. I'll always remember the warm reception the National Grocers Association gave me when I addressed your 1985 convention in New Orleans. You gave me a good education about your business then, and I remember it still.

Of course, our world has changed dramatically since 1985. We have won the Cold War. We have led a coalition in the Gulf to crush Saddam Hussein's aggression in Kuwait. We have created a world with the prospects of unprecedented prosperity and peace.

But we've also run into hard times. Our economy has slowed down, and we must get it fired up again. Some declinists like to argue that the economy has become a victim of infirmity and age: It's fallen and it can't get up.

Well, that's just plain bunk. We'll get up and running in no time -- and we'll do it the old-fashioned way: We'll use our common sense, our work ethic, our determination, and we'll carry the entire world into the Next American Century.

You don't have to be a rocket scientist to understand how. You just stick with the basics. I proposed a common-sense action plan last week in my State of the Union address. It gets investment going, because you can't build new businesses without

new investment. It strengthens the industries that historically have led us into recoveries -- especially the real-estate industry. It hacks away obstacles to growth -- regulations, high taxes, nuisance lawsuits. It cuts the federal deficit by cutting spending. And it builds on our strengths. It lets American workers and businesses show the world what they can do.

All over this country, families, businesses and even local governments have grasped a simple fact: The world has changed. The old ways won't do. If we want to remain the world's economic dynamo, we've got to get leaner and tougher. We've got to change with the times, and abandon old ways from the old days.

More to the point, we've got to get Washington moving toward the 21st Century. To do that, I need your help. I've asked Congress to enact some laws that will get our economy moving and growing again -- and I've given Congress a deadline: March 20. Circle that Friday on your calendar. I have. Call it J-Day: The day by which Congress should have taken a few simple steps to create good American jobs -- now.

Here's what I want by J-Day: First, incentives to invest: an amended alternative minimum tax and a 15-percent investment tax allowance.

Second, incentives to build and buy real-estate: A change in passive-loss rules for active real-estate investors; penalty-free withdrawals from IRAs for first-time homebuyers, and a \$5,000 federal income tax credit for the first purchase of that first home.

Third, incentives to succeed: Cut the capital gains tax.

This tax hurts anyone who has made a sensible investment -- in a home, a business, a farm, even a pension plan. None of our key economic competitors taxes it at a high rate -- Japan's effective rate comes to about 1 percent; Germany doesn't tax long-term capital gains at all, and the world's fastest growing economies all let people collect their capital gains -- tax-free. Let's stop criminalizing excellence. Cut the capital gains tax -- now.

Three measures, three pieces of common sense; three ~~little~~ ^{big} things that Congress should do by March 20. I'm counting on your help.

In the meantime, I've initiated some reforms that will get the economy moving -- without having to wait for Congress to act. Here's one you'll like: I've imposed a 90-day freeze on federal regulations that could hinder economic growth. During that period, all departments and agencies will review regulations, old and new -- to stop the ones that will hurt growth and speed up those that will help growth.

I see from your convention schedule that you have devoted a workshop to the topic: "The Regulators Are Back." No wonder: You can't get through a day without having to worry about environmental regulations, food safety regulations, workplace safety regulations. No one objects to the stated aims of these regulations: Health and safety and respect for the environment are classic, Mom-and-apple pie social values. But you know better than anyone that when regulators carry regulation to

unreasonable extremes, there won't be any apple pie for Mom to buy.

I ran a council on deregulation for eight years, as vice president. And I'm here to assure you: The spirit of deregulation is back. I want you to be able to spend your time worrying about what you can do for your customers -- rather than fretting about what some regulator might do to you.

The greatest lesson of this century is: Government micromanagement doesn't work. After seventy years of tragic failure, the leaders in Moscow at last have come around to recognizing that total government regulation produces only one thing: total government power. Now, Russians want to try something different -- like grocery stores with something to sell.

I find it a bitter irony that some of the powers that be on Capitol Hill still favor government coercion and control over freedom and competition. I feel as if I had entered a time warp. When I hear people demanding taxes, regulations, government coercion and control, I wonder: Have these people been in hibernation for the past three years?

Let me make you a promise: If Congress sends me any new legislation to make economic regulation more intrusive, more burdensome, more unreasonable, I'll send it back with my veto. [Specific bills might be cited here, for instance there is a Waxman FDA enforcement bill that already has been issued a veto threat.]

And if Congress sends unfunded mandates down to state local governments, I'll tell it to make a choice: Pay for the mandates without raising taxes, or get ready for a veto. The federal government spends too much money as it is: It has no right to force state and local governments to accept new burdens.

Again, Congress can help get the economy moving if it will stop demagoging and do the right thing. Remember: March 20.

But we also need to look beyond the J-Day agenda. I proposed an eight-point long-term plan in my State of the Union address. I want to highlight three of those measures today.

First, break open markets all over the world; promote free and open trade. We must continue open and expand international markets. I'm working in the GATT talks to conclude a revolutionary new global trade agreement -- to make the world trading system come to grips with the damaging tariffs and subsidies in agriculture. And I'm convinced that by tearing down economic barriers with Mexico and Canada, a new North American Free Trade Agreement will lift us to new heights of prosperity.

Second, create the best schools in the world. In the information age, ideas count -- education counts. And let's face it, our schools aren't as good as they should be. We need competition to revolutionize our schools. By the year 2000, I want all American parents -- including poor parents -- to have the freedom to choose where their children attend school. I want us to fulfill our long national commitment to equal opportunity. I want Congress to approve my America 2000 Education strategy.

Third, strengthen the family -- the cornerstone of the American dream. Let's ease the burden of child-rearing. The personal tax exemption has not kept up with inflation. In 1948 (?), the personal exemption was set at \$---. In 1992 dollars, that exemption would be worth \$---. But over the years, we've only increased the exemption to \$----. I'm asking Congress immediately to increase the exemption for each child by \$500. We can afford this move in the right direction.

Look at my economic proposals and you will find simple, plain solutions to our problems. Some people may complain that they lack the flash of an expensive new program, but I'll accept that hit. I don't care about expense. I care about results.

Help me help American workers -- not with vast new programs that promise results tomorrow in exchange for your wages today, but with common-sense measures that will get the job done.

If you hear someone in Congress complain that they can't get the job done by March 20, remind them: We won the Gulf War in 45 days. Surely Congress can pass three little initiatives in 53 days. Besides, you know and I know: If we linked Congressional pay to getting these measures passed -- they'd be law next week.

So: Accept no excuses. Accept no delays. And accept no substitutes.

With your help -- we'll get America moving again soon.

Thank you. May God bless you and the United States of America.

#

(Duggan/Simon)
January 28, 1992
Draft One
Grocers

PRESIDENTIAL REMARKS: NATIONAL GROCERS ASSOCIATION
ORLANDO, FLORIDA
TUESDAY, FEBRUARY 4, 1992
[time]

[Acknowledgments, humor]

It's a pleasure to be with you. I'll always remember the warm reception the National Grocers Association gave me when I addressed your 1985 convention in New Orleans. You gave me a good education about your business then, and I remember it still.

Your members are independent local and regional supermarkets and small supermarket chains. Typically, your firms are still owned and managed by your founding families. Together with our larger, national supermarket chains and the old-fashioned corner stores that still flourish in many communities, you proudly fill the retail end of the most efficient distribution system in the world. \\

If you're looking for evidence that this is the greatest country on earth, there's no better place to start than with American food and agriculture. From our farmers, through our food processors and wholesalers, to our grocers, our system gives Americans a bounty of nutritious and appetizing food at ever more affordable prices and in ever more convenient varieties and packages. [Fill in statistical data to demonstrate ever more affordable prices]

Other nations may boast economic achievements that earn our admiration, but no one matches our food distribution system -- it is, quite simply, the envy of the world. During the Cold War era, whenever we had influential visitors from the Communist bloc, as often as possible we would take them to see American supermarkets. ~~You may remember that on Mikhail Gorbachev's first trip to the United States, President Reagan arranged for him to visit a Safeway store.~~ Visits like these gave leading communists ~~from Gorbachev on down~~ a glimpse into the secret to your success -- the secret to America's success. And that secret is what I'm fighting to renew for all Americans in all the industries and sectors of our economy: freedom, opportunity and competition.

Family-run grocery stores are living, working parables about the American dream. Your own business may have started with the savings and sacrifice and stubborn will of a grandmother or grandfather, perhaps an immigrant to this country. For a start-up grocer from Poland or Germany or Italy, the first step in becoming competitive may have been to learn English as a second language. For everyone in the grocery business -- then and now -- the foundation of marketing is being a good neighbor.

Dealing in perishables in an age before refrigeration, your grandparents didn't need computers or MBAs to master the skills of just-in-time delivery and inventory management. Now that advanced education and technologies are commonplace in the grocery business, you're serving American consumers better than ever. And like your forebears, you're working wonders on the

thinnest of profit margins and in the face of bracing competition.

Woman for woman and man for man, you're the best marketers in the world. And I hope you're prepared to put your talent to work for a very special assignment.

You see, I need your help. I need you to apply your very best motivational skills to getting Congress to do its job. I've asked Congress to enact some laws that will get our economy moving and growing again. You're the kind of people who can motivate Congress to get its job done urgently -- and to get it done right.

I've given Congress a deadline for action. The deadline is March ~~15~~ ^{AD} -- that's ~~less than~~ ^{only} six weeks away.

I've asked Congress to enact some proven remedies for the economic slowdown. They're proven by long years of experience showing that heavy taxes and government regulation can kill the dreams of families and enterprises. They're confirmed in the age-old wisdom that sound economic policy makes good social policy. In other words, what's good for our families and neighborhoods is what's best for the nation.

First, therefore, I'm seeking greater economic freedom and relief from high taxes -- so that young families can fulfill their dream of buying a first home. I hope you will join me in demanding that Congress enact my plan to allow first-time home buyers to withdraw savings from IRAs without penalty -- and to take a \$5,000 tax credit on the purchase of a first home. Real

estate has led our economy out of almost every recession we've ever had. And I think it's simple common sense to see how the multiplication of jobs and the settlement and growth of families in your neighborhoods would be a boon to your retail businesses.

Next, we must cut the capital gains tax. This tax penalty against homeowners, against farmers, against business owners and investors large and small is cripplingly steep. Our high capital gains taxes are wildly out of line with those in some of the most successful economies of the world. In Japan, when a business founder builds an enterprise for years and then sells it, he pays an effective capital gains tax rate of only 1 percent. Germany imposes no tax on capital gains. Singapore, the economic miracle in Southeast Asia where I visited last month, has no tax on capital gains.

I'm asking you to pour extra energy into the drive for cutting our capital gains taxes to reasonable levels. There's a bedrock of support for this. Just a couple of years ago, we came within an eyelash of winning a healthy cut in capital gains taxes. We had bipartisan majorities lined up in both houses of Congress. But our effort ran up against a roadblock -- by a legislative maneuver that thwarted the will of the majority. I won't mince words. Our earlier drive to cut the capital gains tax was stopped by the pure partisan pettiness of the Senate Democratic leader.

Lower capital gains taxes should be a permanent feature of our system. But with the economy in recession, we need these tax

cuts more urgently than ever. This year, we need a bipartisan coalition in the Congress that no one would dare to stop. With your wholehearted support -- with your fullest efforts to get this message to your community and to your members of Congress -- this year, we'll win.

I'm also asking Congress create a new 15 percent investment tax allowance, and to change the alternative minimum tax. This will encourage businesses to accelerate investment and bring people back to work.

Those are the short-term measures I've asked Congress to enact. For the longer term, I outlined eight proposals last week in my State of the Union Address. I'd like to highlight three of these for you:

We must continue open and expand international markets. I'm working in the GATT talks to conclude a revolutionary new global trade agreement -- to make the world trading system finally come to grips with the damaging tariffs and subsidies in agriculture. And I'm convinced that by tearing down economic barriers with Mexico and Canada, a new North American Free Trade Agreement will lift us to new heights of prosperity.

Education is crucial to our long-term economic and social well-being -- and we all know our schools aren't what they should be. Just as competition makes our businesses serve the public, we need competition to revolutionize our schools. By the year 2000, I want all American parents to have real financial freedom to choose where their children attend school.

The other long-term focus I want to mention concerns our families. We must ease the burden of child-rearing. The personal tax exemption has not kept up with inflation. In 1948 (?), the personal exemption was set at \$---. In 1992 dollars, that exemption would be worth \$---. But over the years, we've only increased the exemption to \$----. I'm asking Congress immediately to increase the exemption for each child by \$500. We can afford this, and it's a meaningful move in the right direction.

While you're lighting a fire under Congress to get them to meet my six-week deadline, I'll be busy carrying out some reforms that don't require congressional action. As announced in the State of the Union speech, I've imposed a 90-day freeze on federal regulations that could hinder economic growth. During that freeze period, all departments and agencies will conduct a crash review of all regulations, old and new -- to stop the ones that will hurt growth and speed up those that will help growth.

I know how much this concerns you. The schedule of events at this convention tells the story: One of your executive workshops is entitled: "The Regulators Are Back." You're beleaguered by environmental regulations, by food safety regulations, by workplace safety regulations. No one objects to the stated aims of these regulations: Health and safety and respect for the environment are classic, Mom-and-apple pie social values. But you know better than anyone that if regulation is

carried to unreasonable extremes, there won't be any apple pie for Mom to buy.

I'm here to assure you: The spirit of deregulation is back. Some regulation will always be necessary, but as long as I am President, we'll approach regulation from the understanding that free markets are a fundamental force for good.

After seventy years of tragic failure, the leaders in Moscow at last have come around to recognizing this truth about markets. After seven decades of trying to create a utopia through total government regulation of the economy, the Russians are now embracing freedom, opportunity and competition.

I find it a bitter irony that some of the powers that be on Capitol Hill still favor government coercion and control over freedom and competition. When I hear the shrill voices of those liberal subcommittee chairmen on Capitol Hill, I do a double take. I wonder what country I'm in, or what year this is.

Let me make you a promise: If Congress sends me any new legislation to make economic regulation more intrusive, more burdensome, more unreasonable, I'll send it back with my veto. [Specific bills might be cited here, for instance there is a Waxman FDA enforcement bill that already has been issued a veto threat.]

You can count on me to stop legislation that will set back growth. Meanwhile, I'm counting on you help get my pro-growth programs through Congress. We have less than six weeks to do the job.

Free markets work and command economies fail: That's the major lesson of our lifetime. That's the truth that your grandparents understood when they came to our shores to seek a better life. That's the truth that guides our crusade to restore vitality to America's families and neighborhoods and business enterprises. That is the basis on which future generations will carry America to new heights of greatness.

#

Talking Points

Copy for
Speechwriters &
researchers

THE STATE OF THE UNION:

- * The President hit a home run tonight. He was Presidential, composed, and decisive.
- * He looked and sounded like the leader of the free world:
 - "The cold war didn't end, it was won."
- * The President separated himself from the pack of pretenders with his vision for the new world order:
 - "Strength in the pursuit of peace is no vice; isolationism in the pursuit of security is no virtue."
- * The President demonstrated the same resolve on the economy as he did on the liberation of Kuwait:
 - "This will not stand."
- * The President's plan had all the elements:
 - A response to the changing world (\$50 billion defense cut);
 - Help for homebuyers and real estate (\$5,000 tax credit, penalty-free withdrawal, deduction for loss on residence);
 - Incentives for investment to create jobs (cap gains, investment tax allowance, AMT reform, enterprise zones);
 - Tax relief for families (increase in personal exemption, deductability of student loans, flexible IRA, penalty free IRA for medical & education);
 - Investments in the future (R&D, Education, Head Start);
 - Help for those in need (UI benefit extension);
 - Controlling the size of government (Regulatory review, budget freeze, personnel freeze);
 - Opening foreign markets (GATT, NAFTA, Enterprise for Americas);
 - Attacking crime (Crime bill, funds for crimefighting)
 - Dynamic reform proposals (Health care, America 2000, HOPE, tort reform, banking reform, the National Energy Strategy, welfare reform).
- * Unlike the Democrats' proposals, the President's Plan is responsible:
 - It doesn't violate the budget agreement;
 - It doesn't raise taxes;
 - It doesn't cut defense beyond what is reasonable.
- * The President set a firm deadline for action from Congress:
 - After March 20, "if it must be, the battle is joined."
- * The President sounded the right confident and hopeful note:
 - "We are still and ever the freest nation on earth, the kindest nation on earth, the strongest nation on earth."

Talking Points:

THE PRESIDENT'S GROWTH AGENDA: EFFECTS ON THE ECONOMY

Economic Growth:

- * The President's plan will add hundreds of billions of dollars of goods and services to the nation's output over the next five years.¹

Jobs:

- * By the end of this year alone, the President's Plan will create 500,000 more jobs than would otherwise be created -- and many more in the years following that.

Home Sales:

- * The President's proposed tax credit of up to \$5,000 for first-time homebuyers is itself is projected to enable up to a quarter of a million additional Americans to buy their first home in 1992.

Asset Values:

- * Enactment of the President's Plan will increase the value of assets held by Americans, including real estate, by hundreds of billions of dollars.

1

Note: Enactment of the President's Plan would increase the economy's growth rate by 25 percent over the next five years -- adding an average of almost 1/2 of a percentage point per year to the real growth rate of the economy relative to the "business as usual" baseline, which includes the Administration's spending acceleration proposal, reduced income tax withholding proposal, and other administratively discretionary actions.

F. V. P. Bush
Spokes

THE VICE PRESIDENT
OFFICE OF THE PRESS SECRETARY

FOR RELEASE UPON DELIVERY
(Expected to be 11:00 a.m. CDT)
Wednesday, July 31, 1985

CONTACT: 202/456-6772

EXCERPTS FROM REMARKS BY
VICE PRESIDENT GEORGE BUSH
TO THE 1985 ANNUAL CONVENTION OF THE
NATIONAL GROCERS ASSOCIATION
NEW ORLEANS, LOUISIANA
WEDNESDAY, JULY 31, 1985

It's a pleasure to be here today.

Since its founding just three years ago, the National Grocers Association has become a strong force for free enterprise, for the agenda of hope and opportunity in America and for all that's best in American life.

One of the great things about our country is that when there's a need, Americans don't just sit around and wait for government to take care of it. Americans roll up their sleeves and go at it themselves.

Well, the NGA has shown that it's part of that great American tradition of neighbor helping neighbor. The NGA has been a significant contributor to national food banking, one of America's great examples both of public-private partnership and of private sector initiative. You, the members of the NGA, have been good neighbors for those in need. And I know how much both the President and I respect you for it.

We also think you're just the kinds of friends we want to have when the chips are down. Now, Tom, I'm going to say a few words about tax reform today, and I'd say I was asking for the NGA's support, but I know we already have it. For the NGA, you have already appeared before the Ways and Means Committee to endorse our tax plan. And you've also endorsed another of our important initiatives, the Youth Opportunity Wage.

In standing for these, the NGA has, as I said, stood up for growth, for hope and opportunity in America. And so, yes, I'm going to ask you to keep it up, but, for both the President and myself I also want to say to the NGA "thanks." Thanks for standing up with us for America and for the American Dream.

The American Dream -- some people used to put it down, say it was an outmoded idea. Well, maybe they'd never stopped to think how remarkable the American Dream is. Sometimes it takes a contrast to get things into perspective.

For example, there's a story I've been told has been going around, sort of underground, in the Soviet Union. It has to do with a collective farm. The commissar was visiting, and he grabbed the first fellow who came by and demanded, "How are the crops? How are the potatoes?" "Oh, Sir," the peasant answered, "never better. If the potatoes were put in one pile, they would reach the foot of God." And the commissar said, "Just a minute. This is the Soviet Union. There is no God." And the worker said, "That's all right. This is the Soviet Union. There're no potatoes, either."

The American Dream -- taking an idea, making a business out of it, making the business grow, always working to make it a little better, always working in new ideas -- that's what's made America great. That's why America has grown so strong and so productive. That's why there are potatoes in America and not in the Soviet Union.

And as for the people who dismiss the American Dream -- well, I just wish they could come here and meet you and see what the American Dream is all about.

I wish they could see your energy. I wish they could see your determination. Then I bet they'd say the American Dream isn't outmoded. It's alive and well right here in this hall... and we plan to keep it that way.

We know that in recent years you and small business people like you have created the overwhelming proportion of new jobs in America... by some counts in last three years all of the net new jobs. Small business is the engine of growth and creativity in the U.S. economy. It's where the jobs are coming from. It's where many of the new services and new technologies are coming from. It's giving the retail sector new vitality. The entrepreneur, the small business man or woman -- these are the heroes of the new American Renaissance.

But an American Renaissance is what we're having. In the last two years the United States has created more new businesses than Europe and Japan combined. And that's why in the last two years the U.S. has also created more new jobs than Europe and Japan combined.

America is filled with energy and hope and pride today like no other else place on earth. You can see it everywhere.

Remember the Olympics last year? Remember before the Olympics when the torch was carried through the country, and entire towns turned out, lined the way, watched it pass and sang "America the Beautiful" as it went by? You could see it there.

You can see it in Hispanic families and Asian families that came to this country with nothing and have shown once more that with hard work and strong values, America is still what it's always been, the land of opportunity.

And you can hear it when you talk to young people, in high schools or colleges. They tell you about their dreams of starting a career, starting a family, maybe one day taking a chance, striking out on their own and starting a business.

Those young people, those Asian and Hispanic families, those towns all across America -- those are just some of the faces and voices of the American Dream.

President Reagan and I are determined to be true to that dream.

That's why when we came into office our first priority was to cut taxes, to cut needless regulations, to cut the growth of government spending, and to get government off of the backs of the American people. Not more government, more freedom -- that was our answer.

We had heard those who said that America was in decline. But we said that America had not lost its spirit. America was still good and free and proud and brave. All America needed was leaders who put less trust in government and more trust in the American people.

And you know, it's as the President says: we knew our policies were working when they stopped calling them Reaganomics.

And now we're saying Reaganomics all over again.

That's a big part of what the President's tax simplification program is about.

We want to lower the top marginal rate again and lower capital gains. These are the two taxes most important to the small businessman, the entrepreneur. We want to do this because the tax code is still like one of those branches that floats down the Mississippi and catches riverboats. It's a drag on all progress.

Well, it's time to streamline this great big American boat, to cut that tax debris loose, to start steaming full speed ahead, full speed to more jobs, more new businesses, more hope and more opportunity for all Americans.

It's also time to start cutting the deficit out of the Federal budget, and not by raising taxes but by cutting spending.

Right now it appears Congress is deadlocked on how to cut spending. Well, I'm sorry to see it.

But if Congress can't get the job done, then I'd say it's time to give the President a line-item veto and a balanced budget amendment and let him give Congress a lesson in the courage it takes to cut spending.

And, you know, if Ronald Reagan has shown us anything these last few weeks, he's shown us what courage is all about.

I want to just say I'm proud to serve with a man like that.

I'm proud to serve with a President who stands up for America's values and the American Dream. And while we're at it, let me add, when I go on my trips abroad -- I've been to 64 countries since becoming Vice President -- I can't help thinking I'm proud to serve with a President who doesn't go around apologizing for America.

And whenever I come home to America, I always look around and think, "This is the freest country on earth. This is where people come from every corner of the earth to realize dreams for themselves and their families." Whenever I come home, I can't help thinking, "God bless America."

#

List of Companies
Main Office
Key Contacts

Ukrops
Jim Ukrop
600 South Lake Blvd.
Richmond, VA 23236
(804) 379-7300

Butsons
Churck Butson
15 N. Court Street
P.O. Box 111
Woodsville, NH 03785
(603) 747-2822

Dierbergs Markets
Roger Dierberg
P.O. Bo 1070
Chesterfield, MO 63006
(314) 532-8884

Pay Less Super Markets
Larry Contos
P.O. Box 639
33 W. 10th Street
Anderson, IN 46015
(317) 649-3526

Bel Air Markets
George Wong
P.o. Box 13778
1901 Royal Oaks Drive
Sacramento, CA 95813
(916) 929-6342

D'Agostino's
Nick d'Agostino
2525 Palmer Avenue
New Rochelle, NY 10801
(914) 576-1820

Goodings Supermarkets
Jim Gooding
483 Montgomery Road
Altamonte Springs, FL 32714
(407) 869-8300

Sedano's Super Markets
Manuel Herran
9688 S.W. 24th Street
Miami, FL 33165
(305) 221-8351

National
Grocers
Association

THOMAS K. ZAUCHA
President and CEO

1825 Samuel Morse Drive
Reston, Virginia 22090
(703) 437-5300

Coborns

Dan Coburn
P.o. Box 6146
1445 E. HW 23
St. Cloud, MN 56302
(612) 252-4222

Felpausch Foods

Don Lawrence
127 S. Michigan Avenue
Hastings, MI 49058
(616) 945-33485

Easter Enterprises

Dennis Easter
P.O. box 1351
Des Moines, IA 50305
(515) 265-1116

Ray's Sentry Markets

Ray Nidiffer
P.O. Box 730
615 5th Street
Brookings, OH^{OR} 97415
(503) 469-3113

Dahl's Foods/Foods, Inc.

Bob Hand
4343 Merle Hay Road
Des Moines, IA 50310-1411
(515) 278-1657

Randalls Food Markets

P.O. Box 4506
3663 Briarpark
Houston, TX 77210
Randall Onstead
(703) 268-3500

Rouse Supermarkets, Inc.

Don Rouse
P.O. Box 5358
107 Camelia Drive
Thibodaux, LA 70302
(504) 447-5998

10th Anniversary Celebration!

Partners in Performance

RETAILERS • WHOLESALERS • MANUFACTURERS



1992 N.G.A. Convention & Buying/Merchandising Expo
Orlando, Florida • February 2-5, 1992

- CELEBRATE N.G.A.'S 10TH ANNIVERSARY!
- ATTEND THE ONLY NATIONAL CONVENTION/EXHIBITION FOR RETAILERS AND THEIR WHOLESALE PARTNERS
- VISIT MORE THAN 450 COMPANIES EXHIBITING IN OVER 100 PRODUCT AND SERVICE CATEGORIES
- LEARN MORE FROM FOUR DAYS OF EDUCATIONAL PROGRAMMING, 42 WORKSHOPS, AND SPECIAL EVENTS
- ENJOY EXCITING, BALMY ORLANDO!

SATURDAY FEBRUARY 1	SUNDAY FEBRUARY 2	MONDAY FEBRUARY 3	TUESDAY FEBRUARY 4	WEDNESDAY FEBRUARY 5
-------------------------------	-----------------------------	-----------------------------	------------------------------	--------------------------------

7:00			7:15-8:15 "Breakfast Club" Workshops	7:15-8:15 "Breakfast Club" Workshops	7:15-8:00 Continental Breakfast
8:00		8:00-9:30 Early Bird Session "Excellence in Merchandising"		8:30-10:00 Workshop Series B	8:00-9:15 Workshop Series C
9:00	9:00-Closing Preconvention Discount Admissions to Disney World's Magic Kingdom, EPCOT, MGM, Pleasure Island, and Sea World.		8:30-10:00 Workshop Series A	8:30-10:00 Workshop Series B	
10:00		10:00-11:30 Opening General Session	10:00-2:00 Exhibit Hall Open	10:15-11:30 General Session	9:30-11:00 Closing Convention Brunch
11:00			Lunch on Exhibit Floor		11:00-Closing Postconvention Discount Admission to Disney World's Magic Kingdom, EPCOT, MGM, Pleasure Island, and Sea World.
12:00		11:30-12:30 Opening Brunch		11:30-1:00 Grocers-PEC Luncheon	
1:00					
2:00		12:45-4:00 Exhibit Hall Grand Opening	2:15-3:45 General Session	1:00-4:30 Exhibit Hall Open	
3:00					
4:00		4:00-5:00 Best Bagger Prelim I	4:00-5:00 Best Bagger Prelim II	4:00-4:30 Best Bagger Finals	
5:00			4:00-7:00 Hospitality Suites	4:30-6:30 Hospitality Suites	
6:00					
7:00		5:00-9:00 Hospitality Suites	6:30-7:30 Asparagus Club Reception	6:30-7:30 Chairman's Reception	
8:00		7:30-10:00 Asparagus Club Banquet	7:30-10:00 Chairman's "10th Anniversary Gala"		
9:00					
10:00	9:00-12:00 Dessert Party				
11:00					



1992 N.G.A. Convention & Buying/Merchandising Expo
Orlando, Florida • February 2-5, 1992

Welcome, Partners, to N.G.A.'s 10th Anniversary Celebration!

Historically, the N.G.A. annual convention has been the industry's only showcase of the partnership between the retailer and wholesaler in conjunction with their manufacturer/suppliers.

With the very survival of the industry today dependent upon increasing retail and wholesale operational and marketing performance and manufacturer support, strengthening that partnership is essential.

The "**Partners in Performance**" program at the N.G.A. 1992 Convention and 10th Anniversary Celebration will address the major forces of change — in industry operations, governmental relations, and economic trends — that are having a critical impact on the independent sector of the industry.

Your 1992 N.G.A. convention will address these critical issues:

- **The New Competitors: The wholesale clubs, Walmart and K- Mart. Controlling their bite.**
- **Class of Trade, Deals and Allowances, Coupon Chargebacks: Achieving industry compliance and parity.**
- **The Competitive Team of the '90s: Building wholesale/retail relationships.**
- **Will the merger/acquisition trend continue? What are the implications?**
- **Taking full advantage of new product introductions and emerging new departments and profit centers.**
- **Applying New Technology: A competitive edge--interdependent use of electronic marketing.**
- **Will the European invasion continue?**
- **Integrated Merchandising: The key to optimizing performance.**
- **Flat Sales in a Flat Economy: When will the recession end?**
- **Will investment capital become more readily available?**
- **What changes can we expect in government tax policy to generate growth?**
- **Implications of the '92 Elections: More demands for mandated benefits, or real change?**
- **Stemming the tide of unbridled union picketing power.**

Your N.G.A. convention will address these issues through three power-packed general sessions, 42 hands-on workshops, a major exhibition by 450 leading companies covering 100 products and service categories, and by special events such as G-Trends, "Excellence in Merchandising," "Green Street," "New Product Panorama," store tours, and much more.

But the N.G.A. convention is more than an educational experience. It will be held in an exciting convention location in Orlando, Florida, recognized as the nation's number one resort city.

The convention will provide an excellent setting in first-class hotels for socializing, networking, meeting old friends and making new friends, fun, and relaxation.

At the convention, you will be exposed to an around-the-clock schedule of exciting, world-class entertainment and banquet experiences . . . plus an exciting pre/postconvention vacation program.

By joining N.G.A. in Orlando, you'll also be joining thousands of your fellow retailers, wholesalers, and manufacturers/suppliers as N.G.A. assembles an unforgettable combination of programming, people, products, and luxurious convention locale.

Come celebrate N.G.A.'s 10th Anniversary in Orlando, partners!



William Confer
Vice President, Wholesale
Roundy's, Inc.
President
Scot Lad Foods, Inc.
Milwaukee, WI
N.G.A. Board Chairman

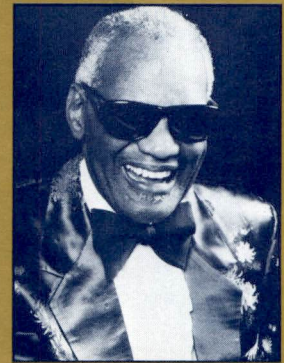


Thomas K. Zaucha
N.G.A. President and CEO

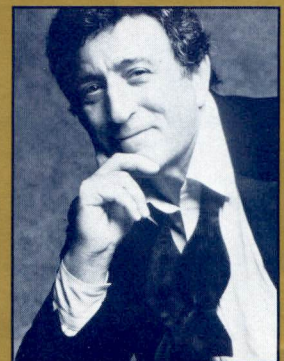
Bill Confer *Tom Zaucha*

- ★ **GENERAL SESSIONS** - The "Big Picture" of the forces of change impacting the grocery industry and your business unfolds in three power-packed General Session experiences. Industry operations (**Competing against the clubs and mass merchandisers**), government (**The '92 elections**), and economic trends (**Is real recovery in sight?**), what they mean to you, and how you can respond to build sales, profits, and efficiency.
- ★ **WORKSHOPS** - Next, zero in from the "Big Picture" to 42 hands-on workshops offering operational information, ideas, and innovations on the hottest topics. See complete listing for further information.
- ★ **EXHIBIT** - Then, experience the N.G.A. Buying/Merchandising Expo, the latest innovations and greatest products, promotions, and services in over 100 product, equipment, and service categories by visiting 450 leading exhibiting companies.
- ★ **10TH ANNIVERSARY GALA** - Join N.G.A. in celebration of our exciting 10th Anniversary. Enjoy the "Chairman's Gala Banquet," four-star entertainment, and other celebration surprises.
- ★ **ASPARAGUS CLUB RECEPTION AND BANQUET** - Enjoy a magical evening with legendary song stylist **Tony Bennett** and ever popular comedian **Norm Crosby**.
- ★ **DESSERT PARTY** - Kick off your shoes for another N.G.A. tradition...music by the Stingrays, dancing to Rockin' Robin's band, and the sweetest treats...and the fun and entertainment of the ever popular Bowzer's Rock 'N' Roll Party.
- ★ **"EXCELLENCE IN MERCHANDISING" PROGRAM** - Kick off the convention with the 1992 "Excellence in Merchandising" competition presentations, the culmination of the past year's best in merchandising in 13 different categories. See and learn about 39 proven display merchandising successes that you can use for your business today.
- ★ **G-TRENDS** - The grocery industry, up close and statistical. This will be a comprehensive analysis of the most critical economic, operational, and demographic trends impacting the independent sector.
- ★ **NEW PRODUCT PANORAMA** - More than 10,000 new items hit the street last year. Who are the winners and losers? What new categories and departments hold a key to your future bottom line?
- ★ **"GREEN STREET"** - Stroll through an indoor park-like setting in the main exhibit hall that enhances the latest environmental/health products and services and the best retail "green" ads and promotions.
- ★ **BREAKFAST CLUBS** - Informative, involving breakfast workshops offer the chance to start your day with an expert presenter on topics of interest to you and your business.
- ★ **STORE TOURS** - Visit the best of the "Sunshine State's" high-performance retail formats.
- ★ **BEST BAGGER CONTEST** - The "Super Bowl" of Bagging. This dynamic national annual competition crowns a winning state representative as "Best Bagger." The national finals pit state winners in competition for the national championship.
- ★ **"THE ORLANDO EXPERIENCE"** - Take advantage of special N.G.A. pre/and postconvention discount programs and experience the Orlando area's topnotch theme parks, entertainment, and vacation facilities.
- ★ **RESORT HOTELS** - Accommodations at four first-class hotels are available in the heart of Orlando's resort area.
- ★ **DISCOUNT AIRFARES and CAR RENTALS** - Get additional savings for airfares and car rentals.

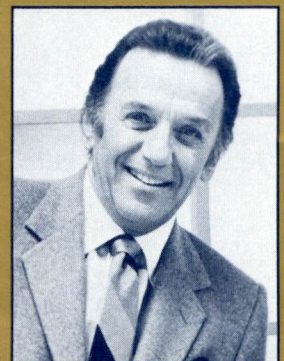
N.G.A.'s Star Performers



Ray Charles



Tony Bennett



Norm Crosby



Bowzer's Rock 'N' Roll
Dessert Party

Workshop Schedule

Always comprehensive. Always concrete.
 Always operational. This is the 1992 N.G.A.
 Convention Workshop Series - a practical
 "hands-on" educational experience designed for
 literally every player on the food industry team.

CODING KEY	
Operations =	O
Human Resources/Management Development =	H
Customer Relations/Service =	C
Advertising/Merchandising =	A
Executive Management/Financial =	E
Technology =	T

Retailer	Wholesaler	C-Store Operator	Manufacturer
----------	------------	------------------	--------------

SERIES A: 8:30am-10:00am, Monday, February 3, 1992

CODE		Retailer	Wholesaler	C-Store Operator	Manufacturer
E	Introduction to Entrepreneurial Institute (Restricted to Retailers)	✓			
H	Motivating Employees in Tough Economic Times	✓			
C	Knowing Your Customer: New Approaches to a Timeless Need	✓	✓		
H	The Union Picket: A Power Tool Against Grocers	✓	✓		
E/C	The Plastic Card in the Supermarket: A Service Whose Time Has Come	✓	✓	✓	
E/C	Creating An Environmentally Friendly Image	✓	✓	✓	
E/A	Integrated Marketing: Achieving Maximum Access to Promotions and Allowances	✓	✓	✓	✓
O	A Level Playing Field at the Gas Pump	✓			
E	Competing Against Price Competition: Strategies for Differentiation	✓	✓		
A	Excellence in Merchandising: Meet the Winners	✓	✓		
E	New Store Development and Remodels in Recessionary Times	✓	✓		
T	Integrating Electronic Transactions into Your Front-end Operations	✓	✓		
T/O	SHRINK TRAX: Front-End Shrink Control Program that Guarantees Results	✓	✓	✓	
O	Candy: The Sales and Profit Accelerator	✓	✓		
O	Environmental Challenges at the Warehouse and Transportation Level	✓	✓		
O	Beef Profitability: A New Computer Program	✓	✓		
E	Competing with the Clubs and Mass Merchandisers	✓	✓		

SERIES B: 8:30am-10:00am, Tuesday, February 4, 1992

O	Prepared Foods: Creating a Restaurant Image in a Supermarket Environment	✓	✓	✓	
E	Entrepreneurial Institute Alumni: Post Graduate Support	✓	✓		
H	Quality Employees: The Ultimate Competitive Advantage	✓	✓		
H	Health Care Costs: An Exclusive Cost Containment	✓	✓		
T/C	The Frequent Shopper: Defining and Keeping the Customer	✓	✓	✓	✓
O	Produce: High Image, High Traffic, and High Profit	✓	✓		
O	Seafood: The Outlook, Trends, and Concerns for the '90s	✓	✓		
O	Non-Foods: Responding to New Competitors	✓	✓		
O	Bakery: Creating the Excitement and Enthusiasm for Great Sales and Profits	✓	✓		
O	Deli: Eight New Tested Ideas to Build Sales	✓	✓		
E	Competing with the Clubs: A Winning Proposition	✓	✓		
E	Public Responses to Sensitive Issues	✓	✓		
O	Orienting Part-Timers: A New N.G.A./Cornell Training Tool	✓	✓		
H	Staffing the Meat Department of the '90s	✓	✓		
H	Employee Theft Control: Managing Involuntary Employee Salary Supplements	✓	✓		
E	Wholesale Margins: The Economic Reality	✓	✓		
E	Changing Formats: A Competitive Tool	✓	✓		

SERIES C: 8:00am-9:15am, Wednesday, February 5, 1992

E	Introduction to Entrepreneurial Institute (Restricted to Wholesalers)	✓	✓		
E	OSHA Inspectors: The Regulators Are Back	✓	✓		
T	Developing and Refining Your Retail Automation Plan	✓	✓		
H	Hiring the Handicapped: A Realistic Approach to the Shrinking Labor Market	✓	✓		
E	The Overstored Market: Too Many Pieces of the Pie	✓	✓		
O	Red Meat in the '90s: How Do We Compete?	✓	✓		
E	How to Finance When the Bank Forgets Your Name	✓	✓		
T	The UPC Symbol: Improving the Integrity	✓	✓		

Please check the program on site. Changes may occur.

More than 450 companies will display their latest products and services in over 100 categories . . .

PRODUCT CATEGORIES

Accounting Services
 Advertising Services
 Automotive Supplies
 Baby Care Products
 Bags: Paper/Plastic/Canvas
 Bakery Goods
 Banking Services-
 Consumer
 Baseball/Trading Cards
 Baskets
 Batteries
 Beer & Ale
 Beverages
 Books & Printed Material
 Bottled Water
 Bulk Foods
 Candy & Nuts
 Cards: Greeting/Holiday
 Cereals
 Check Cashing Systems
 Cheese
 Coffee/Cocoa/Tea
 Communication Systems
 Computer Software/
 Distributors
 Computer Software/Retail
 Condiments
 Consultants: Analysis &
 Research
 Consultants: Advertising/
 Merchandising
 Consultants: Design/
 Engineering
 Consultants: Management/
 Training
 Coupon Redemption
 Credit Cards/Check Credit
 Dairy Products
 Deli Products
 Designers: Store Interiors/
 Exteriors
 Dinnerware
 Disposable Items: Cutlery
 Dry Grocery
 EDI: Network Services
 EDI: Software
 Educational Programs/
 Materials
 Electronic Funds Transfer
 Employee Testing
 Programs
 Equipment: Bakery
 Equipment: Beverage
 Equipment: Broilers
 Equipment: Cabinets
 Equipment: Cash Registers
 Equipment: Climate Control
 Equipment: Computer
 Equipment: Deli/Fast Food
 Equipment: Display Cases
 Equipment: Distribution
 Equipment: Doors
 Equipment: Fixtures
 Equipment: Flooring/Care

Equipment: Food Service
 Equipment: Ice Makers/
 Machines
 Equipment: Label &
 Packaging
 Equipment: Leasing
 Equipment: Lighting
 Equipment: Material
 Handling
 Equipment: Meat Dept.
 Equipment: Miscellaneous
 Equipment: Ovens
 Equipment: Racks
 Equipment: Recycling
 Equipment: Refrigeration
 Equipment: Sanitation
 Equipment: Scales
 Equipment: Shelving
 Equipment: Signs
 Equipment: Tanks
 Equipment: Warehousing
 Flowers & Supplies
 Food Banks
 Food Protection Services
 Foods: Canned
 Foods: Cookies & Crackers
 Foods: Health
 Foods: Kosher
 Foods: Microwaveable
 Foods: Specialty
 Frozen Food
 Fruit Juices
 Glassware
 Gourmet Specialty Foods
 Government Agencies
 Health & Beauty Aids
 Hosiery
 Housewares



Ice Cream & Frozen
 Desserts
 Infant Food
 Insurance
 Inventory Systems
 Jewelry
 Lawn & Garden
 Light Bulbs
 Meat: Fresh and
 Prepared
 Milk
 Mineral Waters
 Nonfoods
 Over-the-Counter
 Medicine
 Paper Products
 Personnel/Executive
 Search

Pest Control Products
 Pet Food & Supplies
 Pharmaceuticals
 Photo
 Pizza Products
 Plastics
 Point-of-Sale Systems
 Poultry
 Private Label/Generics
 Produce: Fruit &
 Vegetable
 Promotional Packaging
 Promotions: Incentives
 Rice
 Salads: Prepared
 Seafood
 Seasonal/Holiday Items

Security: Locks & Safes
 Shipping Services
 Shopping Carts
 Snack Foods
 Soft Drinks
 Spirits
 Temporary Services
 Tobacco Products
 Toys & Games
 Trade Publications
 Transportation: Vehicles
 Uniforms
 Video: Rentals & Services
 Vitamins
 Wine & Wine Coolers
 Yogurts



The Orange County Convention/Civic Center will display 150,000 gross square feet of exhibit space for the N.G.A. Buying/Merchandising Expo.



1992 CONVENTION HOTELS

Please use the enclosed reservation form to register at these hotels or call N.G.A. at 703-437-5300 for more information.

① The Peabody Orlando (N.G.A. Convention Headquarters)

9801 International Drive
Orlando, FL 32819

Room Rate:

Single \$151 Double \$151

The Peabody Orlando is across the street from the 430,000-square-foot Orlando/Orange County Convention Center, only 15 minutes away from Walt Disney World's Magic Kingdom and EPCOT Center, and just five minutes from Sea World.

The Peabody is 15 miles (30 minutes) from the Orlando International Airport.

For dining and entertainment at the Peabody Orlando, Dux offers American cuisine in an intimate setting, Capriccio specializes in Northern Italian food, Bee Line Diner is an authentic fifties-style eatery and deli carry-out.

② Orlando Marriott

8001 International Drive
Orlando, FL 32819-9312

Room Rate:

Single \$99 Double \$115
Triple \$125 Quad \$135
Hospitality Suite \$250
1-BD Exec. Suite \$350
2-BD Exec. Suite \$450

The Orlando Marriott is a 48-acre landscaped property with three tropical swimming pools, four lighted tennis courts, tree-lined jogging trails, and a new health club.

The Orlando Marriott is just down the road from the Orlando/Orange County Convention Center (only 1 1/2 miles) and only 15 miles to the Orlando International Airport, Walt Disney World, and EPCOT Center.

The Marriott's dining and entertainment includes The Grove Restaurant, which offers elegant candlelight dinners; the Chelsea Cafe, a casual dining experience for

(Free shuttle bus service to Convention Center.)

breakfast, lunch, or dinner; and The Marmalade Tree, a snack and ice cream shop located at the east pool.

③ Clarion Plaza Hotel

9700 International Drive
Orlando, FL 32819-8114

Room Rate:

Single \$79 Double \$79

The Clarion Plaza is Orlando's newest convention hotel and is dedicated to offering Orlando's best convention value.

The Clarion Plaza is next to the Orlando/Orange County Convention Center, two miles from Sea World, six miles from Walt Disney World and EPCOT Center, and 15 miles (30 Minutes) from Orlando International Airport.

For dining and entertainment the Clarion Plaza has five restaurants and lounges which range from elaborate buffets to casual take-out and live entertainment in the Backstage Lounge.

④ Stouffer Orlando Resort

6677 Sea Harbour Drive
Orlando, FL 32821-8092

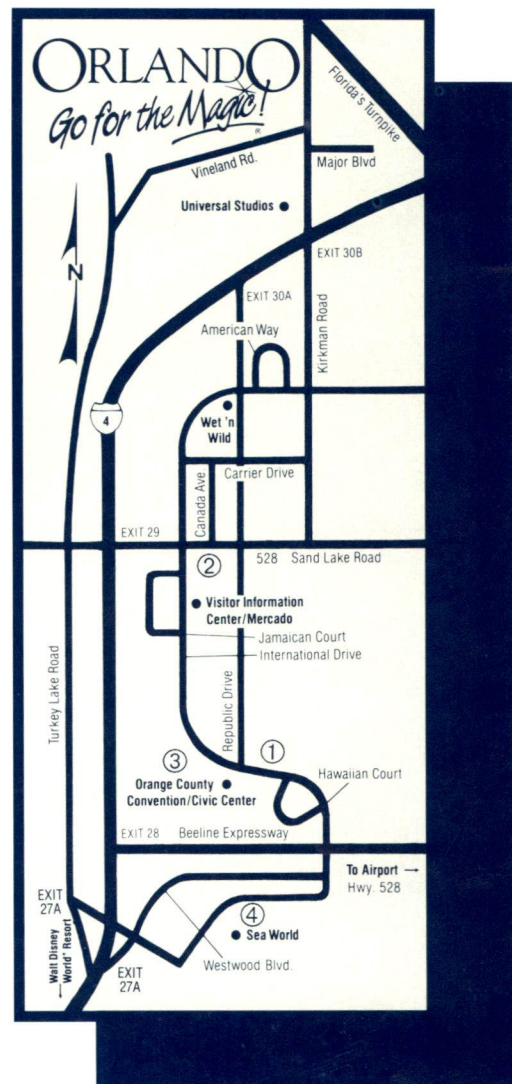
Room Rate:

Single \$145 Double \$145

A luxurious resort with a unique 10-story atrium lobby, the Stouffer Orlando Resort is a relaxing retreat situated on 23 lush acres in the heart of Orlando.

The Stouffer Orlando Resort is only one mile from the Orlando/Orange County Convention Center, 15 miles (30 minutes) from the Orlando International Airport, adjacent to Sea World, and minutes to Walt Disney World and EPCOT Center.

For dining and entertainment, Trade Winds is a perfect spot for all-day family dining, Hai Feng offers authentic Chinese cuisine in a traditional oriental restaurant, and Atlantis is known for contemporary favorites served with vintage wines.



HOTELS

AIRLINE AND CAR RENTAL DISCOUNTS

Delta and United Airlines, in arrangement with the National Grocers Association, offer a minimum of 40% OFF regular coach fares or 5% OFF any published promotional fare. Certain restrictions may apply. To make reservations for any discounted fares, call the airlines TOLL FREE at the phone numbers listed below and be sure to give them the corresponding file/I.D. number:

DELTA AIRLINES

1-800-241-6760
8 a.m. to 11 p.m. EST, Daily
File No.: PO227

UNITED AIRLINES

1-800-521-4041
7 a.m. to 1 a.m. EST, Daily
I.D. No.: 515FJ

Both airlines can arrange to mail tickets to your home or office. You or your travel agent may make your reservations directly with the airline but you must call the special toll free number above and indicate the appropriate file/I.D. number.

Frequent flyers receive full credit. Remember, some fares have restrictions and seats may be limited, so call early for your reservations.

CAR RENTAL DISCOUNT

Avis is offering special discounted rates on rental cars for the 1992 N.G.A. Convention & Buying/Merchandising Expo. To receive the special rate, simply call Avis at 1-800-331-1600. Be sure to mention the special Avis Worldwide Discount (AWD) No. W022301.

The discount rates are as follows:

CAR GROUPS	DAILY	WEEKLY
Subcompact, 2-dr.	\$22.90	\$ 89
Subcompact, 4-dr.	\$23.90	\$ 95
Compact, 2-dr.	\$24.90	\$ 99
Compact, 4-dr.	\$25.90	\$109
Intermediate	\$29.90	\$129
Full Size, 2-dr.	\$31.90	\$139
Full Size, 4-dr.	\$31.90	\$149

Unlimited free mileage is included in these rates. There is no drop charge at Avis in Florida. Rates are good one week before to one week after the convention.

QUICK REFERENCE GUIDE

To register or request more information, please contact the
National Grocers Association, 1825 Samuel Morse Drive,
Reston, Virginia 22090-5317
Ph: (703) 437-5300
FAX (703) 437-7768

Hotel Reservations Deadline: ----- January 8, 1992

Airline Discounts

Delta Airlines: ----- (800) 241-6760 File #PO227

United Airlines: ----- (800) 521-4041 I.D. #515FJ

Car Rental Discount

Avis: ----- (800) 331-1600

AWD #W022301

N.G.A. Future Convention Dates

Mark Your Calendar Now!

**February 7-10, 1993
San Francisco, CA**

**February 14-17, 1994
Atlanta, GA**

**February 5-8, 1995
San Diego, CA**



**National
Grocers
Association**

MEMORANDUM

TO: Speechwriters and Researchers
From: Fay Hung, Research Intern
Date: 3 February 1992
RE: Bush plan to create new jobs.

Information which may be helpful for future speeches:

The National Association of Home Builders (NAHB) is very pleased with President Bush's economic proposal. **The NAHB predicts that if the bill is passed, it will lead to the creation of 415,000 construction industry jobs** as well as \$20 billion in new economic activity associated with home building according to Kent Colton, the executive vice president.

At the Las Vegas, Nevada, convention for the NAHB this past weekend, 63% said they expected housing starts to improve this year. They also rated the nation's economic prospects for this year at 3.4 on a scale of 5, with 5 being excellent. A year ago they graded its prospects at 2.8. Furthermore, after the State of the Union Speech, the NAHB changed its forecast for 1992 home construction to 1.4 million units from about 1.2 units.

Although things are looking up for home builders, banks will also have to loosen up lending to builders or else a shortage of new homes could send prices on a rapid, steep climb.

For more details, please refer to the attached article.

Brighter Outlook Seen for Housing

Bush's Plan Buoys Builders, Economists

By William F. Powers
Washington Post Staff Writer

Economists and home building experts predict the rest of the year will bring improved home sales, moderately rising prices and steady mortgage rates in the wake of President Bush's sweeping proposals to revive the nation's dormant housing market.

There are a few wild cards that could alter this scenario, but for the moment the prognosticators are upbeat, saying it will be an improved year for a variety of people—builders, real estate brokers and buyers alike—as the market slowly wakes up from its long, troubled sleep.

The Bush proposals are premised on an idea that was the mantra of last weekend's convention of the National Association of Home Builders (NAHB) in Las Vegas: residential construction has lifted the United States out of economic slumps before, and it will do so again.

The president said it—"I believe that housing, home-building, will lead the recovery"—in a live video chat with the leaders of the trade group, who echoed those sentiments themselves over and over.

Then in his State of the Union address Tuesday, Bush bet money on the idea, with his proposals for a \$5,000 tax credit, stretched out over two years, for Americans buying their first home in 1992; penalty-free withdrawals from individual retirement accounts for first-time buyers; and a tax law change that apparently would allow homeowners who sell their houses at a loss to take a deduction on it according to a complex formula.

Bush's proposals, which still have to be approved by Congress, are just the kind of help the building industry has been lobbying for in recent months.

When about 60,000 builders convened in Nevada last week, they had reason to feel gloomy, having just come off their worst year since 1946. For four days, they gathered in standing-room-only crowds for seminars on the economic outlook and how to survive the current scarcity of bank loans for construction.

"It's a real hard, cold world," one builder told a panel of economists discussing the credit crunch.

But the economists said the industry had nowhere to go but up—"1992 almost has to be a better year," one told them—and Bush promised he would help.

The builders were cheered. In a

convention poll, 63 percent said they expected housing starts to improve this year, compared with just 17 percent in a January 1991 poll. And they rated the nation's economic prospects for this year at 3.4 on a scale of 5, with 5 being excellent. A year ago they graded its prospects at 2.8.

After the president's State of the Union speech Tuesday, the NAHB changed its forecast for 1992 home construction to 1.4 million units from about 1.2 million units,

"If you look at this as a window of opportunity for home affordability, it's not closing rapidly."

— David Berson,
Fannie Mae chief economist

according to Kent Colton, the association's executive vice president. The NAHB also predicted that the Bush plan, if passed, will lead to the creation of 415,000 construction industry jobs, and \$20 billion in new economic activity associated with home building.

So things are looking up for home builders. For consumers, the question is what will happen to home prices and mortgage rates for the rest of the year.

Here again, the analysts offered good news. "If you look at this as a window of opportunity for home affordability, it's not closing rapidly," said David Berson, chief economist for the Federal National Mortgage Association (Fannie Mae).

Prices for new and existing homes are likely to rise this year, but probably not precipitously, according to industry officials. Seventy percent of those surveyed in the Las Vegas poll said the new houses they build will increase in price, with an average expected increase of 6.5 percent.

Berson this week predicted 1992 price jumps of about 4 percent for existing homes and about 6 percent for new homes.

The new home prices are likely to go up more, Berson said, because the inventory of new unsold homes is very small, "and once demand starts picking up—and it looks like

See HOUSING, E11, Col. 1

it's picking up—the number is going to dwindle quickly."

If banks don't loosen up lending to builders, a shortage of new homes could send prices on a rapid, steep climb, lending industry officials said.

Without an easing of the credit crunch allowing builders to accelerate land acquisition and development, "we could very easily see new home prices rising at a double-digit [percentage] pace," Berson said, adding, however, that Fannie Mae's predictions assume more liberal lending this year.

Mortgage rates, the other key factor in consumer decisions on home-buying, will hold basically steady this year, according to economists and mortgage lenders.

Robert Van Order, chief economist for the Federal Home Loan Mortgage Corp. (Freddie Mac), said the average national rate for 30-year fixed-rate mortgages will probably not exceed 9 percent this year.

Others agreed with Van Order, but Richard W. Peach, deputy chief economist for the Mortgage Bankers Association of America (MBA), said "it's quite possible" rates could rise to more than 9 percent if the economic recovery is strong in the second half of the year.

Did the rates hit bottom in early January, when the national average for 30-year fixed-rate loans was at 8.25 percent?

The chief executive of one of the nation's largest mortgage lenders, Angelo R. Mozilo of California-based Countrywide Funding Corp., thinks so. Mozilo, who also heads the MBA, said at the Las Vegas builders' conclave that rates will not go down to that level again in this cycle.

"I think that will probably prove to be the bottom," said Fannie Mae's Berson. He and other economists said there might be another dip, but not to less than 8.25 percent.

Perhaps the key factor in the direction of the housing market for the rest of this year is whether the Bush proposals will have their intended effect.

"I think the president's proposals will have a modest stimulative effect on home purchases over the next few months," said Warren Lasko, MBA executive vice president.

He added that some buyers may wait until Congress passes the tax credit before moving to purchase a first home. This may cause what one economist called an "air pocket" in the market during the next month or two.

But Lasko suggested that the gap might later be offset by buyers moving planned 1993 purchases into this year to take advantage of the tax credit. As proposed, the credit would cover only first-time purchases made during 1992.

Another problem is that unless an arrangement is found for first-time home buyers to obtain their tax-credit money, or its equivalent, at the time they are likely to need it most—when they actually buy a house—the credit could prove less stimulative to the market than the administration might like.

The MBA's Peach said sellers and builders might consider working out a second mortgage for the \$5,000, to be paid back in two installments when the tax credits come in, but only if Fannie Mae and Freddie Mac change their rules to allow this.

The NAHB's Colton said "the market will figure out a way, at least for the first \$2,500 of that, to cash that through. . . Builders will certainly work with [buyers] creatively."

The MBA's Mozilo said in a statement this week: "A tax credit, while valuable, will take time to implement and a method will need to be developed to turn the credit into upfront money that cash-poor families need."