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

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SNOW/AARHUS
SMALL
DRAFT SIX
JANUARY 31, 1992

PRESIDENTIAL REMARKS: THE SMALL BUSINESS LEGISLATIVE COUNCIL
J.W. MARRIOTT HOTEL
WASHINGTON, D.C.
WEDNESDAY, FEBRUARY 5, 1992
10:30 A.M.

[Introductory acknowledgments, jokes]

You know, I enjoy going up to the Hill to deliver the State of the Union Address. It's the only time all year I can keep so many politicians so polite for so long.

I'm just glad I don't have to carry the budget up there the following day. With all that's happened this year, the last thing I need is a hernia.

As you know, I've had a hectic week -- everything from the State of the Union Address to meetings this weekend with Boris Yeltsin. But the Washington press has become kind of fickle. You help ring a close to the Cold War; push Saddam Hussein out of Kuwait; witness the collapse of the Soviet Union, and people say: Is that all?

Well, no. But it's a pretty good start.

Now that we can look past the burdens of the Cold War, we can do what we do best: Create, innovate, build, produce -- lead. In last week's State of the Union Address, I laid out a comprehensive action plan for our economy. Today, I want to explain what my plan means for you. Think of this as my Small Business State of the Union.

My plan starts with me. I've taken a whole series of actions to stimulate investment and get the economy moving. These actions don't need Congressional approval.

I know one initiative in particular has earned kudos from this crowd. I have ordered major departments and agencies to put a 90-day hold on implementing new regulations. You see, regulations ought to foster economic growth -- not crush it. So we will take a fresh look at the rules and regulations Washington hurls your way. We'll get rid of regulations that do nothing more than destroy jobs and weigh down businesses. And we'll speed into action regulations that make it easier for you to serve your customers.

I don't have a magic wand. I'll need Congress's help, too - - and I've asked it to pass a straightforward economic growth package by March 20.

That plan starts with the basics. It stimulates investment by reforming the alternative minimum tax and creating a new 15 percent investment tax allowance. This lets you depreciate your equipment more quickly, and get the full tax benefits of new capital purchases. "L.W." Locke of North Carolina can appreciate this. "L.W." delayed building a convenience store/gasoline station because of the economic trouble this country has been facing. However, the investment tax allowance would enable him to buy fixtures for his store, gas pumps, and fuel storage tanks -- a one million dollar investment. That's what happens when you encourage people to invest.

I want to fire up the engine that traditionally pulls us out of tough times, the real estate industry. My plan helps builders. Ask "Jay" Buchert [BOO-kert] of Cincinnati. My plan also helps investors, developers and homebuyers. [business economists insert]

Finally, I want to reward everyone who believes in the American dream. I want Congress to cut the long-term tax on capital gains. I want it cut to a maximum rate of 15.4 percent. The world's fastest-growing economies and our major competitors have one thing in common: They tax capital gains very lightly, or not at all. Isn't it time we did the same?

Tim Adams
x640

A capital gains rate cut will help every one of you. It will help families who own homes and farms. It will help business owners. It will help everyone who invests in our future by purchasing stock. In short, it will help the vast majority of Americans. So don't accept no for an answer anymore. Demand that Congress cut the capital gains tax. Now.

My short-term package means one thing to you: A better future. I know a group of venture capitalists has joined us today. That group knows what a capital gains tax cut can do. But for everyone here, a capital gains cut is like oxygen: It will give investors a reason to take a chance on promising new businesses. It will give the little guy a chance to test his or her mettle in the marketplace with the big guys. It will stimulate competition. It will revive the American Dream.

You know, when I hear someone complain that my proposal doesn't do enough, or that it helps the rich, I wonder to myself: Have any of these critics ever run a business? Do they appreciate the difficulties of getting a loan, finding an investor, purchasing what you need, making your way through a gamut of regulators -- and finally getting a few minutes to concentrate on the customer?

And is it just a little thing to clear away red tape? Is it a little thing to encourage investment? To let you keep the money you have risked to build a business? To say: Congratulations on your success: You earned it. I don't think so -- and neither do the American people.

My plan has you in mind. Since you create about ~~80~~ ^{most} percent of the new jobs in this country, this plan helps your employees, too.

My plan will work. It won't transform the economy overnight, but if we work together, if we tackle on our problems inch-by-inch and day-by-day, we will build the future we all want.

I want Congress to pass this package by March 20. Circle the date. Put a big red line under it on your calendar. And then turn up the decibel level. Congress needs to hear from you, loud and clear.

You can raise the roof by raising a righteous ruckus. Decision day is six weeks from Friday. While you're here in

Lori Fritts,
SBA
205-6808
#Julie
Weeks

pastyr.
all new
jobs

town, visit each member of your Congressional delegation. Let them know that you want this package passed into law.

And since they'll be home on break next week, drop by their offices and let them know how you feel. Send this message: No more delays. No excuses.

Everything's ready. My Administration sent every piece of legislation for our growth package to the Hill ~~the day~~ ^{two days} after the State of the Union Address.

So now, I need your help. Let's make March 20, 1992 as important a deadline as January 15, 1991. Let's turn that day into an economic "High Noon" for our recovery. I don't want a showdown of conflicting interest. Let's make it a day of bipartisan triumph.

I've also proposed an ambitious long-term agenda, to ensure that our economy will lead the world in decades to come. Let me touch upon one critical issue in that plan, health care.

I know health care has become a problem for many of you: It just costs too much. Tomorrow, I will announce my comprehensive health-care package, and I know you will like it -- a lot.

When you get right down to it, we have two health care choices as a nation. We can adopt a system that has been a proven failure all over the world: nationalized health care. Or we can reform our present system, which has its faults, but which also provides the highest quality care on earth.

Nationalized health care is like nationalizing the weather: You can promise sunny skies -- you just can't deliver them. In

Jim Renne
OLA
x2230

Sent up on
the 30th

✓

reality, nationalized health care combines the compassion of the IRS, the efficiency of the Postal Service -- and all at Pentagon prices. If you want health care modeled after the local motor vehicles office -- you want nationalized health care.

If, on the other hand, you want the freedom to choose your own doctor; if you want to hold the line on costs by encouraging price competition; if you want everyone in America to have access to health insurance coverage -- push for my plan. My plan gives everyone access to the world's best health care system -- and it doesn't exclude anybody. Congress should have no trouble passing the plan. It gives the average American the same system that Congress has devised for itself. If it's good enough for Congress, it's good enough for you.

Finally, I'd like your help on one other item. I want to Congress to put an end to the spending binge. The federal government is too big and it spends too much. My budget holds the line on new spending, and it pulls the trap door on a host of federally-funded programs -- 246, to be exact -- that we just don't need.

But beyond that, encourage Congressional spendaholics to seek help. Tell them to give me a line-item veto, so I can say no to silly expenditures -- before Congress feels the urge to spend again.

And tell Congress to stop imposing mandates on others without paying for those mandates. For far too many state and

local governments, and far too many businesses, mandated benefits mean mandated deficits. That just isn't right.

Americans can't wait to get this economy moving. Sure, they see bad news; they know some who have lost their jobs; they worry that the bad times might claim their own jobs. But we've also seen the miracles of our age: the Berlin Wall becoming a museum attraction, Russia moving toward capitalism. Americans know that their work, their sacrifice, and their faith in freedom made these wonders possible.

Now, let's set our sights toward a new goal. We can help start a new industrial revolution in America -- one that builds on our natural optimism, ambition, determination and pride.

That revolution will start a lot sooner if we persuade 535 people in Washington to meet my March 20 deadline. Send out the word. Business as usual won't do. Election year politics as usual won't do. If Congress doesn't act on March 20, you will act on November 3.

Thanks for your help. May God bless you and the United States of America.

#

"This will not stand"
~~"Mark your calendar"~~

FACT-CHECK COPY
STAFFED FOR: 4pm

SNOW/AARHUS
SMALL
DRAFT TWO
JANUARY 30, 1992

PRESIDENTIAL REMARKS: THE SMALL BUSINESS LEGISLATIVE COUNCIL
J.W. MARRIOTT HOTEL
WASHINGTON, D.C.
WEDNESDAY, FEBRUARY 5, 1992
10:30 A.M.

[Introductory acknowledgments, jokes]

~~I guess you could say I've had a busy week. We released our budget last Wednesday. I went to the U.N. on Friday, to discuss the most dramatic disarmament proposals ever. I met with President Yeltsin this weekend. But in Washington, there are some people you just can't please.~~

*Bartlett's
p. 524, 10*

Abraham Lincoln ~~once said:~~ ^{believed} You can't please all the people all the time -- and boy, was he right. Since I became President, miracles have flashed past us more rapidly than shooting stars. The Cold War -- the focus of our attentions and fears for more than half a Century -- ended. ~~Just like that.~~ We won it. We took on Saddam Hussein in Kuwait. We beat him. We refused to negotiate with terrorists. Our Middle East hostages came home. We have initiated dramatic military ^{and arms} reductions, organized an historic Middle East Peace Conference, and emerged as the undisputed leader of the world. And still, some of my critics say: Is that all?

Well, no. Consider it a start.

Now ~~that we have cleared away the underbrush of the Cold War,~~ we can turn our attention to what we do best: Creating, innovating, building, producing -- leading. And that's what

Insert Andy's
Superbowl joke from
Phila. Speech.

we'll do. In last week's State of the Union Address, I laid out a comprehensive action plan for our economy.

It starts with me. I've asked Cabinet agencies to get money moving as quickly as possible into such job-generating initiatives as our Surface Transportation Act.

I've redoubled my efforts to ease the credit crunch, so banks can make good loans to people who need them.

~~I've vowed to stick to our present monetary path -- low inflation, and low long-term interest rates.~~

And perhaps most important, I have ordered major departments and agencies to put a 90-day hold on implementing new regulations. Regulations ^{should} ~~ought to~~ foster economic growth -- not crush it. So we will ^{take} ~~begin taking~~ a hard look at the rules and regulations that Washington hurls at you. We'll get rid of regulations that do nothing more than destroy jobs and weigh down businesses. And we'll ^{push} ~~speed into action~~ regulations that make it easier for you to serve your customers. [placeholder for small business examples]

I've done my part. Now, I need Congress to do its part -- pass ^{my} ~~a~~ straightforward economic growth package by March 20.

Here's what I want. ~~I want to stimulate investment,~~ since investment nourishes new jobs and strengthens companies already in the marketplace, ^{my} ~~My~~ economic plan encourages investment by reforming the alternative minimum tax and creating a new 15 percent investment tax allowance. This lets you depreciate your

↓
tax allowance

equipment more quickly, and get the full tax benefits of new capital purchases sooner rather than later. **Example.**

I want to fire up the engine that traditionally pulls us out of recession, the real estate industry. My plan will ~~make it easier for Americans to buy first homes, by~~ letting buyers use IRAs for home purchase, and ~~extending~~ a \$5,000 tax credit to first-time homebuyers. My plan makes it easier for real-estate construction companies to get the money they need to build new projects; and it modifies the passive loss rule for real-estate investors, giving them new incentive to back much-needed developments.

~~Finally,~~ I want to reward everyone who believes in the American dream. I want Congress to cut the long-term tax on capital gains to a maximum rate of 15.4 percent. The world's fastest-growing economies and our major competitors have one thing in common: They tax capital gains very lightly, or not at all. A capital gains tax cut will ~~Now, we should~~ help every one of you; families who own homes and farms; businesses owners; everyone who owns stock -- in short, the vast majority ~~of Americans~~ ^{✓stet}. Let's demand a real cut in capital gains tax rates. Now.

Tim Adams
x6410

That's my plan: simple, no gimmicks, no frills, ~~lots of~~ ^{all} common sense. It won't transform the economy overnight, but if we work together, if we take on our problems inch-by-inch and day-by-day, we will build a foundation for the future we all want.

Congress must
~~I want Congress to~~ pass this package by March 20. But you know Washington. A ~~mere~~ request from ~~a~~ *the* President won't get politicians in gear. They need to hear from you.

Calendar
 Decision day is six weeks from Friday. Between now and then, *call or write your Congressmen & Senators.* ~~get in touch with your Congressional delegation.~~ Tell *them:* ~~your Representatives and Senators:~~ No more delays. No more games. No excuses. We won the *ground* ~~land~~ war in the Gulf in four days. ~~The House took exactly one day to close down its bank after the rest of the nation learned about congressional check bouncing.~~ The day after my State of the Union address, the *Senate* ~~House~~ discussed the ~~Home Shopping Network for four hours.~~ So don't tell me Congress can't pass a simple, urgent growth package in ~~44~~ *45* days. *→ 53 is total # from SOTU*

Calendar
 Now, let me warn you: I suspect some in Congress care more about November 3 *-- election day --* than March 20. They will try to delay my programs, or they will send up an assortment of dusty old bills that I can't sign. They'll accuse me of holding *up the process* ~~back the march~~ ~~of time~~ if I don't raise taxes. ~~But~~ I won't budge. My plan will work. It won't raise taxes. It won't add to our deficit. And it will help every business in this room.

Let's make March 20, 1992 as important a deadline as January 15, 1991. It's time to liberate the people who give life to the American Dream.

I've also proposed an ambitious long-term *plan* ~~agenda~~, to ensure that our economy will lead the world in decades to come. Let me touch upon one critical issue in that plan, health care.

Short-term gives it strength. Long-term ensures it remains strong.
~~which will remain strong~~
~~which will gather strength w/ my short-term plan~~

11/29/92
p. 5572 CR

debated
~~discussed~~ the merits of Vanna
White's appearance on the
Home Shopping Network.

House bank

Foley decided Congress needed to vote
to close; they ~~to~~ voted in one day.
(made their decision w/in one day.)

I know health care has become a problem for many of you: It ~~just~~ costs too much. Tomorrow, I will announce my comprehensive health-care package, and I know you will like it -- a lot.

When you get right down to it, we have two choices as a nation. We can adopt a system that has been a proven failure; ~~all over the world:~~ nationalized health care. Or we can reform our present system, which has ^{its} ~~plenty of~~ faults, but which also provides the highest quality ^{medical} care on earth.

~~Nationalized health care is like nationalized weather care: You can promise sunny skies -- you just can't deliver them. Nationalized health care can promise anything, but it can guarantee only long lines, lackluster service and huge new tax bills. If you want health care modeled after the local motor vehicles office -- support nationalized health care.~~

~~If,~~ on the other hand, ^{if} you want the freedom to choose your own doctor; if you want to hold the line on prices by encouraging price competition; if you want everyone in America to have access to health insurance coverage -- push for my plan.

Finally, I'd like your help on one other item. I want Congress to stop spending ^{too} ~~so~~ much. My new budget holds the line on new spending, and it pulls the trap door on ²⁴⁶ ~~a host of~~ ^{unnecessary} federal programs -- ~~246, to be exact -- that belong on Saturday Night Live, not on your tax bill.~~

Encourage Congressional spendaholics to seek help. Tell them to give me a line-item veto, so I can say no to ^{needless} ~~silly~~ expenditures -- before Congress feels the urge to spend again.

And tell Congress to stop imposing mandates on others without paying for those mandates. For ~~far~~ too many state and local governments, and ~~far~~ too many businesses, mandated benefits mean mandated deficits. And that just isn't right.

No he hasn't, he's been to Asia. ~~I've been all over the country in recent months.~~ People can't wait to get this economy moving. Sure, they see bad news; they know some who have lost their jobs; they ~~may~~ worry that the bad times might claim their own jobs. But Americans ~~also~~ have seen the miracles of our age: the Berlin Wall becoming a museum attraction, and the Russian hammer and sickle becoming a relic. They've seen a ~~Cold War end, and a new era begin.~~ ~~They know the world would enjoy none of these things if Americans hadn't decided long ago that we wouldn't accept anything less.~~

Together, we can help start a new industrial revolution in America -- one that builds on our natural optimism, ambition, determination and pride.

That revolution will start a lot sooner if we persuade 535 people in Washington to meet my March 20 deadline. Circle that date on your calendars. I see it as a day of bipartisan triumph -- people doing the right thing at the right time. But ~~I ask you~~ *you must* ~~to~~ make it clear that if Congress doesn't act on March 20, you will act on November 3.

Thanks for your help. Thanks for your support. And thanks for keeping America on the move.

May God bless you and the United States of America.

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SNOW/AARHUS
SMALL
DRAFT FOUR
JANUARY 31, 1992

PRESIDENTIAL REMARKS: THE SMALL BUSINESS LEGISLATIVE COUNCIL
J.W. MARRIOTT HOTEL
WASHINGTON, D.C.
WEDNESDAY, FEBRUARY 5, 1992
10:30 A.M.

[Introductory acknowledgments, jokes]

I guess you could say I've had a busy week. We released our budget last Wednesday. I traveled to Philadelphia on Thursday. Friday, I discussed the most dramatic disarmament proposals in history at the U.N. I met with President Yeltsin this weekend. I spoke in Florida yesterday. And here I am today.

not accurate Abraham Lincoln once said: You can't please all the people all the time -- and that says it all about life in Washington today. Since I became President, miracles have flashed past us more rapidly than shooting stars. [The Cold War -- the focus of our attention and fears for more than half a Century -- is over. We won it.] We took on Saddam Hussein in Kuwait. We beat him. We refused to negotiate with terrorists. Our Middle East hostages came home. We initiated dramatic military reductions, organized an historic Middle East Peace Conference, emerged as the undisputed leader of the world. And still, some of my critics say: Is that all?

Well, no. Consider it a start.

Now that we have triumphed in the Cold War, we use our skills and our understanding of the international scene to what we do best: Create, innovate, build, produce -- lead. In last

GOOD
 week's State of the Union Address, I laid out a comprehensive action plan for our economy. Today, I want to explain what my plan means for you. Think of this as my Small Business State of the Union.

~~My plan starts with me. I've taken a whole series of actions to stimulate investment and get the economy moving. These actions don't need Congressional approval.~~ *Stop*

I know one initiative in particular has earned kudos from this crowd. I have ordered major departments and agencies to put a 90-day hold on implementing new regulations. You see, regulations ought to foster economic growth -- not crush it. So we take a hard look at the rules and regulations Washington hurls at you. We'll get rid of regulations that do nothing more than destroy jobs and weigh down businesses. And we'll speed into action regulations that make it easier for you to serve your customers. [placeholder for small business examples]

I don't have a magic wand. I'll need Congress's help, too - - and I've asked it to pass a straightforward economic growth package by March 20.

Here's what I want. I want to stimulate investment by reforming the alternative minimum tax and creating a new 15 percent investment tax allowance. This lets you depreciate your equipment more quickly, and get the full tax benefits of new capital purchases. *[example] LW Locke*

I want to fire up the engine that traditionally pulls us out of recession, the real estate industry. My plan helps builders, investors, developers and homebuyers.

Finally, I want to reward everyone who believes in the American dream. I want Congress to cut the long-term tax on capital gains. I want it cut to a maximum rate of 15.4 percent. The world's fastest-growing economies and our major competitors have one thing in common: They tax capital gains very lightly, or not at all. Isn't it time we did the same?

A capital gains rate cut will help every one of you. It will help families who own homes and farms. It will help business owners. It will help everyone who invests in our future by purchasing stock. In short, it will help the vast majority of Americans. Demand a real cut in capital gains tax rates. Now.

My short-term package means one thing to you: A better future. I know a group of venture capitalists has joined us today, but for everyone here, a capital gains cut is like oxygen: It will give investors a reason to take a chance on promising new businesses. It will give the little guy a chance to test his or her mettle in the marketplace with the big guys. It will stimulate competition. It will revive the American Dream.

You know, when I hear someone complain that my proposal doesn't do enough, or that it helps the rich, I wonder to myself: Have any of these critics ever run a business? Do they appreciate the difficulties of getting a loan, finding an investor, purchasing what you need, making your way through a

Good!

gamut of regulators -- and finally getting a few minutes to concentrate on the customer?

Is it just a little thing to clear away red tape? ~~To shoo away G-men who look over your shoulders constantly?~~ Is it a little thing to encourage investment? To let you keep the money you have risked to build a business? To say: Congratulations on your success: You earned it. I don't think so -- and neither do the American people.

My plan has you in mind. And since you create about 80 percent of the new jobs in this country, this plan helps ~~workers~~ *your employees, too*.

~~Note this.~~ My plan is simple: no gimmicks, no frills, lots of common sense. My plan will work. It won't transform the economy overnight, but if we work together, if we tackle on our problems inch-by-inch and day-by-day, we will build the future we all want.

I want Congress to pass this package by March 20. But you know Washington. A mere request from a President won't get politicians in gear. They need to hear from you.

Decision day is six weeks from Friday. While you're here in town, visit each member of your Congressional delegation. Let them know that you want this package passed into law.

And since they'll be home on break next week, drop by their offices and let them know how you feel. Send this message: No more delays. No excuses. We won the land war in the Gulf in four days. Congress managed to avert a national railroad strike

in 18 hours. In that time, it drafted complex legislation, both houses passed it, and a reconciled version got to my desk.

I'm confident that members of Congress, Republican and Democrat, will lay partisanship aside for a few weeks. My Administration sent every piece of legislation for our growth package to the Hill the day after the state of the Union address. And I know that if Congress sets its mind to it, it can pass the whole package by March 20. Let's make March 20, 1992 as important a deadline as January 15, 1991. But let's make it a day of bipartisan triumph. I can't do that without your help.

I've also proposed an ambitious long-term agenda, to ensure that our economy will (lead the world) in decades to come. Let me touch upon one critical issue in that plan, health care.

I know health care has become a problem for many of you: It just costs too much. Tomorrow, I will announce my comprehensive health-care package, and I know you will like it -- a lot.

When you get right down to it, we have two health care choices as a nation. We can adopt a system that has been a proven failure all over the world: nationalized health care. Or we can reform our present system, which has its faults, but which also provides the highest quality care on earth.

Nationalized health care is like nationalized weather: You can promise sunny skies -- you just can't deliver them. In reality, nationalized health care combines the compassion of the IRS, the efficiency of the Postal Service -- and all at Pentagon

prices. If you want health care modeled after the local motor vehicles office -- you want nationalized health care.

If, on the other hand, you want the freedom to choose your own doctor; if you want to hold the line on costs by encouraging price competition; if you want everyone in America to have access to health insurance coverage -- push for my plan. My plan gives everyone access to the world's best health care system -- and it doesn't exclude anybody. Congress should have no trouble passing my plan. After all, it gives the average American the very same system that Congress has devised for itself. If it's good enough for Congress, it's good enough for you.

Finally, I'd like your help on one other item. I want to get Congressional spending under control. We all know that Congress spends too much. My new budget holds the line on new spending, and it pulls the trap door on a host of federally-funded programs -- 246, to be exact -- that belong on Saturday Night Live, not on your tax bill.

Encourage Congressional spendaholics to seek help. Tell them to give me a line-item veto, so I can say no to silly expenditures -- before Congress feels the urge to spend again.

And tell Congress to stop imposing mandates on others without paying for those mandates. For far too many state and local governments, and far too many businesses, mandated benefits mean mandated deficits. That just isn't right.

Americans can't wait to get this economy moving. Sure, they see bad news; they know some who have lost their jobs; they may

worry that the bad times might claim their own jobs. But we've also seen the miracles of our age: the Berlin Wall becoming a museum attraction, Russia moving toward capitalism. Americans know that their work, their sacrifice, and their faith in freedom made these wonders possible.

Now, let's set out sights toward the future we want. Together, we can help start a new industrial revolution in America -- one that builds on our natural optimism, ambition, determination and pride.

That revolution will start a lot sooner if we persuade 535 people in Washington to meet my March 20 deadline. Circle that date on your calendars. Encourage cooperation and unity. But ^aaccept no excuses. Accept no delays. Accept no substitutes. We've got a plan that works -- and we've got a duty to get it into action as soon as possible.

Thanks for your help. May God bless you and the United States of America.

#

Dec. 31, 1991 - closed

Dispersing office

Tom Keating

Executive Assistant

to Sgt. at Arms

225-2456

Vote to close: 10/3

Controversy began: 9/18

COVER STORY

Uproar Over Bank Scandal Goads House To Cut Perks

Check-kiting furor deals Congress' image new blow; ethics panel to peer into member bank accounts

As anti-incumbency weapons go, a Congress-basher could not have invented a better scandal: Entrenched House members look like a gang of no-accounts — regularly kiting checks at their exclusive bank and playing dine-and-dash at their government-subsidized restaurants.

"It's one more nail in the coffin of term limitations," said Rep. Jimmy Hayes, D-La.

The week began, in the words of conservative columnist William Safire, with a bunch of freshman Republicans "banging their spoons against their highchairs" in seemingly futile calls for more forceful moves against members who wrote checks on their in-house bank accounts without having sufficient funds. Then came revelations that members had not paid a quarter of a million dollars in overdue restaurant bills. At midweek, Republican Jim Nussle of Iowa addressed the House wearing a paper bag over his head in mock embarrassment over his colleagues' transgressions.

By week's end, a powerful institution had been moved to admit that its members had, in effect, been caught abusing the privileges that come with power. It had closed the bank and stopped accounts at the House restaurant — stripping members of a couple of their cherished perks. It ordered up a potentially far-reaching inquiry that will send the ethics committee peering into hundreds of members' checkbooks.

In doing so, the House in effect acknowledged its members' worst fear: that the electorate's simmering resentment against incumbents may boil



Rep. Jim Nussle, R-Iowa, spoke incognito on Oct. 1.

over, burn them individually and damage Congress' already battered image.

"It was one of those things that wasn't going to go away," House Minority Leader Robert H. Michel, R-Ill., said.

Designed to quell the controversy in a bold and dramatic way, the House's response, however, may prolong it. Congress' critics and the news media are hungry for names and want to expose additional abuses and perks. A secretive and slow-moving investigation by the Committee on Standards of Official Conduct will only intensify the pangs.

"I don't know exactly how it will unfold, but I didn't know how else to deal with it," said Michel, who helped craft the House's decision to close its members-only bank and order the ethics inquiry.

For incumbents, the flap can only add to the political uncertainty of a presidential election year already confused by redistricting and a lingering recession. But campaign experts do not foresee widespread revenge by the

voters. At most, there will be isolated casualties if details of repeated abuse by individual members emerge.

"If the election were this November, you could guarantee that a lot of people would go down," said Doc Sweitzer, a Democratic campaign consultant in Philadelphia. "But it's too far to the election."

Unfolding Nightmare

The check-floating brouhaha began Sept. 18 when the General Accounting Office (GAO) reported that during the 12-month period ended June 30, 1990, 8,331 bad checks had been written against members'

House bank accounts. (*Weekly Report*, p. 2769)

The bank, run by House Sergeant-At-Arms Jack Russ, made the checks good without penalty or interest by using other members' funds on deposit, the GAO said. During the second six-month period covered by the report, 581 of the bad checks from 134 members' accounts were for \$1,000 or more.

First reported in the Capitol Hill newspaper Roll Call, the story was quickly picked up by other media. Columnists and talk-show hosts weighed in, and the affair took on the dimensions of a scandal.

Speaker of the House Thomas S. Foley, D-Wash., and Michel tried to defuse the matter on Sept. 25 by scolding the members and declaring that no more bad checks would be honored unless members had an interest-bearing line of credit attached to their accounts.

"This is now a matter that is over and done with," Foley said in a dramatic speech on the House floor, telling members that they were starting

By Phil Kuntz and CQ Staff

Leaders Get Special Expense Money ...

House and Senate leaders get tens of thousands of dollars a year in taxpayer funds for unspecified expenses without publicly accounting for how they spend it.

Laws covering these allowances — between \$3,000 and \$28,000 for each of a dozen top members — put virtually no limit on what constitutes an allowable expenditure.

The money is in addition to the leaders' salaries, which for the top seven officials significantly exceed the \$125,100 paid to other members. It is also separate from leadership and office accounts that they tap for the bulk of their official expenses. (*Box*, p. 2843)

Aides and members say the money is used only for official purposes — office expenses, food and refreshments at meetings and entertaining dignitaries. "It's for things like breakfast meetings with Cabinet officials, working meetings, things of that nature," said a spokesman for Senate Republican leader Bob Dole of Kansas, who has access to \$25,000.

But, unlike virtually all other congressional expenditures, no documentation is made public.

House leaders are paid the money in equal monthly installments regardless of how official expenses vary. Aides said the members are required to track how they spend it only for their personal tax records (because they must pay taxes on any amount not used for official purposes). Officials said the leaders usually spend far more than their allowances.

Though Senate leaders are permitted to receive their allowance in monthly payments, they all choose to submit vouchers to the Senate disbursing office for reimbursement — records that Senate Secretary Walter J. Stewart maintains in secret.

In response to inquiries from Congressional Quarterly, however, Stewart said on Oct. 3 that he would begin releasing detailed breakdowns of future expenditures. Asked whether he would release an accounting of past spending, he said, "I'm looking into that."

More Flexible Than President's Account

The practice of giving expense allowances to top members goes back to at least 1930, when the House agreed to convert the money for a janitor's position into an annual \$2,000 expense account for the majority leader. In recent times, Congress has quietly increased the size of the allowances and granted new allowances to lower-level leaders.

Twenty years ago, six congressional leaders had access to a total of \$32,000. Today, 12 members holding 13 leadership positions have access to \$141,000, with several leaders getting \$20,000 or more a year. The allowances are for the House Speaker, the Senate president pro



Walter J. Stewart

tempore, the chairmen of the Senate party conferences, the vice president (who serves as president of the Senate) and the whips and majority leaders of both chambers.

President Bush gets a \$50,000 annual expense allowance, but in 1990 he spent only \$17,000. For the president, Congress explicitly mandates that any amount not spent for official purposes be sent back to the Treasury. There is no such language in the laws covering Congress' leaders.

Neither chamber discloses how the money is spent, though both declare virtually every other expenditure down to the penny, in regular reports that are required by a 1964 law (PL 88-454). It requires the clerk of the House and the secretary of the Senate to compile regular "detailed" reports showing "the manner in which appropriations and other funds ... have been expended," including who got the money and "if for anything furnished, the quantity and price thereof."

Despite this, for the expense accounts, the reports only list how much each leader received.

Laws governing the expense accounts provide explicit exemptions from reporting requirements for the Speaker and the vice president. The four-decades-old law that originally authorized \$10,000-a-year expense allowance payments to both officials provides that "no accounting, other than for income tax purposes, shall be made by him." (Similar language applies to the president.) There is no stated reporting exemptions for the other leaders.

When first asked about the lack of details in his twice-yearly reports, Stewart considered the matter for several days and then said, "We think the details have been sufficient." After calls were placed to the leaders' offices about the matter, however, Stewart said he had decided to ask Senate lawyers whether his office was required to provide more detail.

He responded Oct. 3: "Although the current method of reporting appears to comply with the law, to resolve any possible doubt concerning the use of these funds, I recommended to the majority leader [George J. Mitchell, D-Maine] that henceforth these expenditures be reported as are all other expenditures in the secretary's report. The majority leader concurs in my recommendation and has directed me to implement it." Stewart said he was still considering whether to provide a past accounting but added, "From a PR standpoint, it makes sense."

House Clerk Donald K. Anderson referred questions to Chief Finance Officer Robert S. McGuire. McGuire said the exemption from disclosure that applies to the Speaker's original \$10,000 allowance also applies to the \$15,000-a-year in increases he has received over the years and to the other House leaders. No law explicitly covers those allowances except the annual appropriations bills.

"It doesn't have to be an official declaration," McGuire said. "Basically, you are appropriating funds for the same purpose, so it goes by the same rules."

Michel: No Bonanza for the Media

House and Senate officials and aides to several lead-

... Without Detailing How They Spend It

ers said the money is necessary and is used only for legitimate official purposes.

Typical was the explanation given by Jeffrey R. Biggs, Foley's spokesman, who said his boss' money is used for receptions for visiting foreign dignitaries, food and refreshments for meetings, and official gifts. "My guess is that's got to exceed \$25,000 a year," he said.

Added McGuire: "It is entirely possible, if one of the leaders was a hermit and didn't do those things, then, yes, the money would wind up in his pocket. But I'm sure that given the demands on their time that there's absolutely no way that these funds cover their expenses."

House Republican Leader Robert H. Michel of Illinois said that for a few years early in the 1980s, he paid taxes on some money because his official expenses fell short. Now, he said, \$10,000 is no longer enough.

Michel gave examples of how he spends the money — food and refreshment at meetings, gifts and flowers — but he said he would never make a full disclosure. "I'm not going to make mine public because you'd make a gosh-darn bonanza out of it," he said, referring to the news media.

The spending bill covering the House accounts says the money is for "official expenses," but the Senate law refers only to "expenses."

"The way we see it," said Stewart, "that's for official purposes here on the Hill." His interpretation was so strict that he said he would disapprove a request to be reimbursed for an event that took place a few miles away from the Capitol in downtown Washington.

Executive branch officials also get expense allowances, but they usually are governed by detailed rules. State Department diplomats, for example, get more than \$4 million a year for "representation allowances" to spend in foreign countries. Under questioning from a House Appropriations subcommittee this year, a State Department official said use of the money is "covered by precisely defined, standardized regulations." The subcommittee asked for a copy to make sure.

In the mid-1980s, the Senate's two party leaders (Dole and Robert C. Byrd, D-W.Va.) moved to double the amount of expense money available to themselves by creating their own "representation allowance."

At their request, the Senate in 1985 without debate approved the creation of a \$10,000 representation allowance for each (later raised to \$15,000). It was to be used "to assist them properly to discharge their appropriate responsibilities" to officials of foreign governments and "intergovernmental organizations."

The Senate already had two accounts, which now

Extra Money for Expenses

Allowances for expenses of congressional leaders in 1990:

Senate Leaders	Salary	Expense Allowance	Claimed FY 1990
Majority leader, conference chairman (George J. Mitchell, D-Maine)	\$138,900	\$28,000 ¹	\$9,668
Minority leader (Bob Dole, R-Kan.)	138,900	25,000 ¹	19,334
President of the Senate (Vice President Dan Quayle)	160,600	10,000	8,785
President pro tempore (Robert C. Byrd, D-W.Va.)	138,900	10,000	3,874
Majority whip (Alan Cranston, D-Calif.)	125,100	5,000	1,927
Minority whip (Alan K. Simpson, R-Wyo.)	125,100	5,000	4,813
Minority conference chairman (John H. Chafee, R-R.I.)	125,100	3,000	2,991
House Leaders	Salary	Automatic Allowance	
Speaker (Thomas S. Foley, D-Wash.)	\$160,600	\$25,000	
Majority, minority leaders (Richard A. Gephardt, Robert H. Michel)	138,900	10,000	
Majority whips (William H. Gray III, Newt Gingrich)	125,100	5,000	

¹ Includes \$15,000 "representation allowance" and, for Mitchell, \$3,000 for conference office

total \$75,000 a year, for expenses related to visiting dignitaries, but no one questioned the floor amendment, and it was approved by voice vote.

Two years later, the Senate approved a provision allowing them to shift money from the representation allowance account into their much more vaguely defined \$10,000-a-year "expense allowance" account.

The leaders have seldom used the representation allowance for its defined purpose. In fiscal years 1985-90, \$129,000 was appropriated for the representation allowances, but only \$4,000 was spent, records show. About \$56,000 was transferred to leaders' expense accounts.

The transfers allowed Byrd and Dole to spend more than \$10,000 from their expense accounts in several years. Dole topped \$14,000 once and \$19,000 once. Byrd has topped \$15,000 in three years, hitting about \$20,000 twice — not counting up to \$3,000 from his conference committee chairmanship expense account.

Through an aide, Byrd issued a one-line statement saying that he "supports the review that the secretary of the Senate has asked his counsel to conduct." Dole, though an aide, said he agreed with Byrd's position.

—Phil Kuntz

	HON. JOHN J. DOE, M. C. CANNON HOUSE OFFICE BUILDING WASHINGTON, D.C. 20515	No 275
	<i>Washington, D.C.</i>	<i>19</i>
	<i>Pay to the order of</i>	<i>\$</i>
	<i>The Sergeant at Arms</i> House of Representatives, U.S. 54001210: 335 1"	<i>Dollars</i>

House security officers closed off media access to the House bank shortly before the chamber closed down the check-cashing facility entirely.



"with a clean slate."

But it was not over. Several freshman Republicans, including John A. Boehner, Ohio, Rick Santorum, Pa., and Scott L. Klug, Wis., made daily speeches and statements to the media calling for a public airing of the names of those who abused check-writing privileges.

It appeared over the weekend that the issue might blow over, but Safire wrote a scathing column in *The New York Times* on Monday, Sept. 30, that, one member said, gave resolve to the freshman Republicans.

Safire suggested fraud, tax evasion and other crimes were involved in the scandal: "At large are officials who willfully and frequently abused their privilege. All should be exposed; some should be made to pay substantial taxes with penalties; a few deserve censure."

By Tuesday, Oct. 1, members were flooding the sergeant-at-arms office with requests for letters declaring them clean, and more than 100 were issued, Foley said.

Several news organizations began polling members to determine who floated checks. Few admitted doing so. While the GAO had said at least 134 members had floated the biggest checks and it seemed likely that many more must have contributed to the 8,331-check total, fewer than 45 had admitted doing so by the end of the week.

Among those admitting to what came to be called "problem checks" were Foley, who had initially denied having any; Majority Leader Richard A. Gephardt, D-Mo.; Minority Whip

Newt Gingrich, R-Ga.; and Klug, the freshman Republican who led the charge for a full accounting.

"Sure it's embarrassing," Klug said, adding that he only wanted to target the worst abusers.

Interest early in the week focused on Rep. Peter H. Kostmayer, D-Pa., because a conservative publication, *Human Events*, printed a story saying his bank records showed a \$23,000 check written to his father in 1984 that appeared to leave his account \$32,000 overdrawn.

Kostmayer said no float was involved because a \$29,000 deposit was made two days after the check was written, and the check to his father was not processed until five days later. But he admitted to writing 19 bad checks over a one-year period. "It's totally unjustifiable; there is no excuse," he told *The Wall Street Journal*.

Only one member admitted knowingly taking advantage of the float: Charles Hatcher, D-Ga. "It was not infrequent, but it wasn't everyday," Hatcher told *The Associated Press*. "You could write the check, and they paid it."

The bad press mounted, and headline writers had a field day. "Congress' Name Is Mud in the Midwest," declared the *Chicago Tribune*. "Too many perks," said the *St. Paul Pioneer Press*. "A Washington Solution — If Your Checks Keep Bouncing, Just Vote Yourself a Raise," said *The Houston Post*. "At This Bank, Bad Checks Are on the House," said the *Greensboro News & Record*. "The House That Bounces," said *The Sacramento Bee*.

Foley suggested politics was behind the uproar and said that "some of the press reports ... do not represent the finest hour of journalistic coverage."

Restaurant Debts

Reporters by midweek were running down details about unpaid bills at House restaurants, where members get relatively inexpensive food and can sign a chit to be billed later.

The problem was longstanding, but it took on a new life once members received word of a new policy instituted by Chairman Charlie Rose, D-N.C., and the House Administration Committee: as of Oct. 1, no free credit — only cash or credit cards.

The leaders of the subcommittee that oversees the restaurants — Mary Rose Oakar, D-Ohio, and Pat Roberts, R-Kan. — pushed the story onto the front pages on Oct. 2 by announcing that hundreds of thousands of dollars in overdue bills were outstanding.

"There's no free lunch," said a news release by Roberts, who freely admitted that he was capitalizing on the House bank scandal to embarrass members into paying up. "Members of Congress should pay their bills or face the consequences."

Consequences? Oakar and Roberts proposed sicking collection agencies on the recalcitrant debtors, charging them interest and late fees and posting their names in the House restaurant. The idea did not go far — Foley rejected it — but it caused quite a stir.

According to figures released by Roberts, about 250 members owed a total of \$255,000 to Service America Corp., the company that had run the restaurants from 1987 until August. Fifty members and several committees owed \$47,000 to the House for bills from before Service America took over. Some of the money was owed by former and deceased members.

The numbers had been much higher, approaching \$1 million at one point in 1989, with most of the debt more than 30 days old, according to a GAO audit.

Officials familiar with the problem said much of the debt involved events sponsored by members for outside groups. Under the rules, the member who sponsored the event was liable for the bill.

A similar problem exists in the Senate, where the architect of the Capitol oversees the dining spots, officials said. GAO audits for Senate restaurants regularly show tens of thousands of dollars in debts more than 30 days

old. In each of the fiscal years 1988-90, more than \$50,000 in debt was more than 90 days old.

"I believe most of the problems stem from third parties," said William F. Raines Jr., an aide to the architect of the Capitol. "I'm not aware of any senators who are deadbeats."

The story about the House restaurant bills hit front pages the morning of Thursday, Oct. 3. Foley repeatedly delayed his usual morning news conference as he conferred with House leaders from both parties.

At 3:45 p.m., Foley told reporters that the House bank, more than a century old, would be closed and that the ethics panel would be asked to investigate.

"I want to emphasize again that it is not, in my judgment, a violation of ethical standards for members to have had an overdraft or delayed check," Foley told reporters. "The question here is whether significant, substantial repeated abuses of the privileges of the bank are disclosed."

As for the restaurant, he said outside groups no longer would be allowed to hold functions on the Hill without paying in advance.

A resolution closing the bank and ordering the ethics inquiry (H Res 236) was offered by Gephardt and Michel with Foley presiding.

"It is an issue that has humbled us, and I hope made us wiser," Gephardt said. "By closing the bank and referring these matters to the Standards Committee, I believe members are responding appropriately to the damage this incident has caused this institution."

Said Michel: "It is unmistakably clear that the American people look at this as an intolerable exercise in arrogance or worse."

The resolution passed 390-8, with a few of the dissenters saying it did not go far enough, and others saying it went too far. It called for the bank to close by Dec. 31. It ordered the GAO to turn over its working papers for the past two House bank audits (going back to mid-1988) to the ethics committee.

The panel was instructed to review the audits and the operation of the bank to determine whether there was any "potential violation of the rules of the House or any other applicable standards of conduct." It told the committee to consider whether members or employees "abused the banking privileges by routinely and repeatedly writing checks for which their

accounts did not have, by a substantial amount, sufficient funds on deposit to cover."

As for the freshman Republicans, they grumbled that the moves did not go far enough, but they declared partial victory. "Maybe sometimes banging spoons on a highchair works," said Santorum.

It is clear that the uproar is not yet over. In an interview Oct. 4, Michel said, "There's still going to be people out there who are going to want to know who the names are."

Some news stories were raising questions about whether some members of the ethics committee would have to recuse themselves for being check-floaters. Chairman Louis Stokes, D-

Ohio, refused to say whether he had floated any checks. "It's a matter that I'm not going to discuss because it's a matter that may come before my committee," he said.

Moreover, interest in congressional perks rose. At Foley's news conference, he was peppered with questions about fixed parking tickets, preferential airport parking, free rides from Capitol Police and free prescription drugs from the House physician.

Remember the Pay Raise

A year is a lifetime in politics, and with the election 13 months away, time may prove the best ally of tarred incumbents. To be sure, the check scam caught on quickly with radio talk show hosts and late-night comedians. But so did the 1989 pay raise, and a year later 96 percent of House incumbents who sought re-election won.

"It takes more than media hype and Jay Leno jokes to defeat an incumbent," says Ed Mitchell, a Democratic political consultant in Pennsylvania. "People like their congressman, and they are willing to overlook a lot."

Except in the most egregious cases, the issue is likely to be useful only as part of a broader Congress-bashing strategy. "It's an ugly climate out there, and it's going to get uglier," predicts Democratic poll-taker Alan Secrest.

Says GOP strategist Eddie Mahe Jr.: "Those who end up being identi-

fied as having actually bounced the checks will take it right in the jaw. Those who were not involved at all will take it in the gut as a consequence of attacks on the institution."

Those who, like Mahe, believe the issue will prove damaging cite the declining re-election margins of incumbents in 1990. Thirty-five members were returned to office with less than 55 percent of the vote, and 53 members were re-elected with their lowest percentage ever. It is fertile soil in which the check scandal could take root.

"It's not going to be the single issue that gets rid of these guys," says wealthy Republican businessman Jim Dingemann, who failed in his challenge to House Democratic Whip David E. Bonior of Michigan in 1990. "But sooner or later it will all add up."

Ethics Rules Unclear

At this point, the institution's reputation rests with the ethics committee. It can expect to hear words such as "whitewash" and "scapegoat" no matter what it does.

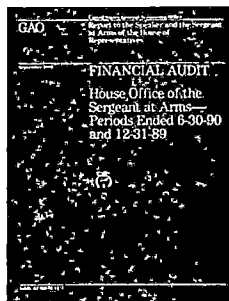
Bruce Jennings, an ethics expert with the Hastings Center think tank in New York, said: "It's just one more difficult situation that the existing structure of ethics regulation in the Congress may not be able to deal with." He suggested that perhaps full public disclosure would have been a more appropriate route.

The rules of the House are murky. A member must "conduct himself at all times in a manner which shall reflect creditably on the House," according to the Code of Conduct. But no one inside the House is willing to say if floating checks violates that rule.

In fact, the only member during the episode who was universally considered to have broken the rules is Nussle, who put the bag on his head Oct. 1.

He was gently rebuked by the speaker pro tempore, G. V. "Sonny" Montgomery, D-Miss., who told Nussle that it was against the rules to subject the House to ridicule. Asked whether bouncing checks subjects the House to ridicule, Montgomery said, "The chair will refer the gentleman to the Speaker's very strong statement on last Wednesday." ■

Chuck Alston, George Hager, Beth Donovan, Dave Kaplan, Rhodes Cook, Bob Benenson, Ronald D. Elving and Philip D. Duncan also contributed to this report.



HOUSE VOTES 289, 290, 291, 292, 293, 294

289. Procedural Motion. Dixon, D-Calif., motion to approve the House Journal of Wednesday, Oct. 2. Motion agreed to 282-115: R 47-110; D 235-5 (ND 156-5, SD 79-0); I 0-0, Oct. 3, 1991.

290. HR 2608. Fiscal 1992 Commerce, Justice, State Appropriations/FBI Complex. Smith, D-Iowa, motion to recede and concur to a Senate amendment with an amendment to provide \$48 million to initiate development and acquisition of a new FBI automated fingerprinting identification complex in West Virginia. Motion agreed to 252-162: R 49-111; D 203-51 (ND 131-40, SD 72-11); I 0-0, Oct. 3, 1991. (Story, p. 2873)

291. HR 2608. Fiscal 1992 Commerce, Justice, State Appropriations/Office of Textiles and Apparel. Smith, D-Iowa, motion to recede and concur to a Senate amendment with an amendment to provide \$15.2 million for the Office of Textiles and Apparel, including \$3.3 million for a grant to the Tailored Clothing Technology Corporation, \$8 million for a grant to the National Textile Center University Research Consortium, and \$3 million for a new material center in Ames, Iowa. Motion agreed to 300-111: R 66-96; D 234-15 (ND 155-13, SD 79-2); I 0-0, Oct. 3, 1991. (Story, p. 2873)

292. HR 2608. Fiscal 1992 Commerce, Justice, State Appropriations/Small Business Administration. Smith, D-Iowa, motion to recede and concur to a Senate amendment with an amendment to provide \$236 million for the Small Business Administration, including \$60.5 million for grants to small business development centers throughout the country. Motion agreed to 310-106: R 80-82; D 230-24 (ND 151-22, SD 79-2); I 0-0, Oct. 3, 1991. (Story, p. 2873)

293. HR 2608. Fiscal 1992 Commerce, Justice, State Appropriations/Moscow Embassy. Smith, D-Iowa, motion to recede and concur to a Senate amendment with an amendment to provide \$100 million for construction of an entirely new and secure chancery for the U.S. Embassy in Moscow, leaving undecided what to do with the unfinished bug-riddled building. The House has provided \$130 million for the administration to choose a plan for the embassy and report back. The Senate provided for \$130 million for a teardown-reconstruction option. Motion rejected 175-231: R 13-148; D 162-83 (ND 110-56, SD 52-27); I 0-0, Oct. 3, 1991. (The House subsequently adopted by voice vote an amendment to provide \$100 million for the administration to choose a plan and report back.) (Story, p. 2873)

294. H Res 236. House Members Bank Closure/Adoption. Adoption of the resolution to instruct the sergeant-at-arms to close the House Bank as soon as possible but no later than Dec. 31, 1991. The resolution would also instruct the House ethics committee to examine a General Accounting Office audit to determine if there were significant, substantial and repeated abuses by individual members. Adopted 390-8: R 155-2; D 235-6 (ND 160-3, SD 75-3); I 0-0, Oct. 3, 1991. (Story, p. 2841)

* Ed Pastor, D-Ariz., was sworn in Oct. 3, 1991. The first vote for which he was eligible was vote 290. Pastor replaces Morris K. Udall, D-Ariz., who resigned May 4, 1991, for health reasons. The last vote for which Udall was eligible was vote 76.

KEY

- Y Voted for (yea).
- # Paired for.
- + Announced for.
- N Voted against (nay).
- X Paired against.
- Announced against.
- P Voted "present."
- C Voted "present" to avoid possible conflict of interest.
- ? Did not vote or otherwise make a position known.

Democrats Republicans
Independent

	289	290	291	292	293	294
ALABAMA						
1 Callahan	Y	Y	Y	Y	Y	Y
2 Dickinson	N	N	Y	Y	Y	Y
3 Browder	Y	Y	Y	Y	Y	Y
4 Beville	Y	Y	Y	Y	Y	Y
5 Cramer	Y	Y	Y	Y	Y	Y
6 Erdreich	Y	Y	Y	Y	Y	Y
7 Harris	Y	Y	Y	Y	Y	Y
ALASKA						
AL Young	N	N	Y	Y	N	Y
ARIZONA						
1 Rhodes	N	N	N	N	N	Y
2 Pastor *	Y	Y	Y	Y	Y	Y
3 Stump	N	N	N	N	N	Y
4 Kyl	N	N	N	N	N	Y
5 Kolbe	N	Y	Y	Y	N	Y
ARKANSAS						
1 Alexander	Y	Y	Y	Y	Y	Y
2 Thornton	Y	Y	Y	Y	Y	Y
3 Hammerschmidt	Y	Y	N	Y	Y	Y
4 Anthony	Y	Y	Y	Y	Y	Y
CALIFORNIA						
1 Riggs	N	N	Y	Y	N	Y
2 Heger	N	N	N	N	N	Y
3 Matsui	Y	Y	Y	Y	Y	Y
4 Fazio	Y	Y	Y	Y	Y	Y
5 Pelosi	?	Y	Y	Y	Y	Y
6 Boxer	Y	Y	?	Y	Y	Y
7 Miller	Y	Y	Y	Y	N	Y
8 Dellums	Y	N	Y	Y	?	Y
9 Stark	?	Y	Y	Y	N	Y
10 Edwards	Y	Y	Y	Y	Y	Y
11 Lantos	Y	Y	Y	Y	N	Y
12 Campbell	N	N	N	N	N	Y
13 Mineta	Y	Y	Y	Y	Y	Y
14 Doolittle	N	N	N	N	N	Y
15 Condit	Y	N	N	N	N	Y
16 Panetta	Y	Y	Y	Y	N	Y
17 Dooley	Y	N	Y	Y	N	Y
18 Lehman	Y	Y	Y	Y	N	Y
19 Lagomarsino	N	Y	N	Y	N	Y
20 Thomas	N	Y	Y	?	N	Y
21 Gallegly	N	Y	N	N	N	Y
22 Moorhead	N	N	N	N	N	?
23 Beilenson	?	N	Y	N	Y	Y
24 Waxman	Y	Y	Y	Y	Y	Y
25 Roybal	Y	Y	Y	Y	N	Y
26 Berman	?	?	?	?	?	?
27 Levine	Y	Y	?	?	?	?
28 Dixon	Y	Y	Y	Y	?	?
29 Waters	?	N	Y	Y	N	Y
30 Martinez	?	Y	Y	Y	?	?
31 Dymally	?	?	?	?	?	?
32 Anderson	Y	Y	Y	Y	Y	Y
33 Dreier	Y	N	N	N	N	Y
34 Torres	Y	Y	Y	Y	Y	Y
35 Lewis	N	Y	Y	Y	N	Y
36 Brown	Y	Y	Y	Y	Y	Y
37 McCandless	N	N	N	N	N	Y
38 Dornan	N	N	N	N	N	Y
39 Dannemeyer	N	N	N	N	N	Y
40 Cox	N	N	N	N	N	Y
41 Lowery	?	Y	Y	N	N	Y

	289	290	291	292	293	294
42 Rohrabacher						
43 Packard	N	N	N	N	N	Y
44 Cunningham	N	N	N	N	N	Y
45 Hunter	?	N	Y	N	N	Y
COLORADO						
1 Schroeder	N	N	Y	N	N	Y
2 Skaggs	Y	Y	Y	Y	Y	Y
3 Campbell	Y	Y	Y	Y	Y	Y
4 Allard	N	N	N	N	N	Y
5 Hefley	N	N	N	N	N	Y
6 Schaefer	N	N	N	N	N	Y
CONNECTICUT						
1 Kennedy	Y	Y	Y	Y	Y	Y
2 Gejdenson	Y	Y	Y	Y	Y	Y
3 DeLauro	Y	N	Y	Y	N	Y
4 Shays	N	N	N	N	N	Y
5 Franks	N	N	N	N	N	Y
6 Johnson	Y	Y	Y	Y	Y	Y
DELAWARE						
AL Carper	?	N	N	N	N	Y
FLORIDA						
1 Hutto	Y	Y	Y	Y	Y	Y
2 Peterson	Y	N	Y	Y	N	Y
3 Bennett	Y	Y	N	N	N	Y
4 James	N	N	N	Y	N	Y
5 McCollum	N	Y	N	N	N	Y
6 Stearns	N	N	N	N	N	Y
7 Gibbons	Y	Y	Y	Y	Y	Y
8 Young	N	Y	Y	Y	N	Y
9 Bilirakis	N	N	N	Y	N	Y
10 Ireland	N	N	N	Y	N	?
11 Bacchus	Y	N	Y	Y	Y	Y
12 Lewis	N	N	N	N	N	Y
13 Goss	N	N	N	Y	N	Y
14 Johnston	Y	Y	Y	Y	Y	Y
15 Shaw	Y	Y	N	N	N	Y
16 Smith	Y	Y	Y	Y	Y	Y
17 Lehman	?	Y	Y	Y	?	?
18 Ros-Lehtinen	N	Y	N	N	N	Y
19 Foscell	Y	Y	Y	Y	Y	Y
GEORGIA						
1 Thomas	Y	Y	Y	Y	Y	Y
2 Hatcher	Y	Y	Y	Y	Y	?
3 Ray	Y	N	Y	Y	Y	Y
4 Jones	Y	Y	Y	Y	N	N
5 Lewis	Y	N	Y	Y	Y	Y
6 Gingrich	N	N	Y	Y	N	Y
7 Darden	Y	Y	Y	Y	Y	Y
8 Rowland	Y	Y	Y	Y	N	Y
9 Jenkins	Y	Y	Y	Y	Y	Y
10 Barnard	Y	Y	Y	Y	Y	?
HAWAII						
1 Abercrombie	Y	Y	Y	Y	Y	Y
2 Mink	Y	Y	Y	Y	Y	Y
IDAHO						
1 LaRocco	Y	N	Y	Y	N	Y
2 Stallings	Y	N	Y	Y	N	Y
ILLINOIS						
1 Hayes	Y	N	Y	Y	N	Y
2 Savage	Y	N	Y	Y	N	N
3 Russo	Y	Y	Y	Y	N	Y
4 Sangmeister	Y	Y	Y	Y	N	Y
5 Lipinski	Y	Y	Y	Y	N	Y
6 Hyde	N	N	N	N	N	Y
7 Collins	Y	N	Y	Y	N	Y
8 Rostenkowski	?	?	?	?	?	?
9 Yates	Y	Y	Y	Y	N	Y
10 Porter	Y	Y	N	N	N	Y
11 Annunzio	Y	Y	Y	Y	Y	Y
12 Crane	N	N	N	N	N	Y
13 Fawell	N	Y	N	N	N	Y
14 Hastert	N	N	N	N	N	Y
15 Ewing	Y	N	N	N	N	Y
16 Cox	Y	N	Y	Y	N	Y
17 Evans	Y	Y	Y	Y	N	Y
18 Michel	N	?	Y	Y	Y	Y
19 Bruce	Y	Y	Y	Y	N	Y
20 Durbin	Y	Y	Y	Y	N	Y
21 Costello	Y	Y	Y	Y	N	Y
22 Poshard	Y	Y	Y	Y	N	Y
INDIANA						
1 Visclosky	Y	Y	Y	Y	Y	Y
2 Sharp	Y	N	N	N	Y	Y
3 Roemer	Y	N	N	N	N	Y

ND Northern Democrats SD Southern Democrats

4 Long	Y	Y	Y	Y	Y	289
5 Jontz	Y	Y	Y	Y	Y	290
6 Burton	N	N	N	N	N	291
7 Myers	Y	Y	Y	Y	Y	292
8 McCloskey	Y	Y	Y	Y	Y	293
9 Hamilton	Y	N	N	N	N	294
10 Jacobs	N	N	N	N	N	Y
IOWA						
1 Leach	N	N	Y	N	Y	
2 Nuskle	N	N	Y	N	Y	
3 Nogle	? X	? Y	Y	Y		
4 Smith	N	Y	Y	N	Y	
5 Lightfoot	N	Y	Y	N	Y	
6 Grandy	N	N	Y	N	Y	
KANSAS						
1 Roberts	N	N	? N	N	Y	
2 Stacey	? Y	Y	N	N	Y	
3 Meyers	N	N	N	N	N	?
4 Glickman	Y	N	Y	N	N	Y
5 Nichols	Y	N	N	N	N	Y
KENTUCKY						
1 Hubbard	Y	Y	Y	Y	N	
2 Natcher	Y	Y	Y	Y	Y	
3 Muzzoli	Y	Y	Y	Y	Y	
4 Bunning	N	Y	Y	N	Y	
5 Rogers	N	Y	Y	N	Y	
6 Hopkins	? ?	? ?	? ?	? ?		
7 Perkins	Y	Y	Y	Y	Y	
LOUISIANA						
1 Livingston	Y	Y	Y	Y	N	Y
2 Jefferson	Y	Y	Y	Y	Y	
3 Tourin	Y	Y	? Y	N	Y	
4 McCrery	N	Y	N	N	N	Y
5 Huczbay	Y	N	Y	N	N	Y
6 Baker	N	N	N	N	N	Y
7 Hayes	Y	Y	Y	N	N	Y
8 Holloway	? ?	? ?	? ?	? ?		
MAINE						
1 Andrews	Y	N	Y	Y	N	Y
2 Snowe	Y	N	Y	Y	N	Y
MARYLAND						
1 Glickrest	N	N	N	N	N	Y
2 Bentley	N	N	Y	N	N	Y
3 Cardin	Y	Y	Y	Y	Y	
4 McMillen	Y	Y	Y	Y	Y	
5 Hoyer	? Y	Y	Y	Y	Y	
6 Byron	Y	Y	Y	N	N	Y
7 Milune	Y	N	N	N	N	Y
8 Morelle	N	N	N	N	N	Y
MASSACHUSETTS						
1 Schiff	Y	Y	Y	Y	Y	
2 Neel	Y	Y	Y	Y	Y	
3 Tohy	Y	Y	Y	Y	Y	?
4 Frank	Y	N	Y	Y	Y	
5 Atkins	Y	Y	Y	Y	Y	
6 Morvoulis	Y	Y	Y	Y	Y	
7 Markey	? Y	Y	Y	Y	Y	
8 Kennedy	Y	Y	Y	Y	Y	
9 Mosley	Y	Y	Y	Y	Y	
10 Studds	Y	N	Y	Y	Y	
11 Donnelly	Y	Y	Y	Y	Y	
MICHIGAN						
1 Coppes	Y	N	Y	Y	Y	
2 Pursell	Y	N	Y	Y	Y	
3 Wojcie	Y	Y	Y	Y	Y	
4 Upton	N	N	N	Y	N	Y
5 Henry	N	N	Y	N	Y	
6 Carr	Y	Y	Y	Y	Y	-
7 Kildee	Y	Y	Y	Y	Y	
8 Toakier	Y	Y	Y	Y	Y	
9 Vander Jagt	Y	N	N	N	N	Y
10 Camp	N	N	N	Y	Y	
11 Davis	Y	N	Y	Y	Y	
12 Benior	Y	Y	Y	Y	Y	
13 Callias	Y	Y	Y	Y	N	Y
14 Herfel	Y	Y	Y	Y	N	Y
15 Ford	Y	? Y	Y	Y	Y	
16 Dingell	Y	Y	N	N	? Y	
17 Lemm	Y	Y	Y	Y	N	Y
18 Bloomfield	P	N	Y	N	N	Y
MINNESOTA						
1 Penny	Y	N	N	N	Y	
2 Weber	N	N	Y	N	Y	
3 Remsted	N	N	N	N	N	Y
4 Veno	Y	Y	Y	Y	Y	
5 Sabo	Y	Y	Y	Y	Y	289
6 Sirotki	N	Y	Y	Y	Y	290
7 Peterson	Y	N	Y	N	N	291
8 Oberstar	Y	Y	Y	Y	Y	292
MISSISSIPPI						
1 Whitten	Y	Y	Y	Y	Y	293
2 Espy	Y	Y	Y	Y	Y	294
3 Montgomery	Y	Y	Y	Y	Y	
4 Parker	Y	Y	Y	Y	Y	
5 Taylor	Y	Y	Y	N	Y	
MISSOURI						
1 Clay	N	N	Y	Y	Y	
2 Hon	Y	Y	Y	Y	Y	
3 Gephardt	Y	Y	Y	Y	Y	
4 Stelton	Y	Y	Y	Y	Y	
5 Wheat	Y	Y	Y	Y	Y	
6 Coleman	N	N	Y	N	N	Y
7 Hancock	N	N	N	N	N	Y
8 Emerson	Y	Y	Y	N	Y	Y
9 Volkmer	Y	Y	Y	Y	Y	
MONTANA						
1 Williams	Y	Y	Y	Y	Y	
2 Marlenee	N	Y	N	Y	N	Y
NEBRASKA						
1 Breauter	N	Y	Y	Y	Y	
2 Hooglund	Y	Y	Y	Y	Y	
3 Barnett	N	N	N	N	N	Y
NEVADA						
1 Bilboey	Y	Y	Y	Y	Y	
2 Vaccaroich	? Y	Y	Y	N	Y	
NEW HAMPSHIRE						
1 Zeiff	N	N	N	Y	N	Y
2 Sweet	Y	N	Y	N	Y	
NEW JERSEY						
1 Andrews	Y	N	N	N	Y	
2 Hughes	Y	Y	Y	Y	Y	
3 Pedicone	Y	N	N	N	N	Y
4 Smith	Y	N	N	N	N	Y
5 Roulema	N	N	Y	N	Y	
6 Dwyer	Y	? Y	Y	Y	Y	
7 Rinaldo	Y	N	Y	Y	Y	?
8 Roe	Y	Y	Y	Y	Y	
9 Torricelli	Y	Y	Y	Y	Y	?
10 Payne	Y	Y	Y	Y	Y	Y
11 Giallo	N	N	N	N	Y	Y
12 Zimmer	N	N	N	N	N	Y
13 Saxton	N	N	N	N	N	Y
14 Gorton	Y	N	Y	Y	Y	
NEW MEXICO						
1 Schiff	Y	Y	Y	N	Y	
2 Steen	Y	Y	Y	Y	N	Y
3 Richardson	Y	Y	Y	Y	Y	
NEW YORK						
1 Hochbuechner	Y	Y	Y	Y	Y	
2 Downey	Y	Y	Y	N	Y	
3 Mizogaki	? ?	? ?	? ?	? ?		
4 Lent	Y	? Y	N	N	Y	
5 McGrath	Y	Y	Y	Y	?	
6 Fluke	Y	Y	Y	Y	N	Y
7 Ackertom	Y	Y	Y	Y	Y	
8 Scheuer	Y	Y	Y	Y	Y	
9 Manton	Y	Y	Y	Y	Y	
10 Schaner	Y	Y	Y	Y	Y	
11 Towns	Y	Y	Y	Y	N	N
12 Owens	Y	Y	Y	N	?	
13 Solatz	Y	Y	Y	Y	Y	Y
14 Molinari	N	N	Y	N	Y	Y
15 Green	Y	Y	Y	Y	N	Y
16 Rangel	Y	Y	Y	Y	Y	Y
17 Weiss	Y	Y	Y	Y	Y	Y
18 Serrano	Y	N	Y	Y	Y	Y
19 Engel	Y	Y	Y	Y	Y	Y
20 Lowey	Y	Y	Y	Y	N	Y
21 Fish	Y	Y	Y	Y	N	Y
22 Glickan	Y	Y	Y	Y	N	Y
23 McNulty	Y	Y	Y	Y	Y	Y
24 Solomon	N	N	Y	N	N	Y
25 Boehlert	N	N	Y	N	Y	Y
26 Martin	N	Y	Y	N	N	Y
27 Walsh	N	N	N	N	N	Y
28 McHugh	Y	Y	Y	Y	Y	Y
29 Harton	Y	Y	Y	Y	N	Y
30 Slaughter	? ?	? ?	? ?	? ?		
31 Paxon	N	N	N	N	N	Y

January 28, 1992

MEMORANDUM FOR ~~ANDY~~ ^{TONY}

FROM:

CAROL

SUBJECT:

SMALL BUSINESS LEGISLATIVE COUNCIL

Here's the deal on the speech:

The SBLC is a group of about 100 small business associations who are very supportive of the President. Their top two issues right now are the economic package and health care.

The audience will consist of 300 attendees -- from grocery store owner to bus company owner to tool/machine shop owner. There will be a group of venture capitalist types, as well. The speech is expected to be 8-10 minutes long -- probably similar to the Chamber of Commerce speech.

This event will take place at the J.W. Marriott on Wednesday, February 5 at 10:30 a.m. John Satagaj is the President of the Council. He can be reached at 639-8500. The Chairman is Phil Chisholm, and the Incoming Chairman is Bob Bannister.

Enclosed is a fax from the SBLC detailing what the organization is about, and their economic reform and health care plans/proposals.



SMALL BUSINESS
LEGISLATIVE
COUNCIL

FAX COVER LETTER

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: CAROL AARHU

ASSOCIATION/COMPANY: _____

FAX NUMBER: _____

FROM: JOHN SATAGAZ

TOTAL NUMBER OF PAGES _____ INCLUDING COVER LETTER.

DATE: _____

TIME: _____

NOTE: If you do not receive all the pages, please call (202) 639-8500 as soon as possible.

MESSAGE:

per your request

The Small Business Legislative Council (SBLC) is a permanent, independent coalition of nearly one hundred trade and professional associations that share a common commitment to the future of small business. Our members represent the interests of small businesses in such diverse economic sectors as manufacturing, retailing, distribution, professional and technical services, construction, transportation, and agriculture. A list of our members is enclosed.



Members of the Small Business Legislative Council

Air Conditioning Contractors of America
 Alliance for Affordable Health Care
 Alliance of Independent Store Owners and Professionals
 American Animal Hospital Association
 American Association of Nurserymen
 American Bus Association
 American Consulting Engineers Council
 American Council of Independent Laboratories
 American Floorcovering Association
 American Machine Tool Distributors Association
 American Road & Transportation Builders Association
 American Society of Travel Agents, Inc.
 American Sod Producers Association
 American Subcontractors Association
 American Textile Machinery Association
 American Trucking Associations, Inc.
 American Warehouse Association
 Architectural Precast Association
 Associated Builders & Contractors
 Associated Equipment Distributors
 Associated Landscape Contractors of America
 Association of Small Business Development Centers
 Association of the Wall and Ceiling Industries-International
 Automotive Service Association
 Automotive Warehouse Distributors Association
 Bowling Proprietors Association of America
 Building Service Contractors Association International
 Business Advertising Council
 C-PORT
 Christian Booksellers Association
 Council of Fleet Specialists
 Electronics Representatives Association
 Florists' Transworld Delivery Association
 Helicopter Association International
 Independent Bakers Association
 Independent Medical Distributors Association
 Independent Sewing Machine Dealers Association
 International Association of Refrigerated Warehouses
 International Bottled Water Association
 International Communications Industries Association
 International Formalwear Association
 International Franchise Association
 Jewelers of America, Inc.
 Machinery Dealers National Association
 Manufacturers Agents National Association
 Manufacturers Representatives of America, Inc.
 Mechanical Contractors Association of America, Inc.
 Menswear Retailers of America
 NMTBA-The Association for Manufacturing Technology
 National Association for the Self-Employed
 National Association of Brick Distributors
 National Association of Catalog Showroom Merchandisers
 National Association of Chemical Distributors
 National Association of Home Builders
 National Association of Investment Companies
 National Association of Passenger Vessel Owners
 National Association of Personnel Consultants
 National Association of Plumbing-Heating-Cooling Contractors
 National Association of Realtors®
 National Association of Retail Druggists
 National Association of Small Business Investment Companies
 National Association of the Remodeling Industry
 National Association of Truck Stop Operators
 National Campground Owners Association
 National Candy Wholesalers Association
 National Chimney Sweep Guild
 National Coffee Service Association
 National Electrical Contractors Association
 National Electrical Manufacturers Representatives Association
 National Fastener Distributors Association
 National Food Brokers Association
 National Grocers Association
 National Knitwear & Sportswear Association
 National Limousine Association
 National Lumber & Building Material Dealers Association
 National Moving and Storage Association
 National Ornamental & Miscellaneous Metals Association
 National Paperbox Association
 National Parking Association
 National Precast Concrete Association
 National Shoe Retailers Association
 National Society of Public Accountants
 National Tire Dealers & Retreaders Association
 National Tooling and Machining Association
 National Tour Association
 National Venture Capital Association
 Opticians Association of America
 Organization for the Protection and Advancement of Small Telephone Companies
 Petroleum Marketers Association of America
 Printing Industries of America, Inc.
 Professional Plant Growers Association
 Retail Bakers of America
 SMC/Pennsylvania Small Business
 Small Business Council of America, Inc.
 Society of American Florists
 Specialty Advertising Association International
 United Bus Owners of America



**SMALL BUSINESS
LEGISLATIVE
COUNCIL**

The Economy — A Small Business Perspective

There is little doubt the nation has been in a recession for nearly 17 months. The questions are, how deep is it really, how long will it continue, and what should we do about it? While the members of the Small Business Legislative Council (SBLC) have lived with the reality of the recession, as participants in the public policy process, we believe there is no value in looking back to determine how and why we arrived at this economic crossroad. The past is the past. To be a small business owner is to be optimistic by nature. Pessimists do not become successful entrepreneurs. Therefore, we wish to offer this perspective on how we should proceed from here. We are convinced that with proper direction from government, small business can, and will, lead us back to the high road of growth, innovation, and job creation.

The first question we must answer is, how deep is the recession? Consider the SBLC Board member who writes: "The floral industry is, for the first time in its history, suffering drastically from a downturn in the economy." Another in the audio-visual and computer industry observes: "This is the first time in the history of the industry that the service side (rentals, design, engineering, installation) has been hit by dramatic cutbacks."

The answer to the question of how long will it continue is there is no foreseeable end without targeted government action. As to the length of this recession, the following comment, offered by an SBLC member, is typical: "The civil helicopter industry will improve when the national economy improves." Said another Board member representing subcontractors: "Time, time, and more time seems to be almost everyone's answer to what is necessary to end the construction recession. The question is, how much time?"

As to what must be done, another SBLC Board member, representing home builders, expressed a common view among many of SBLC's diverse industries. He stated:

"It's increasingly obvious that some special fiscal stimulus is needed to ensure an economic upswing next year — beyond the automatic stabilizers in the Federal budget. The economy needs a quick and temporary stimulus to a component of private demand that will generate domestic spending and domestic employment."

Our greatest concern is that the perception of a recession has become an ingrained reality. Said an SBLC Board member representing campground owners:

"The low level of consumer confidence is causing people to stay at home. Either they are afraid for their own future, or don't 'feel right' traveling when so many of their friends and relatives are out of work or on the brink."

-2-

When recessions reach a certain point, they truly become self-perpetuating. Individuals fearful of losing their jobs do not spend; businesses losing sales become reluctant to take risks; and, as money is not spent, jobs are cut. That self-perpetuating cycle is in place at this time. Unless the cycle is broken through targeted government action, it will continue. Writing about the self-perpetuating nature, one SBLC Board member observed about the impact of the cycle in his industry:

"A substantial number of the small firms in the video, computer, audio-visual, multimedia, teleconferencing, and high definition businesses filed for bankruptcy or closed their doors this year. Reverberations from these events affect every company in the association — suppliers have become extremely cautious about offering credit, making shipments, and providing dealer support. Dealers have quit carrying inventory, relying on suppliers to ship immediately after a sale has occurred. By now, most suppliers have been stung with losses because of a failure by one or more of their dealers and they are taking every precaution to avoid being caught in another. For the next few months, some of the top supplier executives will spend more time on creditor committees than they will spend out 'in the field' selling their products. Some suppliers have merged. Others have quit manufacturing and are just selling off inventory at major discounts."

In our view, the cycle can be broken in several places:

Consumer Confidence Must Be Restored — *The consumer must be convinced to make an investment in new products*

In our opinion, across-the-board cuts in individual tax rates will not restore consumer confidence. While the numbers in aggregate sound impressive, to the individual it is not sufficient to encourage the consumer to reenter the market. Many polls indicate the consumer will reduce debt. In normal times, encouraging saving is a worthwhile goal; in a recession built on a foundation of pessimistic perceptions, it is of little or no help.

Rather, we believe the tax code can be utilized to encourage economic activity. In truth, our economy is still driven by "big ticket" items, such as homes and cars. While we are not recommending a specific agenda, it is a housing purchase tax credit, consumer interest deductibility, a tax credit for trading in an old car for a new one, a tax credit for the purchase of certain significant consumer goods, and repeal of the excise tax on luxury items that can save the taxpayer money, but also stimulate the economy.

Business Confidence Must Be Restored — *Business must be coaxed into risk-taking, job creation, and expansion*

Some may call it trickery or a gimmick, but the cycle can also be broken by encouraging businesses to invest. Again, while we are not promoting a specific agenda, restoration of the investment tax credit, expansion of the current provision for direct expensing, some form of capital gains, and restoration of fair passive loss rules will lead businesses to make the investment now necessary to break the cycle.

-3-

We were among a very small group that did not find the 1986 Tax Reform Act, at that time, to be an attractive alternative. Our feeling was that the tax code should be utilized to encourage certain kinds of economic activity. We believed then, and do now, that small business paid too high a price in the loss of items such as the investment tax credits, for reductions in somebody else's tax rates. Parenthetically, we might note, in the mid 1970s we were in the forefront of the fight to establish a graduated, progressive corporate rate structure.

In addition to the recent investment in our infrastructure, a positive step for our economy, the Federal government should establish a consistent national policy of reliance on the private sector for goods and services by contracting out for goods and services that are more appropriately provided by the private sector.

Arbitrary, Government-imposed Additions to the Cost of Doing Business Must Be Controlled
-- External factors, such as the cumulative impact of government regulations, should not
contribute to the inflation of the price of goods and services

The government has added an extraordinary amount to the cost of goods and services. When a printing firm must cope with 40 different environmental laws, or a tooling and machining shop with 800 Defense Department procurement-related laws, common sense suggests there is something wrong with the equation. In 1990, Congress increased OSHA's fines by as much as 700 percent. Congress expects the Agency to raise several billion dollars in additional fines. This "meter-maid" approach to increasing budget revenues is overly punitive and lacks merit or justification.

One of the fundamental problems with the way Congress develops public policy which produces regulatory costs for small business is it fails to assess the cumulative impact of all related regulatory initiatives. Perhaps an increase in the minimum wage in and of itself is modest, the cost of mandated parental leave does not appear overwhelming, or the cost of health care, while significant, is not back-breaking, but add them together and the costs are indeed counterproductive. Likewise, take an underground storage tank law, a hazardous waste disposal program, clean air rules, and a dozen more environmental rules and it is no wonder the small petroleum marketer is caught in a spiral of increasing costs. Said an SBLC Board member who represents that industry:

"Extensive environmental requirements being imposed by Federal, state, and local officials have added enormous new costs to not only the construction of new service stations, but also to the maintenance of existing ones. The costs are so substantial that some marketers have had to close numerous outlets."

The government should not be in the business of pricing goods and services out of the range of affordability for consumers. The regulatory burden today is greater than it was during the late 1970s. The implications are quite apparent.

-4-

Adequate Credit Must Be Readily Available — Banks and other financial institutions must be ready and willing to lend and/or invest in the potential of our economy

Finally, adequate credit is not available. Whether it is venture capital or working capital, we continue to hear a steady drum beat from small business that credit is not available.

There is no doubt that growing accounts receivable and bankruptcies exacerbate the pressures for bank credit, but we still cannot point to the source of the problem. Certainly, actions have been taken by the President to ease bank regulation. Is it a too cautious banking community? Is there still too much regulation? Why it is so difficult for mature, stable businesses to maintain a line of credit? Said an SBLC member, representing lumber and building material dealers:

"Further exacerbating, perhaps even fueling the recession, is the fact that community banks are not making loans and, when they do, the burden of added paperwork greatly slows the process."

Do we have a national policy to promote a steady flow of risk capital for entrepreneurial activity? The tax code, through appropriate treatment of capital gains, can stimulate activity. Since 1986, we have put serious holes in the venture capital pipeline. An SBLC Board member, representing the venture capital industry, observed:

"The venture capital industry is undergoing the toughest economic time since 1974. Money raised by venture funds is down 75 percent since the high-water mark in 1987. There has been a corresponding falloff of investments in new and emerging small businesses by the venture industry."

SUMMARY

In conclusion, we are not so naive as to believe we can wave a magic wand. To accomplish some of these tasks involves trade-offs. How we pay for these efforts must be resolved. Adjustments in our spending priorities or accepting some delays in our deficit reduction aspirations are two options. While we are not proposing a specific option, we come to the table fully prepared to make hard choices.

Finally, some say nothing we do today can help before the recession ends of its own accord. We disagree. Immediate targeted government action is necessary, or it will not end. The consumer and business owner will respond to economic encouragement. The perception/reality cycle can be broken.

The SBLC is a permanent, independent coalition of nearly one hundred trade and professional associations that share a common commitment to the future of small business. Our members represent the interests of small businesses in such diverse economic sectors as manufacturing, retailing, distribution, professional and technical services, construction, transportation, and agriculture. While our policies are developed through consensus among our membership, we respect the right of individual associations to express their own views. For your information, a list of our members is enclosed.



SMALL BUSINESS
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SMALL BUSINESS HEALTH CARE DELIVERY SYSTEM REFORM PROPOSAL

Access

- Improve access to health care at the individual level by providing a refundable health expenses tax credit to assist low- and middle-income Americans purchase health insurance and health services. Qualifying individuals and families would receive a dollar-for-dollar tax credit for out-of-pocket health expenditures up to a maximum of \$1,200 for a family and \$600 for an individual. The credit would be available to families with incomes below \$32,000 and to individuals with incomes below \$16,000.

Approximately three-quarters of those who are uninsured have family incomes below \$30,000 annually. One way to assist these families in their attempt to find adequate and appropriate health care is to create a tax credit to be used for the purchase of health insurance as well as health care services.

Tax Deduction for S Corporation Shareholders, Partners, and Sole Proprietors

- The tax deduction for the health insurance costs of the self-employed would be increased permanently from 25 percent to 100 percent beginning in calendar year 1992.

The impact of current law is uneven among small firms. Sole proprietors, Partners, and S Corporation shareholders are affected. The issue is fairness. It is not likely this factor dominates a decision as to whether a small employer offers insurance to employees.

Reform of the Small Group Case Market

- A small employer is defined as having 100 or fewer employees working at least 30 hours a week.
- Coverage may not be excluded for pre-existing conditions. Insurers cannot exclude individuals in a group from coverage and cannot cancel policies due to claims experience or health status.
- Variations in premiums for small employers would be restricted for factors such as health status, claims experience, length of time since the policy was first issued, industry, or occupation. Rating bands would be established.
- Guaranteed issue and guaranteed renewal will be required of insurers.

-2-

- Annual premium increases for small employer health plans would be tied to the underlying trend in health care costs.
- States could choose method for guaranteeing availability of insurance to all small employers.

Of the various components of health care reform, small case market reform has the most support. The health insurance industry supports it, as does HHS Secretary Sullivan. There are basically two issues yet to be resolved. The first is whether pure community rating should be imposed (most small firms are experience rated), or whether insurance companies should have some leeway. Second, should states be left to their own devices to enact it, or should the Federal government prod them in to action? Senator Lloyd Bentsen (D-TX) sets up a situation where the states are given the first option to act, but if they do not, the Federal government will pre-empt. It should be noted that in the shift from experience rating to community rating, some firms, which have beaten the odds with a work force that has been healthy, will pay more as they move up to the "average."

Basic Benefit Plans and State Mandates

- Insurers offering a basic plan would be exempt from any state-imposed mandated benefit. The plan would include:
 - in patient and outpatient physician services
 - diagnostic tests
 - prenatal care, well child care immunizations, mammograms, pap tests, and prostate cancer screening
 - limit of 20 percent on cost sharing of premium per individual
 - limit of 60 percent on cost sharing of premium per family
 - copayment limit of 20 percent
 - deductible of \$500/individual or \$1,000/family

Establishing parameters for a minimum universal benefit package is an important step in ensuring access to health care. Tying it to the elimination of state mandates is essential. As SBLC has testified, the proliferation of state mandates has greatly exacerbated the cost of health care.

Information Clearinghouse

- The establishment of a national center for small business health care and insurance information. Function as a clearinghouse for information on various health care benefit programs for small businesses and their employees. Facilitate uniform explanations of various initiatives, such as HMOs, PPOs, and indemnity programs. Prepare and disseminate information on state and Federal government programs.

-3-

A fundamental problem identified by SBLC surveys is the lack of specific information about health care insurance or alternatives. Small business owners complain comparing various alternatives available to them in the marketplace is like comparing apples and oranges. The demand is for an independent, reliable source of objective information.

Our research also indicates small businesses are frequently unaware of state initiatives, such as the "bare-bones" programs.

Cost Containment

- Establish a Federal commission to establish global spending goals for national expenditures on health care, as well as specific rate bands for all health care provider services.
- Authorize the establishment of state and local health expenditure boards to negotiate rate structures that reflect local circumstances. If the local or state expenditure board and provider community fail to adopt a rate, national rates will apply.
- Enact civil justice measures (e.g. capping non-economic damages) necessary to reform the current medical malpractice system.
- Conduct further outcomes assessment research.
- Adopt practice guidelines.
- Develop and implement standardized claims and data forms.
- Eliminate state barriers to managed care utilization.

Out-of-control health care costs are the single most important problem in our current health care delivery system. Small businesses firmly believe universal access will only be achieved after cost containment initiatives are successful. Small businesses reject national health insurance, play or pay options, or direct mandates as unacceptable. At the same time, the free market option of "managed care" as a cost containment measure will only result in cost shifting from larger firms able to enact managed care directly, and wealthier firms able to engage others to implement managed care for them to the vast majority of small firms which will be unable to avail themselves of "managed care." Nevertheless, those elements of managed care that improve the quality of care should be promoted throughout the health care delivery system.

-4-

Quality Assurance

- Utilize both the Federal commission as well as state and local health expenditure boards to ensure efficiency and quality within system.

Medicaid Expansion and Improvements

- Extend Medicaid to all those below the Federal poverty line.
- Permit individuals with up to 150 percent of the poverty level to purchase Medicaid coverage for primary and preventive benefits through premiums related to income.
- Utilize concepts of managed care within Medicaid

Medicaid changes would reduce cost shifts to the private sector, particularly to small firms that employ low income workers.

Medicare

- Utilize concepts of managed care within Medicare system.

Revenue Implications

While this proposal will result in substantial cost savings, there are components that will require additional revenue. SBLC proposes generating needed new revenue from the following three sources in order:

- Utilizing reductions in spending for defense (breaking down the so-called "budget agreement firewall").
- Establishing "means testing" for entitlement programs.
- Increasing individual tax rates for incomes of \$250,000 per individual.

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SBLC 'S Foundation
SMALL BUSINESS RESEARCH AND EDUCATION COUNCIL

Might Be Good To Note we are working in a positive way to implement law he supported.

AMERICANS WITH DISABILITIES PROJECT GRANT

The Small Business Research and Education Council (SBREC) is serving as the liaison between the small business community and United Cerebral Palsy Association's (UCPA) network of Americans with disabilities, their families, and UCP affiliates employment service programs. Working under a Federal grant, the Council seeks to assist small businesses as they comply with the recently enacted Americans with Disabilities Act (ADA), particularly the employment title. The broad objectives of the grant seek to enhance the job placement process available to persons with disabilities.

The goals of the grant relate directly to the goals and strengths of small businesses throughout America. One of the trends in the 1990s is an escalating worker shortage; a labor crunch fueled by the declining birth rate in the 1960s and early 1970s that translates into fewer young people entering the job market. Yet, even in the face of the growing worker shortage, two-thirds of the 43 million American adults with disabilities are chronically unemployed; this represents more than 28 million potential employees.

The Council is working through the 100+ association members of the Small Business Legislative Council (SBLC). SBLC members will receive the most recent publications and information regarding the ADA through this grant. The following services will help your members as they face the task of bringing their businesses into compliance under ADA.

1. **Toll-free 800 Hotline:** The Research Council is operating a toll-free 800 hotline for use by small businesses. Answers and referrals to experts will be readily available to your membership as they seek information about ADA.
2. **Brochure:** A brochure focusing on ADA and small business will be printed and circulated to SBLC members in December.
3. **Referral:** Small businesses will be linked, at their request, to resources and experts on ADA. Articles suitable for inclusion in SBLC member publications will be provided monthly.
4. **Recommendations for Consultants and Speakers:** SBLC members will have access to a pool of consultants for presentations, workshops, and to meet their other information needs.
5. **Technical Assistance:** Businesses that employ individuals with disabilities will be given technical assistance in:
 - a. making work site accommodations;

-2-

- b. making effective linkages to community employment services and the Vocational Rehabilitation system; and,
- c. accessing tax incentives.

The economic health of our nation demands that small businesses be connected, in order to tap the potential of the largely untapped human resource pool of individuals who have disabilities. For employers to maximally benefit, they must address the barriers that stand between potential employees who have disabilities and the positions for which they are qualified. These barriers are both physical and attitudinal. The grant is a collaborative project of SBREC, employment services, and the Vocational Rehabilitation system nationwide. Through this coalition, the project will assist employers as they make linkages to community services and the vocational rehabilitation system.

An additional key role of the Research Council is its membership on the project's National Business Advisory Board. This Board has been set up to monitor and advise the project staff from the perspective of small business. Members of the SBLC, the disability community, and UCPA will serve on the Board, which is co-chaired by SBLC's President, John Satagaj, and UCPA's Executive Director, John Kemp.

The Research Council, along with the UCPA and its affiliates nationwide, look forward to working together to create job opportunities for persons with disabilities, while helping support employers as they comply with their new responsibilities under ADA.

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SMALL
DRAFT ONE
JANUARY 30, 1992

PRESIDENTIAL REMARKS: THE SMALL BUSINESS LEGISLATIVE COUNCIL
J.W. MARIOTT HOTEL
WASHINGTON, D.C.
WEDNESDAY, FEBRUARY 5, 1992
10:30 A.M.

[Introductory acknowledgments, jokes]

You know, Washington is an amazing place. After living here a while, Abraham Lincoln sighed and said: You can't make all the people happy all the time. Boy, he wasn't kidding.

Since I became President, miracles have flashed past us more rapidly than shooting stars. The Cold War -- the focus of our attentions and fears for more than half a Century -- ended. Just like that. We won it. We took on Saddam Hussein in Kuwait. We beat him. We refused to negotiate with terrorists. Our Middle East hostages came home. We have initiated dramatic military reductions, organized an historic Middle East Peace Conference, and emerged as the undisputed leader of the world. And still, some of my critics say: Is that all?

Well, no. In fact, you ain't seen nothing yet.

Now that we have cleared away the underbrush of the Cold War, we can turn our attention to what we do best: Creating, innovating, building, producing -- leading. And that's what we'll do. In last week's State of the Union Address, I laid out a comprehensive action plan for our economy.

It starts with me. I've asked cabinet agencies to get money moving as quickly as possible into such job-generating initiatives as our Surface Transportation Act.

I've redoubled my efforts to ease the credit crunch, so banks can make good loans to people who need them.

I've vowed to stick to our present monetary path -- low inflation, and low long-term interest rates.

And perhaps most importantly, I have ordered major departments and agencies to put a 90-day hold on implementing new regulations. Regulations ought to foster economic growth -- not crush it. So we will begin taking a hard look at the rules and regulations that Washington hurls at you. We'll get rid of regulations that do nothing more than destroy jobs and weigh down businesses. And we'll speed into action regulations that make it easier for you to serve your customers.

I've done my part. Now, I need Congress to do its part, and pass a sensible, straightforward economic growth package by March 20. I've dubbed March 20 J-Day, for jobs.

Here's what I want. I want to stimulate investment, since investment nourishes new jobs. My economic plan encourages investment by reforming the alternative minimum tax, and creating a new 15 percent investment tax allowance.

I want to fire up the industry that traditionally leads us out of recession, the real estate industry. My plan will make it easier for people to buy first homes, by letting buyers use IRAs for home purchase, and extending a \$5,000 tax credit to first-

time homebuyers. My plan makes it easier for real-estate construction companies to get the money they need to build new projects; and it modifies the passive loss rule for real-estate investors, giving them new incentive to back much-needed developments.

Finally, I want to reward everyone who believes in the American dream. I want Congress to cut the long-term tax on capital gains to a maximum rate of 15.4 percent. The world's fastest-growing economies and our major competitors have one thing in common: They tax capital gains very lightly, or not at all. Now, we should help every one of you, everyone who owns a home, a business or a farm; everyone who owns stock -- in short, the vast majority of Americans. Let's demand a real cut in capital gains tax rates. Now.

That's my plan: simple, no gimmicks, no frills, lots of common sense.

I want Congress to pass this package by March 20. But you know Washington. A mere request from a President won't get politicians in gear. They need to hear from you.

J-Day is six weeks from Friday. Between now and then, get in touch with your Congressional delegation. Tell your representatives and Senators: No more delays. No more games. No excuses. We won the land war in the Gulf in four days. The House took exactly one day to close down its bank after the rest of the nation learned about congressional check bouncing. Surely it can pass a simple but urgent growth package in 45 days.

Now, let me warn you: I suspect some in Congress will try to delay my programs, or will send up an assortment of dusty old bills that I can't sign. They'll accuse me of holding back the march of time if I don't accept new taxes on somebody. They'll hold press conferences and sell television ads. But I won't budge. My plan will work. It won't raise taxes. And it will help every business in this room.

So, let's agree on one thing. Let's make March 20, 1992 as important a deadline as January 15, 1991. It's time to liberate the people who give life to the American Dream.

I've also proposed an ambitious long-term agenda, to ensure that our economy will lead the world in decades to come. Let me touch upon one critical issue in that plan, health care.

I know health care has become a problem for many of you: It costs too much, and it seems more expensive every day. Tomorrow, I will announce my comprehensive health-care package, and I know you will like it -- a lot.

When you get right down to it, we have two choices as a nation. We can adopt a system that has been a proven failure all over the world: nationalized health care. Or we can reform our present system, which has plenty of faults, but which also provides the highest quality care on earth.

Nationalized health care is like nationalized weather care: You can promise sunny skies -- you just can't deliver them. With nationalized health care, you can promise inexpensive, universal treatment -- you just can't deliver it. You can guarantee only

long lines, lackluster service and huge new tax bills. If you want health care modeled after the local motor vehicle office -- support nationalized health care.

If, on the other hand, you want the freedom to choose your own doctor, to keep costs down by encouraging price competition in the health care business, and to ensure that everyone in America gets access to health insurance coverage -- push for my plan.

My plan fits a simple description: It harnesses the genius of the marketplace, rather than chaining consumers to the limited wisdom of a few experts in Washington.

Finally, I'd like your help on one other little item. I want Congress to stop spending so much. My new budget holds the line on new spending, and it cuts away a host of federal programs -- 246, to be exact -- that belong on Saturday Night Live, not on your tax bill.

Tell Congress to cut the pork. And while you're at it, encourage spendaholics to seek help. Tell them to give me a line-item veto, so I can cut out pork-barrel appropriations before Congress feels the urge to spend again.

I've been all over the country in recent months. People can't wait to get this economy moving. Sure, they see bad news all the time, and many people know someone who has suffered during the recent recession. But Americans also have seen the miracles of our age: the Berlin Wall becoming a museum attraction, and the Russian hammer and sickle becoming a relic.

They've seen a Cold War end, and a new era begin. They know the world would enjoy none of these things if Americans hadn't decided long ago that we wouldn't accept anything less.

Together, those of us in this room can help start a new industrial revolution in America -- one that builds on our natural optimism, ambition, determination and pride.

That revolution will start a lot sooner if we persuade 535 people in Washington to meet my J-Day deadline. Remember March 20. Circle it on your calendars. Make it clear that if Congress doesn't act on J-Day, you will.

Thanks for your help. Thanks for your support. And thanks for keeping America on the move.

May God bless you and the United States of America.

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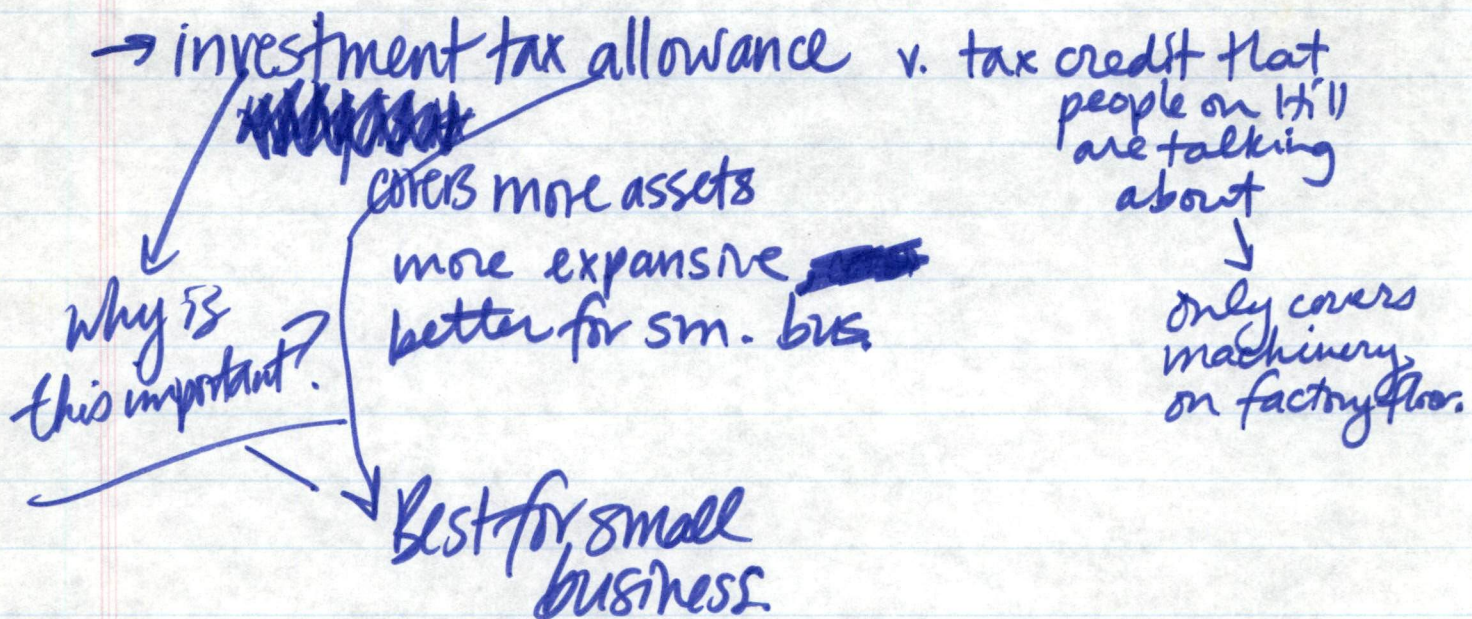
Project Officer:

Jeff Vogt
x 7140

Small Business Council

Can get by tomorrow

6 people for press availability



→ cap gains for the venture capitalists

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 28, 1992

REMARKS BY THE PRESIDENT
IN STATE OF THE UNION ADDRESS

The U.S. Capitol

9:07 P.M. EST

THE PRESIDENT: Mr. Speaker and Mr. President, distinguished members of Congress, honored guests and fellow citizens. Thank you very much for that warm reception. You know, with the big buildup this address has had, I want to make sure it would be a big hit, but I couldn't convince Barbara to deliver it for me. (Applause.)

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

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

We gather tonight at a dramatic and deeply promising time in our history, and in the history of man on Earth. For in the past twelve months the world has known changes of almost biblical proportions. And even now, months after the failed coup that doomed a failed system, I'm not sure we've absorbed the full impact, the full import of what happened. But communism died this year. (Applause.)

Even as President, with the most fascinating possible vantage point, there were times when I was so busy managing progress and helping to lead change that I didn't always show the joy that was in my heart. But the biggest thing that has happened in the world in my life, in our lives, is this: By the grace of God, America won the Cold War. (Applause.)

I mean to speak this evening of the changes that can take place in our country now that we can stop making the sacrifices we had to make when we had an avowed enemy that was a superpower. Now we can look homeward even more, and move to set right what needs to be set right.

I will speak of those things. But let me tell you something I've been thinking these past few months. It's a kind of roll call of honor. For the Cold War didn't "end" -- it was won. And I think of those who won it, in places like Korea, and Vietnam. And some of them didn't come back. Back then they were heroes, but this year they were victors. (Applause.)

The long roll call -- all the G.I. Joes and Janes, all the ones who fought faithfully for freedom, who hit the ground and sucked

MORE

the dust and knew their share of horror. This may seem frivolous -- and I don't mean it so -- but it's moving to me how the world saw them.

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

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

But it did -- doesn't anymore. (Applause.)

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

And so now, for the first time in 35 years, our strategic bombers stand down. No longer are they on 'round-the-clock alert. Tomorrow our children will go to school and study history and how plants grow. And they won't have, as my children did, air raid drills in which they crawl under their desks and cover their heads in case of nuclear war. My grandchildren don't have to do that, and won't have the bad dreams children had once, in decades past. There are still threats. But the long, drawn out dread is over. (Applause.)

A year ago tonight I spoke to you at a moment of high peril. American forces had just unleashed Operation Desert Storm. And after 40 days in the desert skies and four days on the ground, the men and women of America's Armed Forces, and our allies, accomplished the goals that I declared and that you endorsed: We liberated Kuwait. (Applause.)

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

Much good can come from the prudent use of power. And much good can come of this: A world once divided into two armed camps now recognizes one sole and pre-eminent power: the United States of America. (Applause.) And they regard this with no dread. For the world trusts us with power and the world is right. They trust us to be fair and restrained; they trust us to be on the side of decency; they trust us to do what's right.

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

And we did it together. There were honest differences right here in this Chamber. But when the war began, you put partisanship aside and we supported our troops. This is still a time for pride, but this is no time to boast. For problems face us, and we must stand together once again and solve them, and not let our country down. (Applause.)

Two years ago I began planning cuts in military spending that reflected the changes of the new era. But now, this year, with imperial communism gone, that process can be accelerated. Tonight can tell you of dramatic changes in our strategic nuclear force. These are actions we are taking on our own because they are the right thing to do.

After completing 20 planes for which we have begun procurement, we will shut down further production of the B-2 bomber. (Applause.) We will cancel the small ICBM program. We will cease production of new warheads for our sea-based ballistic missiles. We will stop all new production of the Peacekeeper missile. And we will not purchase any more advanced cruise missiles.

This weekend I will meet at Camp David with Boris Yeltsin of the Russian Federation. I've informed President Yeltsin that if the Commonwealth, the former Soviet Union, will eliminate all land-based multiple warhead ballistic missiles, I will do the following: We will eliminate all Peacekeeper missiles. We will reduce the number of warheads on Minuteman missiles to one, and reduce the number of warheads on our sea-based missiles by about one-third. And we will convert a substantial portion of our strategic bombers to primarily conventional use.

President Yeltsin's early response has been very positive, and I expect our talks at Camp David to be fruitful.

I want you to know that for half a century, American presidents have longed to make such decisions and say such words. But even in the midst of celebration, we must keep caution as a friend. For the world is still a dangerous place. Only the dead have seen the end of conflict. And though yesterday's challenges are behind us, tomorrow's are being born.

The Secretary of Defense recommended these cuts after consultation with the Joint Chiefs of Staff. And I make them with confidence. But do not misunderstand me: The reductions I have approved will save us an additional \$50 billion over the next five years. By 1997, we will have cut defense by 30 percent since I took office. These cuts are deep, and you must know my resolve: This deep, and no deeper. (Applause.)

To do less would be insensible to progress, but to do more would be ignorant of history. We must not go back to the days of "the hollow army". We cannot repeat the mistakes made twice in this century, when armistice was followed by recklessness, and defense was purged as if the world were permanently safe.

I remind you this evening that I have asked for your support in funding a program to protect our country from limited nuclear missile attack. We must have this protection because too many people in too many countries have access to nuclear arms. (Applause.) And I urge you again to pass the Strategic Defense Initiative -- S.D.I. (Applause.)

There are those who say that now we can turn away from the world, that we have no special role, no special place. But we are the United States of America, the leader of the West that has become the leader of the world. And as long as I am President I will continue to lead in support of freedom everywhere -- not out of arrogance, not out of altruism, but for the safety and security of our children. (Applause.) This is a fact: Strength in the pursuit of peace is no vice; isolationism in the pursuit of security is no virtue. (Applause.)

And now to our troubles at home. They're not all economic; the primary problem is our economy. There are some good signs: Inflation, that thief, is down; and interest rates are down. But

unemployment is too high, some industries are in trouble, and growth is not what it should be. Let me tell you right from the start and right from the heart: I know we're in hard times, but I know something else: This will not stand. (Applause.)

In this Chamber -- in this Chamber, we can bring the same courage and sense of common purpose to the economy that we brought to Desert Storm. And we can defeat hard times together.

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

The power of America rests in a stirring but simple idea: That people will do great things if only you set them free. Well, we're going to set the economy free, for if this age of miracles and wonders has taught us anything, it's that if we can change the world, we can change America.

We must encourage investment. We must make it easier for people to invest money and create new products, new industries, and new jobs. We must clear away the obstacles to growth -- high taxes, high regulation, red tape, and, yes, wasteful government spending. (Applause.)

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

We must have a short-term plan to address our immediate needs and heat up the economy. And then we need a longer-term plan to keep combustion going and to guarantee our place in the world economy.

There are certain things that a President can do without Congress, and I'm going to do them. I have, this evening, asked major Cabinet departments and federal agencies to institute a 90-day moratorium on any new federal regulations that could hinder growth. (Applause.) In those 90 days major departments and agencies will carry out a top-to-bottom review of all regulations, old and new -- to stop the ones that will hurt growth, and speed up those that will help growth.

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

I have directed Cabinet departments and federal agencies, to speed up progrowth expenditures as quickly as possible. This should put an extra \$10 billion into the economy in the next six months. And our new transportation bill provides more than \$150 billion for construction and maintenance projects that are vital to our growth and well-being. And that means jobs building roads, jobs building bridges, and jobs building railways.

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

can use to help pay for clothing, college, or to get a new car. Finally, working with the Federal Reserve, we will continue to support monetary policy that keeps both interest rates and inflation down.

Now, these are the things I can do. And now, members of Congress, let me tell you what you can do for your country. (Applause.) You must pass the other elements of my plan to meet our economic needs. Everyone knows that investment spurs recovery. I am proposing this evening a change in the alternative minimum tax, and the creation of a new 15-percent investment tax allowance. (Applause.) This will encourage businesses to accelerate investment and bring people back to work.

Real estate has led our economy out of almost all the tough times we've ever had. Once building starts, carpenters and plumbers work, people buy homes and take out mortgages. My plan would modify the passive loss rule for active real estate developers. (Applause.) And it would make it easier for pension plans to purchase real estate.

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

And finally, my immediate plan calls on Congress to give crucial help to people who own a home, to everyone who has a business, or a farm, or a single investment.

This time, at this hour, I cannot take no for an answer: You must cut the capital gains tax on the people of our country. (Applause.) Never has an issue been more demagogued by its opponents. (Applause.) But the demagogues are wrong -- they are wrong and they know it. Sixty percent of the people who benefit from lower capital gains have incomes under \$50,000. A cut in the capital gains tax increases jobs and helps just about everyone in our country. (Applause.) And so I'm asking you to cut the capital gains tax to a maximum of 15.4 percent. (Applause.)

And I'll tell you, those of you who say, oh, no, someone who's comfortable may benefit from that, 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. (Applause.)

The opponents of this measure -- and those who have authored various so-called soak-the-rich bills that are floating around this Chamber -- should be reminded of something: When they aim at the big guy they usually hit the little guy. And maybe it's time that stopped. (Applause.)

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

While my plan is being passed and kicking in, we've got to care for those in trouble today. I have provided for up to \$4.4 billion in my budget to extend federal unemployment benefits. And I ask for congressional action right away. (Applause.) And I thank the committee. (Applause.) Well, at last.

And let's be frank. Let's be frank. Let me level with you. I know and you know that my plan is unveiled in a political season. (Laughter.) I know and you know that everything I propose will be viewed by some in merely partisan terms. But I ask you to know what is in my heart, and my aim is to increase our nation's good. I'm doing what I think is right; I am proposing what I know will help. (Applause.)

I pride myself that I'm a prudent man and I believe that patience is a virtue. But I understand that politics is, for some, a game -- and that sometimes the game is to stop all progress and then decry the lack of improvement. (Laughter.) But let me tell you: far more important than my political future -- and far more important than yours -- is the well-being of our country. (Applause.) Members of this Chamber are practical people, and I know you won't resent some practical advice. When people put their party's fortunes -- whatever the party, whatever side of this aisle -- before the public good, they court defeat not only for their country, but for themselves. And they will certainly deserve it. (Applause.)

I submit my plan tomorrow, and I'm asking you to pass it by March 20th. (Applause.) And I ask the American people to let you know they want this action by March 20th.

From the day after that, if it must be, the battle is joined. And you know, when principle is at stake I relish a good fair fight. (Applause.)

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

We all know that the key to our economic future is to ensure that America continues an economic leader of the world. We have that in our power. Here, then, is my long-term plan to guarantee our future.

First, trade: We will work to break down the walls that stop world trade. We will work to open markets everywhere. And in our major trade negotiations I will continue pushing to eliminate tariffs and subsidies that damage America's farmers and workers. (Applause.)

And we'll get more good American jobs within our own hemisphere through the North American Free Trade Agreement, and through the Enterprise for the Americas Initiative. But changes are here, and more are coming. The workplace of the future will demand more highly-skilled workers than ever -- more people who are computer-literate, highly-educated. We must be the world's leader in education. And we must revolutionize America's schools. (Applause.)

My America 2000 strategy will help us reach that goal. My plan will give parents more choice, give teachers more flexibility, and help communities create New American Schools. (Applause.) Thirty states across the nation have established America 2000 programs. Hundreds of cities and towns have joined in. Now Congress must join this great movement: Pass my proposals for New American Schools.

That was my second long-term proposal, and here's my third: We must make common-sense investments that will help us compete, long-term in the marketplace. We must encourage research and development. My plan is to make the R&D tax credit permanent, and to provide record levels of support -- (applause) -- over \$76 billion this year alone -- for people who will explore the promise of emerging technologies. (Applause.)

Fourth, we must do something about crime and drugs. (Applause.) It is time for a major, renewed investment in fighting violent street crime. It saps our strength and hurts our faith in our society, and in our future together. Surely, a tired woman on her way to work at 6:00 a.m. in the morning on a subway deserves the right to get there safely. (Applause.) And surely it's true that everyone who changes his or her life because of crime, from those afraid to go out at night to those afraid to walk in the parks they

pay for, surely these people have been denied a basic civil right. (Applause.)

It is time to restore it. Congress, pass my comprehensive crime bill. (Applause.) It is tough on criminals and supportive of police, and it has been languishing in these hollowed halls for years now. Pass it. Help your country. (Applause.)

And fifth, I ask you tonight to fund our HOPE housing proposal and to pass my enterprise zone legislation, which will get businesses into the inner city. We must empower the poor with the pride that comes from owning a home, getting a job, becoming a part of things. (Applause.) My plan would encourage real estate construction by extending tax incentives for mortgage revenue bonds and low income housing. (Applause.)

And I ask tonight for record expenditures for the program that helps children born into want move into excellence, Head Start. (Applause.)

Step six -- we must reform our health care system. (Applause.) For this, too, bears on whether or not we can compete in the world. American health costs have been exploding. This year America will spend over \$800 billion on health, and that is expected to grow to \$1.6 trillion by the end of the decade. We simply cannot afford this.

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

We must make a choice. Now, some pretend we can have it both ways. They call it "play or pay", but that expensive approach is unstable. It will mean higher taxes, fewer jobs and, eventually, a system under complete government control.

Really, there are only two options. And we can move toward a nationalized system -- (applause) -- a system which will restrict patient choice in picking a doctor and force the government to ration services arbitrarily. And what we'll get is patients in long lines, indifferent service, and a huge new tax burden. (Applause.) Or we can reform our own private health care system, which still gives us, for all its flaws, the best quality health care in the world. (Applause.)

Well, let's build on our strengths. My plan provides insurance security for all Americans, while preserving and increasing the idea of choice. We make basic health insurance affordable for all low-income people not now covered, and we do it by providing a health insurance tax credit of up to \$3,750 for each low-income family. And the middle class gets help, too. And by reforming the health insurance market, my plan assures that Americans will have access to basic health insurance even if they change jobs or develop serious health problems.

We must bring costs under control, preserve quality, preserve choice and reduce the people's nagging daily worry about health insurance. My plan, the details of which I will announce very shortly, does just that.

And seventh, we must get the federal deficit under control. (Applause.) We now have in law enforceable spending caps and a requirement that we pay for the programs we create. There are those in Congress who would ease that discipline now, but I cannot let them do it, and I won't. (Applause.)

My plan would freeze all domestic discretionary budget authority, which means no more next year than this year. (Applause.)

I will not tamper with Social Security -- (applause) -- but I would put real caps on the growth of uncontrolled spending. And I would also freeze federal domestic government employment. (Applause.)

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

You know, it's time we rediscovered a home truth the American people have never forgotten: this government is too big and spends too much. (Applause.) And I call upon Congress to adopt a measure that will help put an end to the annual ritual of filling the budget with pork-barrel appropriations. Every year, the press has a field day making fun of outrageous examples -- a Lawrence Welk museum, research grants for Belgian endive. We all know how these things get into the budget and maybe you need someone to help you say no. I know how to say it and I know what I need to make it stick. Give me the same thing 43 governors have, the line item veto, and let me help you control spending. (Applause.)

We must put an end to unfinanced federal government mandates. These are the requirements Congress puts on our cities, counties and states without supplying the money. If Congress passes a mandate, it should be forced to pay for it, and balance the cost with savings elsewhere. After all, a mandate just increases someone else's burden and that means higher taxes at the state and local level.

Step eight, Congress should enact the bold reform proposals that are still awaiting congressional action -- bank reform, civil justice reform, tort reform, and my national energy strategy. (Applause.)

And finally, we must strengthen the family because it is the family that has the greatest bearing on our future. (Applause.) When Barbara holds an AIDS baby in her arms, and reads to children, she's saying to every person in this country, family matters.

And I am announcing tonight a new Commission on America's Urban Families. I've asked Missouri's Governor John Ashcroft to be Chairman, former Dallas Mayor Ned Strauss to be Co-Chair. You know, I had mayors, the leading mayors from the League of Cities in the other day at the White House, and they told me something striking. They said that every one of them, Republican or Democrat, agreed on one thing: that the major cause of the problems of the cities is the dissolution of the family. They asked for this commission, and they were right to ask, because it's time to determine what we can do to keep families together, strong and sound. (Applause.)

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

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

And I'm asking for more. Ask American parents what they dislike about how things are going in our country, and chances are good that pretty soon they'll get to welfare. Americans are the most generous people on Earth. But we have to go back to the insight of Franklin Roosevelt who, when he spoke of what became the welfare program, warned that it must not become "a narcotic" and a "subtle destroyer" of the spirit.

Welfare was never meant to be a lifestyle; it was never meant to be a habit; it was never supposed to be passed from generation to generation like a legacy. It's time to replace the assumptions of the welfare state and help reform the welfare system. (Applause.)

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

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

And I want to add, as we make these changes -- we work together to improve this system -- that our intention is not scapegoating or finger-pointing. If you read the papers or watch TV you know there's been a rise these days in a certain kind of ugliness, racist comments, anti-Semitism, an increased sense of division. Really, this is not us. This is not who we are. And this is not acceptable. (Applause.)

And so you have my plan for America. And I'm asking for big things, but I believe in my heart you will do what's right.

And you know, it's kind of an American tradition to show a certain skepticism toward our democratic institutions. I, myself, have sometimes thought the aging process could be delayed if it had to make its way through Congress. (Laughter and applause.) You will deliberate, and you will discuss, and that is fine. But, my friends, the people cannot wait. They need help now.

And there's a mood among us. People are worried. There's been talk of decline. Someone even said our workers are lazy and uninspired. And I thought, really? You go tell Neil Armstrong standing on the moon. Tell the men and women who put him there. Tell the American farmer who feeds his country and the world. Tell the men and women of Desert Storm. (Applause.)

Moods come and go, but greatness endures. Ours does. And maybe for a moment it's good to remember what, in the dailiness of our lives, we forget: We are still and ever the freest nation on Earth, the kindest nation on Earth, the strongest nation on Earth. And we have always risen to the occasion. (Applause.)

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

And so we move on together -- a rising nation, the once and future miracle that is still, this night, the hope of the world.

Thank you. God bless you, and God bless our beloved country. Thank you very, very much. (Applause.)

END

9:59 P.M. EST

EMBARGOED UNTIL 9:00 PM EST
January 28, 1992

These seven examples are hypothetical illustrations of how President Bush's package could affect individuals and families.

- Example A: Additional Tax Allowance for Children and \$5,000 First-Time Homebuyers Tax Credit
- Example B: Additional Tax Allowance for Children, \$5,000 First-Time Homebuyers Tax Credit, Penalty-Free IRA Withdrawals for First-Time Homebuyers, and Deduction of Interest on Student Loans
- Example C: Additional Tax Allowance for Children
- Example D: \$5,000 First-Time Homebuyers Tax Credit
- Example E: Capital Gains
- Example F: Deduction of Interest on Student Loans and Penalty-Free IRA Withdrawals for Educational Expenses
- Example G: Buying a Home for a Growing Family

Prepared by the Department of the Treasury

Example A: Additional Tax Allowance for Children and \$5,000 First-Time Homebuyers Tax Credit

Family A consists of a husband and wife and two young children. The family's income consists of combined earnings of \$44,000 and interest income of \$500. At the end of 1992, the family buys a condominium for \$60,000; it is their first home purchase. The family does not itemize deductions and, under current law, pays Federal income taxes of \$4,395. Under the President's proposals, the family would benefit from a \$500 increase in the personal exemption for each child which begins on October 1, 1992, and from the tax credit for first-time home buyers. The larger personal exemption would decrease their tax by \$37.50, and the home-buyer credit would reduce their tax by \$2,500 in 1992 and by an additional \$2,500 in 1993. Including these benefits, Family A's 1992 Federal income taxes would be \$1,857.50, which is 58 percent less than under current law.

In 1993, Family B has its taxes reduced by \$2,500 by the second half of the credit for first time home buyers and by \$150 from the full year effect of the \$500 increase in the personal exemption for each child. Thus, in 1993, the proposal would reduce Family B's Federal income taxes by \$2,650.

Office of Tax Analysis
January 28, 1992

Example B: Additional Tax Allowance for Children, \$5,000 First-Time Homebuyers Tax Credit, Penalty-Free IRA Withdrawals for First-Time Homebuyers, and Deduction of Interest on Student Loans

Family B consists of a husband and wife and two young children. The family's income consists of combined earnings of \$44,000 and interest income of \$500. During 1992, the family buys a condominium for \$60,000; it is their first home purchase. Family B obtains the funds for the downpayment on the new house by withdrawing \$5,000 from an IRA account. During the second half of the year, they pay interest of \$1,000 on loans which they incurred to pay their college tuition. Under current law, Family B has itemized deductions of \$7,000 and pays Federal income taxes of \$5,495, including a \$500 penalty (10 percent of the amount taken out) for making an early withdrawal from an IRA. Under the President's proposals, the family would benefit from: the \$500 increase in the personal exemption for each child which begins on October 1, 1992; the elimination of the IRA penalty for IRA withdrawals used to purchase a home; the tax credit for first-time home buyers; and the deductibility of interest on education loans. The larger personal exemption would decrease their tax by \$37.50; eliminating the IRA penalty would reduce their taxes by \$500; the home-buyer credit would reduce their tax by \$2,500 in 1992 and by an additional \$2,500 in 1993; and the deductibility of interest on education loans would lower their taxes by \$150. Including these benefits, Family A's 1992 Federal income taxes would be \$2,307.50, which is 58 percent less than under current law.

In 1993, Family B has its taxes reduced by \$2,500 by the second half of the credit for first time home buyers, by \$150 from the full year effect of the \$500 increase in the personal exemption for each child, and by \$150 by the deductibility of interest on its education loans. Thus, in 1993, the proposal would reduce Family B's Federal income taxes by \$2,800.

Office of Tax Analysis
January 28, 1992

Example C: Additional Tax Allowance for Children

Family C consists of a husband and wife and three children, all under age 18. The family's only income is from wages of \$40,000. The family does not itemize deductions and, under current law, pays Federal income taxes of \$3,720. The larger personal exemption for children which begins on October 1, 1992 would reduce the family's tax by \$56.25, or 1 percent, to \$3,663.75. In 1993, with the larger personal exemption for children being in effect for the full year, the tax reduction would be \$225.

Office of Tax Analysis
January 28, 1992

Example D: \$5,000 First-Time Homebuyers Tax Credit

Newly-married couple D has combined earnings of \$48,000 and interest income of \$2,000. At the end of 1992, they purchase a house for \$120,000. It is the first home purchase for either spouse. The family does not itemize deductions and, under current law, pays Federal income taxes of \$6,368. Under the President's proposals, the family would benefit from the tax credit for first-time home buyers. Their Federal taxes would be reduced by \$2,500 in 1992 and by an additional \$2,500 in 1993. Including the credit, their 1992 tax would be \$3,868, or 39 percent less than under current law.

Office of Tax Analysis
January 28, 1992

Example E: Capital Gains

Taxpayer E has been self-employed, and in 1992 he sells his business and retires. Taxpayer E and his wife file a joint income tax return and do not have any dependent children. They have \$60,000 of income from operating their business, \$10,000 of interest and dividend income, and a long-term capital gain of \$100,000 from the sale of the business. They have itemized deductions of \$10,400. Under current law, their 1992 Federal income tax would be \$41,546. Under the President's proposed reduction in capital gains taxes, their Federal income tax would be \$32,400, a reduction of 22 percent.

Office of Tax Analysis
January 28, 1992

**Example F: Deduction of Interest on Student Loans and Penalty-Free IRA
 Withdrawals for Educational Expenses**

Family F has two children, both over age 18 and both attending college. Both children are claimed as dependents on their parent's Federal income tax return. Both parents work, earning combined salaries of \$60,000. In addition, in order to pay college tuition, during 1992 Family F withdraws \$5,000 from the father's IRA account. The family has taken loans to pay college tuition, and during the second half of 1992, the interest paid on those loans is \$2,000. Family F does not own its home, but it has itemized deductions of \$6,400, apart from the interest on the loans for college expenses.

Under current law, Family F's 1992 Federal income tax is \$9,566, including a \$500 penalty because of the early withdrawal from the IRA account. Under the President's proposals, the early IRA withdrawal to pay college expenses would no longer be subject to a penalty. In addition, the interest on the loans for college expenses would be deductible. As a result, Family F's Federal income taxes would be \$8,506, a reduction of \$1,066, or 11 percent.

Office of Tax Analysis
January 28, 1992

Example G: "Buying a home for a growing family"

"Susan and Ward", 28 and 30, have lived in rented apartments since they were married six years ago. Their combined income of \$44,500 has allowed them to live comfortably in their Colorado community, but they have not managed to accumulate savings sufficient for the down payment they need to purchase a \$60,000 3-bedroom townhouse condominium in their neighborhood. With one small child and another on its way, they know that they will soon need more space.

The President's tax proposals would make it possible for Sue and Ward to buy their own home. Under the President's plan, the couple would be entitled to a \$5000 tax credit for first-time home buyers. Permitted to withdraw accumulated savings from their IRA accounts without penalty, they could raise enough money for the down payment. Furthermore, with the additional \$1000 tax exemption for their two children, the deductibility of interest on Susan's outstanding student loans permitted under the President's program, and the lowest mortgage interest rates in years, servicing their mortgage would be much less of a burden on their incomes than it otherwise would be.

Tax Benefits for "Sue and Ward" in 1992

1992 Federal taxes under current law:	\$5,495	(includes \$500 penalty for early IRA withdrawal)
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1992 Federal taxes with President's proposals:	\$2,307.50
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		<u>1992 Savings:</u>
First-time homebuyer's credit	=	\$2,500 (\$2,500 in 1993 as well)
IRA withdrawals for home purchases	=	\$ 500 (assumes \$5,000 withdrawal)
Additional tax allowance for children	=	\$37.50 (1/4 benefit for 1992; for 1993)
Deduction of interest on student loans	=	<u>\$ 150</u> (assumes \$1,000 interest)
		\$3,187.50

THE PRESIDENT'S GROWTH AGENDA

Immediate Agenda:

(1) *Executive Actions*

- o Withholding adjustment
- o Regulatory Relief
- o Spending acceleration
- o Monetary policy

(2) *Investment Incentives*

- o Capital gains
- o 15% Investment Tax Allowance
- o Modified AMT

(3) *Real Estate Incentives*

- o \$5,000 tax credit (first home)
- o Modified Passive Loss Rule
- o Penalty-free IRA withdrawal
- o Loss deduction for personal residences
- o Capital gains

Intermediate and Long-Term Agenda:

(4) *Investment in the Future*

- o R&D (record level -- \$76.6 billion)
- o Infrastructure (record level)
- o Head Start (\$2.8 billion)/
Children (over \$100 billion)
- o Prevention (record level)
- o Education (record level --
44% above FY '89)
- o Math & Science Initiative (69% above FY '89)
- o Anti-crime/drug abuse (record level --
\$28.5 billion)
- o Job Training 2000
- o Weed & Seed (\$500 million)
- o Enterprise Zones
- o HOPE
- o Mortgage revenue bonds
- o Low-income housing credit

(5) *International Market Expansion*

- o GATT
- o North American FTA
- o Enterprise for the Americas
- o Continued bilaterals

(6) *Pro-family Incentives*

- o Flexible IRA
 - Penalty-free withdrawal for health/education/first home purchase
- o Student loan interest deduction
- o Personal exemption increase (\$500 per child)
- o Health Reform

(7) *Comprehensive Health Reform*

- o The President's Plan
- o Health Insurance Market Reform:
 - Pooling
 - Guaranteed issue/coverage
 - Health Insurance Networks
- o Health Insurance Tax Credit/Deduction
- o Cost-effectiveness/containment measures
- o Coordinated care incentives
- o Prevention

(8) *Budget Discipline*

- o Orderly cut in Defense
- o Domestic discretionary freeze
- o Personnel freeze
- o Program and project eliminations
- o Mandatory cap and subsidy cap
- o BEA extension
- o Management initiatives

Unfinished Reform Agenda (still before the Congress):

(9) *America 2000 (Education Reform)*

- o New American Schools
- o Choice
- o National Goals/America 2000 Communities

(10) *Financial Sector Reform*

(11) *Legal Reform*

- o Tort reform
- o Malpractice reform
- o Civil justice reform

(12) *National Energy Strategy*

THE WHITE HOUSE
Office of the Press Secretary

EMBARGOED FOR RELEASE
AND WIRE TRANSMISSIONS
UNTIL 9:00 PM (EST)
TUESDAY, JANUARY 28, 1992

THE PRESIDENT'S STATE OF THE UNION ADDRESS

FACT SHEET

The President in his State of the Union Address spoke about America's unique place in the world and about his plans for restoring growth in America's economy. He challenged the Congress to pass his economic growth package by March 20.

Previously, the President had identified five tests for evaluating proposals for restoring economic growth:

- Does the proposal stimulate the investment necessary to create jobs?
- Does it bolster real estate values and increase home sales?
- Does it give Americans confidence they will be able to afford the cost of raising a family, including meeting their education and health care expenses?
- Does it increase America's capacity to compete in the global economy?
- Does it control wasteful government spending and work to reduce the Federal deficit?

The President's agenda meets these tests. In his State of the Union address, the President outlined three broad themes:

- Securing a New World Order;
- Getting the Economy Moving: The Short-Term Agenda; and
- Securing America's Future: The Longer-Term Agenda.

The following is a summary of the initiatives announced by the President.

I. SECURING A NEW WORLD ORDER

The President noted the historic American victory in the Cold War, and paid tribute to the "roll call of honor" -- the long list of servicemen and women who fought faithfully for freedom. He also acknowledged the role of the American taxpayer in bearing the brunt of the burden of providing resources to fight the Cold War. While threats still exist, the President observed that Operation Desert Storm demonstrated the good that can come from the "prudent use of power".

The President said that, with Communism gone, plans for cutting military spending can be accelerated. He announced that he has approved an additional \$50 billion in defense savings through fiscal year 1997.

The President has told President Yeltsin that the United States is prepared to respond in kind if Russia eliminates all land-based multiple warhead ballistic missiles and reduces its strategic nuclear forces. Specifically, the United States would eliminate all Peacekeeper missiles and reduce the number of warheads on Minuteman missiles to one. We would also reduce the number of warheads to be deployed on our Trident submarine force by about one-third and would convert a substantial portion of our strategic bombers primarily to conventional use.

The President also announced the following steps that the United States will take unilaterally:

A. Limiting Production of the B-2 Bomber.

After completing the 20 B-2 stealth bombers for which airframe procurement has begun, we will stop further production. There were 75 B-2 bombers in the previous plan. Because of the changes in the Soviet threat, America's strategic bomber force is less likely to face the sophisticated air defenses for which the B-2 was designed. Current bomber forces, including B-1B and B-52 aircraft, can be adapted to ensure adequate capabilities for strategic nuclear and conventional missions. Proposed savings are \$14.5 billion through 1997.

B. Cancelling the Small ICBM Program.

The small ICBM will be terminated. The guidance system for existing Minuteman III missiles will be improved and the service life of these missiles will be extended. Projected savings are \$1 billion through 1997.

C. Ceasing Production of New Warheads for Sea-Based Ballistic Missiles.

The Department of Energy will cease production of W-88 warheads for Trident missiles. This will be the first time since 1945 that the United States has no nuclear weapons in production.

D. Halting Purchases of Advanced Cruise Missiles.

Procurement will be terminated after 1992 at a total of 640 missiles, instead of the planned 1,000 missiles. This reflects reductions in the strategic target base and in the strategic threat. Projected savings are \$1.3 billion through 1997.

E. Stopping New Production of Peacekeeper Missiles.

For the second year in a row, the President will recommend no funds for the production of additional Peacekeeper missiles.

The President noted that he has consulted on these cuts with the Joint Chiefs of Staff and is acting on the recommendation of Secretary Cheney. He observed that, with the proposed cuts, by 1997 we will have reduced defense expenditures by thirty percent since he took office. The President underscored his resolve to resist further reductions as inconsistent with America's security interests and world leadership responsibilities. He declared that "as long as I am President we will continue to lead in support of freedom everywhere."

II. GETTING THE ECONOMY MOVING: THE SHORT-TERM AGENDA

The President declared that "we can bring the same courage and sense of common purpose to the economy that we brought to Desert Storm. And we can defeat hard times together." He identified a series of immediate actions necessary to get America back to work. He is taking several actions on his own authority. Other actions require the cooperation of Congress.

A. Actions the President Is Taking on His Own Authority.

The President has previously proposed several major growth-oriented legislative initiatives, such as his banking reform and energy bills, and he has urged the Congress to act on them. There is, however, much the Administration can and will do on its own to promote economic growth. For example, the Administration will continue to take steps to alleviate the

credit crunch. Similarly, it will continue to cut back excessive and misguided regulations that impose a large burden on the economy -- a hidden tax on American households in the form of higher prices for goods and services.

1. Regulatory Review.

The financial services reforms, tax proposals, and other regulatory initiatives listed below are just part of the intensive 90-day period of review and reform launched tonight by the President.

- The heads of the major Federal regulatory agencies will undertake a 90-day review of regulations and programs that may hinder economic growth and will identify and accelerate action on initiatives to reduce the burden of existing regulations or otherwise promote economic growth.
- To the extent permitted by law, each agency will refrain from proposing or issuing new regulations and programs that retard economic growth. This moratorium will be implemented without undermining health and safety and will not prevent compliance with statutory or judicial deadlines.

2. Alleviating the Credit Crunch.

The President is continuing his efforts to ensure that creditworthy businesses and individuals have access to funds for productive investments. Federal agencies are taking the following administrative steps to increase the availability of capital throughout the economy:

- The Administration is proposing to remove certain geographic restrictions on Federal thrift institutions.
- The bank and thrift regulatory agencies are enhancing the ability of banks and thrifts to raise additional capital by, among other things, removing certain restrictions on the assets that institutions can count as "Tier One" capital.
- The FDIC will implement ahead of schedule the new risk-based premium system for deposit insurance. Healthy banks will be rewarded with lower premiums

which, in turn, can help generate new lending without endangering the FDIC's insurance fund.

- The Securities and Exchange Commission will shortly propose rules to simplify registration requirements, reduce costs, and enhance the ability of small businesses to obtain capital from securities markets.
- To alleviate the concern of lenders that they will be saddled with liability under the Superfund law for environmental damage done by their borrowers, the Environmental Protection Agency will promulgate its final rule clarifying lenders' liability under Superfund.

3. Accelerating Agency Pro-Growth Initiatives.

The President has directed every cabinet Department and agency to get funds into pro-growth initiatives as quickly as possible. This should put an extra \$10 billion into the economy in the next 6 months. As part of this effort, he has directed the Department of Transportation to disburse quickly to state and local governments funds for highway and transit projects authorized by the recently signed Surface Transportation Act.

4. Reforming Federal Income Tax Withholding.

The Treasury Department will adjust IRS withholding tables to reduce the amount of over-withholding on low- and middle-income wage earners.

- This change will increase take-home pay by \$300, on average, for more than 90 million wage earners. Increases will range from around \$175 for single individuals to more than \$600 for two-income families.
- This change will increase wage earners' take-home pay by about \$25 billion in the coming year.
- This change is permanent. Over-withholding has crept into the system over time.
- More than 85 percent of taxpayers currently receiving refunds will continue to receive refunds, although smaller ones.

- Later this year, the IRS will contact those taxpayers who could owe tax, or additional tax, as a result of this change. The IRS will advise these taxpayers how to adjust their withholding to avoid owing the government money in April.
- Wage earners can elect not to change the amount withheld from their paycheck by reducing the withholding allowances they claim with their employers.

5. Reforming The Federal Payroll Tax System.

One of the barriers to increased employment and higher growth -- particularly of small and emerging businesses -- is the payroll tax system, which imposes billions of dollars per year in compliance costs. In addition to supporting tax simplification legislation now pending in Congress, the Department of the Treasury, in cooperation with the Department of Health and Human Services, will reduce the economic burden of the payroll tax system by abolishing and modifying requirements and procedures that needlessly increase employer costs.

6. Supporting Sound Monetary Policy.

The President pledged that his Administration would "continue to support monetary policy that keeps both interest rates and inflation down." The rate of inflation was 3.1 percent in 1991, the second-lowest level since 1967, and interest rates are now at their lowest level in two decades.

B. Actions That Require the Cooperation of Congress.

The President proposed a number of steps to encourage increased job-creating investment and saving and promote economic growth while maintaining budget discipline. Some of these measures are designed to have an immediate impact, while others are intended to provide a more permanent increase in the Nation's investment in productive assets.

1. Encouraging Investment and Saving.

To encourage increased investment and saving, the President proposed changes in the Tax Code.

- Creating an Investment Tax Allowance. To stimulate an immediate increase in investment in productive assets, the President proposed an additional 15 percent first-year depreciation allowance for certain property acquired between February 1 and December 31, 1992, and placed in service by June 30, 1993.
 - The additional depreciation allowance applies for both regular and alternative minimum tax purposes.
 - The additional allowance applies to machinery, equipment and the like (so-called "Section 1245 property").
 - A taxpayer's basis in qualifying property is reduced by the amount of the investment tax allowance.
- Simplifying and Enhancing Alternative Minimum Tax Depreciation. The President proposed a permanent modification to the alternative minimum tax (AMT) rules that would simplify the law and provide additional investment incentives.

Firms that pay taxes under the AMT currently receive less tax benefit from depreciation than other firms. The President proposes to repeal the "adjusted current earnings" (ACE) depreciation adjustment for firms placing new equipment in service on or after February 1, 1992. The current depreciation adjustment used to compute the ACE penalizes capital-intensive companies, such as airlines, chemicals, paper, motor vehicles, and steel when they buy equipment to modernize, expand capacity or meet the challenge of international competition.

2. Stimulating the Real Estate Market and Home Ownership.

The President called for enactment of several proposals affecting real estate. These proposals, coupled with other elements of the President's economic growth plan and the availability of low mortgage interest rates, will bolster residential and commercial real estate values and assist low- and middle-income families in buying homes and meeting their housing needs.

- Providing a Temporary Tax Credit for First-Time Homebuyers. The President has proposed a temporary tax credit for first-time homebuyers.
 - The credit would be 10 percent of the purchase price of a home, up to a maximum of \$5,000.
 - Half the credit would be allowed in the year the residence is purchased (1992) and half in the succeeding year (1993).
 - The tax credit would be effective for homes purchased between February 1 and December 31, 1992.
 - A "first-time homebuyer" would include any individual not owning a home during the previous three years.
- Using IRAs for First-Time Home Purchases. The President also proposed to waive the 10 percent penalty for withdrawals from Individual Retirement Accounts for first-time homebuyers.
 - Amounts up to \$10,000 could be withdrawn from Individual Retirement Accounts for a first-time home purchase. If both spouses have IRAs, each can make withdrawals, so the total can be as high as \$20,000.
- Modifying Certain Passive Loss Rules Affecting Real Estate Developers. The President proposed allowing developers actively engaged in the real estate business to offset non-rental income with rental losses from properties they developed.
 - Under the "passive loss" rules, rental losses can only offset "passive" income.
 - As a result, many real estate developers cannot use rental losses from properties they have developed to offset income from other profitable parts of their business.

3. Cutting the Capital Gains Tax Rate.

To encourage investment for a more competitive America, the President proposed a permanent exclusion of up to 45 percent of the capital gain on the sale of an asset,

resulting in a maximum tax rate on long-term capital gains of approximately 15 percent.

- The proposal would be phased in over three years. Eventually, only assets held for at least 3 years would qualify for the 45 percent exclusion; assets held between 2 and 3 years would qualify for a 30 percent exclusion; assets held between 1 and 2 years would qualify for a 15 percent exclusion.
- In general, all capital assets held by individuals, except collectibles, would be eligible for the capital gains exclusion. Corporations would not be able to claim the exclusion.

4. Extending Federal Unemployment Benefits.

The President is proposing legislation to make two changes to the emergency unemployment compensation program enacted on November 14, 1991. First, the expiration date of the program would be extended for five additional months of benefits. Second, the President is proposing to enable all states to pay an additional 13 weeks of benefits through June 13, 1992. The President asked the Congress to work with him and act immediately.

III. **SECURING AMERICA'S FUTURE: THE LONGER-TERM AGENDA**

The President stated that "we need long term improvement in our nation's economic position." He proposed the following steps to "guarantee our future."

A. Expanding Trade and Opening Markets for American Exports.

Open markets around the world mean expanded export opportunities for U.S. entrepreneurs, greater profits for our businesses, new jobs for our workers, lower prices and greater choices for our consumers, and a better standard of living for all Americans.

1. Concluding the Uruguay Round GATT Negotiation.

A successful conclusion to the Uruguay Round will:

- Reduce tariffs and non-tariff barriers by a third, thereby pumping \$5 trillion into the global economy over the next decade;

- Sharply cut the theft of America's best ideas, now estimated at \$60 billion annually through the infringement of our patents and copyrights, and the counterfeiting of our trademarks;
- Create new opportunities for America's service industries, which export \$115 billion annually and create 90 percent of our new jobs; and
- Expand trade for American farmers, who are already the world's most productive, with more than \$40 billion in annual exports.

2. Negotiating a North American Free Trade Agreement.

The negotiations now underway on a free trade area throughout North America will create one of the world's largest markets, with 360 million producers and consumers and \$6 trillion in annual output. Partly due to the promise of the free trade area, U.S. exports to Mexico have doubled since 1986, creating 320,000 additional jobs.

3. Implementing the Enterprise for the Americas Initiative.

President Bush introduced the Enterprise for the Americas Initiative in June 1990 to promote continued growth and stability throughout the Western Hemisphere. The Initiative stimulates economic reform by encouraging open markets for both trade and investment, and by helping to reduce debt burdens in the region. Congressional action is needed to implement this initiative.

B. Revolutionizing American Education.

The President stated that "we must revolutionize America's schools," and how we care for our children outside the schools. He emphasized the importance of the parental choice proposals contained in his AMERICA 2000 strategy. He called for giving teachers more flexibility in spending Federal monies and helping communities create break-the-mold New American Schools.

Since it was launched in April 1991, 30 states and over 1,000 communities have joined the AMERICA 2000 crusade to help move the country community-by-community toward the six national education goals.

In his 1993 budget, the President is proposing the largest increase for any Federal discretionary program for the Department of Education -- bringing it to a level 42 percent above FY 1989 discretionary spending.

C. Investing in Research, Development and Technological Innovation.

The President declared that "we must make common sense investments that will help us compete, long term, in the marketplace."

1. Encouraging Private Research and Development.

The President proposes to make permanent the current 20 percent research and experimentation credit and extend the current research and experimentation sourcing rules through December 31, 1993.

2. Increasing Federal Support for Emerging Technologies.

Investments in research and development form the foundation for the exploration of all of the new frontiers of today and tomorrow. The President's budget proposes \$76.5 billion in research and development expenditures for 1993. This funding will support investments to expand the frontier of knowledge in such areas as biotechnology, materials science, and high performance computing.

D. Combatting Violent Crime.

The President's plan for building strong neighborhoods supports his serious, all-out assault on crime and drug abuse. He noted that violent crime "saps our strength and hurts our faith in our society, and in our future together."

The President called upon Congress to pass his comprehensive crime bill which, he said, is "tough on criminals and supportive of police." The proposed Comprehensive Violent Crime Control Act's key elements include:

- An enforceable Federal death penalty;
- Reform of habeas corpus procedures;
- Reform of the exclusionary rule; and

- Enhanced penalties for crimes committed with a firearm.

E. Expanding Opportunity for Individuals and Families.

1. Increasing Home Ownership: Homeownership and Opportunity for People Everywhere (HOPE).

The President challenged Congress to fund fully his HOPE proposals.

- HOPE offers opportunities for homeownership and resident management of public and assisted housing.
- The program also includes "Shelter Plus Care" to provide help to those homeless who need support services, such as mental health care, to achieve dignified and independent lives.
- The President's budget proposes an increase of 102 percent in the HOPE program, to a level of \$4.8 billion. Over the past three years, Congress has cut funds requested by the President for HOPE by more than \$300 million.

2. Creating Job Opportunities: Enterprise Zones.

The President called on Congress to pass his Enterprise Zones legislation, which he first transmitted to Congress on July 26, 1989.

- The Enterprise Zones initiative would target tax incentives and regulatory relief to some of the nation's most economically depressed areas.
- Under the President's proposal, 50 areas would be chosen to become enterprise zones. In these zones, workers would receive tax credits against their income taxes, capital gains would be eliminated on investments, and expensing rules for capital investments would be liberalized.

3. Extending Tax Preferences for Low-Income Housing and Mortgage Revenue Bonds.

The President proposed to extend the low-income housing tax credit and the authority for state and local

governments to issue mortgage revenue bonds through December 31, 1993.

4. Investing in Our Children.

The President asked for support for his proposal to fund Head Start at record high levels.

- The President's fiscal year 1993 budget proposes \$2.8 billion in funding for Head Start, the largest increase (\$600 million) in the program's history. The President's proposal would allow the comprehensive pre-school program to serve more than 779,000 low-income children, which includes all eligible four-year-olds whose parents choose for them to participate.
- The President's 1993 budget requests over \$100 billion for programs that help children, including Head Start. This represents a 66 percent increase since 1989.

F. Reforming our Health Care System.

The President called for reforming our health care system. He rejected a government takeover of the health care system, or plans that would:

- Deny patient choice in picking a health plan;
- Ration health care services;
- Burden small business with expensive new mandates; or
- Require tax increases.

The President announced that he will propose a plan to reform our health care system that would:

- Preserve and increase the idea of choice.
- Make basic health care insurance affordable for low-income people not now covered, through a transferable health insurance credit (voucher) that would be as large as \$3,750 per family;
- Provide insurance security for workers moving between jobs;

- Bring costs under control;
- Help middle-class Americans pay for health insurance with a tax deduction; and

The full details of the President's comprehensive health care plan will be presented within the next two weeks.

G. Controlling Federal Spending.

The President announced several initiatives to bring Federal spending under control by building on the budget discipline imposed by the Budget Enforcement Act of 1990.

1. Freezing Domestic Discretionary Budget Authority.

The budget authority in the President's 1993 Budget will be at the level of 1992 budget authority -- a nominal freeze on discretionary spending. Because of savings on defense expenditures, total discretionary budget authority will decrease.

2. Capping the Growth of Uncontrolled Spending.

The President proposed establishing a mechanism to control the automatic growth in spending for existing entitlement and other mandatory programs.

3. Freezing Federal Employment for Non-Defense Agencies.

Total full-time equivalent positions in non-defense agencies for 1993 will not exceed the 1992 level. Because of defense employment reductions, the Federal workforce will shrink by almost 4 percent.

4. Terminating Federal Programs.

The President presented Congress with a list of 246 Federal programs that do not deserve funding and asked Congress to abolish them. The total savings would be almost \$5 billion in fiscal year 1993.

5. Adopting a Line-Item Veto.

The current budget process encourages special interest spending. The President should have the power to defend the general interest by striking from appropriations legislation any provisions that reflect only narrow interests.

6. Ending Unfinanced Federal Government Mandates.

The President asserted that Congress should pay for any mandated policies, programs, or activities that it imposes on our cities, counties, or states.

H. Enacting Bold Reform Proposals.

The President challenged Congress to enact four major reform proposals still awaiting Congressional action -- bank reform, civil justice reform, tort reform, and his national energy strategy.

I. Strengthening the Family.

The President declared that "we must strengthen the family -- because it is the family that has the greatest bearing on our future."

1. Establishing a Commission on America's Urban Families.

The President announced he will establish a new Commission on America's Urban Families, to identify ways to "keep families together, strong and sound."

2. Easing the Financial Burden on Families.

The President urged Congress to:

- Raise the Personal Exemption for Children. To help families with children, the President proposed increasing the personal exemption for dependent children, effective October 1, 1992. The exemption would be increased by \$500 and would be indexed for inflation.

- Allow the Deduction of Interest on Student Loans.
The President proposed allowing families to deduct the interest they pay on student loans.
 - The deduction would be permitted for interest incurred in financing higher education and training for the taxpayer and his or her spouse and children.
- Allow IRAs to be Used for Medical and Educational Expenses. The President proposed allowing penalty-free withdrawal of IRA funds for qualifying medical and educational expenses.

3. Reforming the Welfare System.

The President pledged to help any state attempting to reform its welfare system to promote individual responsibility by making it easier to obtain quickly any waiver of Federal regulations that may be required.

J. Moving Forward.

The President reminded Americans that we are "the freest nation on earth -- the kindest nation on earth -- the strongest nation on earth," but recognized that we can do even more. He also reminded us that "if we can change the world, we can change America."

THE WHITE HOUSE

Office of the Press Secretary

Embargoed for Release
Until 9:00 p.m. EST

Tuesday, January 28, 1992

HIGHLIGHTS OF THE PRESIDENT'S GROWTH AGENDA

- * The President has a plan to address both the short-term and the long-term problems facing the economy.
- * For the SHORT TERM, the President's plan will get the economy moving again:

1.) Executive Actions:

- Cutting back on excessive withholding and acceleration of already planned Federal spending will pump more money into the economy now.
- Curbing regulation will enhance growth; and responsible banking regulation will ease the credit crunch.

2.) Congressional Actions: CONGRESS SHOULD PASS THE PRESIDENT'S PLAN BY MARCH 20th.

Protecting Real Estate Values:

- The \$5,000 tax credit and penalty-free IRA withdrawal for first-time homebuyers, and allowing deductions for losses on personal residences will spur home sales.
- Modified passive loss rules and encouraging pension investments in real estate will help stop the slide in real estate.

Increasing Job-Creating Investments:

- Cutting capital gains taxes to a top long-term rate of 15.4%.
- The new 15% Investment Tax Allowance and better treatment of depreciation under the Alternative Minimum Tax will give industry a strong incentive to invest in productive equipment.

- * For the LONG-TERM, the President outlined nine steps designed to guarantee that America continues to lead the world of the future:

- 1.) Trade: Opening Up Foreign Markets to U.S. Exports: By working to reduce or eliminate tariffs and subsidies, and through negotiation of the North American Free Trade Agreement.
- 2.) Reforming and Investing in Education: By promoting choice, passing the America 2000 initiative, and providing the Department of Education with the largest

discretionary increase (+\$1.6 billion) in the FY 1993 budget.

- 3.) Investment in the Future: The budget proposes a record investment in R&D (\$76.5 billion) and making the R&D tax credit permanent.
- 4.) Fighting Crime: Congress should pass the President's crime bill.
- 5.) Expanding Opportunities for Individuals and Families: The President asked Congress to enact Enterprise Zones, and fund his budget recommendations for HOPE and Head Start (+\$600 million).
- 6.) Comprehensive Health Care Reform: The President has a plan to make health care more affordable (through a tax credit and deduction), increase access, protect choice, and bring costs under control -- without rationing, government control, or huge new taxes.
- 7.) Bringing the Deficit Under Control: Through a total freeze on domestic discretionary spending and domestic Federal employment, a line-item veto, and the elimination of 246 Federal programs.
- 8.) Enacting Bold Reform Proposals: Banking reform, the National Energy Strategy, tort reform, and civil justice reform.
- 9.) Strengthening the American Family: Through an increase in the personal exemption of \$500 per child, a new Flexible IRA, tax deductibility of interest on student loans, a new Commission on America's Urban Families, and Federal waivers to support welfare reforms which encourage work, responsibility, and asset building.

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January 28, 1992

MEMORANDUM FOR ANDY

FROM: CAROL

SUBJECT: SMALL BUSINESS LEGISLATIVE COUNCIL

Here's the deal on the speech:

The SBLC is a group of about 100 small business associations who are very supportive of the President. Their top two issues right now are the economic package and health care.

The audience will consist of 300 attendees -- from grocery store owner to bus company owner to tool/machine shop owner. There will be a group of venture capitalist types, as well. The speech is expected to be 8-10 minutes long -- probably similar to the Chamber of Commerce speech.

This event will take place at the J.W. Marriott on Wednesday, February 5 at 10:30 a.m. John Satagaj is the President of the Council. He can be reached at 639-8500. The Chairman is Phil Chisholm, and the Incoming Chairman is Bob Bannister.

Enclosed is a fax from the SBLC detailing what the organization is about, and their economic reform and health care plans/proposals.