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Folder Title:
New Hampshire State Legislature 2/12/92 [OA 7568] [2]

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McGroarty/Bunton
February 10, 1992
6:00 pm

PRESIDENTIAL REMARKS: NEW HAMPSHIRE STATE LEGISLATURE
FEBRUARY 12, 1992
2:00 P.M.

Mr. President [Ed Dupont, Jr.], Mr. Speaker [Harold Burns], members of the Executive Council, Governor Gregg. Ladies and gentlemen of the New Hampshire State Legislature: my thanks for that warm welcome.

[[I decided to come here today because I figured it's been awhile since the people of New Hampshire have heard a political speech.]]

[[Several weeks ago in Washington, I spoke in a chamber similar to this, to a group about this size.... Now, don't worry: that's where the comparison ends.]]

New Hampshire's legislature is the living legacy of Lincoln's words: of, by and for the people. / I see Senator Gordon Humphrey, come home to serve his state -- at all the remarkable men and women who balance the responsibilities of work and home with this public trust.

[[What leads you to serve? / It can't be the salary: that's not enough to cover the cost of two Celtics tickets come playoff time.]] What sustains this state is a tradition as old as America itself: A commitment to self-government that stretches from Pittsburg to Pelham, from Claremont to Conway to every corner of this state.

New Hampshire looks to government as a last resort -- not as the first answer to each and every problem. It doesn't see

people's paychecks as potential revenue. Its rule is right:
limit government -- not freedom.

This body governs itself the way we as citizens want to be governed: by the rules of common sense and fair play.

Believe me, we don't see much of either back in Washington. Well, we can do better -- provided we follow your lead.

Up here, you manage to avoid being enlightened by liberal economists. New Hampshire operates on the radical notion that a legislature should spend no more than it takes in. It's time for the federal government to follow your lead. //

New Hampshire legislators guarantee every bill a public hearing -- and every bill gets to the floor for a vote. It's time for the Congress to follow your lead. //

12 years ago, this state helped spark a new American revolution -- a revolution that marked the end of a weary era, and a new birth for freedom. Together, we made America proud. Together, we made America strong. Together, we made America respected in the eyes of all the world.

We fought great battles. // We stood fast against imperial communism -- and we watched walls the world over come tumbling down. // For 45 years, we fought in the trenches of the Cold War -- and we won. //

And let me tip my hat to every man and woman who ever served -- and to the American taxpayer -- because communism didn't just fall. It was pushed. //

Finally, just one year ago, we drew a line in the sand -- and helped defend a small nation and a grand ideal. We put Saddam Hussein back in his box -- where he belongs. //

We did these things because we had the courage to lead. //

And because we led -- America is free / America is safe / America is at peace.

Yes, dangers remain -- dark corners of the world not yet blessed by freedom. No, our work in the world is not yet over. But the great struggles we've won, the great changes we've seen do more than open new worlds -- they open new opportunities for us at home.

But for us to move forward -- for us to lead the world -- we've got to ^{get} America's economy moving again. //

Last month, I spoke to the American people -- and spelled out my plan to pull this country out of recession and into recovery. / I know all of you have heard plenty about plans that promise the moon. Let me say to the citizens of New Hampshire: Judge my plan by its first principle: Government is too big -- and it spends too much. //

We put a "stop order" on new federal regulation. I've begun a 90-day review -- 90 days to take a hard look at regulations that hurt more than they help. The day of over-regulation is just that: over. //

We've declared war on frivolous lawsuits. If this country rewarded success as easily as we slap on a lawsuit, our economy would be well on its way. //

We've worked to control spending. I've called on Congress to eliminate -- cut out altogether -- 246 federal programs. Somebody has got to say no -- and I'm the man who will. //

One thing would make it easier. Give me the tools -- and I will finish the job. Give me the line item veto. //

I took action with the authority I have as President -- and then I challenged Congress to act. I set out a two-part strategy to ensure economic growth: an immediate action plan to spark recovery -- and a long-term plan to guarantee progress and prosperity into the next American Century. //

The people of New Hampshire have a right to ask: we've been hit hard. What will this plan do for us? Fair question.

First, my plan will bolster the real estate market. With its ripple effect for the rest of the economy, real estate can lead the way back to recovery.

My plan helps New Hampshire homebuyers. It provides a \$5000 dollar tax credit to first time buyers: \$2500 this year, \$2500 the next. It lets them draw on their IRA accounts to make that purchase, penalty free. / For the average New Hampshire family buying the average New Hampshire house, my plan means tax breaks worth six months of mortgage payments. // For families all over this state -- that's an American Dream come true. //

And what's good for the families who want to buy that first home is good for the people who build them. //

Nationwide, housing economists predict my plan will create a boom in home-building. In this state alone, my plan will

generate 1000 new housing starts -- pump 120 million dollars into the state economy. Best of all, it will put more than 2000 New Hampshire construction workers back on the job. //

My plan will also help the pioneering high-tech firms that call New Hampshire home. / Pass my plan -- and give companies an Investment Tax Allowance: help growing firms accelerate investment. Make the R&E tax credit a permanent part of the federal tax code. Pass my plan -- get investment flowing again: cut the capital gains rate to 15 percent. //

Pass my plan -- and give American companies a competitive edge. Pass my plan -- and get New Hampshire moving again. //

That's my short-term action plan: No games -- no gimmicks. Just a plan that works, for America -- for New Hampshire. //

Look to the long-term, and we've got work to do as well -- steps we can take right now to guarantee progress and prosperity into the next American Century.

We get there by investing in the technologies of tomorrow, with federal support of R&D at record levels. We need to share the results, get the great ideas generated by public funds out into the private sector -- off the drawing board and onto store shelves. Our National Technology Initiative will do just that - and right now, ~~in Boston~~ at M.I.T., the first regional meeting is underway. //

We get to the future by letting the states do what they do best. Far too often, states have their hands tied by Washington. The federal government passes a mandate -- and they pass you the

buck. You get stuck raising taxes. New Hampshire's Constitution prevents this body from burdening communities with unfunded mandates. If it's good enough for New Hampshire -- why not Washington? //

We get to the future by strengthening the family. My plan provides an extra \$500 dollar exemption for every child. And just last week I announced my comprehensive health care reform: reforms that will keep costs down -- and open up access to 30 million uninsured Americans. / And we'll do it through choice - - not central control. The last thing the American people want is a system that lets the government play doctor. //

Look at the problems that plague us today: crime, drugs -- the erosion of moral values. Trace each one to its root causes, and you'll see one common factor: the decline of the family. This country must reaffirm a simple truth: When the family comes first, America is first. //

Every parent knows: our children are our future. We must challenge ourselves to revolutionize -- literally re-invent -- America's schools. New Hampshire has joined the America 2000 revolution. Let common-sense be our guide -- and let common-sense begin by letting parents choose which school is best for their child. //

Finally, we meet America's destiny by expanding trade -- opening new markets for American goods. I'm proud of the progress we've made, working to open markets from Asia to Europe to the Americas. Just this week, I signed a new investment

accord with the nations of Latin America. Last month, the agreement we reached with Japan will help computer companies right here in New Hampshire. That's a solid record in three years time -- a good start that we'll make even better.

But free trade has come under attack. The drumbeat mounts for a new isolationism -- this one, an economic retreat from reality.

The simple truth is, protectionism isn't a prescription for prosperity. Boil away all the tough talk, all the swagger and the patriotic posturing, and protectionism amounts to nothing more than a smokescreen for a country running scared. //

That's not the America I know. The America I know is a country ready to take on the world -- ready to rise to new levels, not run for cover. America isn't the kind of country that locks the doors, pulls down the shades and tells the world to go away. / Well, our national symbol isn't the ostrich -- it's the eagle. //

You see: I agree with Ronald Reagan. America is a shining city on a hill -- not a country fenced in by fear. Think of the generations who came to New Hampshire to work and found a welcome. America must never be a land marked off by a thousand-mile trench and a sign that says "No Trespassing." Let America always be a safe haven for people seeking freedom. //

Never in this nation's long history has America turned its back on a challenge -- and we won't start now. //

A proud America will never be protectionist. //

*including
Haitian
refugees*

And make no mistake: No state would be hurt more by economic isolationism than New Hampshire. Right now, New Hampshire businesses reap more than \$3 billion dollars a year from exports -- across this state, that's 45,000 jobs tied directly to foreign trade. / And even in these hard times, New Hampshire's manufacturing exports increased 80% in the past five years alone. //

It's an economic fact of life: If we close our markets, other countries will close theirs. When the walls go up, who gets hurt? New Hampshire first. //

Well, this President won't let that happen. //

We're going to compete -- not cut and run. Let the world know: America is in it to win. ///

I believe the good people of this state -- like citizens all across this country -- are ready to move ahead, to move forward to meet a new American destiny. Everyone sees the time has come for change -- everyone feels the excitement, everyone is impatient to begin. //

Everyone, that is -- except the Congress. //

Two weeks ago, I urged the Congress to work with me -- to do the will of the American people. I laid out the action plan I've outlined here -- and, yes, I set a deadline to help move Congress along the way.

It must sound strange to the people in this chamber -- strange for legislators who meet for only 45 days a year to hear Congress complain that 52 days is just not enough time.

They say: The deadline is arbitrary.

They say: The deadline is too early.

They say: The deadline is unfair. //

I say: The deadline is March 20. ///

By March 20th, I want to be able to report to the American people that the liberation of America's economy has begun. //

I ask the people in this chamber, I ask the good people of this state to give me your strong support. Send a message to the Congress. Tell them America wants to meet its future. Tell them the time has come to act. //

Today is a special day for me / for Barbara / for my family. I think back across the years to the lesson I learned long ago -
- I look ahead in wonder to what can be: And I know: There is no higher honor than serving this great nation. //

Thank you, New Hampshire, for this warm welcome. And may God bless this land we share, the United States of America.

#

11 February 1992

draft

MEMORANDUM FOR DAVE DEMAREST

THROUGH: DAN MC GROARTY

FROM: JEANNIE BUNTON

SUBJECT: NEW HAMPSHIRE LEGISLATURE SPEECH FACTS

The following sources were consulted for New Hampshire specific facts:

TAX CREDIT IMPACTS ON NEW HAMPSHIRE HOUSING STARTS/JOBS/ACTIVITY:

provided by Kent Colton, Exec. VP and CEO
National Association of Homebuilders [NAHB]
202-822-0401

compiled by Dave Crow, NAHB Economist
202-822-0383

NEW HAMPSHIRE MANUFACTURING EXPORTS/EXPORT RELATED JOBS:

provided by Bob Bork, USTR
202-395-6120

compiled by David Walters, Chief Economist USTR
202-395-3583

NEW HAMPSHIRE MORTGAGE PAYMENTS -first time homebuyer credit:

compiled by Todd Buchholz, OPD
202-456-7968

Methodology: avg. New Hampshire home \$109,048 [figure from Martha Austin in Gov. Gregg's office 603-271-2121]. Todd rounded down to \$100,000, 10% mortgage for payments of \$800 per month, which translates into over 6 months of mortgage payments with the first-time homebuyer credit [\$5,000].



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

JUDD GREGG, GOVERNOR

FAX TRANSMITTAL

TO: Jeannie

FROM: Martha Austin

NUMBER OF PAGES TO FOLLOW: 18

Hope this is helpful - Call if
you have questions!

PLEASE CALL TO CONFIRM: 271-2121

Affordable Housing Fund—Round 3

On September 26, 1991 the Board of Directors of the New Hampshire Housing Finance Authority approved funding for five projects under Round 3 of the Affordable Housing Fund (AHF). This fund was initially capitalized with a state appropriation of \$4 million for the purpose of fostering the construction, rehabilitation and/or acquisition of housing affordable to low and moderate-income households. The AHF provides a revolving source of financial support for qualifying projects and has had two previous funding rounds.

For Round 3 there were 16 requests for funds totaling \$3,072,825. Projects were evaluated on the basis of threshold criteria established by the NHHEA's Administrative Rules for the program, including low-income benefit, financial feasibility, marketability and ability of the project sponsor to properly administer the project. In addition, points are awarded to projects based on the proposed form of ownership, targeted demographic groups such as families with children, and projects in danger of losing affordability through conversion. Projects which receive financial support from the fund shall ensure that a portion of the project maintains long-term affordability of the units originally financed through the AHF.

The following projects were approved for funding by the NHHEA Board of Directors:

Families in Need

Request for \$86,000 for single house with 4 rental units in Concord. Funds requested for acquisition and rehabilitation.



1820 House, North Spring Street, Concord.

Hope Avenue

Request for \$150,000 for group home with five units for frail elderly in Concord. Funds requested for acquisition and renovation.

1820 House Cooperative

Request for \$79,000 for acquisition of housing cooperative by tenants.

Women in Transition

Manchester transitional housing for homeless women sponsored by NH Community Loan Fund. Eight units plus resident manager unit. Request for \$34,900 to refinance.

So. Weare Mobile Home Park, Weare

39-unit mobile home park cooperative awarded a feasibility grant of up to \$10,000 to hire a consultant for help in reviewing infrastructure problems.

*A Publicly funded program **

Building Communities Program Implemented

In a continuing effort to promote and preserve affordable housing opportunities for New Hampshire families, the New Hampshire Housing Finance Authority has joined in partnership with the New Hampshire Charitable Fund and the Stewart Mott Foundation to promote the development of strong community-based housing organizations throughout the state. The Mott Foundation awarded a grant to the Charitable Fund and NHHEA to provide funding for a two-year Building Communities Program.

The Building Communities Program provides grants and technical assistance to community housing trusts, manufactured housing and apartment cooperatives and other non-profit housing organizations which support affordable housing. The technical assistance portion of the program is provided by another entity working to promote and preserve affordable housing—the New Hampshire Community Loan Fund. Although the named partners have direct contact with many non-profit housing organizations cooperative groups and community land trust, efforts were made to ensure that new or possibly unknown organizations also received information about Building Communities. Small informal grant workshops were held throughout the state with staff members from one or more of the partners of this effort.

As a result of the statewide outreach, 20 applications from eligible groups were received during the spring grant period. A review of these applications and subsequent funding recommendations resulted in 50% of the applicants receiving funds. The final recipients of funding included four housing trusts, five mobile home parks and one apartment cooperative. Awards were made for either project grants in amounts not to exceed \$5,000 or general operating support grants in amounts not to exceed \$10,000. The monies awarded as projects grants could be used for improvements or capital projects such as painting, building a playground area or creating a school bus shelter. Groups that were not successful during their first attempt to receive funding have been encouraged to apply during the Fall grant period.

In addition to the award of grant funds, the technical assistance portion of the Building Communities Program has continued to develop training models to be used to help housing trusts, mobile home park cooperatives, apartment cooperatives and non-profit providers of rental housing promote and preserve housing affordable to lower income families throughout the state. Technical assistance will include some insight into the financing mechanisms available, accounting practices and general property management issues.

Profile of 1991AB Single Family Mortgage Program (as of 9/20/91)

Lendable Proceeds	\$59,240,000
Average Age of Loan Recipient	32
Average Income of Loan Recipient	\$36,686
Average Purchase Price of Homes	\$89,819
New Construction	101,353
Existing Housing	85,148
Average Loan Amount	81,133
New Construction	91,900
Existing Housing	76,773
Average Loan to Value Ratio	90.72%
Average Family Size	2.45

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY PURCHASE PRICE DATA BASE
SUMMARY REPORT, PURCHASE PRICE MEDIANS STATEWIDE ON AN ANNUAL BASIS

REPORT: STATERPT.FRG

PERIOD: 1991

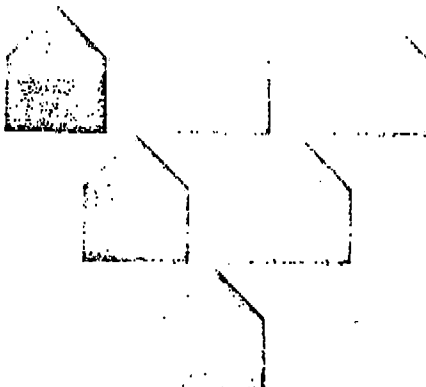
DATE: 12/13/91

Ext. through 3rd quarter

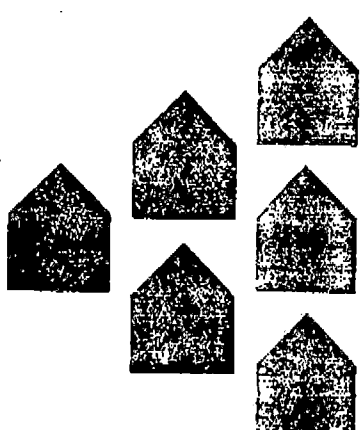
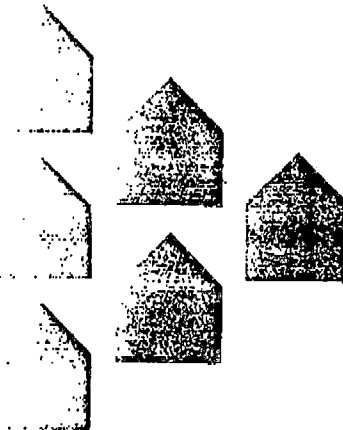
AREA	TYPE	NEW/EXIST	MEDIAN	SAMPLE
STATEWIDE	SINGLE FAM	EXISTING	\$111048	1733
STATEWIDE	SINGLE FAM	NEW	\$119901	427
STATEWIDE	SINGLE FAM	ALL AGES	\$114000	2160
STATEWIDE	CONDO	EXISTING	\$70314	198
STATEWIDE	CONDO	NEW	\$106190	107
STATEWIDE	CONDO	ALL AGES	\$80571	305
STATEWIDE	ALL TYPES	EXISTING	\$105429	2000
STATEWIDE	ALL TYPES	NEW	\$118476	536
STATEWIDE	ALL TYPES	ALL AGES	\$109048	2536
METRO AREAS	SINGLE FAM	EXISTING	\$119191	802
METRO AREAS	SINGLE FAM	NEW	\$123738	245
METRO AREAS	SINGLE FAM	ALL AGES	\$119905	1047
METRO AREAS	CONDO	EXISTING	\$70629	148
METRO AREAS	CONDO	NEW	\$106476	83
METRO AREAS	CONDO	ALL AGES	\$81371	231
METRO AREAS	ALL TYPES	EXISTING	\$111048	998
METRO AREAS	ALL TYPES	NEW	\$120000	328
METRO AREAS	ALL TYPES	ALL AGES	\$115000	1326
NON METRO	SINGLE FAM	EXISTING	\$95048	931
NON METRO	SINGLE FAM	NEW	\$107524	182
NON METRO	SINGLE FAM	ALL AGES	\$97048	1113
NON METRO	CONDO	EXISTING	\$69048	50
NON METRO	CONDO	NEW	\$99905	24
NON METRO	CONDO	ALL AGES	\$79917	74
NON METRO	ALL TYPES	EXISTING	\$95000	1002
NON METRO	ALL TYPES	NEW	\$107492	208
NON METRO	ALL TYPES	ALL AGES	\$96000	1210

SOURCE: NHFA P O BOX 5087, MANCHESTER, NH 03108

no mobile homes
no homes with 10 or more acres
no below value sales included in data



**STATEWIDE
SUMMARY
REPORT:
ANALYSIS
OF NEW
HAMPSHIRE
HOUSING
MARKETS**



1990



**NEW HAMPSHIRE
HOUSING FINANCE AUTHORITY**



ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET

5

SUMMARY OF SURVEY RESULTS**Renter Households**

Median Income:	\$24,700
Median Age:	34
Average Household Size:	2.37
Median Gross Rent for Two-Bedroom Units:	\$579
Median Price Existing Housing Unit:	\$122,100

About 26 percent of renters (35,000 households) have very low incomes (less than 50 percent of median) after adjustment for household size. Of these, 21,400 to 25,000 pay over 30 percent of their income to housing costs.

About 10 percent of renters have an adequate income to finance a 95 percent mortgage on a median priced existing home. About 29 percent can contribute a five percent downpayment. However, only about five to six percent have both adequate downpayment and monthly income to support the cost of a median priced existing home in their market area.

Homeowners

Median Income:	\$36,200
Median Age:	43
Average Household Size:	2.89

Annual turnover among homeowners is estimated at about seven percent.

About 39 percent of the homeowners have paid off their mortgages. Of those having a mortgage payment, the median monthly payment is \$570.

The median property tax cost is \$1,940 per year.

About 11 percent of the owners surveyed have a home equity loan or second mortgage used to pay for home improvements; the median monthly payment is \$240.

About eight percent of the owners are members of a condominium or homeowners' association; the median monthly fee is \$80.

ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET
EQUITY AND RENTAL MARKET PROJECTIONS

In the context of current levels of overpayment for housing, and estimated growth rates in housing need for the three years (1990 through 1992), annual housing absorption potential is illustrated in the table below.

**STATE OF NEW HAMPSHIRE
ANNUAL MARKET AND NHHFA PROGRAM POTENTIAL**

	Average Annual ¹ <u>1990-1992</u>		
<u>Potential First-Time Home Buyers</u>			
Total Potential First-Time Home Buyers	5,000 - 6,500		
NHHFA Single Family Program Buyers	650 - 1,200		
<u>Rental Housing Units</u>			
Construction Need	1,300 - 2,000		
Absorption Estimate for Assisted Housing Projects: (Annual) ²			
	General ³ Rental	Housing for Elderly Rental Congregate ⁴	
Deep Subsidy (Section 8/Voucher)	1,000	250	350
Below Market (FmHA 515)	400	200	400
Market Level (at market rates)	1,000	250	500

¹ Average Annual needs are predicated on a market recovery after 1990.

² Total absorption potential includes a provision of housing to households who overpay, in addition to the demands of growth. Therefore, total absorption potential may exceed total annual construction demand (serves households growth only).

³ General rental absorption estimated at 15 percent of annual turnover plus households growth. This category includes some units which would be occupied by elderly.

⁴ Congregate units include some overlap with rental housing for the elderly; congregate may include ownership of rental units in congregate settings. Congregate need estimated at 1.5 percent of total elderly income qualified market including those receiving assistance.

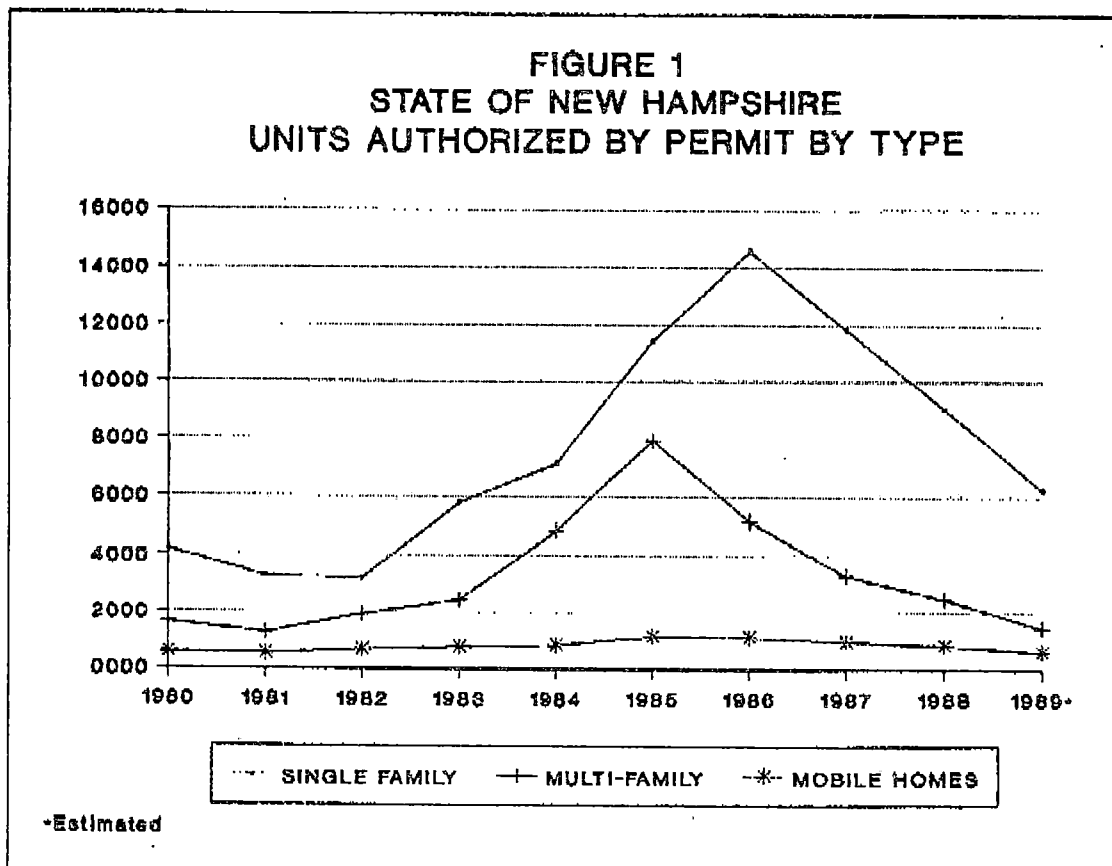
ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET

HOUSING DEMAND AND COSTS

POPULATION, EMPLOYMENT AND HOUSING GROWTH

Construction of housing has closely paralleled population and employment growth during the 1980's. Since 1980, the State has grown by about 99,600 households, this translates to over 11,000 households annually. Meanwhile the number of residential units authorized during the same period averaged about 11,470 units per year, some of this undoubtedly replaced ruinous housing. From 1980 to 1988, average annual private wage and salary job growth was 16,600 per year. The net annual change in private wage and salaried employment within the state exceeded 31,000 jobs in the peak year 1984. Housing permits peaked two years later when 20,540 units authorized. Both employment growth and housing permits have since declined to levels of absolute growth near that of the early 1980's (see Figure 2). During the past decade, housing expansions has, on average, matched one unit for every 1.5 jobs created.

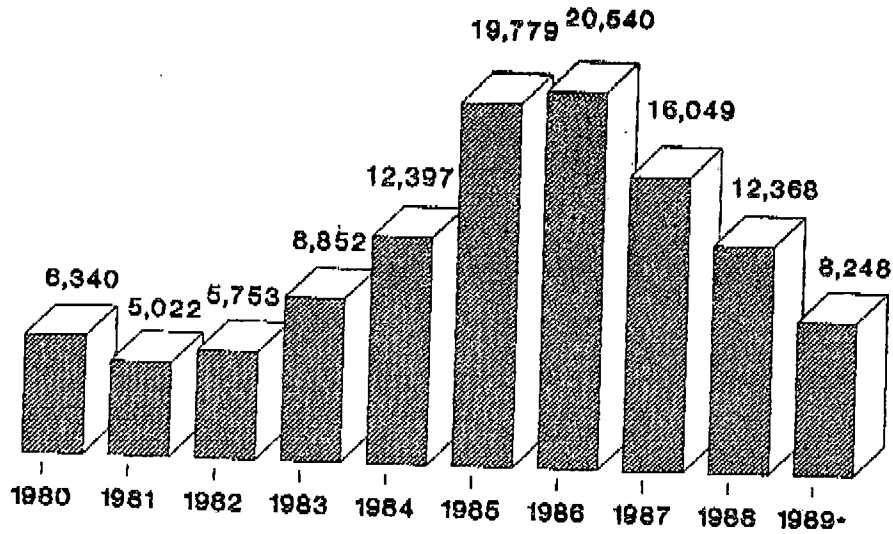
Housing development activity peaked in 1985 and 1986, in which about 20,000 dwelling units per year were authorized by permit. During the calendar year 1989, an estimated 8,200 units were authorized in the state. During 1990, about 5,000 units are projected to be authorized in New Hampshire (See Figures 1 and 2.)



ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET

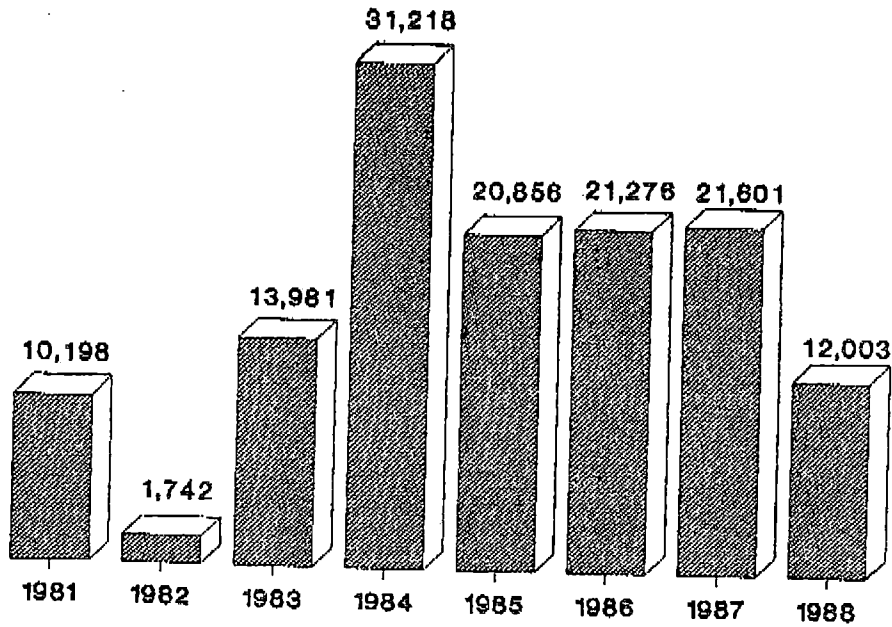
**FIGURE 2
STATE OF NEW HAMPSHIRE
ANNUAL GROWTH OF HOUSING AND EMPLOYMENT**

HOUSING UNITS AUTHORIZED



•Estimated

CHANGE IN COVERED EMPLOYMENT-



• See Footnote to Table 1

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ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET

TABLE 1
STATEWIDE DATA SUMMARY

	1980	1989	Change 1980-1989	
			Number	Percent
POPULATION	920,475	1,126,498	206,023	22%
JOBS (Covered Employment- (Private Wage & Salary*)	304,609	437,484 (1988)	132,875	44%
HOUSEHOLDS	323,433	423,000	99,567	31%
Homeowners	218,801	288,912	70,111	32%
Renters	104,632	134,088	29,456	28%
% Own	68%	68%	---	---
% Rent	32%	32%	---	---
ELDERLY HOUSEHOLDS (65+)**	62,879	90,064	27,185	43%
Homeowners	43,257	62,525	19,268	45%
Renters	19,622	27,539	7,917	40%
Elderly As Percent				
Of Total Households	19%	21%	---	---
Of Homeowners	20%	22%	---	---
Of Renters	19%	21%	---	---
RENT ASSISTED HOUSING UNITS	12,278	18,874	6,596	54%
Elderly	7,460	11,166	3,706	50%
Family	4,818	7,708	2,890	60%
Percent of Total Renters				
With Rent Assistance	12%	14%	---	---
Percent of Renters Age 65+				
With Rent Assistance	38%	41%	---	---
Percent of Family Renters				
With Rent Assistance	6%	7%	---	---

**TABLE 1
(CONTINUED)**

MEDIAN HOUSEHOLD INCOME (1989 ESTIMATES)

All Households	\$31,900
Homeowners	\$36,200
Renters	\$24,700

MEDIAN HOME PRICES

Existing Homes	\$122,100
New Homes	\$138,400

MEDIAN RENTS	NHHFA Market Survey	UNH Household Survey
1 Bedroom	\$526	\$444
2 Bedroom	\$630	\$579
All Rentals	\$595	\$552

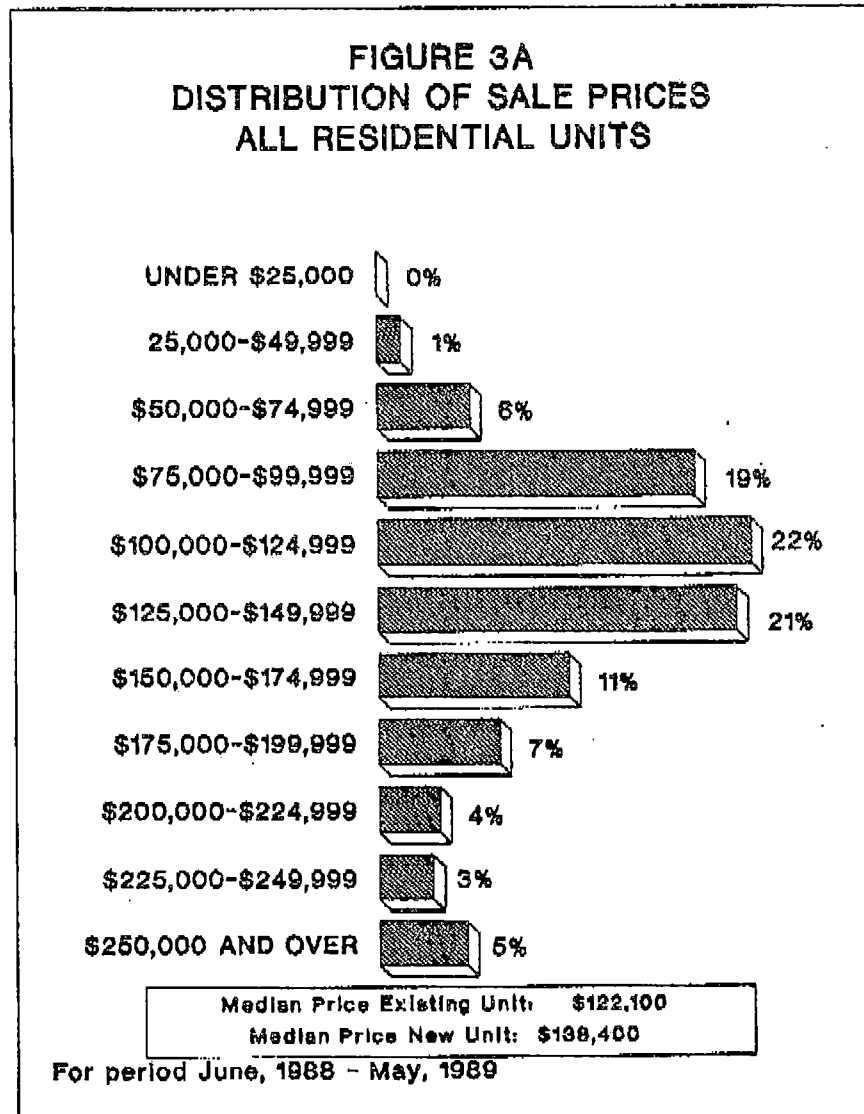
*As reported at local level by N.H. Dept. Of Employment Security, excludes government, self-employed, fully commissioned salespersons. Market area totals based on aggregated local data, which are partially suppressed for confidentiality.

** Counts and proportions of elderly homeowners and renters presented here are based on AER's independent estimates calculated as projections from 1980 census figures.

HOUSING COSTS AND SALES VOLUME

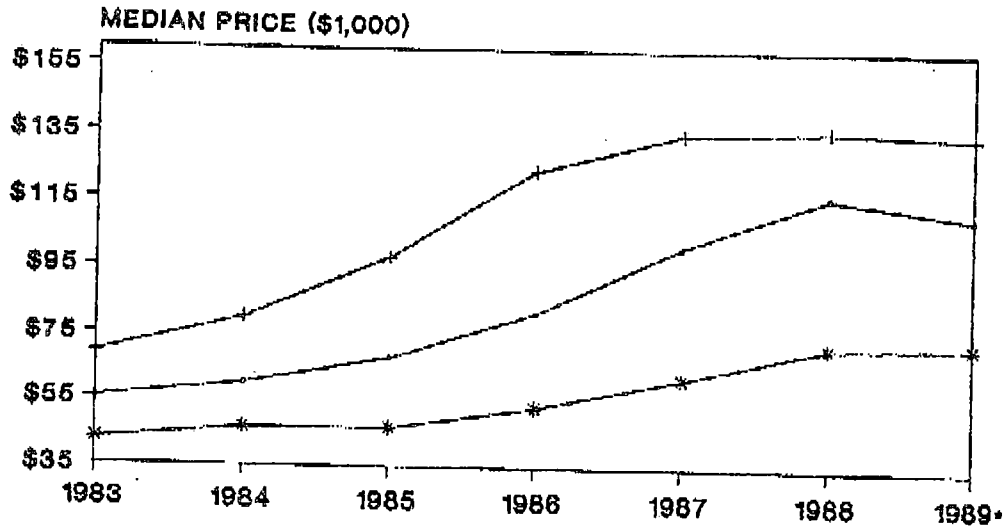
Home Prices

Median home prices in New Hampshire for the June, 1988 to May, 1989 period stood at \$122,100 for existing homes and \$138,400 for new homes. With a median household income of \$24,700 annually, the typical renter in New Hampshire can afford, at prevailing market rates, a unit costing about \$55,000. Less than five percent of the units sold in New Hampshire during this period sold for prices at or below that level. Price distributions of home sales are illustrated in Figure 3A. Figure 3C illustrates the median price of existing homes in the state's market areas.

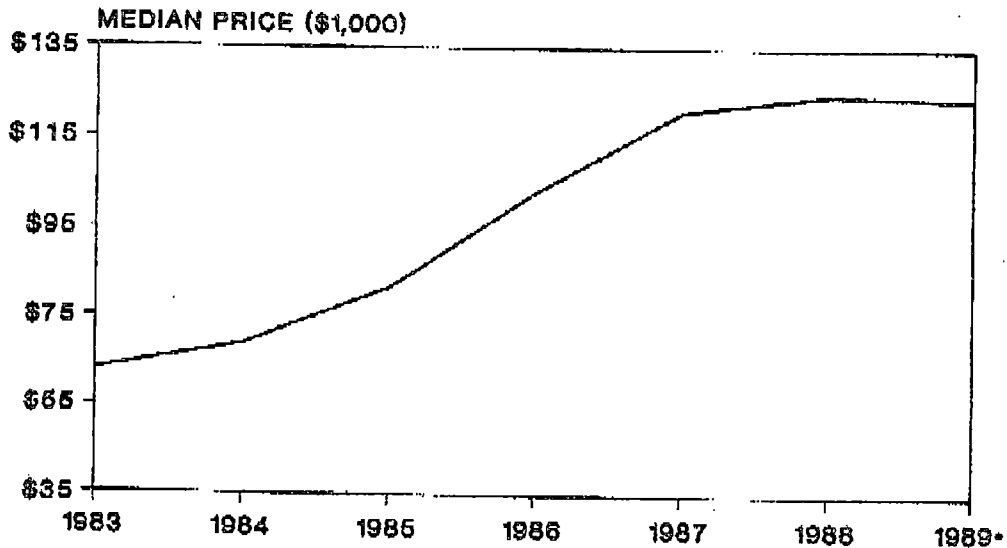


ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET

**FIGURE 3B
PURCHASE PRICE TRENDS 1983-1989
FOR SELECT MARKET AREAS AND THE STATE**



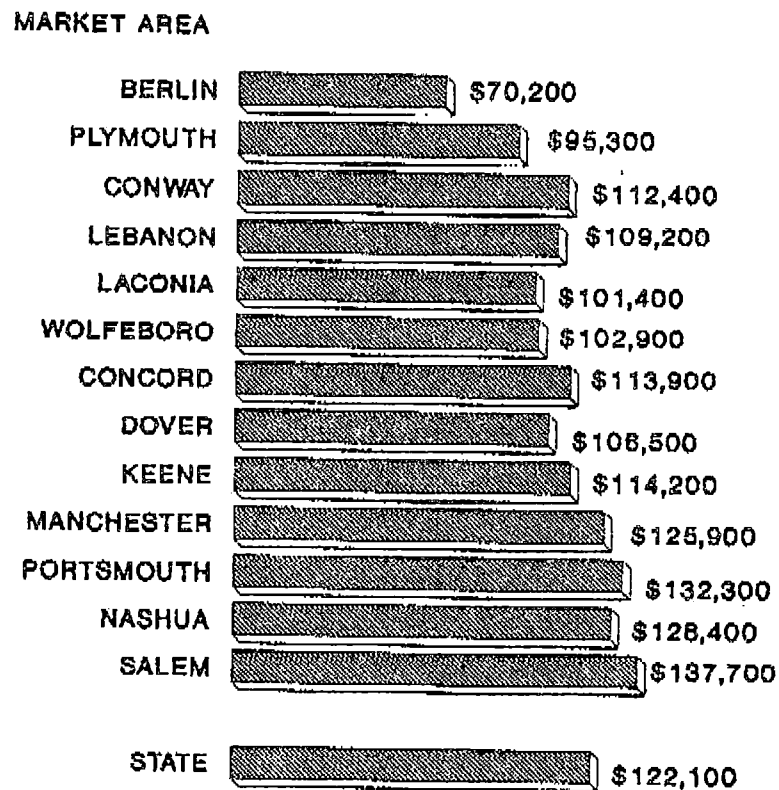
—+— KEENE —x— NASHUA —*— BERLIN



— STATEWIDE

ALL UNITS
• Based on data reported for first three quarters only

**FIGURE 3C
MEDIAN SALE PRICES OF EXISTING HOMES
BY MARKET AREA**



For period June, 1988 - May, 1989

Condominium Sales and Prices

Sales of new condominiums averaged about 5,000 units per year in the 1986 to 1988 period. In 1989, new condominium closings were down by 37 percent to 2,200 closings. New condominiums sold in New Hampshire during the 1986 - 1988 period represented about 20 - 25 percent of new home sales to primary home buyers. Forty-two percent of the new condominium units which were sold in 1989 were priced at under \$100,000 and 65 percent were priced under \$125,000. (See Table 2.)

ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET

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TABLE 2
STATE OF NEW HAMPSHIRE
SUMMARY OF NEW CONDOMINIUM SALES 1986-1989

Price Range	Number of Sales				Change		
	1986	1987	1988	1989	1986-87	1987-88	1988-89
Less than \$75,000	2,123	964	559	368	-1,159	-405	-191
\$75,000 - \$99,999	2,123	1,528	810	548	-595	-718	-262
\$100,000 - \$124,999	1,098	1,248	922	501	150	-326	-421
\$125,000 - \$149,999	416	601	520	385	185	-81	-135
\$150,000 - \$174,999	205	249	246	174	44	-3	-72
\$175,000 - \$199,999	114	183	165	97	69	-18	-68
\$200,000 - \$224,999	83	76	65	49	-7	-11	-16
\$225,000 - \$249,999	25	95	78	21	70	-17	-57
\$250,000 and Over	60	107	125	63	47	18	-62
Total	6,247	5,051	3,490	2,206	-1,196	-1,561	-1,284

Price Range	Percent Change			Percent of Total			
	1986-87	1987-89	1988-89	1986	1987	1988	1989
Less than \$75,000	-55%	-42%	-34%	34%	19%	16%	17%
\$75,000 - \$99,999	-28%	-47%	-32%	34%	30%	23%	25%
\$100,000 - \$124,999	14%	-26%	-46%	18%	25%	26%	23%
\$125,000 - \$149,999	44%	-13%	-26%	7%	12%	15%	17%
\$150,000 - \$174,999	21%	-1%	-29%	3%	5%	7%	8%
\$175,000 - \$199,999	61%	-10%	-41%	2%	4%	5%	4%
\$200,000 - \$224,999	-8%	-14%	-25%	1%	2%	2%	2%
\$225,000 - \$249,999	280%	-18%	-73%	0%	2%	2%	1%
\$250,000 and Over	78%	17%	-50%	1%	2%	4%	3%
Total	-19%	-31%	-37%	100%	100%	100%	100%

Total Sales Volume

Over the past five years, the total annual sales of new and existing homes to owner occupants in New Hampshire averaged nearly 19,000 transactions per year. (See Figure 5A.) Approximately 40 percent of sales were new homes while 60 percent were existing units.

In the current market environment, total owner-occupied transactions are anticipated to average around 13,000 - 14,000 per year during 1990 - 1992, including 5,000 - 6,500 first-time buyers annually.

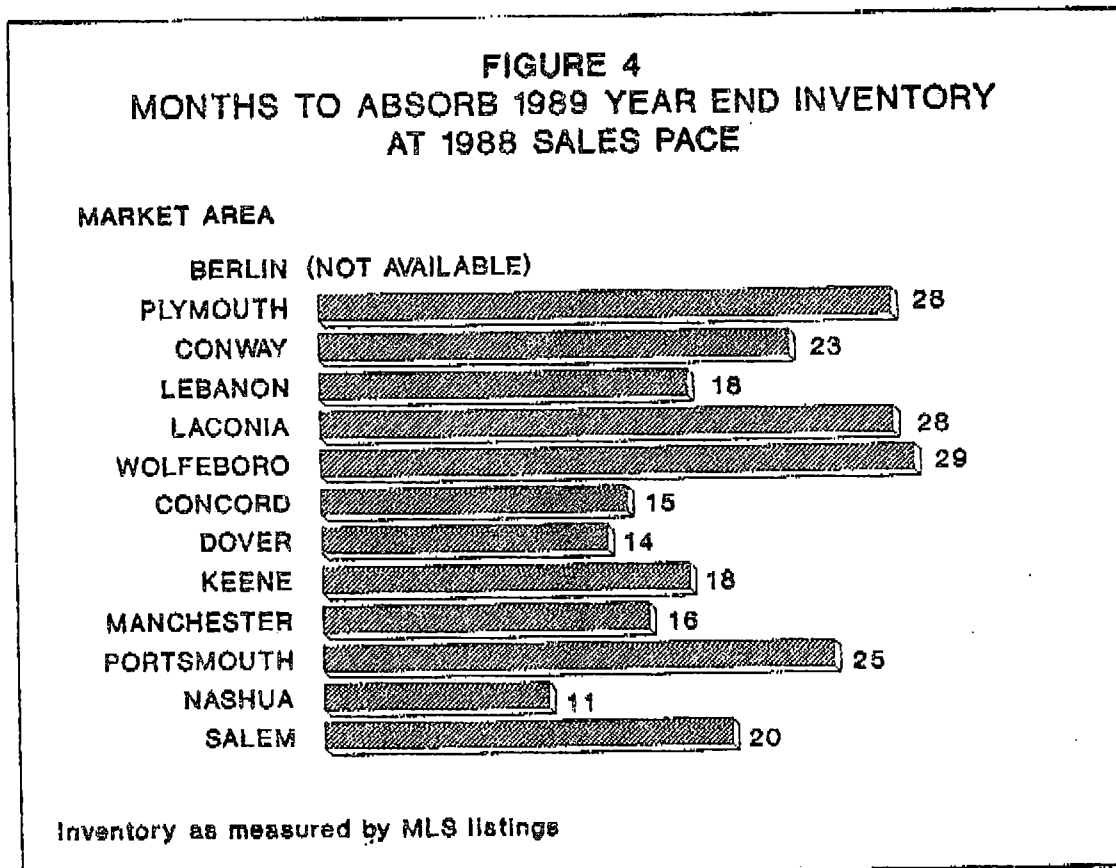
MLS Sales and Inventory

The relative status of the existing home inventory, as measured by Multiple Listing Service (MLS) sales and listings within the market areas, is detailed in Figure 4. It should be noted that AER has extracted from MLS data sales and listings from the particular towns and cities within the market area boundaries. These numbers may or may not be similar to those reported for actual Multiple Listing Service reporting areas. MLS sales and listings will include second homes, seasonal and other non-primary home sales and listings. In some market areas, where the seasonal component of sales is significant, the relative inventory may appear larger than in primarily year-round markets.

As of the end of 1989, listings represented by MLS services appeared to be in the range of 1 1/2 to 2 years of inventory in most market areas (assuming listed sales are to be sold out at a 1988 sales pace). It is likely that with the use of a 1989 sales pace, the time to absorb the inventory may be 20 percent higher than shown in Figure 4.

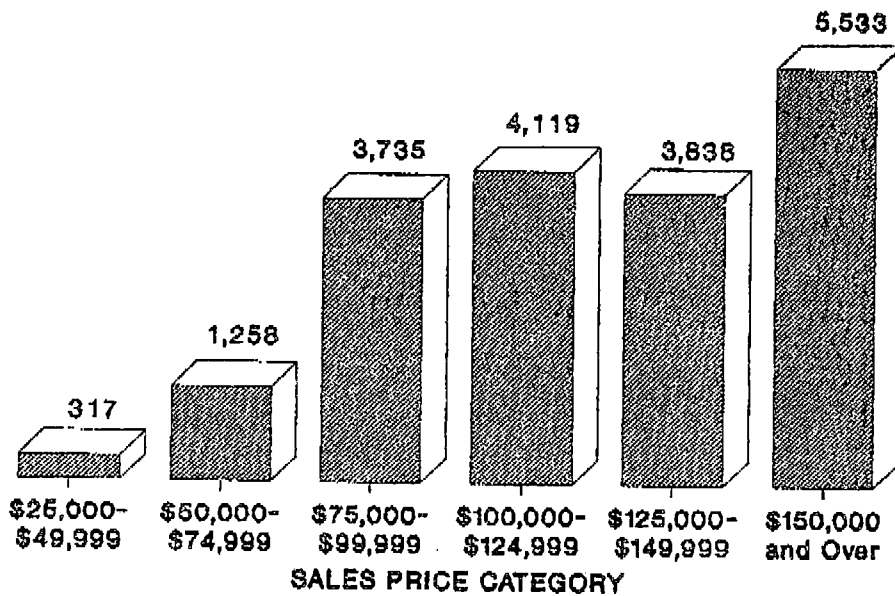
Markets with somewhat lower stress, as represented by the gap between sales and listings, were: Nashua, Dover, Concord, and Manchester. The Keene and Lebanon markets had slightly higher inventories at 18 months; all other markets exceeded a 20-month inventory.

In most of the market areas, the surplus in inventory is generally within high price ranges, typically above the reach of the first-time buyer market. Within the more affordable price ranges in given market areas, actual inventory surpluses may be lower.



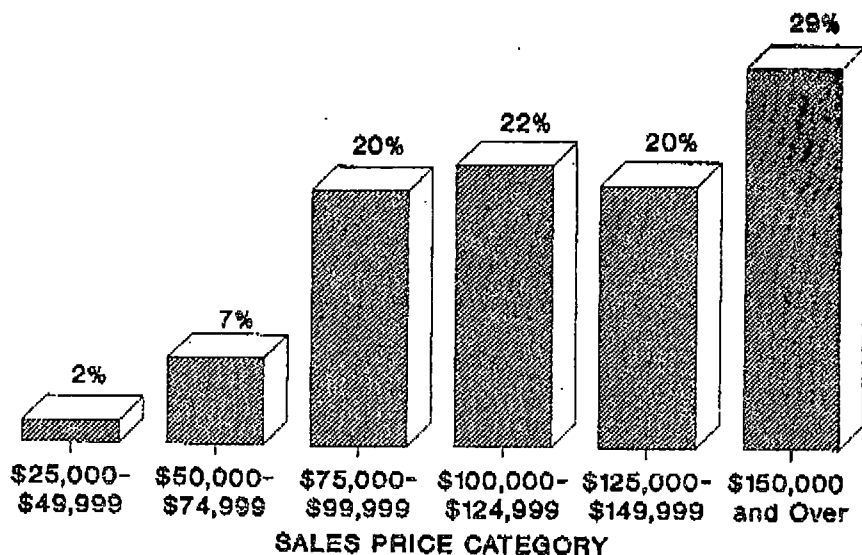
ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET

**FIGURE 5A
AVERAGE ANNUAL SALES 1985 - 1989
FIRST-TIME AND MOVE-UP PURCHASES**



Total Estimated Sales Annually: 18,800

**FIGURE 5B
PERCENT OF ANNUAL PRIMARY HOME SALES
BY SALES PRICE**



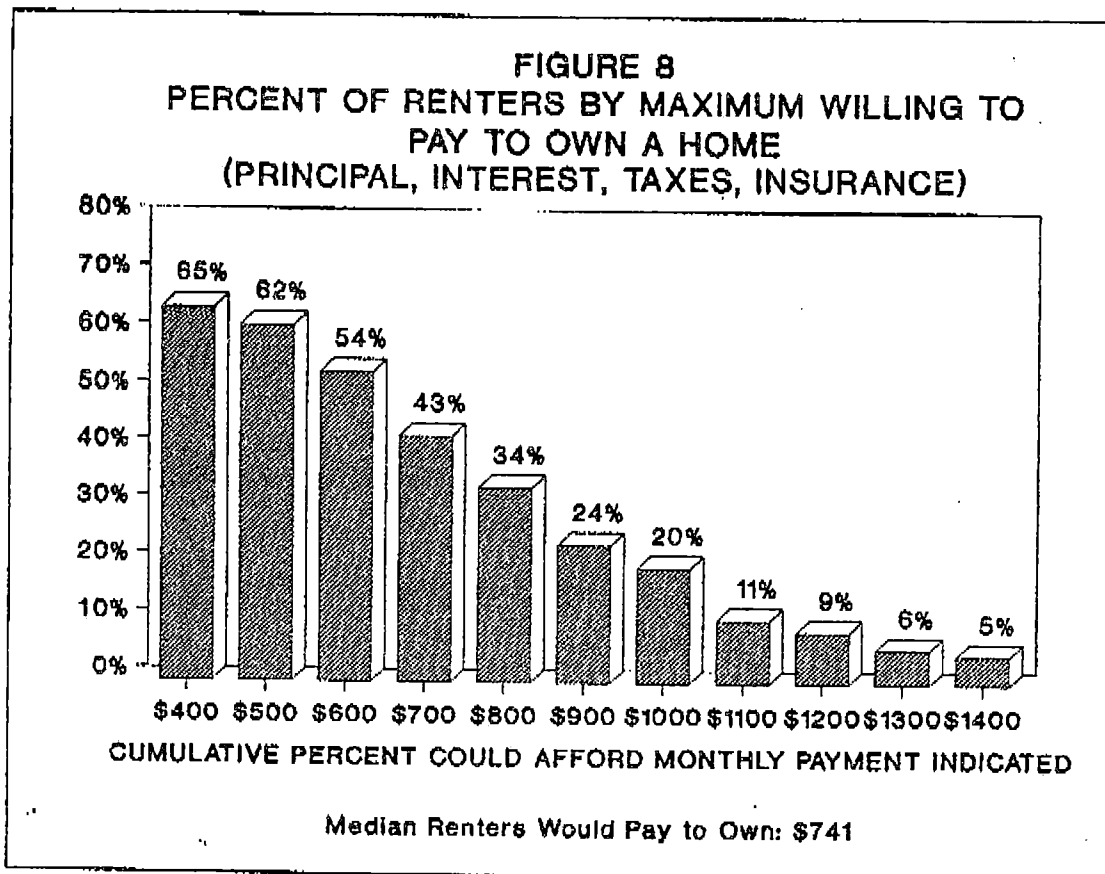
FIRST-TIME BUYER POTENTIAL AND NHHFA MARKET SHARE

TOTAL SALES POTENTIAL

If a suitable inventory of affordable units were available, approximately 17,000 - 23,000 renters would desire to enter the homeownership market in a typical year. However, even in a strong market as existed in the middle years of the 1980's only about 8,000 renters per year have been able to afford what the market offers, even with a median existing home price last year of \$122,100.

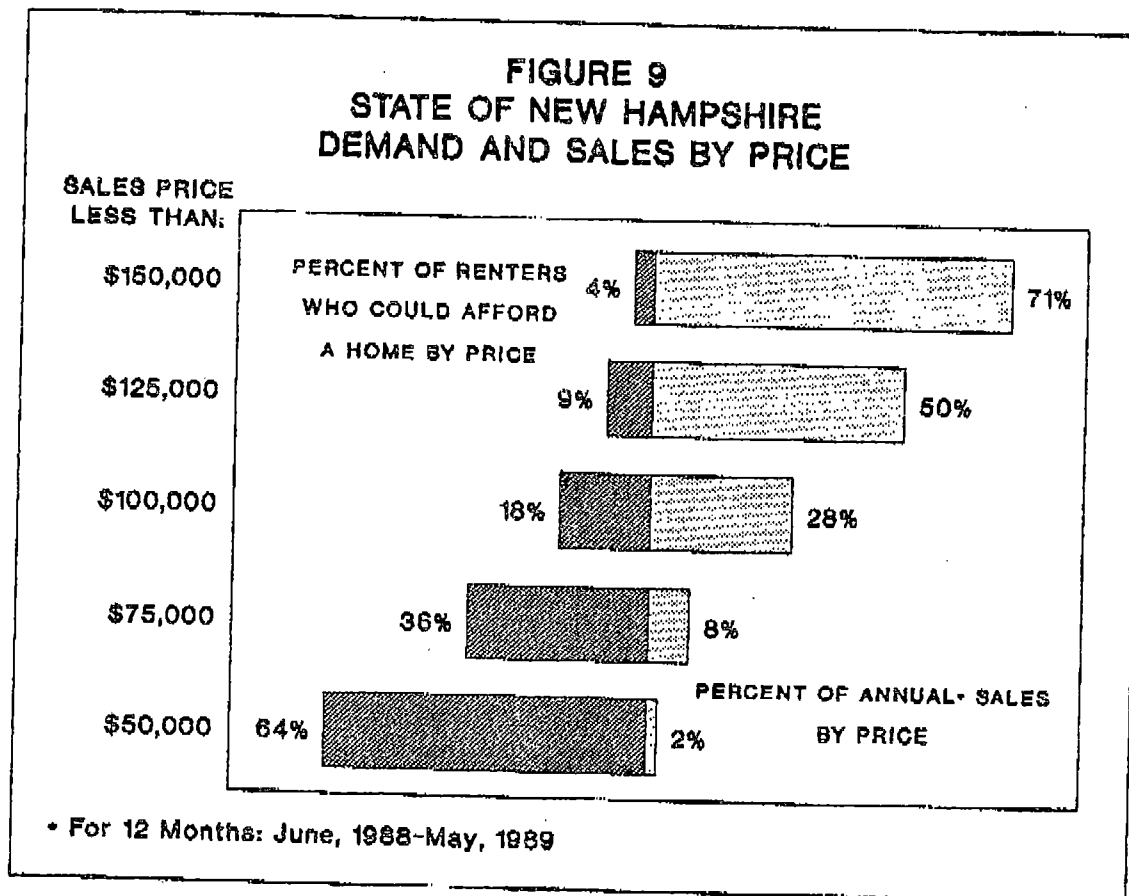
Monthly Payments

The median income renter household in New Hampshire earns about \$24,700 per year. About 35 percent of all renters in the state can not even afford to pay a minimal monthly payment of \$400 to own a home. Of those who can afford some payment, the median monthly contribution for principal, interest, taxes and insurance is about \$740 per month. (See Figure 8.) This would support a mortgage of about \$67,000 under conventional lending terms, and about \$80,000 under the NHHFA program. A comparison of the ability of renter households to support ownership at conventional terms and the distribution of home sales is illustrated in Figure 9. While 36% of renters could afford a home priced between \$50,000 and \$74,999, only 8% of all residential sales during the 12 months, June, 1988 through May, 1989 were sold at this price level.



ANALYSIS OF NEW HAMPSHIRE'S HOUSING MARKET

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Downpayment Resources

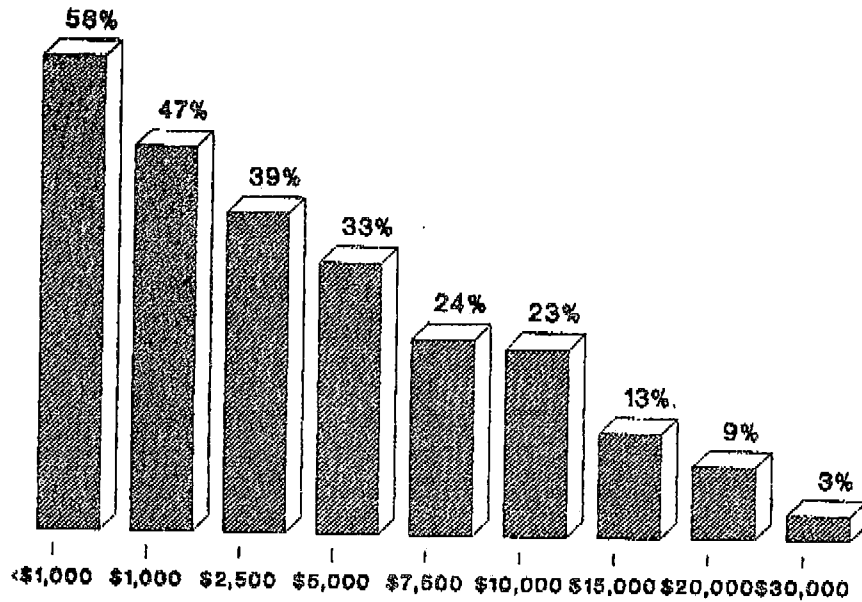
Over 42 percent of all renters have no resources at all to apply as a downpayment for the purchase of a home. When those having "nothing" for a downpayment are excluded from the random sample, the median downpayment available is \$7,400. (See Figure 10A.)

Home Buying Plans

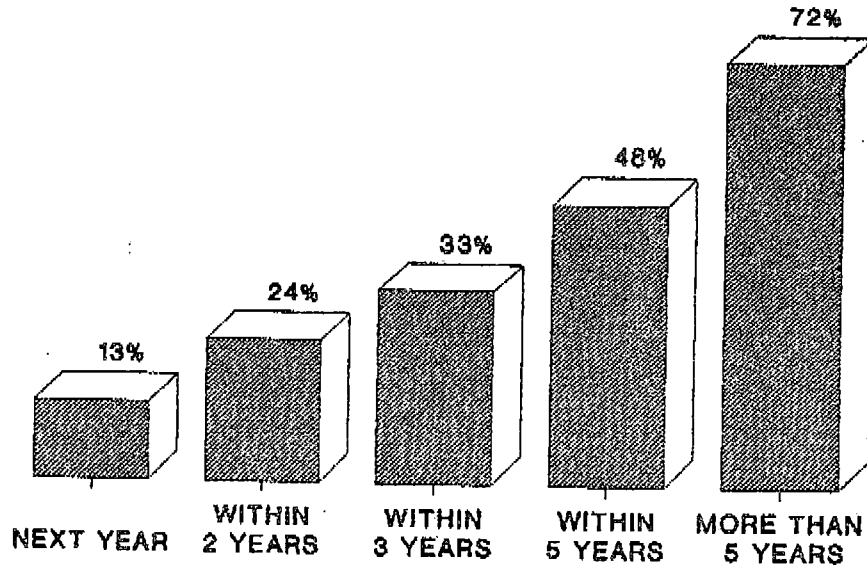
Of all renters in the state, approximately 13 percent estimate that they expect to buy a home over the next year. Twenty-eight percent stated that they do not expect to buy a home at any time in the future, and this group is mostly made up of elderly, low income or unemployed households. (See Figure 10B).

In projecting the total first-time home buyer market potential, an annual average of 17 percent market entry per year was used in order to remove biases against low income households who desire to enter the ownership market, even though they have little current purchasing power.

**FIGURE 10A
CUMULATIVE PERCENT OF RENTERS
BY DOWNPAYMENT RESOURCES**



**FIGURE 10B
PERCENT OF RENTERS WHO EXPECT
TO PURCHASE A HOME**



'91 State of the Nation's Housing
annual report
Joint Center for Housing Studies
Harvard University

Virginia Townsend → 617-495-7908

800-#
ph. on front pg. of Union leader

Chicago Title Insurance Co. [survey] 1989

NH legis in session → [45 days / yr in session]
6 mos session unless open session

Martha Austin Co. Gregg Oppi
- NH Howard survey

→ 1990 -

1991 - statewide
all type
114,000

survey from

NH \$109,048

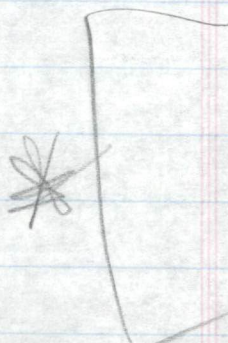
median housing prices

Median
cost for
housing
incl.
SF's
cable

70-75% of purchase of private

if public funded dp 10% on avg. (20-25% down payment
Some banks 30% require

close cost depend on where it
nopt's fixed rate mortgage 3000 or \$150,000 adjust
diff P.P



[class cont'd]

Over x N/A int put new term

- walk -

20th don
if put down
20,000 down
with my papers in 25% to pay down
carpenter of down term? N/A to make
over that ~~down~~

if lost 10,000 credit alone want cover

IRA + credit may cover down payment

credit max \$5,000 [spread over 2 yrs]

trans. fall's ops - use NATE figures

banks don't

if you have banks & prob. credit buyer of
2nd \$2,500 (of the \$5,000)

total - sum → 228
200

Take w/ Todd
Buchholz
OPD
2/7/92
1PM

those who have been close to Steve

anyway - Will have
not before 10/24

~~10/24~~

pay first bill in - you are here
paid if you credit

10% mortgage
\$800/mo
600/mo
mortgage points

\$100,000

per Total Buchhaltung
SPD 2/2/92
18r

...e, all persons held as slaves within
... or designated part of a state, the
... hereof shall then be in rebellion
... the United States shall be then,
... ward, and forever free.

Preliminary Emancipation Proclamation [September 22, 1862]²

somewhat like the boy in Kentucky
... ed his toe while running to see his
... rt. The boy said he was too big to
... ar too badly hurt to laugh.

*Reply as to how he felt about the
New York elections.*³ *From Frank
Leslie's Illustrated Weekly* [November
22, 1862]

... may be said to consist of its terri-
... ple, and its laws. The territory is
... art which is of certain durability.

*Second Annual Message to Con-
gress* [December 1, 1862]

... ever could be a proper time for
... arguments, that time surely is
... In times like the present, men
... for nothing for which they would
... ly be responsible through time
... nity.

Ib.

... as of the quiet past are inad-
... stormy present. The occasion is
... with difficulty, and we must rise
... sion. As our case is new, so we
... anew and act anew. We must
... ourselves, and then we shall save

... izens, we cannot escape history.
... ongress and this administration
... mbered in spite of ourselves. No
... nificance or insignificance can
... another of us. The fiery trial
... h we pass will light us down in
... onor to the last generation. We
... r the Union. The world will not
... e say this. We know how to save
... he world knows we do know how
... even we here, hold the power
... responsibility. In giving free-
... ave, we assure freedom to the
... ble alike in what we give and
... erve. We shall nobly save or
... the last, best hope of earth.
... may succeed; this could not fail.
... plain, peaceful, generous, just

... ion Proclamation was issued one hun-
... anuary 1, 1863].

... s a victory for Horatio Seymour, Dem-
... or governor of New York. Moreover,
... th the Democrats picked up a number
... ats and won a number of state elec-

— a way which if followed the world will
forever applaud and God must forever bless.
Ib.

¹ Beware of rashness, but with energy and
sleepless vigilance go forward and give us vic-
tories.

*Letter to Major General Joseph
Hooker* [January 26, 1863]

² The Father of Waters again goes unvexed
to the sea.

Letter to James C. Conkling
[August 26, 1863]

³ I have endured a great deal of ridicule
without much malice; and have received a
great deal of kindness, not quite free from
ridicule. I am used to it.

Letter to James H. Hackett
[November 2, 1863]

⁴ Fourscore and seven years ago our fathers
brought forth on this continent, a new na-
tion, conceived in Liberty, and dedicated to
the proposition that all men are created
equal.

Now we are engaged in a great civil war,
testing whether that nation or any nation so
conceived and so dedicated can long endure.
We are met on a great battlefield of that war.
We have come to dedicate a portion of that
field, as a final resting place for those who
here gave their lives that that nation might
live. It is altogether fitting and proper that
we should do this.

But, in a larger sense, we cannot dedicate
— we cannot consecrate — we cannot hallow
— this ground. The brave men, living and
dead, who struggled here, have consecrated it
far above our poor power to add or detract.
The world will little note nor long remember
what we say here, but it can never forget
what they did here. It is for us, the living,
rather to be dedicated here to the unfinished
work which they who fought here have thus
far so nobly advanced. It is rather for us to be
here dedicated to the great task remaining
before us — that from these honored dead we
take increased devotion to that cause for
which they gave the last full measure of devo-
tion; that we here highly resolve that these
dead shall not have died in vain; that this
nation, under God, shall have a new birth of
freedom; and that government of the people,
by the people, for the people, shall not perish
from the earth.¹

Address at Gettysburg
[November 19, 1863]

¹ See Wycliffe, 143:12; Webster, 450:14; Disraeli, 501:6;
Garrison, 505:19; and Parker, 537:15.

⁵ The President last night had a dream
was in a party of plain people and a
came known who he was they began
ment on his appearance. One of them
"He is a common-looking man." The
dent replied, "Common-looking people
the best in the world: that is the reason
Lord makes so many of them."

*From Letters of John Hay and
tracts from His Diary, edited
C. L. HAY* [December 23, 1862]

⁶ I claim not to have controlled events
confess plainly that events have control-
led me.

Letter to A. G. Hodges [April 18, 1862]

⁷ The world has never had a good defini-
tion of the word liberty. And the Americans
just now are much in want of one. We
declare for liberty; but in using the
word we do not mean the same thing.
Some, the word liberty may mean for
man to do as he pleases with himself and
product of his labor; while with others
same word may mean for some men to
they please with other men and the pro-
of other men's labor. Here are two, not
different, but incompatible things, called
the same name, liberty. And it follows
each of the things is by the respective part
called by two different and incompat-
ible names, liberty and tyranny.

The shepherd drives the wolf from
the sheep's throat, for which the sheep thank
the shepherd as his liberator, while
the wolf denounces him for the same act.
Plainly the sheep and the wolf are not agree-
able upon a definition of liberty.

*Address at the Sanitary Fair
Baltimore* [April 18, 1862]

⁸ I do not allow myself to suppose that either
the convention or the League have concluded
to decide that I am either the greatest or be-
st man in America, but rather they have con-
cluded that it is not best to swap horses when
crossing the river, and have further con-
cluded that I am not so poor a horse that they
might not make a botch of it in trying to
swap.

*Reply to the National Union
League* [June 9, 1862]

⁹ Truth is generally the best vindication
against slander.

*Letter to Secretary Stanton, refer-
ring to dismiss Postmaster-General
Montgomery Blair* [July 18, 1862]

BUSH 92 QUAYLE

Date: 2/7/92

Time: 5:21

To: Tomy Snow

FAX Number: _____

Telephone Number: _____

Comments: _____

From: JIM PINKERTON

FAX Number: 202-336-7116

Telephone Number: 202-336-7180

Number of Pages Including Cover Sheet 3

BUSH QUAYLE
★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

TO: *Tony Snow*
by Bx

DATE: *2/7*

FROM: JIM PINKERTON

EYE for 2/12 NH speech

UNIQUE ABOUT NEW HAMPSHIRE LEGISLATURE

\$100 per yr.

1. Since 1889 pay for members of the Legislature has remained at a Constitutionally set \$200 per two year term.
2. This rate of compensation and the size of the House has ensured that New Hampshire continues to be governed by the volunteer citizen legislature that has become the hallmark of New Hampshire state government.
3. What makes our volunteer Legislature unique is the requirement to live and work with the people you represent.
4. New Hampshire ranks 3rd nationally in the number of women serving in the Legislature.
5. A hearing shall be held upon each bill referred to a committee. (Senate Rule #22, House Rule #50.)
6. Every bill is reported out of Committee and to the full body for a vote, regardless of its outcome.

The Public Can Testify
on every bill

To Pinkerton
on NH Spend

Jan 9 / 102nd Cong -

GENERAL

LEGISL → REVIEW 8-10 key legis & what did or not happen - where is it - finish

Jim Dyer - 7054
Gary Andres - 6620

- Ed
- CRIME
- CLEAN AIR
- ADA

don't track that way
[OPD] → Pink @ empaign
clerk

Which bills are through what didn't we get by Tom. a.m. (asap)

~~Handwritten scribbles~~

NEW HAMPSHIRE

all. stats.: prohib any. NH family 4 person
 3 bdrm home - cost avg. price of home, avg. mortgage
 mo. → mortgage size (if refinanced today)
 income income taxes
 down payment closing cost would be

Bernie Martin 4864
by trace that
Jim Mur 3060

Todd Buckles - that means
TODD BUCKLES → 7968

[Nati Assoc Realtors:]

[1202-383-1000]

~~Frank...~~
UZ DUNCAN →

→ how long first time homebuyers save up for a down ptmt?
how much / mo?

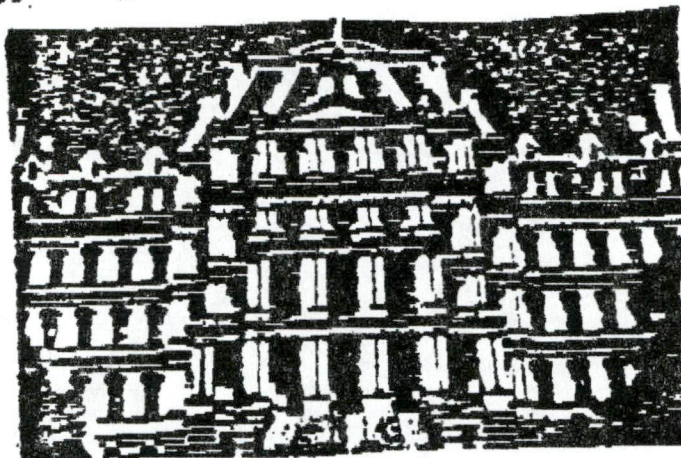
Joint Center for Housing Studies @ Harvard

617-495-7908 - Wm. APGAR

- Denise DiPasquale

EXECUTIVE OFFICE OF THE PRESIDENT

Office of Management and Budget



FACSIMILE TRANSMITTAL SHEET

Number of Pages including cover 2

Date: 2/10/92

To: Tony Snow

Fax Number: 6218

Office Number: _____

Comments: _____

From: Barbara / OMB

Fax Number: (202) 395

Office Number: (202) 395-

Louisa Koch
x3914

**Comments on White House Staffing Request
The New Hampshire State Legislature Concord, New Hampshire**

The export statistic used on page 8 -- that exports from New Hampshire have increased 70% increase in the last three years -- is not supported by the state level trade data published by the Department of Commerce. The Commerce data for exports from New Hampshire are as follows:

1987	(Jan-Dec)	\$709.5 Million
1988	(Jan-Dec)	\$869.1 M
1989	(Jan-Dec)	\$935.0 M
1990	(Jan-Dec)	\$972.5 M
1991	(Jan-Nov)	\$923.2 M

← exports total

ran the numbers by
Louisa @ 5:35 pm on
2/10/92 she said ok?

TREASURY NEWS



W. J. ...

566-2044

**EMBARGOED UNTIL 9:00 PM EST
January 28, 1992**

Note:

*See Todd
Bruchholz
French
Hill*

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

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 \$1,837.50, 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 \$5,493, 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)

1992 Federal taxes with President's proposals: \$2,307.50

		<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	=	\$ 150	(assumes \$1,000 interest)
		\$3,187.50	



STATE OF NEW HAMPSHIRE

OFFICE OF THE GOVERNOR

JUDD GREGG, GOVERNOR

FAX TRANSMITTAL

TO: JEANNIE BUNTON

FROM: LORINE CARD

NUMBER OF PAGES TO FOLLOW: 18

HERE IS SOME INFO FOR YOU TO MULL THROUGH!!
MORE WILL BE FORTHCOMING

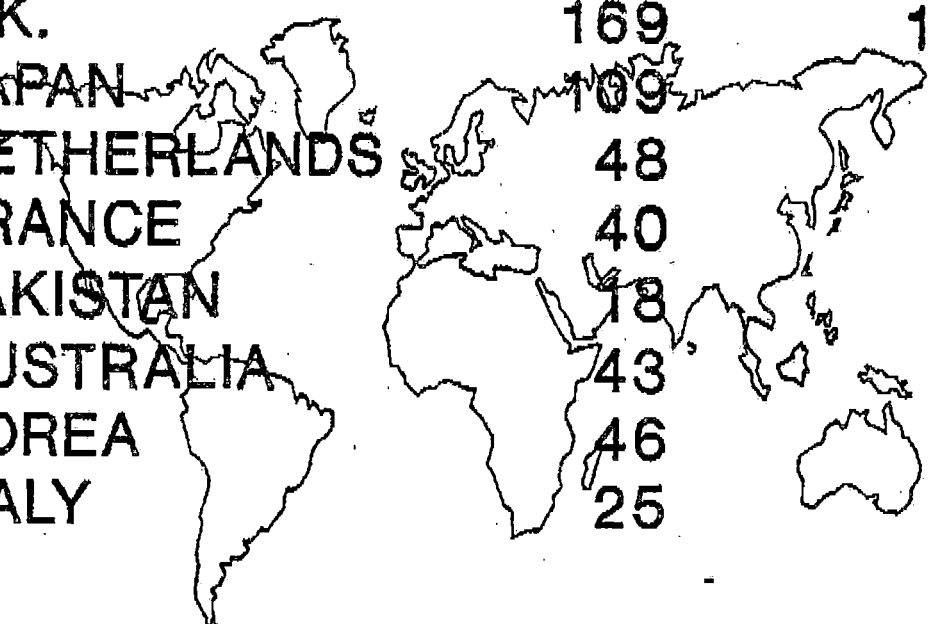
PLEASE CALL TO CONFIRM: 271-2121

NEW HAMPSHIRE'S EXPORTS

(TOP 10 MARKETS - \$Mn)

<u>DESTINATION</u>	<u>1989</u>	<u>1990</u>
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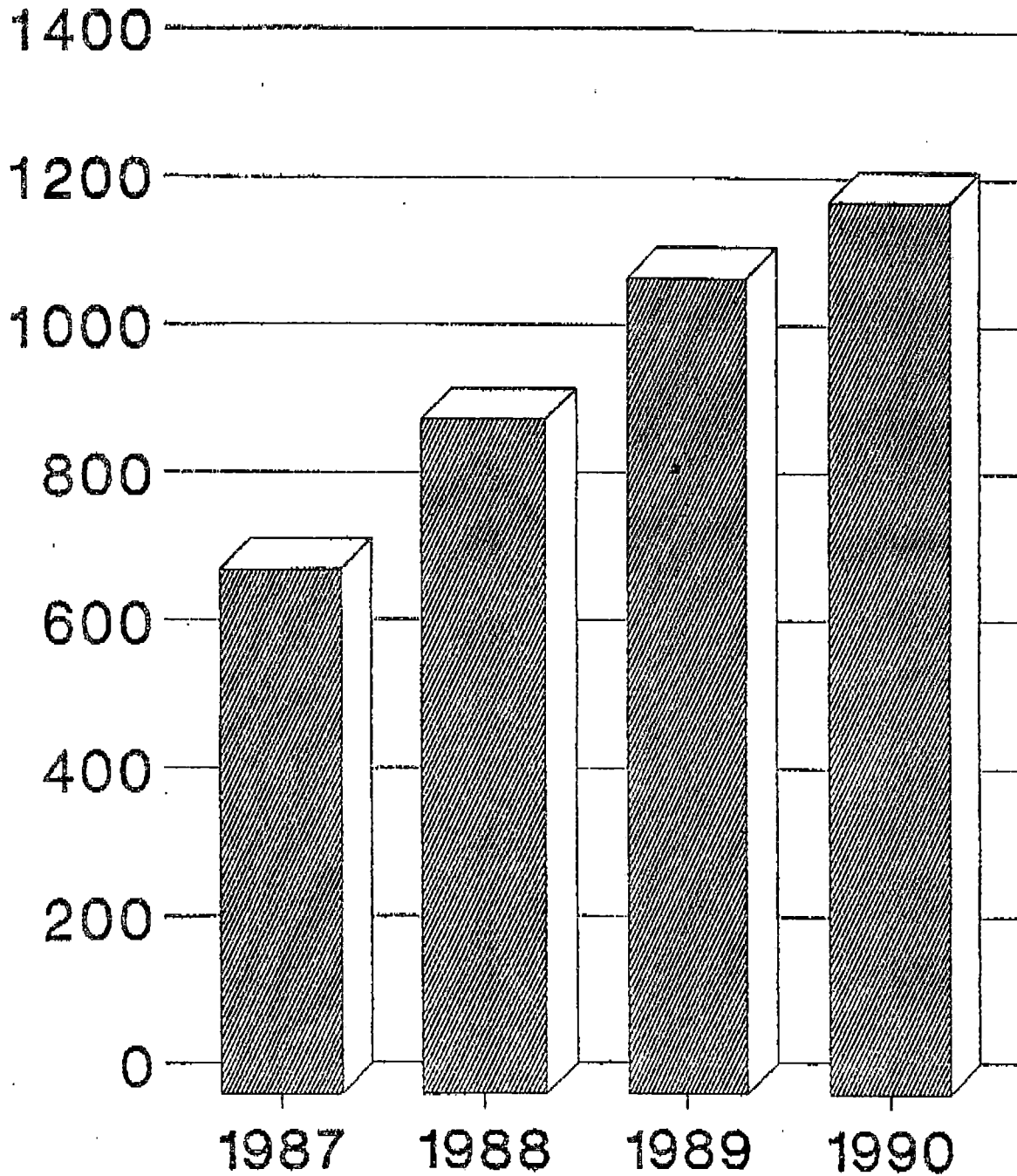
• CANADA	237	325
• GERMANY	46	116
• U.K.	169	108
• JAPAN	109	98
• NETHERLANDS	48	73
• FRANCE	40	62
• PAKISTAN	18	35
• AUSTRALIA	43	31
• KOREA	46	28
• ITALY	25	27



WORLD TOTAL	1,106	1,210
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NO. OF MARKETS (1990)		107
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GRANITE STATE EXPORTS (MILLIONS OF DOLLARS)






SOURCE: US COMMERCE DEPT (0205790)



NEW HAMPSHIRE'S EXPORTS

TOP 10 CATEGORIES 1990

<u>CATEGORY</u>		<u>(\$M)</u>
• MACHINERY (NON ELECTRICAL)		489
• ELECTRONIC EQUIPMENT		165
• FABRICATED METAL PRODUCTS		76
• SCIENTIFIC/OPTICAL/PROFL		70
• CHEMICALS/ALLIED PRODUCTS		55
• LEATHER/PRODUCTS		43
• TRANSPORTATION EQUIPMENT		35
• LUMBER/WOOD PRODUCTS		34
• SCRAP/WASTE		28
• STONE/CLAY/GLASS/CONCRETE		25
* SPECIAL CLASSIFICATION (NSPF)		63



It is a pleasure
to join the Port
of NH in a
salute to
international
trade and
cooperation.

Since the signing of our Sister Port Agreement on
September 27, 1990, our two regions have
cultivated a rich exchange of transportation
technology, business and academic expertise.

Brittany is the foremost agro-industrial region of
France and its port authority is a reflection of the
region's importance. Situated at the crossroads of
major international maritime and aviation traffic,
and having one of the most beautiful coasts in the
world, the Port of Brest is a natural partner for the
Port of NH.

Congratulations to the Port of NH on the first
anniversary of our Sister Port program.

J. Kuhn
President, Chamber of
Commerce and
Industry of Brest

and DC10 aircraft.

• Maintenance hangar space occupies 860 square meters and private freight hangar area of 180 square meters completes the facility.

• Handling services include traffic, check-in, technical and ramp service, including two loaders specializing in heavy lift. Rescue and firefighting services are maintained as well.

Guipavas Airport will continue to play a major part in the unfolding of CCI Brest's aggressive plans in the world market in the years to come.

PORT TRADE DEVELOPMENT

As a result of our Sister Port Agreement (1990), the Port of Brest works directly with the Port of New Hampshire in the development of trade between the two regions.

The Chamber of Commerce and Industry of Brest and The New Hampshire State Port Authority direct a full-service trade consultancy between New England and France (and on to neighboring markets—i.e., the European Community, the Mediterranean, Eastern Europe, Canada and continental U.S.A.)

The program offers individualized assistance to firms already importing/exporting and those wishing to do so. Activities range from market research to logistical/regulatory support to organization of collective assignments abroad.

It is believed the development, adaptation and promotion of firms dealing in international trade is an educational process. As such, the Sister Port Agreement includes an official Memorandum of Cooperation and Exchange between our two university systems. As of May 1991, the University of New Hampshire's Whittemore School of Business and the Sup de Co Graduate Business School of Brest (Brittany) now regularly exchanges faculty and students.

In addition, Brest's International Center for Language Studies offers an array of opportunities for professionals worldwide to pursue advanced studies in international language skills.

For further information on Trade Development and Education, please contact the New Hampshire State Port Authority office; Tel. (603)436-8500; FAX (603)436-2780; or write to 555 Market Street, P.O. Box 506, Portsmouth, NH 03801.

AIRPORT AND PORT SPECIFICATIONS



PORT OF BREST

PORT FACILITIES (Wharf frontage overall length: 1816 m.)

WAREHOUSES:

- Refrigerated storage: 125,000 m² between + 2° and + 4°
- Frozen storage: 21,000 m³ at -30°
- For food farming bulk cargoes: 19,200 m² for 70,000 t

- Cargill Soja France Silo: 38,000 t
- Chamber of commerce public silos: 8 x 4,000 t silos
- Phosphate warehouses: 2,400 m²
- Miscellaneous bulk cargoes and other goods: 4,450 m²
- Railroad loading station, national network
- Expressway connections to the North (Paris and Rennes) and South (Haites).

OVERALL PORT TRAFFIC: 1,595,000 t

INCLUDING FOOD/FARMING BULK CARGOES: 450,000 t

HYDROCARBONS: 670,000 t

MISCELLANEOUS: 475,000 t

EXPORTS REPRESENT 64.52 % OF OVERALL PORT TRAFFIC

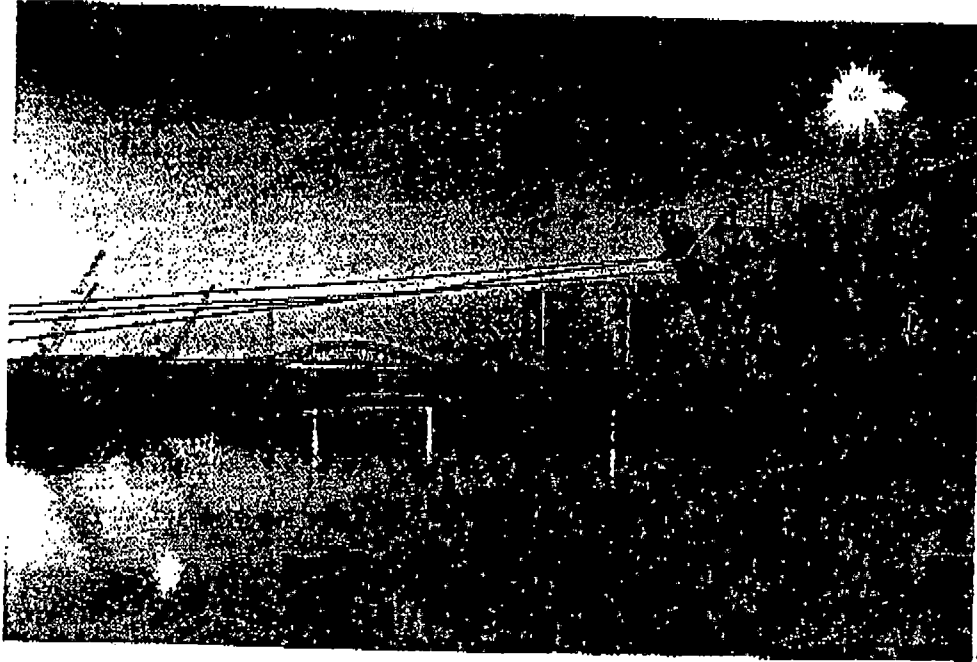
Comprising frozen poultry and meat, soya oil, potatoes, wood, cement, fruit, wine, and petroleum.

BREST GUIPAVAS AIRPORT

MORE THAN 500,000 PASSENGERS IN 1991

- 6 return flights daily Brest/Paris
- 2 return flights daily Brest/Lyon
- 2 return flights daily Brest/London G.B. (weekdays only)
- 1 return flight Brest/Nice via Marseille
- 1 return flight Brest/Bordeaux
- 1 return flight daily Brest/Toulouse
- 1 return flight daily Brest/Lille
- 2 or 6 return flights daily Brest/Quessant Island
- Summer season flights to Cork, Ireland
- Liaison services for Airbus A300 and A320
- Charter flights to: the Balkans, Tunisia, Morocco, Turkey, Greece, the Canaries.

ONL



PORT OF NEW HAMPSHIRE

"What is past is prologue."

—Shakespeare

PORT OF NEW HAMPSHIRE OVERVIEW

The Port of New Hampshire is the hub of a thriving maritime community in northern New England, U.S.A. Located on the Piscataqua River in southeastern New Hampshire, Portsmouth Harbor is the only deep water, ice-free port in the State of New Hampshire. It is also one of the nation's oldest, having served as a gateway for marine shipping in the region for over 300 years.

The river serves as the border between the states of New Hampshire and Maine and is approximately 50 miles (81 km) north of Boston, Massachusetts. Surrounded by a network of U. S. and Interstate Highways (just 1/2 mile away), the Port of NH provides an ideal intermodal link with other major U. S. cargo centers outside of New England.

Internationally, the Port boasts the quickest transit time from the North Atlantic coast to Europe, the region's second largest trading partner. In fact, the NHPA's correspondent European office is conveniently situated in Brittany on the Atlantic coast of France (at a distance of 2868 mi. or 4616 km) as a conduit to what will become the world's largest single market in 1992—the European Community.

Halifax, Nova Scotia lies 359 mi. (578 km) to the north of Portsmouth with Montreal only 294 mi. (473 km) away. Both cities have acted as co-load centers for New Hampshire's air, surface and maritime traffic for many years. Canada remains our leading international market today.

The Asian, Far Eastern and Latin American markets are all accessible intermodally from Portsmouth as well—

by road, on-site rail at the Port, or nearby air facilities, with typical connections to JFK, NY in one hour, Miami International in 3.5 hours, and West Coast destinations in 5-6 hours.

PORT OF NEW HAMPSHIRE ACTIVITY *INCL. all eleven sites*

While the Port of New Hampshire is serviced by ten facilities, the predominant shipping activity (71 percent) is fuel-related products including aviation fuel, gasoline, heating oil, coal, and liquid propane gas (LPG). Sprague Energy, originally a fuel oil and coal terminal, now provides dry bulk terminal services for normal conveyor transportable materials, including coal, gypsum and salt. Public Service Company of New Hampshire (PSNH) receives fuel coal and oil at its Schiller Pier which is located in Portsmouth and services both Schiller Station and the adjacent Newington Power Station and a Mobil oil distribution depot from its facility. Other Port activities include gypsum rock for two wallboard plants, road salt, lobster boats and marine underwater cable plants.

The private terminals operating on the Piscataqua River in the Port of New Hampshire are providing the required shipping services of a market economy. These services are an integral part of the overall matrix of services required for the region. In addition, the NH Port Authority handles scrap metal, containers, general cargo in palletized, neo-bulk, break-bulk, etc., and is the sole gateway providing these international services on the New Hampshire seacoast. In all, public and private terminals account for almost four million tons of cargo per year.

Other commercial non-industrial users of the Port include two tour boat operators, military vessels, environmental research vessels and boat charters.

The Port of New Hampshire also plays an important role in the operation of national defense installations and suppliers. Portsmouth Harbor is the home of the Portsmouth Naval Shipyard, which is an important submarine repair and overhaul facility. The Navy is dependent on river access for its submarines. Pease Air Facility, located nearby in Newington, receives its jet fuel supplies via one of the private petroleum terminals on the Piscataqua River. Finally, Simplex Wire and Cable, a private industrial firm which operates a specialty terminal, is a major supplier of undersea marine cable, much of which is used for defense purposes.

The last major-dependent activity within the Port is commercial fishing, including lobstering. Approximately 80 percent of the finfish and 40 percent of the lobsters landed in the state, are landed in the Port of New Hampshire. Well over 100 fishermen, crew members and lobstermen fish from the New Hampshire side of the river on a full-time basis. Much of the fishing activity, excluding lobstering, that occurs within the Port area is

accommodated at the other state-owned terminal, the State Fish Pier at Pierce Island, not to be confused with the State Port Authority at 555 Market Street. While a half dozen lobster boats on the Piscataqua River utilize the State Fish Pier, the majority of vessels land their catch at the private docks or at take out locations connected with the retail/wholesale outlets.

CURRENT IMPORT/EXPORT ACTIVITY

A review of the most recent Waterborne Commerce of the United States Report by the U.S. Army Corps of Engineers lists Portsmouth Harbor freight traffic in 1988 at 3,483,903 tons.

IMPORT/EXPORT TONNAGE PORT OF NEW HAMPSHIRE

Year	Tons	Passengers
1983	2,239,509	—
1984	2,668,007	—
1985	2,780,051	—
1986	3,487,098	128,880
1987	3,501,620	157,450
1988	3,483,903	153,000

The New Hampshire Port Authority Summary for 1990 shows total freight shipped at 4,804,997 tons. This represents an increase of 1.3 million tons compared to 1988.

PORT OF NEW HAMPSHIRE ACTIVITY 1990 - UPDATED

Month	Export Tonnage	Import Tonnage
January	50,500	555,505
February	750	448,198
March	23,450	362,768
April	14,050	297,055
May	81,600	362,548
June	10,000	404,050
July	3,475	474,843
August	38,000	324,061
September	44,150	277,889
October	12,750	273,720
November	39,180	327,966
December	43,422	333,269
TOTAL	363,127	4,441,870

Total Import/Export Tonnage through Port of New Hampshire on Vessels Requiring State Licensed Pilots (Excludes Barge Traffic Not Requiring Pilots) 4,804,997 Tons

Dry-bulk materials accounted for 601,937 tons and were handled by the private terminals. In addition, petroleum products also handled by private terminals amounted to 2,592,885 tons. Miscellaneous cargoes

range from fresh fruits, lumber, wines and liquors, manufactured products, and metal, accounting for 48,201 tons handled by NHPA. The remaining 240,880 tons handled by the NHPA terminal was scrap metal and steel.

NEW HAMPSHIRE STATE PORT AUTHORITY FACILITY (only)

Within the Port of New Hampshire, the State of New Hampshire owns the NHSPA property which is located on 11.1 acres of land along the Piscataqua River. The NHPA Terminal (10.0 acres) includes two warehouses, a scale house/office, an extensive paved area, five to six acres used for material, short-term storage and marshaling and a 600-foot-long, deep water pier. Additionally, the Isles of Shoals Steamship Company operates its cruise operations on the other 1.1 acres.

The NHPA was formed in 1957 as part of a port revitalization project. A 300-foot pier was constructed, then expanded another 300 feet later in 1972. Today the 600-foot pier accommodates vessels up to 700 feet long. The terminal operations are contracted out to a private company which employs ILA union labor to ensure that cargo is handled efficiently and safely.

The U.S. Army Corps of Engineers maintains a 35-foot deep federal channel in the Piscataqua River up to the entrance to Little Bay. To ensure continued use of the river for shipping, the ACE recently completed a dredging project in the river to both widen the channel and to increase navigation safety immediately across from the New Hampshire State Port Authority. Ease of waterborne access to and from the NHPA for both delivering and receiving cargo is now a major incentive to steamship and barge lines worldwide.

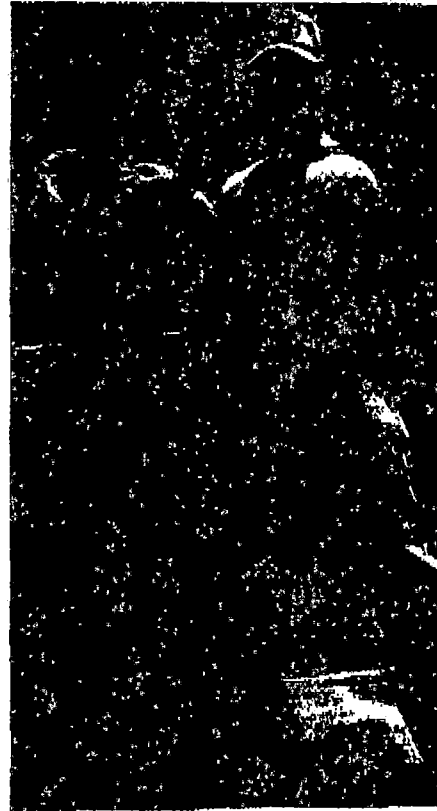
The NH Port Authority is an autonomous state agency overseen by a board of directors appointed by the Governor. The day-to-day operations of the NHPA are conducted by the Port Director and staff located at the terminal site. The NHPA has a broad mission related to the development and management of the state's tidal waters including:

- Harbor Management
- Port Development
- Port Marketing and Trade Development
- Foreign Trade Zone Operation

NEW HAMPSHIRE STATE PORT AUTHORITY OPERATIONS

The primary use of the NHPA is bulk, breakbulk and containerized general cargo, with scrap metal the number one export. On the average, over 280,000 tons of scrap metal moves through the Port each year.

The NHPA terminal has consistently met the growing demand for increased shipments from New Hampshire and regional import/export markets. In 1980, the Port's



terminal cargo tonnage was 187,068 and has increased to 353,402 tons in 1991.

The last four years of NHPA shipping activity is summarized below:

SHIP MANIFEST SUMMARY NEW HAMPSHIRE PORT AUTHORITY ACTIVITY COMPARATIVE 1987-1990				
Cargo Activity	1987	1988	1989	1990
Scrap Metal (Tons)	258,000	267,000	270,925	283,058
Containers (TEU)	39,240 (1,308)	61,410 (2,047)	67,980 (2,266)	67,444 (2,248)
Coiled Steel (Tons)	14,099	10,050	11,862	2,900
Total Tonnage	311,339	338,460	350,767	353,402

PORT FEES

DOCKAGE

The term "dockage" shall be held to mean the privilege of berthing or making fast to the wharf or pier and shall be charged against the vessel, its owners or operators in accordance with the rates and charges hereafter specified.

RATES

(A) A dockage charge of sixteen (\$.16) cents per net register ton per calendar day, or fraction thereof, with a

THREE



Story: Johanna Bennett

INTERNATIONAL TRADE DEVELOPMENT

*"I am a citizen, not of Athens or Greece,
but of the world."*

—Socrates

INTERNATIONAL TRADE DEVELOPMENT

The U.S. Department of Commerce estimates that in 1986, over 15,500 manufacturing jobs throughout the New Hampshire economy were dependent on exports. Another 10,500 trade, business services and transportation-related jobs reflected substantial growth in international trade activity as well.

In 1988, the state's exports (to 103 countries) totalled \$913.3 million. And, in two more years, exports increased by 70 percent, a rate unique throughout the New England region.

In response, the New Hampshire State Port Authority unveiled a major marketing initiative in 1990 to:

- increase awareness of the Port's value-added line

of services worldwide, and

- build strategic relationships which would complement the Port's long-term commitment to meeting a growing demand, affecting economic growth in the state, and establishing a global presence for New Hampshire by opening doors to yet untapped markets.

Currently, the Port Authority's primary international activity is scrap metal. Shipments over the years have grown from 15,000 tons in 1975 to almost 300,000 tons per year today. A model program for recycling in the United States, this operation meets existing demands to export scrap metal out of the region's waste stream in addition to meeting the demands for scrap metal in overseas markets. Other bulk commodities

(recyclable or otherwise) make up the Port's major niche in northern New England.

Accountability to the needs of general cargo port users takes on equal priority at the NH State Port Authority. And, as state studies for port expansion (additional acreage and berthing) continue, interim seacoast intermodal services provide an efficient network for movement of containers and less-than-containerload freight to and from Portsmouth and around the world. Competitive rates, weekly schedules and access to increased lane segments add up to service to and from virtually every major market worldwide. Referrals for freight forwarding, customs brokerage and auxiliary services are available at the NHPA, (603)436-8500.

International Trade Development at the Port of NH is an extremely important element. A full line of trade services is available to companies wishing to open markets overseas as well as those already engaged in international operations.

The Port's Export Management Program offers individualized, confidential assistance with marketing, research, communications, logistical, regulatory and documentary aspects of trading overseas.

It also features an array of international trade and policy educational workshops, in conjunction with the NH International Trade Association

Most notably in 1990, the Port's International Trade Development unit hosted representatives and dignitaries from over 45 countries, involving them directly in special event educational forums and in the business community of the region. The port salutes the many business professionals and academic leaders who have participated at these events and joined us in opening the doors of opportunity at New Hampshire's gateway to potential partners worldwide.

Among these visiting delegations, the Port of NH has worked very closely with Jetro (Japanese External Trade Organization), which now has representation in the New England market. Portsmouth enjoys special ties with the Japanese trade community that dates back to the signing in 1905 of the Treaty of Portsmouth, ending the Russo-Japanese War. President Theodore Roosevelt was awarded the Nobel Prize for his efforts at this seaport peace conference.

The Port of New Hampshire also expanded its world network during 1990 with the inauguration of its Sister Port Program. First, a Sister Port Memorandum of Cooperation was implemented with each of the following foreign ports:

- The Port of Gdansk/Gdynia, Poland
- The Port of Bratislava, Czechoslovakia
- The Port of Keelung, Taiwan
- The Port of Galway, Ireland

for the purpose of opening communications between our regions and to exchange port technology, marketing expertise and trade leads.

Then in September 1990, the Port of NH entered into a Sister Port Agreement with the Port of Brest, France. Under this agreement, our two ports maintain an American-European correspondent office relationship. As Europe has been the Port of NH's leading trading partner for many years, both the Port of NH and the Port of Brest are now well positioned as gateways between what will become the world's two largest markets in 1992.

The Portsmouth-Brest alliance has already yielded a highly successful level of business exchanges, including transatlantic travel programs, an Agreement of Cooperation between our two university systems (May 1991), and ongoing international trade management assistance to hundreds of firms, stateside and overseas. (See Chapter 4: Correspondent Office—Brest, France, page 49.)

The Port of NH welcomes inquiries on trade development for any foreign market and looks forward to ushering in a new era of infrastructure growth to match its commitment to potential trading partners worldwide. For further information call (603) 436-8500.

FOREIGN TRADE ZONE PROGRAM

A foreign trade zone is a site within the United States considered by the government to be outside U. S. Customs territory. Foreign or domestic merchandise may enter this enclave without a formal customs entry of the payment of customs duties or government excise taxes, and without a thorough examination.

If the final product is exported from the United States, no U.S. Customs duty or excise tax is levied. If the final product is imported into the United States, U. S. Customs and excise taxes are due only at the time of transfer from the foreign trade zone and formal entry into the United States. These are assessed on the product itself or its imported parts, whichever is lower.

Typically, duty on imported items can be deferred, or reduced if entered into a zone for one of the following reasons:

Storage	Manipulating	Testing
Re-exporting	Cleaning	Processing
Sampling	Assembling	Relabeling
Manufacturing	Repackaging	Salvaging
Displaying	Destroying	Repairing

The FTZ program is controlled by the Foreign Trade Zone Board, Washington, D.C. and U.S. Customs and is administered by Zone Grantees across the United States. There are four designated areas in New Hampshire authorized as Foreign Trade Zones. They

are administered by the N.H. Port Authority (Zone Grantee).

The Customs Service is responsible for the transfer of merchandise into and out of a zone, and for matters involving the collection of revenue. The Office of Regulations and Rulings at Customs Headquarters provides legal interpretations of the applicable statute, Customs regulations and procedures.

The District Director of Customs in whose district a zone is located is in charge of the zone as the local representative of the Foreign Trade Zones Board. He controls the admission of merchandise into the zone, the handling and disposition of merchandise in the zone and the removal of merchandise from the zone. Foreign Trade Zone No. 81 is in the Portland, Maine Customs District.

The Zone program can be accessed by all businesses, whether within zone boundaries or not. In order to activate space within the FTZ, first contact the NHPA.

FTZ SITES IN NH

FTZ NO. 81 INCLUDES:

SITE NO. 1 - PORT AUTHORITY TERMINAL (10 ACRES), PORTSMOUTH

- Space Available: 50,000-square-feet in transit sheds available for short term lease.
- Contact: The Port Authority (603)436-8500.

SITE NO. 2 - PORTSMOUTH INDUSTRIAL PARK (50 ACRES), PORTSMOUTH

- Located on U.S. Route 1 within two miles of Interstate 95 connecting Maine to Florida. One hour to Boston, six hours to New York and five minutes to Port Authority Terminal.
- Rail: 1760 ft. frontage on the B&M
- Municipal water and sewer
- Greenbelt theme in park.
- Design criteria applied by City to maintain continuity and covenants.

SITE NO. 3 - CROSBY ROAD INDUSTRIAL PARK (75 ACRES), DOVER

- Located on Spaulding Turnpike with direct access to U.S. Route 1 and I-95. One hour to Boston, six hours to New York and 20 minutes to Port Authority Terminal.
- Rail: B&M
- Municipal water and sewer.
- Protective covenants.

SITE NO. 4 - FORMER GRENIER AIR BASE (1400 ACRES), MANCHESTER

- Located near several major highways which connect Manchester to surrounding states.
- Rail: B&M.
- Airport: Manchester Airport, the largest in New Hampshire, with a 7,000-foot N-S runway. Full ILS. Regular daily flights to major U.S. cities.
- Municipal water and sewer.

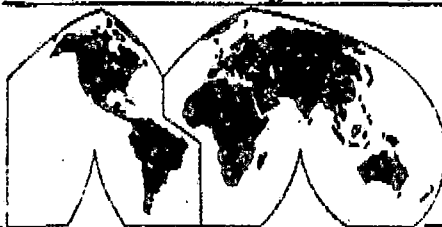
FLEET BANK'S INTERNATIONAL BANKING SERVICES

Fleet Bank's International Banking Group services the diverse financial needs of importers and exporters who require full service international monetary assistance. Working with a worldwide network of foreign correspondent banks, Fleet Bank can immediately expedite international financial transactions, executing in hours what normally might take days.

Fleet Bank's International Banking services include:

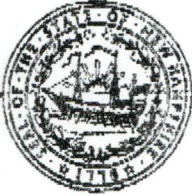
- Domestic and International Letters of Credit
- Drafts and Transfers
- Foreign Exchange Transactions
- Collections
- Foreign Currency
- Foreign Currency Travelers' Checks

For more information on Fleet Bank's International Banking Services, call 603/594-5000.



One Indian Head Plaza, Nashua, NH 03061 USA

603/594-5000 Telex: 953080 FLEETBANK



STATE OF NEW HAMPSHIRE

OFFICE OF THE GOVERNOR

JUDD GREGG, GOVERNOR

FOR IMMEDIATE RELEASE
February 5, 1992

Contact: Brian P. Grip
271-2121

NEW HAMPSHIRE LOWEST IN NATION IN TAXES AND SPENDING

(GOVERNOR GREGG IS ONE OF THE NATION'S TOP 10
FISCALLY PRUDENT GOVERNORS)

CONCORD, NEW HAMPSHIRE***The Wall Street Journal today released "The Good Governor Guide" which ranked Governor Judd Gregg of New Hampshire ninth in the nation for fiscal policy. The study ranked the states' Governors according to changes in taxes and spending during their respective terms.

Governor Judd Gregg also released the latest available data which shows:

- - New Hampshire has the lowest state and local taxes in the country.
- - The State of New Hampshire spends the least in the nation.
- - State and local New Hampshire spending is the lowest in the nation.

Governor Gregg stated: "The rankings point out that even through tough times, New Hampshire has managed to keep a low tax burden on its citizens."

"This is clearly a positive reflection on New Hampshire's ability to manage its fiscal affairs during challenging times."

"I am pleased to be rated so highly in fiscal policy rankings. The rankings simply represent New Hampshire's commitment to responsible government and I pledge to continue that trend."

- 30 -

THE WALL STREET JOURNAL WEDNESDAY, FEBRUARY 5, 1992

The Good Governor Guide

By **STEPHEN MOORE**

In a heated exchange Monday, the nation's Democratic governors pummeled George Bush for his avenue economic program, and the "sewer of debt" in Washington. They certainly have a point. Yet with more than half the states facing record deficits this year, some of these governors might do well to examine their own reckless fiscal policies before they begin casting stones.

In the 1980s the model governors were the big spenders: Bruce Babbitt of Arizona, Mario Cuomo of New York, Michael Dukakis of Massachusetts, Tom Kean of New Jersey, George Deukmejian of California. (Contrary to popular belief, state spending doubled under Mr. Deukmejian.) As the economy prospered during the Reagan years and state treasuries were flush with revenues, these governors practically raced to out-spend each other on education, health and economic development.

Today none of those governors seem quite so bold. The legacy of their spending policies is now tragically apparent: bloated state budgets and payrolls, billions of dollars in state tax hikes to stave off bankruptcy, and another year of red ink on the horizon. The states with low-profile governors in the 1980s tend to be in the most enviable fiscal condition today.

Shift in Public Mood

In the 1990s the public is demanding a new priority from the state house. The signs of this shift in the public mood can be detected in the results of recent gubernatorial elections in all regions of the country. Eight pro-tax governors—Republicans and Democrats—have been privatized by voters. Other governors who have raised taxes but have not yet faced the voters at the polls—including Lowell Weicker of Connecticut and James Florio of New Jersey—all have crisis-level approval ratings. Meanwhile, as state taxes have continued to rise at a rate 10% faster than incomes, Proposition 13-type tax revolts are brewing in more than a dozen states.

The accompanying table shows the results of a fiscal policy report card on the governors. The purpose of the index is to determine which governors have raised spending and taxes the most, and which the least. This fiscal restraint index is based solely on objective measures of fiscal policy performance for each governor. The measures include: changes in spending per capita and as a percentage of personal income; the change in state government employment; the rate of growth of taxes; and the change in tax rates. An overall grade is computed by adding together standardized scores for each individual category.

The results indicate that the budget policies of the governors have produced dramatic shifts in the spending policies and relative tax burdens among states. For instance, the first year budget of William Weld reduces taxes by \$1,316 for a Massachusetts family of four. Under Mr. Weicker, who recently introduced an income tax in Connecticut, per family taxes will rise by \$1,400. In New York, under Mario Cuomo, state spending adjusted for inflation grew by \$3,540 for a family of four from 1983 through 1990. In Wyoming, under Michael Sullivan, per family spending fell from 1987 through 1990 by \$1,068.

A summary of the performance of some prominent governors:

• Bill Clinton of Arkansas has been

gradually moving the state away from its tradition of low taxes and spending. Mr. Clinton raised the sales tax by 1.5 percentage points. He also raised the gasoline tax and the corporate income tax (at a time when almost all other states are lowering business taxes). On the expenditure side, spending under Mr. Clinton has risen by roughly \$1,500 in 1990 dollars for every family of four, a pace well above the rise in personal income in the state. This is not the record of a fiscal moderate.

• Pete Wilson of California has had a dreadful first year. To close a mythical \$14

even during difficult fiscal times. Taxes in Indiana have fallen both in per capita terms and as a share of personal income since 1989. Expenditures have climbed at only a modest pace. As such, Indiana has avoided the substantial fiscal problems of many other states during the current recession. On balance, Mr. Bayh's record so far is one of a genuinely fiscally conservative Democrat.

• William F. Weld of Massachusetts has been cutting the budget at almost the same pace that his predecessor Michael Dukakis built it up. Last year Mr.

de class has repudiated Mr. Florio's taxes. As for spending control, since Mr. Florio arrived in Trenton in 1990 New Jersey has had one of the five fastest growing state budgets. Expenditures jumped by roughly \$750 per family in Mr. Florio's first two years.

• Mario Cuomo's reputation as a tax-and-spend liberal may only be half-deserved. Mr. Cuomo did launch a massive spending spree in New York during his first seven years in office, with annual expenditures rising at a rate five percentage points above inflation, and one percentage point over personal income. In the past two years Mr. Cuomo has gradually brought down New York's spending rate—but not fast enough to avert the nation's biggest deficit crisis this year. Where Mr. Cuomo deserves credit is in bringing New York's excessive income tax rates down faster than any other state—from 14% to 8%. How Mr. Cuomo deals with the current budget crisis in New York will establish whether he should be regarded as a big spender or a supply-side tax cutter.

• L. Douglas Wilder of Virginia has been touting himself as a fiscally conservative Democrat, who wants to make government leaner and more effective. He has managed to balance his first two budgets without any new taxes. Spending has grown at a slightly slower pace than inflation, while real tax revenues per family have fallen by more than \$100 per family. Mr. Wilder has another deficit to close this year, but again his budget proposal recommends further spending cuts, furloughs and no new taxes.

• Michael Sullivan of Wyoming became governor in 1987 when the oil market went bust and the state's severance tax revenues plummeted. Mr. Sullivan responded to the fiscal crisis by dramatically downsizing the state government. He trimmed 79 government agencies down to just 12. Each year from 1987 to 1990 personal income rose five percentage points faster than government spending. Mr. Sullivan also has resisted all calls for a major tax hike. Thanks to the budget austerity program of the late 1980s, Wyoming's finances are in better shape (though the budget is still bloated) than the vast majority of state governments today. This is truly a record for other governors to emulate.

\$30 Billion in New Taxes

The past two years have seen the largest state tax increase years ever, with some 40 governors raising more than \$30 billion in new taxes. This year Florida, Maryland, New York, Texas and Washington are expected to follow suit and enact major tax packages. In every one of these states the argument has been the same: The budget cannot be balanced without either higher revenues or severe cutbacks in vital services. Maryland's Governor William Donald Schaefer has even gone so far as to present a "doomsday budget" to his constituents, which outlines the apocalyptic consequences of no new taxes.

But the record of the top-rated governors in our survey contradicts these doomsday scenarios. If William Weld can end the tax-and-spend cycle in liberal Massachusetts, then surely the governors of more fiscally moderate states can recapture control of their states' budgets.

Mr. Moore is director of fiscal policy studies at the Cato Institute. This is adapted from a Cato study.

How Governors Score on Fiscal Policy

GOVERNOR	SCORE	GRADE	GOVERNOR	SCORE	GRADE
William F. Weld (R., Mass.)	85	A	John Ashcroft (R., Mo.)	55	C
Mike Sullivan (D., Wyo.)	75	A	William Donald Schaefer (D., Md.)	55	C
John Engler (R., Mich.)	73	B	Arno Carlson (R., Minn.)	54	C
David Wellers (D., Okla.)	70	B	Mario M. Cuomo (D., N.Y.)	54	C
Douglas Wilder (D., Va.)	69	B	E. Benjamin Nelson (D., Neb.)	54	C
Evan Bayh (D., Ind.)	68	B	Ann W. Richards (D., Texas)	54	C
Joan Finney (D., Kan.)	68	B	Stan Stephens (R., Mont.)	54	C
George Mickelson (R., S.D.)	68	B	Cecil D. Andrus (D., Idaho)	51	D
Judd Gregg (R., N.H.)	67	B	James G. Martin (R., N.C.)	50	D
Ray Romer (D., Colo.)	67	B	Barbara Roberts (D., Ore.)	50	D
Tommy Thompson (R., Wis.)	64	B	Bill Clinton (D., Ark.)	49	D
Harold McWhorter (D., Tenn.)	62	B	Michael Castle (R., Del.)	48	D
Fife Symington (R., Ariz.)	62	C	Terry Branstad (R., Iowa)	46	D
Zell Miller (D., Ga.)	60	C	Lewton Chiles (D., Fla.)	46	D
Carroll A. Campbell (R., S.C.)	58	C	Scott Gardner (D., Wash.)	46	D
Robert P. Casey (D., Pa.)	58	C	Bruce Sundlun (D., R.I.)	40	D
Bruce King (D., N.M.)	58	C	Easton Coperton (D., W.Va.)	38	F
John R. McKernan Jr. (R., Maine)	58	C	Bob Miller (D., Nev.)	38	F
Jim Edgar (R., Ill.)	57	C	Pete Wilson (R., Calif.)	32	F
Norman H. Bangert (R., Utah)	56	C	Lowell P. Weicker Jr. (Ind., Conn.)	27	F
Guy Hunt (R., Ala.)	56	C	James J. Florio (D., N.J.)	25	F
George A. Sinner (D., N.D.)	56	C	John Waihee (D., Hawaii)	28	F
George V. Volpevich (R., Ohio)	56	C			

Note: Alaska, Kentucky, Louisiana, Mississippi and Vermont are excluded from the study—Alaska because of peculiarities in its budget and tax policies, Vermont because of the death of its governor last year, and the others because they elected new governors in November.

billion budget deficit Wilson supported a \$7 billion tax hike—the largest state tax increase in U.S. history, shattering the previous record of less than \$3 billion. The tax package lifted California's income tax rates up to 11%—a change that has already contributed to an exodus of businesses from the state. Mr. Wilson told Californians that he signed the gigantic tax package in exchange for \$7 billion in budget cuts. In fact, total spending in California will rise by \$6 billion in 1992—a 10% increase. On top of all that, Mr. Wilson now faces a genuine budget gap of from \$2 billion to \$4 billion in 1992.

• Evan Bayh of Indiana became governor in 1989 by promising to restrain the budget and taxes. He has delivered on his pledge. Mr. Bayh has held the line on taxes

Weld cut real expenditures by 6%. In contrast to other deficit-plagued Northeastern states, Massachusetts has not pumped up taxes in response to the recession. In fact, Mr. Weld has already called for a reduction of personal income tax rates and an elimination of the state's capital gains tax. If these policies continue Massachusetts may be in jeopardy of losing its reputation as "Taxachusetts."

• James Florio of New Jersey has become a case study in how not to govern. His first budget in 1990 included what was—up until that time—the largest state tax hike in American history. The \$2.8 billion tax package included a steep income tax rate hike and a one percentage point increase in the sales tax. Sold as a populist "soak the rich" plan, the New Jersey mid-

Table 110
State General Expenditures as a Percentage of Personal Income, FY 1989

Region and State	Total	Intergovernmental	Total	Direct							All Other	Exhibit Personal Income CY 1988
				Elementary and Secondary Education	Higher Education	Public Welfare	Health and Hospitals	Highways	Police	Other		
United States ¹	11.6%	4.1%	7.5%	<	1.4%	1.8%	0.8%	0.9%	0.1%	2.5%	\$4,044,818	
New England	12.2	3.0	9.2	<	1.1	2.5	1.1	0.9	0.1	3.6	263,583	
Connecticut	10.9	2.3	8.6	<	0.8	1.8	1.1	1.2	0.1	3.5	75,255	
Maine	14.0	3.5	10.5	<	1.7	3.2	0.7	1.1	0.1	3.5	18,322	
Massachusetts	13.0	3.8	9.2	-	1.0	2.9	1.3	0.5	0.1	3.5	123,447	
New Hampshire	7.6	1.0	6.6	-	1.1	1.2	0.7	0.9	0.1	2.6	21,103	
Rhode Island	14.4	2.5	11.9	-	1.5	2.9	1.4	1.1	0.1	4.9	16,876	
Vermont	15.8	3.0	12.7	-	2.6	2.8	0.7	1.5	0.2	4.9	8,580	
Midwest	11.4	4.0	7.4	<	0.9	2.0	0.9	0.8	0.1	2.8	816,603	
Delaware	15.6	2.8	12.7	-	2.6	1.7	1.1	1.5	0.3	5.6	11,587	
Maryland	9.9	2.5	7.3	0.1	1.0	1.8	0.5	1.1	0.1	2.6	90,633	
New Jersey	10.4	3.6	6.8	-	0.9	1.4	0.7	0.9	0.1	2.9	171,763	
New York	13.2	5.1	8.1	<	0.9	2.3	1.2	0.5	0.1	3.1	347,942	
Pennsylvania	10.3	3.3	7.0	<	0.8	2.1	0.6	1.0	0.1	2.3	194,678	
Great Lakes	10.9	3.8	7.2	<	1.5	2.2	0.7	0.7	0.1	2.0	682,067	
Illinois	9.1	2.7	6.3	<	0.9	2.0	0.6	0.8	0.1	2.0	204,693	
Indiana	11.2	4.0	7.2	-	2.0	1.7	0.7	0.8	0.1	1.8	82,239	
Michigan	12.3	4.0	8.3	-	1.8	2.8	1.1	0.4	0.1	2.1	151,995	
Ohio	10.9	4.0	6.9	-	1.5	2.1	0.7	0.7	0.1	1.8	168,343	
Wisconsin	13.0	5.5	7.5	-	1.8	2.4	0.5	0.7	<	2.1	74,797	
Plains	11.6	4.0	7.6	<	1.7	1.8	0.9	1.0	0.1	2.2	271,663	
Iowa	13.5	4.7	8.8	-	2.1	2.0	1.1	1.2	0.1	2.1	41,018	
Kansas	9.8	3.0	6.8	0.1	1.7	1.6	0.8	0.9	0.1	1.7	39,178	
Minnesota	13.7	5.7	8.0	-	1.8	1.9	1.0	0.9	0.1	2.4	71,014	
Missouri	9.1	3.1	6.0	-	1.1	1.5	0.8	0.8	0.1	1.8	79,476	
Nebraska	10.6	2.6	8.0	-	1.9	1.9	0.8	1.2	0.1	2.1	23,564	
North Dakota	19.1	4.4	14.7	-	3.3	3.0	0.9	1.8	0.1	5.6	8,329	
South Dakota	13.2	2.6	10.6	-	1.6	1.8	0.9	1.9	0.1	4.3	9,884	
Southeast	11.4	3.7	7.7	<	1.6	1.6	0.9	1.1	0.1	2.4	848,796	
Alabama	12.8	3.8	9.0	0.1	2.3	1.5	1.4	1.1	0.1	2.6	52,772	
Arkansas	12.2	3.9	8.4	-	1.8	2.1	0.9	1.0	0.1	2.4	29,195	
Florida	9.3	3.4	5.9	-	0.8	1.4	0.8	0.9	0.1	2.0	204,479	
Georgia	10.4	3.4	7.0	-	1.4	1.9	0.6	0.9	0.1	2.1	96,823	
Kentucky	14.2	3.8	10.5	-	1.9	2.6	0.7	1.8	0.2	3.3	47,934	
Louisiana	14.5	3.9	10.6	<	1.7	2.3	1.4	1.1	0.1	3.9	54,086	

Table 110 (cont.)
State General Expenditures as a Percentage of Personal Income, FY 1989

Region and State	Total	Intergovernmental	Total	Direct					Police	All Other	Exhibit: Personal Income CY 1988
				Elementary and Secondary Education	Higher Education	Public Welfare	Health and Hospitals	Highways			
Southwest (cont.)	14.2%	5.3%	8.9%	-	1.7%	2.3%	1.0%	1.1%	0.1%	2.6%	\$29,073
Mississippi	12.4	5.1	7.3	0.1%	1.8	1.5	0.8	1.1	0.1	2.0	92,886
North Carolina	13.2	3.8	9.4	0.1	2.0	1.6	1.6	1.1	0.2	2.9	44,924
South Carolina	10.7	3.1	7.6	-	1.9	1.6	0.9	1.1	0.1	2.0	68,203
Tennessee	10.3	3.0	7.3	-	1.7	0.9	1.1	1.4	0.1	2.1	106,619
Virginia	14.6	3.9	10.7	-	1.9	2.4	0.7	1.8	0.1	3.7	21,882
West Virginia	10.5	3.5	7.0	<	1.7	1.5	0.6	1.2	0.1	1.8	389,843
Southwest	12.4	4.5	8.0	-	1.8	1.6	0.5	1.6	0.2	2.4	52,378
Arizona	19.6	7.4	12.2	-	2.9	2.0	1.5	2.2	0.2	3.3	18,789
New Mexico	12.4	3.7	8.8	0.1	2.1	2.4	0.9	1.1	0.1	2.0	43,032
Oklahoma	9.0	2.9	6.1	<	1.5	1.3	0.6	1.1	0.1	1.5	245,652
Texas	12.3	3.9	8.4	-	2.0	1.4	0.8	1.3	0.1	2.7	104,688
Rocky Mountain	9.4	3.1	6.3	-	1.7	1.0	0.7	0.8	0.1	2.0	54,231
Colorado	13.0	4.1	8.9	-	1.9	1.6	0.5	1.6	0.1	3.1	12,750
Idaho	15.3	4.0	11.2	-	1.5	2.3	0.8	2.1	0.1	4.4	10,427
Montana	15.3	4.3	11.0	-	3.3	1.8	1.3	1.6	0.1	3.0	20,688
Utah	21.6	8.7	12.8	-	2.0	1.6	0.9	3.3	0.2	4.9	6,592
Wyoming	12.2	5.8	6.4	<	1.3	1.4	0.5	0.5	0.1	2.6	669,153
Far West ²	12.2	6.3	5.9	<	1.2	1.2	0.5	0.4	0.1	2.5	533,116
California	11.0	4.4	6.6	-	1.3	0.9	0.4	1.2	0.1	2.7	18,563
Nevada	12.1	3.2	8.8	-	1.6	1.8	0.8	0.9	0.1	3.7	41,175
Oregon	12.7	4.4	8.3	0.1	2.1	2.1	0.8	0.9	0.1	2.3	76,299
Washington	41.0	8.4	32.5	1.7	2.4	2.9	0.9	4.7	0.3	19.6	10,010
Alaska	15.9	0.3	15.5	3.3	2.0	1.9	1.4	0.7	<	6.2	18,412
Hawaii											

- represents zero

< rounds to zero

¹ District of Columbia excluded. The Bureau of the Census classifies the District of Columbia as a municipality.

² Alaska and Hawaii are excluded from the Far West regional totals, but are included in the U.S. totals.

Source: ACIR computations based on Table B9, this volume, from data supplied by U.S. Department of Commerce, Bureau of the Census. Published sources: Governmental Finances in 1988-1989 and State Government Finances in 1989.

Table 95
State and Local Tax Revenue as a Percentage of Personal Income, Selected Years 1953-1989¹

Region and State	1989	1988	1987	1986	1985	1984	1981	1978	1975	1965	1953
United States	11.55%	11.57%	11.48%	11.27%	11.58%	11.71%	11.29%	12.75%	12.29%	10.45%	7.58%
New England	10.94	11.14	11.63	11.26	11.36	11.52	11.82	13.49	12.79	9.97	7.90
Connecticut	10.78	10.80	11.38	10.82	11.04	11.17	10.20	11.64	10.82	9.08	6.06
Maine	13.02	13.30	12.77	12.00	12.36	12.59	11.89	13.29	12.59	10.98	8.95
Massachusetts	11.02	11.36	11.93	11.82	11.65	11.74	13.28	15.11	14.20	10.21	8.77
New Hampshire	8.45	8.36	8.99	8.36	8.72	9.26	8.68	10.51	10.75	9.51	8.28
Rhode Island	11.24	11.80	11.93	11.09	11.61	12.10	11.53	12.52	11.94	10.19	7.02
Vermont	12.24	13.30	12.38	12.38	13.01	12.86	12.58	14.48	15.46	12.72	9.62
Mideast	13.07	13.40	13.44	13.12	13.51	13.68	13.11	14.50	13.94	10.54	7.46
Delaware	11.68	11.58	11.88	11.85	11.56	11.18	10.84	12.28	11.66	8.98	4.21
District of Columbia	16.79	16.98	15.77	15.11	14.77	14.61	14.69	13.63	10.67	8.09	5.90
Maryland	11.45	11.71	11.47	11.16	11.37	11.68	11.24	13.02	12.26	9.34	6.33
New Jersey	10.95	11.00	11.35	10.93	11.40	11.67	11.21	12.42	11.59	9.07	6.59
New York	15.74	16.42	16.25	15.81	16.34	16.46	15.84	17.19	16.65	11.87	8.79
Pennsylvania	10.72	10.76	10.95	10.89	11.20	11.44	10.92	12.25	11.68	9.47	6.17
Great Lakes	11.35	11.32	11.18	11.23	11.34	11.98	10.59	11.60	11.35	9.73	6.78
Illinois	10.65	10.90	10.62	10.51	10.70	11.35	11.05	11.80	11.73	8.89	6.37
Indiana	10.78	10.35	9.98	9.87	10.08	10.47	9.23	10.29	11.15	10.24	7.08
Michigan	12.15	12.16	12.09	12.60	12.78	13.75	11.57	12.67	11.66	10.67	7.31
Ohio	10.97	10.80	10.87	10.68	10.76	11.12	9.20	9.93	9.69	8.64	5.87
Wisconsin	13.12	13.00	12.91	13.18	12.94	13.75	12.24	14.16	13.83	12.55	8.91
Plains	11.36	11.31	10.80	10.44	10.79	11.41	10.45	11.77	11.73	10.83	8.25
Iowa	12.16	11.86	11.40	11.13	10.85	11.91	11.08	11.62	12.14	11.63	9.22
Kansas	11.02	11.20	10.36	10.16	10.29	10.34	10.03	11.29	10.86	11.70	8.71
Minnesota	13.25	13.35	12.80	12.24	13.44	14.39	12.00	14.16	13.94	12.72	9.38
Missouri	9.48	9.44	9.11	8.76	9.01	9.30	8.77	9.94	10.35	8.74	6.14
Nebraska	11.50	11.10	10.60	10.03	10.07	11.05	10.37	12.15	10.96	9.34	7.69
North Dakota	11.68	10.76	10.12	10.57	10.96	11.53	11.24	11.63	10.95	11.77	11.27
South Dakota	10.42	10.70	10.12	10.23	9.45	10.02	10.85	11.48	11.60	12.60	10.79
Southeast	10.52	10.43	10.25	10.14	10.29	10.19	10.12	11.01	10.70	10.04	7.86
Alabama	9.67	9.52	9.67	9.65	9.98	9.99	9.85	10.21	9.94	9.74	7.00
Arkansas	9.82	9.77	9.42	9.71	9.91	9.74	9.32	10.18	9.90	9.77	7.92
Florida	10.14	10.01	9.60	9.52	9.59	9.51	9.34	10.64	9.94	10.53	9.20
Georgia	10.83	10.55	10.40	10.43	10.47	10.53	10.55	11.26	10.79	9.96	7.67
Kentucky	10.79	10.61	10.77	10.20	10.04	10.18	10.32	11.26	11.32	9.62	6.47
Louisiana	11.52	11.44	10.86	11.17	12.06	10.91	11.54	12.25	12.99	12.05	10.43
Mississippi	10.68	10.54	10.19	10.55	10.52	10.80	10.78	11.77	11.84	11.85	9.37
North Carolina	11.12	11.33	11.10	10.65	10.70	10.64	10.29	10.93	10.58	9.97	8.25
South Carolina	11.27	11.22	11.07	10.85	10.79	10.79	10.66	11.09	10.46	9.67	8.61
Tennessee	9.51	9.65	9.74	9.66	9.65	9.26	9.56	10.74	10.04	9.71	7.32
Virginia	10.53	10.37	10.25	9.29	9.99	10.14	10.05	11.05	10.67	8.55	6.09
West Virginia	11.24	10.88	11.51	11.80	12.26	12.07	10.71	11.29	12.27	9.85	6.81
Southwest	11.18	11.14	10.29	10.24	10.75	10.25	10.56	11.15	11.06	10.16	7.34
Arizona	12.49	12.11	12.07	12.01	12.13	12.05	11.49	14.28	13.26	12.15	8.50
New Mexico	12.63	12.48	11.61	11.60	12.39	12.60	14.02	13.26	13.54	12.16	8.66
Oklahoma	11.04	11.07	9.82	10.51	11.07	10.57	11.05	10.66	10.53	10.44	9.07
Texas	10.81	10.84	9.92	9.76	10.32	9.71	10.04	10.55	10.56	9.60	6.68
Rocky Mountain	11.49	11.62	11.49	11.42	12.02	12.02	11.25	12.91	11.78	11.61	8.60
Colorado	10.95	10.78	10.61	10.14	10.63	10.62	10.20	12.55	11.61	11.40	8.93
Idaho	11.10	10.72	10.45	9.46	10.17	10.10	10.01	12.00	11.02	12.14	9.00
Montana	12.05	12.44	11.44	12.43	13.14	12.93	12.87	13.76	12.57	11.78	7.62
Utah	11.90	12.74	12.49	12.46	12.88	12.86	11.89	12.66	11.63	11.78	8.44
Wyoming	14.53	15.59	17.33	19.79	21.00	20.89	15.53	15.95	13.43	11.28	8.73
Far West ²	11.48	11.29	11.67	11.10	11.67	11.61	11.30	15.13	14.07	11.79	8.34
California	11.38	11.23	11.68	11.00	11.68	11.54	11.49	15.80	14.59	11.98	8.41
Nevada	10.73	10.60	10.98	11.07	11.14	11.11	10.26	13.10	13.23	10.69	7.93
Oregon	12.37	11.71	12.21	11.42	12.29	12.35	11.85	12.80	12.13	10.94	8.24
Washington	11.92	11.67	11.50	11.59	11.37	11.76	10.04	12.73	12.06	11.18	8.07
Alaska ³	20.65	19.51	17.48	25.29	27.33	28.55	50.02	17.49	21.45	8.11	5.03
Hawaii	14.59	14.72	13.39	13.02	12.85	12.93	13.75	14.02	14.44	11.72	8.23

¹ See Tables 64 and 67, this volume, for state and local tax revenue data.

² Alaska and Hawaii are excluded from the Far West regional totals, but are included in the U.S. totals, except 1953.

³ Because most of Alaska's revenue is derived from the taxation of oil production and the income of oil companies, the recent figures greatly overstate the actual tax collected from residents. To a lesser extent, this also is true of other states that derive revenue from severance taxes.

Sources: ACIR computations based on data supplied by the U.S. Department of Commerce, Bureau of the Census. Published sources: *Government Finances in [year]* and *State Government Finances in [year]*.

Table 116

State and Local Direct General Expenditures as a Percentage of State Personal Income, Selected Years 1942-1989

Region and State	1989	1988	1987	1986	1985	1984	1982	1980	1976	1966	1957
United States	18.71%	18.65%	18.52%	18.26%	18.28%	18.41%	17.84%	19.03%	20.32%	15.57%	11.60%
New England	17.36	16.91	16.68	16.29	16.35	16.70	16.86				
Connecticut	16.47	15.46	15.03	14.35	14.39	14.55	14.24	15.60	15.77	12.78	11.31
Maine	20.10	19.55	19.57	19.54	19.59	19.94	19.46	20.47	21.35	15.15	12.14
Massachusetts	17.46	17.12	16.96	16.58	16.49	16.93	17.39	20.08	20.55	14.16	12.42
New Hampshire	14.36	13.87	14.48	13.92	14.06	14.66	15.79	16.66	19.68	14.98	12.83
Rhode Island	19.52	19.62	19.34	19.34	19.94	20.32	20.35	21.01	20.57	15.38	10.59
Vermont	21.16	20.90	20.87	21.38	22.40	22.46	21.82	22.63	25.44	20.16	14.34
Midwest	19.81	19.71	19.45	19.22	19.55	19.62	19.21				
Delaware	20.63	20.58	20.27	20.09	19.94	19.75	19.67	19.83	20.48	17.36	8.64
District of Columbia	27.40	29.41	26.45	25.85	25.50	24.71	24.99	27.35	26.38	14.06	8.90
Maryland	16.30	16.52	16.64	16.52	16.42	17.87	17.59	19.80	21.03	14.11	11.15
New Jersey	16.29	16.36	16.40	16.38	16.18	16.32	15.98	17.39	17.90	11.82	9.36
New York	23.77	23.51	22.86	22.51	23.41	23.47	22.96	24.08	26.38	16.31	11.73
Pennsylvania	16.90	16.65	16.56	16.30	16.40	16.04	16.09	17.36	18.78	13.13	9.18
Great Lakes	17.62	17.89	17.84	17.83	17.53	18.18	17.08				
Illinois	15.45	15.97	16.20	15.97	15.78	16.40	15.43	16.47	17.45	11.72	9.17
Indiana	17.10	16.48	16.54	16.05	15.80	16.46	14.94	14.75	16.00	13.56	10.07
Michigan	19.59	20.15	19.73	20.51	19.85	20.84	19.49	20.10	21.06	14.96	11.97
Ohio	17.51	17.76	17.53	17.32	17.15	17.58	16.29	16.52	17.64	13.01	9.83
Wisconsin	20.37	20.29	20.54	20.71	20.45	20.88	20.90	21.14	21.82	17.24	12.34
Plains	18.98	18.42	18.49	18.27	18.18	18.59	17.71				
Iowa	20.25	18.97	18.73	19.14	18.84	20.06	17.46	19.29	18.89	16.13	12.75
Kansas	17.55	17.12	17.12	17.37	16.84	17.07	16.23	17.14	18.42	15.28	14.80
Minnesota	22.73	22.30	22.05	21.75	21.62	22.01	22.01	21.46	23.70	17.93	14.04
Missouri	14.88	14.72	15.11	14.56	14.67	14.90	14.42	15.68	16.47	13.53	9.70
Nebraska	19.07	18.51	17.99	17.94	18.14	18.44	17.32	17.74	17.50	14.83	11.02
North Dakota	25.55	22.63	22.98	22.27	21.78	21.30	19.87	22.21	20.76	20.84	17.69
South Dakota	19.76	19.07	21.56	20.19	20.06	20.44	18.83	21.31	23.11	19.59	15.43
Southeast	18.27	17.97	17.81	17.60	17.38	17.43	17.25				
Alabama	18.82	18.61	18.44	20.07	19.89	18.97	18.44	19.66	20.18	18.04	13.38
Arkansas	16.87	17.11	17.33	17.69	17.36	16.63	16.45	18.11	18.59	17.63	12.77
Florida	17.55	16.81	16.53	15.87	15.87	15.98	15.32	16.84	18.01	16.05	12.77
Georgia	18.51	18.37	18.17	17.91	17.46	17.91	18.84	19.11	19.26	15.67	12.97
Kentucky	19.07	18.95	18.56	17.76	17.47	18.31	17.01	20.74	19.42	16.75	11.17
Louisiana	21.95	21.75	21.86	21.59	21.45	21.92	20.47	21.53	23.00	20.36	17.43
Mississippi	21.76	21.76	20.86	21.40	20.44	20.91	21.15	22.74	23.82	20.44	15.49
North Carolina	17.80	17.22	16.92	16.65	16.69	16.60	16.91	18.45	18.75	14.93	12.14
South Carolina	19.25	19.23	19.04	18.80	17.87	17.27	17.86	19.13	21.13	14.71	12.89
Tennessee	17.30	17.42	17.50	17.21	16.89	16.77	15.96	18.43	19.22	16.79	11.43
Virginia	16.67	16.22	15.89	15.43	15.22	15.14	15.65	17.25	17.91	14.64	10.84
West Virginia	19.80	20.49	21.26	20.98	20.22	19.69	19.83	21.43	21.45	17.43	9.86
Southwest	18.85	18.70	18.28	17.80	17.41	17.35	15.98				
Arizona	21.81	21.35	21.22	20.67	20.32	20.11	18.68	20.37	21.92	20.16	14.57
New Mexico	24.72	24.07	23.92	25.19	25.17	26.02	24.50	22.98	23.81	23.45	16.20
Oklahoma	18.61	18.21	17.86	18.24	17.46	17.61	15.88	17.29	18.48	18.48	14.98
Texas	17.82	17.83	17.35	16.66	16.32	16.19	14.92	16.48	17.39	14.88	11.44
Rocky Mountain	20.40	20.57	21.16	20.69	20.92	20.49	18.93				
Colorado	18.20	18.47	18.78	17.53	17.77	17.48	16.93	18.03	21.53	19.24	13.90
Idaho	19.00	18.93	18.47	17.76	18.59	18.11	17.16	18.81	21.56	17.65	14.06
Montana	22.55	22.75	24.11	25.15	24.86	24.10	20.92	23.05	23.41	20.15	14.86
Utah	22.39	22.12	23.38	23.95	23.81	23.24	20.72	23.98	23.13	21.36	13.37
Wyoming	31.58	32.61	33.43	33.67	33.92	32.56	26.46	24.64	27.56	27.18	16.11
Far West ¹	18.58	18.87	18.76	18.28	18.83	18.51	18.43				
California	18.30	18.67	18.54	17.96	18.43	18.09	18.17	19.04	22.06	18.41	12.67
Nevada	18.53	18.77	19.03	18.91	19.41	19.66	18.01	20.20	22.05	20.90	14.86
Oregon	21.58	21.64	21.29	21.26	21.38	22.29	22.02	22.14	23.90	18.32	13.79
Washington	18.89	18.78	18.82	18.71	19.94	18.88	18.10	19.60	19.76	16.86	13.72
Alaska	51.82	51.68	55.05	53.18	56.69	52.98	56.30	54.94	35.38	29.49	9.05
Hawaii	20.14	19.36	19.29	19.69	19.20	20.36	20.80	22.46	27.62	19.95	15.61

¹ Alaska and Hawaii are excluded from the Far West regional totals, but are included in the U.S. totals, except 1957.

Source: ACIR computations based on data supplied by the U.S. Department of Commerce, Bureau of the Census. Published source: *Government Finances in [year]*.

INTERNATIONAL TRADE ACTIVITY IN THE GRANITE STATE

• 700 FIRMS TRADING

*UP IN 1991 -
year end
figures not
yet available*

• 25,000 EXPORT JOBS

• 240 FOREIGN FIRMS

• 1990 EXPORTS \$1.21 Bn

• 70% GROWTH (3 YRS)

'88-90

• NH TRADE SURPLUS

✓
✓

The President's FY 1993 Budget for:

RESEARCH AND DEVELOPMENT

A key to enhancing long-term economic growth in America is improving productivity, thus making possible improvements in America's standard of living. Investments in R&D are the key to innovation and productivity improvement.

The 1993 budget proposes to invest over \$76 billion for research and development, including R&D facilities, an increase of nearly \$2 billion or 3 percent. Within a budget which freezes domestic discretionary spending, Federal civilian R&D would increase by 7 percent. The total increase for R&D is affected by the fact that defense-related R&D would increase by only 1 percent. The budget proposes over \$14 billion for basic research, an increase of over \$1 billion or 8 percent. The budget also proposes over \$17 billion for civilian applied research and development, an increase of over \$1 billion or 6 percent.

Applied Research and Development:

- o High Performance Computing and Communications. The budget proposes \$803 million, an increase of \$148 million or 23 percent for the second year of a successful program to move to a new generation of computers and computer networks. The President's sweeping high performance computing Initiative will help develop computing capability with roughly 1,000 times improvement over current systems by 1996 and communications systems 100 times faster than those currently in use.
- o Advanced Materials and Processing. The budget proposes \$1,821 million, an increase of 10 percent, for a new Presidential program intended to improve the manufacture and performance of materials. Advances in materials will enable improvements in a wide range of other technologies -- from aircraft, to computers, to automobiles.
- o Biotechnology Research. The budget proposes \$4,030 million, an increase of \$271 million or 7 percent, for a new cross-cutting program involving 12 Federal agencies. Biotechnology will play a key role in enhancing the Nation's technological strength, economic growth, and health and quality of life of its people.
- o Advanced Manufacturing R&D. The budget proposes a total of over \$1 billion. This includes \$321 million, an increase of 27 percent, for nondefense-related manufacturing R&D, including \$105 million for an initiative at the National Science Foundation and \$27 million for the National Institute of Standards and Technology.

6. ENHANCING RESEARCH AND DEVELOPMENT AND EXPANDING THE HUMAN FRONTIER

It is by now widely recognized that a key to enhancing long-term economic growth in America is improving productivity. Productivity growth will enable our economy to grow faster than our population—thus making possible improvements in America's standard of living.

The Bush Administration has proposed, over the past three fiscal years, a pattern of investment in areas of research and development that will help to boost productivity and improve economic performance. This bud-

et continues that pattern of aggressive investment in both basic and applied R&D. Today new frontiers are emerging in science, space and technology, including new materials, advanced computing, manufacturing methods, space exploration, and biotechnology. By helping to expand America's knowledge base in these and other areas, and by advancing the development of new technologies, the budget lays the groundwork for growth.

This chapter discusses a range of Federal research and development programs and is-

Table 6-1. ENHANCING RESEARCH AND DEVELOPMENT AND EXPANDING THE HUMAN FRONTIER—HIGHLIGHTS
(Dollar amounts in millions)

Budget Authority	1989 Actual	1992 Enacted	1993 Proposed	Dollar Change: 1992 to 1993	Percent Change: 1992 to 1993
Applied Research:					
High Performance Computing and Communications	N/A	655	803	+148	+23%
Advanced Materials and Processing	N/A	1,659	1,821	+162	+10%
Biotechnology Research	N/A	3,759	4,030	+271	+7%
Energy R&D	397	774	914	+140	+18%
Moving Fusion Energy from Science to Engineering	347	337	360	+23	+7%
Advanced Manufacturing R&D (non-defense)	N/A	252	321	+69	+27%
Transportation R&D	802	1,224	1,433	+209	+17%
Protecting the Public Health	3,482	4,757	4,849	+92	+2%
Expanding R&D at the National Institute of Standards and Technology	159	247	311	+64	+26%
Space Technology	256	273	305	+32	+12%
Basic Research:					
Doubling the NSF Budget by 1994	1,923	2,572	3,026	+454	+18%
Support for Individual Investigators (HHS, NSF, DOE)	5,884	7,273	7,939	+666	+9%
Human Genome Project	N/A	164	175	+11	+7%
Superconducting Super Collider	98	484	650	+166	+34%
U. S. Global Change Research Program	N/A	1,110	1,372	+262	+24%
Astronomy and Astrophysics	617	836	890	+54	+6%
National Research Initiative (USDA)	N/A	98	150	+52	+53%
Maintaining National Security: Defense R&D:					
Defense	38,031	40,043	40,509	+466	+1%
Energy	2,321	2,668	2,640	-28	-1%
Expanding the Geographic Frontier:					
Improving Access to Space	4,411	5,312	5,412	+100	+2%
Space Exploration	1,433	2,646	2,836	+190	+7%

sues, including space and defense, that are related to these frontiers. The budget proposes to invest over \$76 billion for *research and development*, including R&D facilities, in 1993. This represents an increase of nearly \$2 billion, or 3 percent over 1992. Within this total, Federal civilian R&D would increase by 7 percent, while defense-related R&D would increase by 1 percent. The budget proposes over \$14 billion for basic research, an increase of over \$1 billion, or 8 percent, over 1992. The budget also proposes over \$17 billion for civilian applied research and development, an increase of over \$1 billion or 6 percent.

The budget proposes several crosscutting investments that will build the base for the continuing expansion of the frontier of knowledge: a new initiative to improve the synthesis, processing and performance of both new and traditional materials; a new initiative to increase funding for biotechnology research, especially in applications; and continuation

and strengthening of initiatives in high performance computing and communications and global change research. In addition, the budget proposes to expand the initiative to improve mathematics and science education at all levels, as discussed in Chapter 4, "Reforming American Education and Investing in Human Capital."

The budget proposes to provide support for several important civil space programs, including Space Station Freedom, space science missions such as the Advanced X-ray Astrophysics Facility and the Earth Observing System, and new initiatives such as the new launch system, the National Aerospace Plane, and technology related to exploration of the Moon and Mars. Because of the President's desire to constrain the overall growth of Federal spending, however, and in response to Congressional directives, the total increase for civil space programs is only \$738 million, or 5 percent.

HIGHLIGHTS

APPLIED RESEARCH

These initiatives help to spur innovation and the movement of new products and processes from the laboratory to the marketplace.

High Performance Computing and Communications.—The budget proposes an increase of \$148 million, or 23 percent, to a total of \$803 million for the second year of an inter-agency program to help establish American pre-eminence in the fields of high performance computing and communications. This Presidential Initiative initiative, involving nine Federal agencies (in addition to the private sector), will focus on the underlying research and the academic training needed to accelerate significantly the availability of the next generation of high performance computing systems and digital communications networks. The goal is to assist in the development of computing capability with roughly 1,000 times improvement over current systems by 1996 and communications systems 100 times faster than those currently in use.

Advanced Materials and Processing.—The budget proposes \$1,821 million, an increase of 10 percent over 1992, for a 10-agency program intended to improve the manufacture and performance of materials. This new Presidential Initiative is intended to achieve advances in materials that will enable improvements in a wide range of other technologies. Emphasis will be placed on research on materials synthesis and processing, two areas critical to developing new materials and to improving the quality of all materials.

Biotechnology Research.—The budget proposes \$4,030 million, an increase of \$271 million or 7 percent over 1992, for biotechnology research programs in 12 agencies. This new Presidential Initiative capitalizes on the current U.S. leadership in biotechnology, and recognizes the key role biotechnology plays in enhancing the Nation's technological strength, economic growth, and the health and quality of life of its people. The program will emphasize potential new applications of biotechnology in health, manufacturing/bioprocessing, and the environment; will

HARVARD UNIVERSITY

Joint Center for Housing Studies

FAX Transmittal Sheet

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 FAX: 617/496-1722

To: Jeannie Brunton
 From: Virginia Townsend
 Fax Number: 202/456-6218
 Number of Pages (including cover): 7
 In Case of Problems with this FAX call: 617/495-7908

SPECIAL INSTRUCTIONS:

excerpt from State of the Nation's Housing 1991
\$15 per copy

Housing Market Trends

Despite recession-induced softness in home prices and rents, housing affordability improved little in 1990. The share of income required to purchase a representative first home was 31.3% last year, down slightly from 32.3% in 1989 but still well above the 22-26% range recorded for much of the 1970s. For renters, the improvement was more modest: even with overbuilding in many markets, gross rent burdens averaged 28.1% in 1990, little changed from 28.4% in 1989.

Given the continued affordability problems of first-time buyers and low- and moderate-income renters, the housing market of the 1980s was one of sharp contrasts. For much of the decade, rapid growth in the number of high-income households fueled demand for good quality single-family homes. At the same time,

lagging income growth at the low end of the distribution exacerbated the housing problems of the nation's poor. By 1990, the multifamily sector was in disarray as weak demand for market-rate units, combined with the reduction of investment incentives under tax reform and the crisis in the banking industry, brought apartment construction to its lowest level in several decades.

First-Time Buyer Costs and Income

Even with the recent retreat in house prices, homeownership remains well out of reach for many potential first-time buyers. Between 1970 and 1990, the national price of a typical starter home (defined as the median-valued house

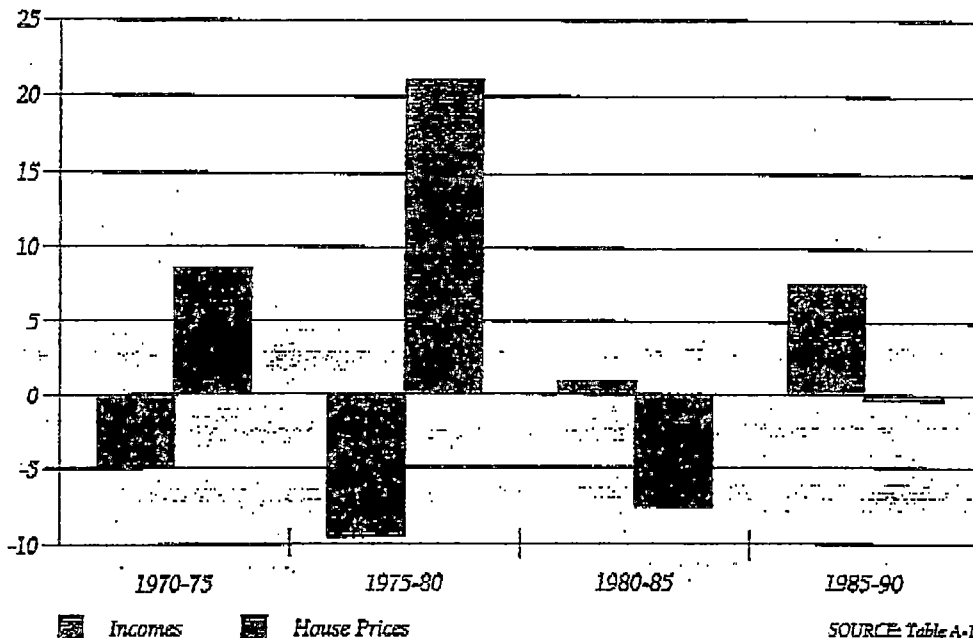
purchased in 1977 by a married-couple household whose head was aged 25-29) rose 21% in real terms, from \$57,780 to \$69,928. All of this growth, however, occurred in the first half of the period. After soaring 31.4% during the 1970s, house prices actually fell 8.0% in the 1980s (Exhibit 1).

Over the same 20 years, the real incomes of potential first-time homebuyers (defined as married-couple renters with heads aged 25-29) declined 7% in real terms, from \$28,523 to \$26,660. Again, the differences between the 1970s and 1980s are striking. After declining for much of the 1970s, income growth of potential first-time homebuyers revived somewhat between 1980 and 1985 (from \$24,559 to \$24,777) and then accelerated between 1985 and 1990 (from \$24,777 to \$26,600). Nevertheless, the improvement was not enough to make up for previous losses.

Of course, house prices are not the sole determinant of homeownership costs. Mortgage interest rates, fuel and utility costs, maintenance and repair costs, real estate taxes, and insurance costs all add to costs. The after-tax cash cost includes these continuing expenses, less the tax savings from owning a home. By this measurement, the annual cost of owning a typical starter home did decline by \$258 in 1990 but, at \$8,341, still stood well above the inflation-adjusted levels posted for much of the 1970s (Exhibit 2).

Mortgage interest rates in 1990, while much improved from 10 years earlier, also exceeded 1970s levels. Moreover, the tax savings

Exhibit 1
House Prices and Young Renter Incomes
(Percent change)



from homeownership totaled only \$293 last year — only a fraction of the \$930 in tax savings enjoyed in 1980 (Exhibit 3). This drop reflects the reduction of marginal tax rates and the increase in standard deductions under the Tax Reform Act of 1986.

Like the after-tax cash cost of homeownership, the after-tax cash cost burden (after-tax cash cost as a percent of young renter income) has eased somewhat since the early 1980s, but still stands at historically high levels. After pushing up to more than 40% in 1980-82, this burden retreated to 31.3% in 1990. By comparison, the after-tax cash burden in the late 1960s and early 1970s ranged from 20% to 25%.

The total cost of homeownership, which includes indirect earnings foregone on funds used for the downpayment less the indirect savings from house price appreciation, has climbed sharply since 1987, reaching \$7,834 in 1990. This increase is largely due to a drop in expected appreciation from \$3,342 to \$1,722 — its lowest level since 1967. Expected appreciation provided a substantial offset to high out-of-pocket expenses in the late 1970s and early 1980s, but this investment incentive to purchase a home is now greatly reduced in today's climate of weak house price appreciation.

Renter Costs and Income

Despite massive overbuilding and continued high rental vacancy rates in many market areas, there are no indications that renters are finding it any easier to meet their housing costs. Indeed, the monthly gross rent of a unit of constant characteristics (defined in terms of the median-priced unit in 1977) rose significantly faster than

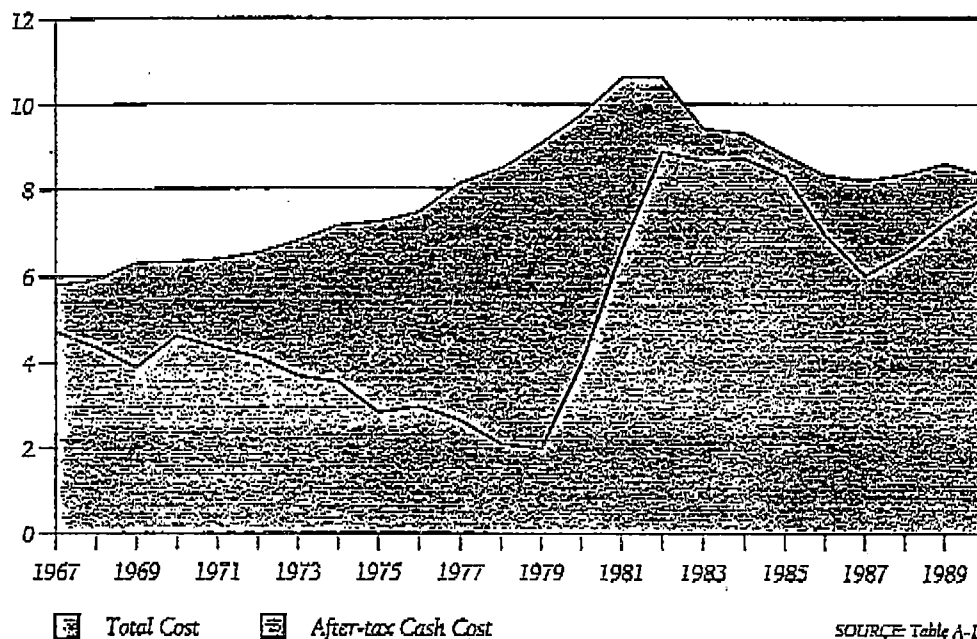
overall inflation throughout much of the 1980s (Exhibit 4).

Like that of potential first-time buyers, the median income of all renters improved in the 1980s, but not enough to offset previous declines or to keep pace with the rapid escalation of rents. Indeed,

the recession stalled this progress, leaving real renter incomes in 1990 below those in the early 1970s.

Contract rents, or the rents paid to landlords, rose \$50 in real terms between 1981 and 1988. Despite persistently high vacancy rates and

Exhibit 2
Homeowner Costs
(Thousands of 1989 dollars)



SOURCE: Table A-1.

Exhibit 3
Components of Homeowner Cost Burden
(1989 dollars)

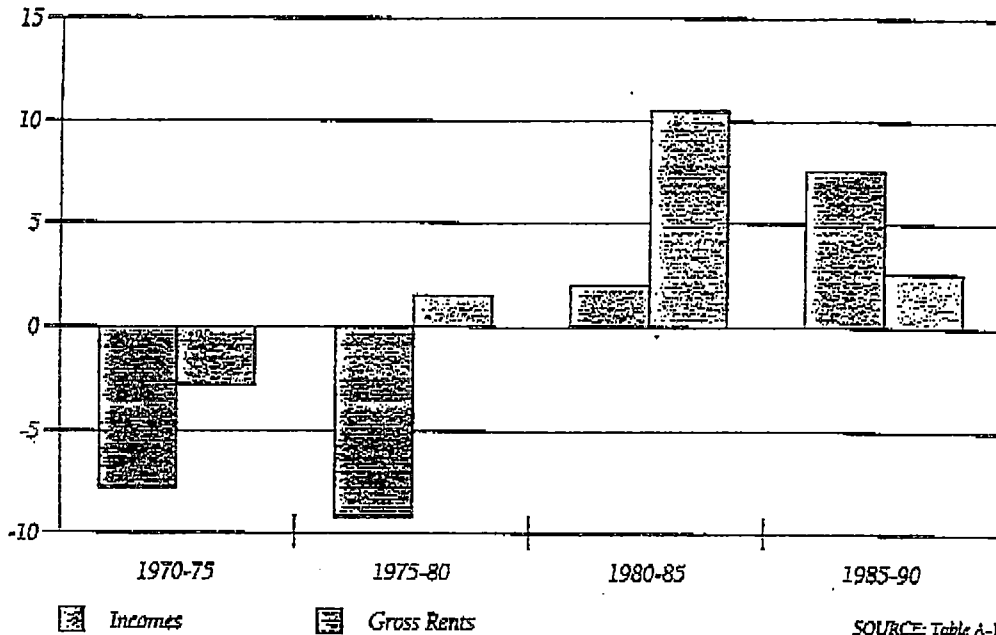
	1970	1975	1980	1985	1990
Home Price	57,780	62,732	75,975	70,182	69,928
Mortgage Payment	4,148	4,833	7,801	6,508	5,764
Other Costs	2,776	2,961	2,985	3,105	2,869
Tax Savings	592	525	930	750	293
After-tax Cost	6,332	7,269	9,856	8,863	8,341
Young Renter Incomes	28,523	27,139	24,559	24,777	26,660
Cash Burden (%)	22.2	26.8	40.1	35.8	31.3

SOURCE: Table A-1.

Exhibit 4

Gross Rents and Renter Incomes

(Percent change)



SOURCE: Table A-1.

\$339 in 1990 (Table A-4). Even there, though, rents were up 4.3% for the 1980s overall because of strong increases early in the decade. Similarly, gross rents in the Northeast and the West have slipped in recent years, but were still 20-22% higher in 1990 than in 1980 (Tables A-2 and A-5).

With rents rising and income growth stagnating, rent burdens (annual rent as a percent of median renter income) remained high in 1990. Last year, the gross rent burden held at 28.1%, down only marginally from the mid-1980s peak (Table A-1). It will take some combination of further declines in real gross rents and steady income growth to reduce the renter cost burden to the more affordable 23-25% range recorded for much of the 1970s.

Changes in Income Distribution

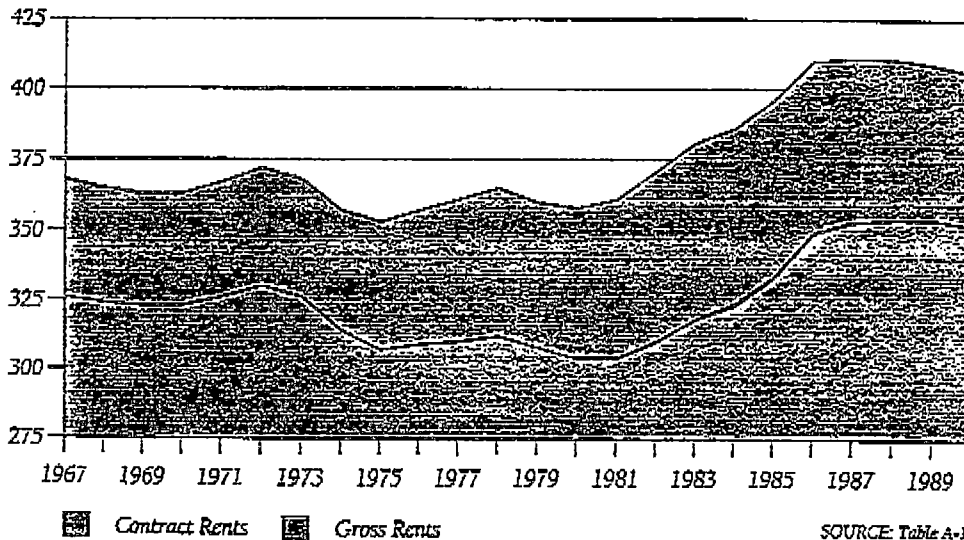
Recent studies – whether focusing on household or individual incomes, or the wages of skilled or unskilled workers – provide mounting evidence of a growing inequality in the distribution of income and earnings. During the 1970s, income growth for all households was sluggish, but incomes at the low end of the distribution fell markedly (Exhibit 6). Although the incomes of the poorest 5% of households rebounded somewhat in the 1980s, those of the richest 5% rose nearly five times faster.

Changes in the distribution of income across households of different ages are striking. Measured in real terms, the 1989 incomes of young households (aged 18-34) are lower than those of their counterparts of 15 years ago. The elderly, in contrast, have enjoyed nearly uninterrupted income

Exhibit 5

Monthly Rental Costs

(1989 dollars)



SOURCE: Table A-1.

sluggish economic growth thereafter, the median contract rent still held at \$352 in 1990 – just \$2 below the 1988 record level (Exhibit 5).

Gross rents, which include fuel and utility costs along with the contract rent, also moved up \$50

(or 14%) between 1981 and 1988. A slowdown in energy price inflation then contributed to a \$5 (less than 1%) decline nationwide. In the South, where the impact of overbuilding hit hardest in the 1980s, gross rents dropped 5.6% from a high of \$359 in 1986 to

growth since the mid-1970s (Table A-7). Growing retirement income, Social Security, and other benefits have largely protected these households from economic downswings and greatly reduced the share of elderly households living in poverty.

Not only have income gains differed across demographic groups, but the distribution of income has also widened noticeably within groups. As a result, each demographic group includes a household segment with rising incomes and a segment with declining incomes. This phenomenon is particularly apparent among young single parents aged 25-34. The highest quartile within this group had an income of \$24,000 in 1989, an increase of 19.4% from the 1974 figure. The incomes of the lowest quartile, however, fell by nearly the same amount over this period, to just \$6,300 (Table A-7).

Though less dramatic, the change in the distribution of income among young married couples with children is also significant. Incomes for the upper quartile of this group rose by 14.4% between 1974 and 1989; those in the lower quartile fell 5.2%. Income growth among older married couples has been more uniform, but even here the gap between the upper and lower ends of the income distribution is growing.

Within the housing market, the effect of growing income inequality is magnified by the increased tendency for upper-income households to own their homes and for low-income households to rent. Between 1974 and 1989, the incomes of the top quartile of homeowners increased by 17.8%, while the incomes of the lowest quartile of renters decreased by 6.5% (Exhibit 7).

Exhibit 6
Income Growth
(Percent change)

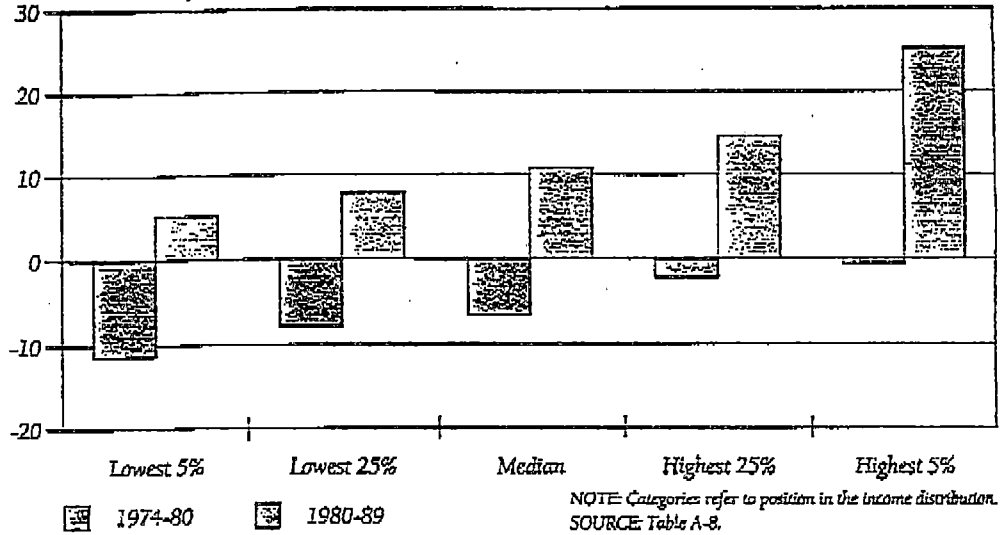
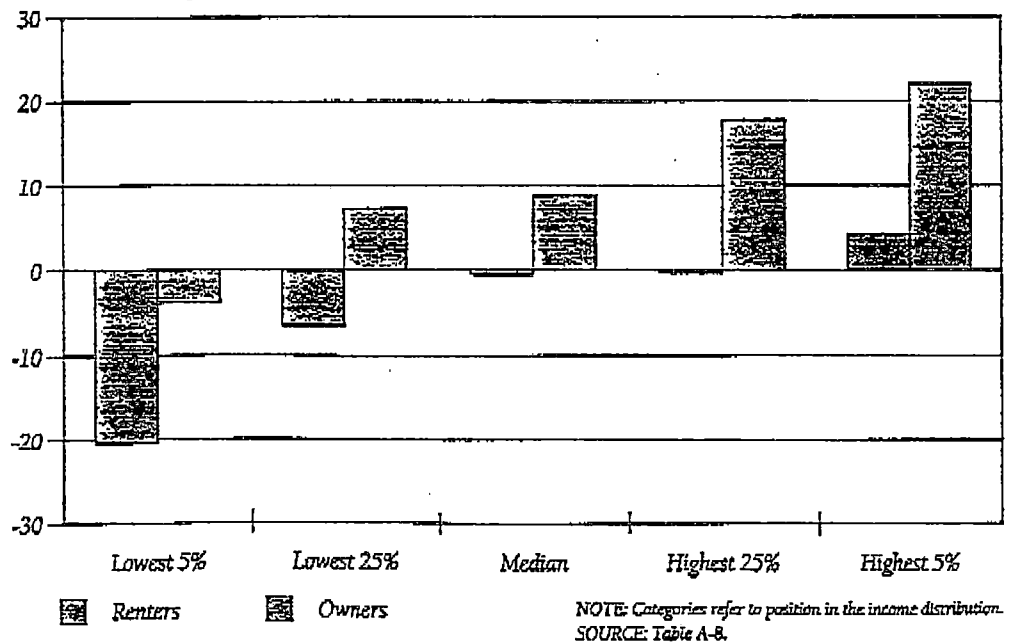


Exhibit 7
Income Growth for Owners and Renters
(Percent change, 1974-89)



Along with the rate of growth in average or median household income, changes in the distribution of income growth have important implications for housing demand. Rapid growth in the number of high-income households is good news for the home-

owner tradeup and renovation and repair markets. At the same time, the slow growth of income at the low end of the distribution perpetuates the large numbers of renter households unable to afford even minimally adequate housing, let alone homeownership.

Housing Construction

With the onset of the recession in 1990, private housing starts tumbled to their lowest levels in nearly a decade and have retreated even further in 1991. From a peak of more than 2.0 million units in 1986, total housing starts plus mobile home placements were off 33% last year (Exhibit 8). Multifamily starts took the hardest hit, plummeting 56% between 1985 and 1990 to 297,900 units; mobile home placements sank 31% over the same period. Even single-family starts, which hovered near 1.1 million for most of the decade, retreated by nearly 200,000 units between 1988 and 1990.

This free fall has led to speculation that the housing construction industry is headed for collapse. But the experience of the 1980s — which also began with a recession — is instructive. Despite concerns that high costs would limit construction and sales, the housing sector in fact flourished during the decade. The rapid growth of high-income baby-boomer and elderly households

sported tradeup and renovation and repair activity, stimulating a strong upper-end market. Moreover, because upper-income households now include a wide range of family types, demand for good quality owner-occupied housing has become increasingly diverse and includes demand for larger single-family detached homes, high-end condominiums, and retirement or vacation homes.

For much of the 1980s, home construction set records in terms of the size and characteristics of new units built. By 1990, the median size of new single-family homes reached 1,905 square feet, a nearly 20% increase from the 1980 figure (Table A-6). Comparable improvements occurred in the share of new homes with two or more baths, two-car garages, central air conditioning, and other amenities. Expenditures for upkeep and improvements of existing homes also soared throughout most of the decade, until peaking in 1988.

The slowdown in tradeup and investment activity apparent in the housing market today is typical for recessionary periods. Softening

home prices and sluggish income growth make it difficult for owners to sell their homes and make all households reluctant to take on new housing expenditures. As a result, homeowners tend to defer housing investment and purchase decisions until the uncertain economy shows signs of improving. Now that mortgage interest rates are down to their lowest levels in over a decade, though, households are feeling more confident and housing market activity is already beginning to pick up.

While the downturn in the single-family market is largely cyclical, the problems in the multifamily market are far more entrenched. In the first half of the 1980s, multifamily construction was buoyed not only by the overall expansion of the economy, but also by extremely favorable treatment under the federal tax code.

In the mid-1980s, tax incentives did promote the construction of mixed-income developments, but the bulk of units were targeted for the upper end of the market. In 1988, for example, 41% of new multifamily units had two or more bathrooms, and 84% had air conditioning. The median gross rent for all rental units completed between 1985 and 1989 was \$573, some 35% higher than the median rent for all units. Only 10% of units built during this period rented in 1989 for less than \$300, while some 17% rented for more than \$800 (Exhibit 9).

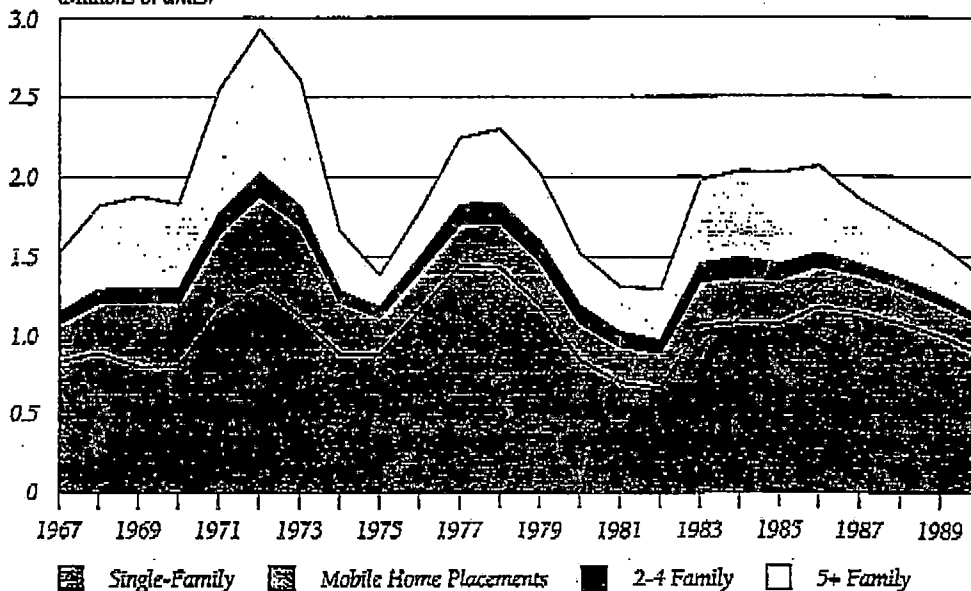
With developers focusing on the high end of the market, construction activity ran well ahead of demand in many parts of the country, and in some places oversaturated the market. As vacancy rates pushed to record highs in many metropolitan areas, construction started to pull back.

Tax reform further depressed multifamily starts by eliminating many of the incentives to invest in

Exhibit 8

Private Housing Starts and Mobile Home Placements

(Millions of units)



SOURCE: Table A-6.

market-rate rental housing. Tax reform did create the Low Income Housing Tax Credit to promote construction of housing to serve the nation's poor, but at current funding levels, production under this program remains modest.

Beyond the oversupply problem and the loss of tax incentives, upheaval in the financial markets has also taken its toll on the multifamily housing market. With the crisis in the banking industry and the passage of the Financial Institutions Reform, Recovery, and Enforcement Act in 1989, as well as changes in banking regulations, commercial banks and savings and loan institutions retreated from real estate lending. This retrenchment has been particularly devastating to multifamily construction because commercial banks and S&Ls have been the major originators and investors in long-term mortgages for rental housing (Exhibit 10).

Unlike single-family mortgages, which are sold to a wide variety of investors through an active secondary market, most multifamily mortgages are held by the originating S&Ls or commercial banks. The withdrawal of these institutions from multifamily lending and the subsequent credit crunch — on top of the persistently high vacancy rates and weak demand — has helped to drive multifamily construction to its lowest level in decades.

Summary

Demographics, income growth, and housing costs are fundamental determinants of housing demand. With more households earning higher incomes in the 1990s, demand for good quality single-family homes will remain strong. Indeed, new construction in this segment is already coming back.

In contrast, the situation in the multifamily rental market — and of the low-income households who largely participate in that market — is distressing. The upheaval in the financial markets and the resulting credit crunch have been particu-

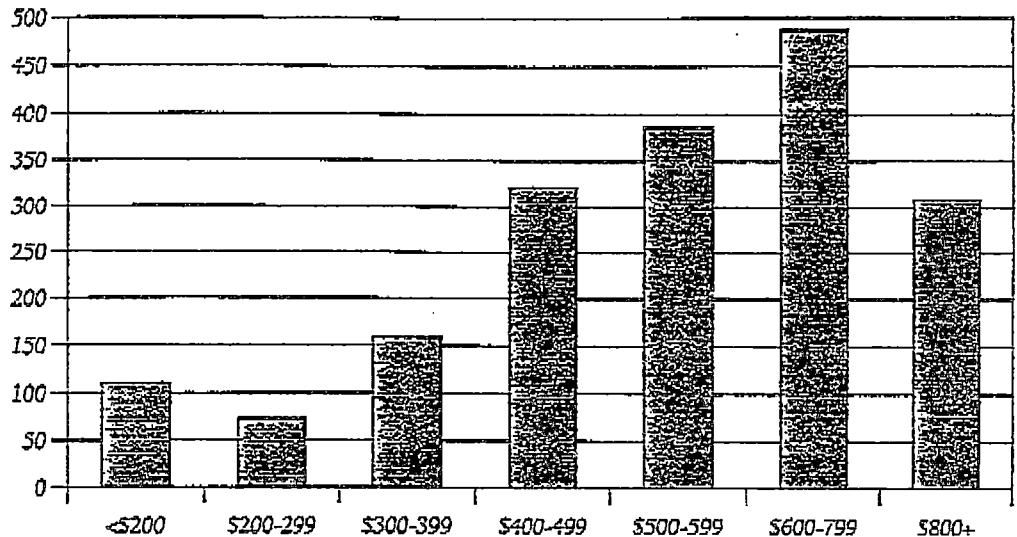
larly troublesome to multifamily builders and investors. At current depressed levels of construction, vacancy rates will fall, further increasing rent pressures at the low end of the housing market.

Exhibit 9

Rental Units Constructed in 1985-89

By 1989 Gross Rent

(Thousands of units)

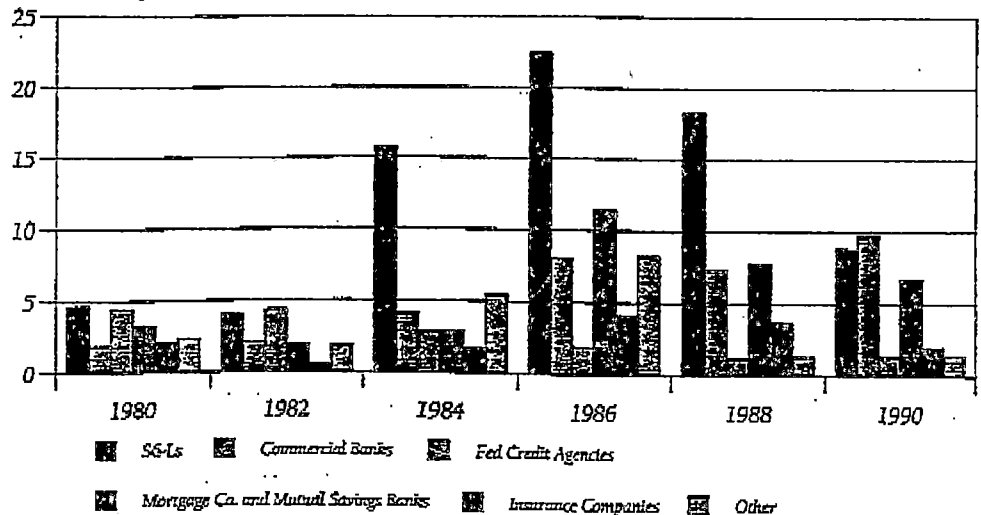


NOTE: Rent in 1989 dollars.
SOURCE: 1989 American Housing Survey.

Exhibit 10

Multifamily Mortgage Originations

(Billions of 1989 dollars)



NOTE: "Other" includes pension and retirement funds, private MBS conduits, and state and local credit agencies.
SOURCE: Table A-9.



1ST STORY of Level 1 printed in FULL format.

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The Boston Globe

April 30, 1989, Sunday, City Edition

SECTION: REAL ESTATE; Pg. A25

LENGTH: 1495 words

HEADLINE: For first-time buyers, creativity can help;
Down payment is the first hurdle

BYLINE: By Teresa M. Hanafin, Globe Staff

KEYWORD: REAL ESTATE; MAJOR STORY

BODY:

Buying your first house or condo can be confusing. Last week, in the first of a two-part series, we helped you calculate the price range in which you can afford to shop and suggested questions to ask while looking at a house. Today we discuss financing your new home.

Houses, houses everywhere - but who the heck can afford them?

There are tens of thousands of houses for sale in New England - 13,500 are listed with the Multiple Listing Service in Greater Boston alone.

By the end of last year, the median price of a house in Greater Boston stood at nearly \$ 183,000. For many potential buyers, it wouldn't matter if there were 13 million houses on the market; if you can't afford them, you can't afford them.

Don't despair. The median price means half the houses cost less than \$ 183,000 - sometimes a lot less. With so many houses around, many banks, builders and sellers are willing to deal.

But don't rely on others to drop a house in your lap. Buyers have to be creative and be willing to make some sacrifices, too.

Here's the way into the market:

Save like crazy. If you don't have any savings, forget it. Most lenders want you to put up some of your own money - usually five percent of the house price. They will check to make sure you have had that money in the bank for three to six months.

Put yourself on a regular savings plan, and dig in. An October survey by the Chicago Title Insurance Co. showed that first-time homebuyers save for 2.4 years for a down payment.

Call your relatives. Lenders don't mind if your parents or other relatives give you money to help with the down payment or get you over a little qualification hurdle. But it has to be just that - a gift. If you intend to pay it back, then the lender will consider it a debt just like car payments, and it will reduce the amount you can pay monthly toward a mortgage.



(c) 1989, The Boston Globe, April 30, 1989

Don't feel bad about needing the money; a recent survey by the National Association of Realtors showed that 82 percent of renters under age 35 didn't have the money for a down payment. The Chicago Title study showed that nearly 12 percent of first-time buyers last year got money from relatives.

Look at condos. Despite all the publicity about troubled condo projects - and there are a fair number of them out there - condos often are cheaper than houses and can be good starter homes. But be careful; some condos will not appreciate in value at an acceptable rate. Avoid overbuilt communities and check the reputation of the developer. Hire an appraiser if you have to; the outlay of \$ 100-\$ 200 may help you avoid financial disaster.

Check the auction ads. Some don't have the stomach for this, believing they are capitalizing on someone's misfortune. But someone has to buy these homes; if you don't, someone else will, then turn around and sell it to you for even more money.

Investigate government-sponsored programs. If you're a member of the armed services, a veteran or the spouse of a veteran, you can get a mortgage backed by the Veterans Administration. Under the VA guarantee, most lenders grant 30-year mortgages for up to \$ 144,000 with a fixed rate that stood at 10.5 percent last week. No down payment is required.

The Federal Housing Administration also backs mortgages - up to \$ 101,250 in this area - with down payments of just 3 percent to 5 percent. There are no income restrictions.

The Massachusetts Housing Finance Agency's program for first-time homebuyers who meet income and purchase price restrictions, makes mortgage money available at well-below market rates; during its last offering the rate was 8.4 percent. The program used up its recent allotment, but expects more funding by fall.

Check out mortgage programs. We know, we know - there are so many programs out there, how do you know where to begin? It's easy - tell the lenders that you're a first-time homebuyer. That will immediately narrow down the programs they show you. Lucky for you, many lenders have programs designed for first-timers:

Buydowns. These programs involve the buyer, lender or seller coming up with extra cash at the closing in order to get a lower interest rate in the first few years of a mortgage.

For example, under Bank of New England's program, a buyer who comes up with - or who gets a seller to come up with - money equal to one percentage point of mortgage payments for a year, can have that percentage point shaved off the mortgage rate. After a year, the rate goes back up a point and stays there. The buyers can "buy down" his mortgage rate for up to three years.

"This way a buyer can qualify at a lower rate, and it opens up more house for the money," said Ted Patrikis, the bank's mortgage marketing representative for the North Shore.

At Commonwealth Mortgage Co. in Wellesley, the buydown is funded out of the down payment by as much as 5 percentage points below the market rate. The Mortgage Development Group of Natick also subsidizes its buydown program out

LEXIS® NEXIS® LEXIS® NEXIS®



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of the down payment.

"Around here, qualifying for a mortgage is the biggest problem first-time homebuyers have," says John J. Sousa Jr., Commonwealth's president. "This gives them a lower rate."

Some lenders will swallow the difference. ComFed Mortgage Co. of Lowell funds the mortgage rate difference on its buydown, which starts out at 9 5/8, increases to 10 5/8 in the second year, goes up to 11 5/8 in the third year and stays there through the life of the loan - unless the buyer refinances.

That program is similar to that of Sterling Mortgage of Braintree, which also has a starting rate of 9 5/8.

Low down payments. A lot of the hoops lenders make you jump through to get a mortgage - buying private mortgage insurance, putting down 20 percent, etc. - are dictated not by the lenders, but by the federal agencies and investment companies that buy your mortgage from the lender.

To get around some of these stiff requirements, banks will "portfolio" some mortgages, i.e., invest them themselves rather than selling to someone else to invest. That way, they can make their own rules, and one of the first things they do is lower the down payment you have to come up with.

BayBanks has three adjustable-rate mortgages that they hold. Its three-year adjustable can go up or down by 3 percent every three years; its five-year adjustable can change by up to 4 percent every five years. It also has a mortgage that has a fixed-rate for seven years, then switches to a three-year adjustable. All have lifetime caps of six percent.

Reduced fees. Many lenders, recognizing the difficulty first-timers have in coming up with a lot of cash, have slashed application and lawyers' fees for them. Bank of New England, for example, cut its attorneys' fee by \$ 300 to \$ 495 and its application, appraisal and credit check fee from \$ 240 to \$ 99 (\$ 149 for a condo instead of \$ 290).

Different twists. Many lenders try to separate from the pack by putting special twists on their mortgage programs. Home Owners Savings Bank of Burlington has come up with an "Upside Down" mortgage that eliminates the need for refinancing. Under the program, rates drop automatically if the bank's index rate drops enough, even though it is a fixed-rate mortgage.

Read, read, read. Peruse the real estate sections of your newspaper and ask lenders for any printed material they have on buying a house. Bank of Boston has a very thorough booklet called The Homebuyer's Guide, The Boston Five has a Home Mortgage Reference Guide and Baybanks has a Guide to Home Financing, just to mention a few.

Remember - best homebuyer is a smart homebuyer.

A GUIDE TO MORTGAGE TERMS

Here's a quick guide to some common mortgage terms:

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Annual percentage rate (APR): The actual rate a buyer pays per year. It's higher than the nominal rate because it includes costs associated with issuing a mortgage.

Appraisal: The opinion or estimate of the value of a property as given by a licensed professional.

Mortgage Commitment: Usually part of the purchase-and-sales agreement, it requires the buyer to secure financing within a certain time and outlines conditions set by the buyer or seller.

PITI: Stands for principal, interest, taxes and insurance - the four elements lenders consider when determining what size monthly payments you can afford.

Point: A point equals 1 percent of the mortgage amount. If you get a \$ 150,000 mortgage from a lender under a program that charges two points, you will have to come up with \$ 3,000 in addition to your down payment and closing costs.

Private Mortgage Insurance (PMI): Insurance that protects the lender, or the federal agency or investment company that buys the mortgage, against defaults. It's required if you make a down payment of less than 20 percent. Premiums are about 0.3 to 0.4 percent of the purchase price. Put down 10 percent, and you'll pay about half a percentage point of the price at closing; five percent down, expect to pay close to a full percentage point.

GRAPHIC: PHOTO, Globe staff photo/Barry Chin / Arthur Coe, manager at Comfed's downtown branch, reviews application with Lynn Graham, loan originator.

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

SPEECHWRITERS
RESEARCHERS ... MONS LE MONDE

FROM JB
HA HA HA

J — —
GOOD LINE



BW

YOUTH VIEWS: The way Mary Scott tells it, her 6-year-old son Ian was watching a TV report that President Bush was heading for New Hampshire. Ian rushed to impart the news, saying, "Guess what? The president is getting a new hamster."

■ Jean Godden's column appears Sunday, Monday, Wednesday and Friday in the Northwest section of The Times. Her phone is 464-8300.

Seattle Times

1/17/92

	First-Time Buyer			Repeat Buyer		
	1991	1990	1989	1991	1990	1989
Type of purchase						
New	17%	15%	17%	23%	26%	25%
Resale	82	85	83	77	74	75
Single-family	82%	83%	82%	89%	85%	86%
Condominium	18	17	18	11	15	14
Number of homes looked at before purchase	13.4	13.3	13.4	16.7	14.3	14.3
Average length of time looked for home (months)	5.6	5.2	5.2	4.8	4.7	4.3
Median cost of home	\$118,700	\$106,000	\$105,200	\$152,500	\$149,400	\$144,700
Single-family	120,700	113,500	111,900	154,800	150,600	144,900
Condominium	109,500	102,700	100,600	139,500	145,000	138,500
Average cost of home	\$142,100	\$131,200	\$133,700	\$196,600	\$181,700	\$176,300
Single-family	146,100	132,100	137,400	197,000	182,700	180,600
Condominium	125,900	126,700	120,300	194,200	176,200	154,300
% down payment obtained from:						
Savings	77.6%	77.9%	78.5%	48.8%	49.1%	47.5%
Relatives	12.3	10.2	8.8	2.4	3.2	2.1
Other	6.8	6.4	9.2	4.0	6.4	4.6
Previous home sale	-	-	-	42.4	38.0	42.3
Lending institutions	3.3	5.5	3.5	2.4	3.3	3.5
% of household income used for mortgage payment	35.7%	36.1%	34.1%	32.4%	31.9%	30.0%
Time needed to save down payment (years)	2.9	2.5	2.9	-	-	-
% paid down	14.7%	15.7%	15.8%	29.1%	28.9%	30.3%
Average mortgage payment	\$1,046	\$1,010	\$969	\$1,230*	\$1,221	\$1,118
Length of mortgage (years)	29.0	28.0	28.4	27.4	28.1	27.9
Average age	30.7	30.5	29.6	39.8	39.1	39.4
Family size	2.6	2.5	2.4	3.1	3.0	3.1
Children under 18	0.8	0.7	0.7	1.5	1.2	1.1
Median income	\$54,800	\$53,100	\$50,700	\$68,900	\$66,000	\$64,400
Married	72.9%	65.9%	71.7%	77.6%	76.0%	79.1%
Widowed	1.3	1.3	0.4	1.6	2.8	2.7
Divorced/Separated	4.6	6.2	4.7	12.0	12.0	8.1
Single	21.2	26.6	23.2	8.8	9.2	10.1
Two incomes	87.8%	83.9%	86.8%	75.6%	71.7%	74.8%
Type of financing						
Conventional	76.4%	70.8%	61.6%	75.4%	74.0%	61.1%
Adjustable Rate	13.3	20.4	32.9	18.8	18.1	33.2
Other	10.3	8.8	5.5	5.8	7.9	5.7

BUYER PROFILE

First-Time Buyers vs. Repeat Buyers



National Survey

;)

Corp. Comm. & Advertising Dept.
 CHICAGO TITLE & TRUST CO.
 CHICAGO TITLE INSURANCE CO.
 30 N. LaSalle St., Ste. 3700
 Chicago, IL 60602
 Main No. (312) 630-2000

Telecopier Number (312) 630-2600

Telecopier Cover Sheet

Fax # (202) 456-6288

Date: 2/7/92

FAX TO: Ellen Custer
White House

FAX FROM: Donna Johnson
 (name of person authorizing fax)

Brief Message: Hope this information is
helpful to you.

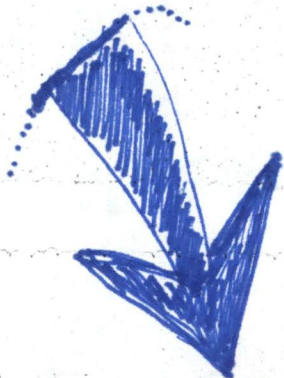
Total number of pages (not including cover sheet) 1

We are transmitting from a **Canon Fax 225.**

If you do not receive all pages, or if illegible, please contact:
Donna Johnson
 (name of person sending fax)

Phone: (312) 630- 2841
 (ext. #)

Thank you.



The Reliable Source

By Lois Romano

Whoops . . .

■ Poor Randall Wells, of Epping, N.H. He got an 800 number for his lead-paint removal company, and ended up paying for 600 calls from people interested in New York Gov. Mario Cuomo's write-in campaign. The Cuomo campaign number is 1-800-92-CUOMO, and Wells's number is the numerical equivalent of C-O-U-M-O. (Most disheartening for Mario: Supporters can't even spell his name.)

"Of all the messages I got today,

only one pertained to my business," Wells said yesterday. "I had nothing against Cuomo until I realized that I was being charged even for the hang-ups."

Wells would like the organizers of the write-in campaign to pay his bill. After all, says the entrepreneur, he's a George Bush supporter. "Perhaps if he puts a few Cuomo signs up in his window," says Barry Newman, executive director of the National Draft Cuomo for President Committee, "we can discuss what would be fair and equitable."

Mario Cuomo—hold that call!

AGENCE FRANCE-PRESSE



WE'VE HEARD THAT . .

■ Contrary to the rumor sweeping through Washington, Kevin Costner has not bought, nor does he intend to buy, a farm near Leesburg. "It's a great story—but it just ain't true," says Stephen Rivers of Creative Artists Agency, which represents Costner.



BY BILL SNEAD—THE WASHINGTON POST

THE WASHINGTON POST

Characterizations of the Deans
by "Will."



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

JUDD GREGG, GOVERNOR

92 JAN 7 All: 18

FAX TRANSMITTAL

TO: Jeanie

FROM: Darcy Bryant

NUMBER OF PAGES TO FOLLOW: 2

PLEASE CALL TO CONFIRM: 271-2121

No press release - we only issued an advisory with time + place. Attached proclamation and talking points may be useful.

TALKING POINTS FOR AMERICA 2000 KICKOFF IN DERRY

DECEMBER 17, 1991

Back in April when President Bush first announced America 2000, they began to receive calls from people interested in the strategy and wanting more information on how they could become involved. Within the first few months they had received more calls from NH citizens than from the rest of New England combined.

There is a reason for this -- The AMERICA 2000 strategy exemplifies the approach NH takes toward education, local control and involvement. "Washington can not achieve the six national education goals for the nation; that has to happen at the local level. . . in every community, every school, and every household."

Today's kickoff of New Hampshire 2000 is a challenge to all communities and citizens and students in New Hampshire to adopt the six national goals, to get involved in education and actively work to improve their schools.

We need to set our standards high -- as high as anyone's in the world because our students are capable of being the best in the world.

New Hampshire currently measures up well compared to other states in the nation but with the hard work of dedicated teachers and students who are determined to be the best we can do even better than we are now doing.

I'd like to recognize the other NH communities represented here today (sitting in front row of audience). They have adopted the national goals and are working on their plans to improve education in their communities:

Gerald Daley the Superintendent from DOVER

Henry LaBranche the Superintendent from SALEM

Eugene Ross the Superintendent from MANCHESTER

Frank Bass the Assistant Superintendent from TIMBERLANE in Plaistow

We also have private schools here with us today:

Douglas Gerwin principal at High Mowing School and David Mitchell, principal at Pine Hill Waldorf School both in WILTON are here with us today.

*State of New Hampshire
By His Excellency
Judd Gregg, Governor*

A Proclamation

NEW HAMPSHIRE 2000 KICKOFF DAY

December 17, 1991

- WHEREAS, our citizens share responsibility to help all New Hampshire children develop the knowledge, skills, attitudes and values they need to lead fulfilling, productive lives at home, at work and in the community; and
- WHEREAS, a well-educated population is vital to the future success of our State and our Nation in the modern global economy; and
- WHEREAS, goals intended to foster change and improvement in our current public education system have been adopted at the national level and embraced here in New Hampshire; and
- WHEREAS, to move every community in America toward the National Education Goals, President George Bush announced in April a bold, comprehensive, long-range plan entitled, "AMERICA 2000: An Education Strategy"; and
- WHEREAS, the America 2000 Strategy encourages communities to resolve to create an education system driven by student performance and learning outcomes, to implement strategies for achieving the National Education Goals and to devise a system to measure and report the community's progress toward these goals; and
- WHEREAS, the America 2000 Strategy reaffirms the community-based approach New Hampshire has traditionally taken, with local control as the means to improving education; and
- WHEREAS, the America 2000 Strategy calls for existing schools to become better and more accountable; development of new, innovative schools to meet the needs of future students; encouragement of lifelong education for our work force, and enhanced commitment by communities and families to education; and
- WHEREAS, we are pleased to have Lamar Alexander, the United States Secretary of Education, here in New Hampshire today;
- NOW, THEREFORE I, JUDD GREGG, GOVERNOR of the State of New Hampshire, do hereby proclaim DECEMBER 17, 1991 as NEW HAMPSHIRE 2000 KICKOFF DAY in our State, a day for New Hampshire communities to formally begin planning to achieve the National Education Goals.

Given at the Grinnell Elementary School in Derry this seventeenth day of December in the year of Our Lord, one thousand nine hundred and ninety-one, and of the independence of the United States of America, two hundred and sixteen.


GOVERNOR OF NEW HAMPSHIRE

By His Excellency, the Governor

ATTEST: _____
SECRETARY OF STATE

TOTAL P.03

CHARLIE PETERSON → POLITICAL AFFAIRS

GOV. JUDAH CREGG → (603-271-2121

EILEEN (GOV'S RECEPTIONIST)

▲ BRYAN GRIPP → PRESS ASST.

▲ LORINE CARD → PRESS OFFICE

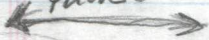
KENT COLTON → 822-0401 (DIONE)

NH (OR STATE THAT SIZE) HOME DUTY

BEVERLY WARD 7610 New Hampshire letters on anything

LINUS 7734 New Hampshire letters

QUOTES:



NEW HAMPSHIRE PRIMARIES

PRIMARIES GEN.

PARTISAN CONGRESS

ELECTION

CAMPAIGN

PREVIOUS NH VISIT

Kent Caton → NAHB

has to pass by March 20 for situation to be true

Census areas

break down housing forecasts

NAHB PRES. JAY BUCKHEAT GOING UP TO NH
NEXT TUESDAY 11th February maybe on 12th
NEW ENG & NH SPECIFIC #'S

#'s Jay is going to use

#'s ON FRIDAY MORNING - FIRST THING
JOBS # NH

STARTS ? JOBS NEW ENGLAND

single family for even house built 1.8 person years in 0

IS THE ABBREVIATE

CONSTRUCTION INCLUDES SUB CONTRACTOR

GENERAL CONTRACTOR

INDEPENDENT CONTRACTOR

categories that means jobs for the plumber, roofer mason, drywall materials: sinks, refrigerators, general over

205,000 starts → 415,000 construction related jobs

washing machines } over 20 billion economic activity
economic activity }
\$20 billion dollars

The 1992 Campaign

"This is the worst year I've ever had in deciding who to vote for

Voters

Bad Year for New Hampshire's Undecided

By RICHARD L. BERKE
Special to The New York Times

NORTH LONDONERRY, N.H., Jan. 30 — Candidates for President often rise or fall on the collective judgment of voters in this state, people like Jim Anagnos Jr. and Jeff Hastings.

Like most of New Hampshire's 650,000 registered voters, Mr. Anagnos and Mr. Hastings probably know more about the major candidates than voters anywhere else. But even as steeped in politics as they are, both men are more confused than convinced.

They are among the agonizers that poll-takers label as "undecided" voters, the group that frequently determines the outcome of elections.

"This is the worst year I've ever had in deciding who to vote for because all they give me is promises," said Mr. Anagnos, co-owner of an Exxon service station in this town just south of Manchester, near the Massachusetts border. "I can't eat promises."

He's Certain About Bush

Mr. Hastings, an assistant store manager from Manchester, said the only thing he knows for certain is that he will not vote for President Bush, as he did four years ago. "He said a lot of things he didn't necessarily uphold," Mr. Hastings asserted.

As the candidates' fortunes ebb and flow in surveys of New Hampshire residents who are considered likely to vote, the only thing that remains constant is that 20 to 30 percent say they do not know whom they will support. Many New Hampshire voters typically do not make up their minds until a few days before the primary.

In interviews across the state this week, dozens of registered voters said they were having a particularly trying time this year. The Democratic field materialized late, its members are still relatively unknown and, in the view of some voters, rather lackluster. Complicating the uncertainty are the reports about the personal life of Gov. Bill Clinton of Arkansas.

Before Mr. Clinton picked up steam in the last month or so, most polls in New Hampshire showed the "undecided" voters outnumbering those who backed any of the candidates. The most recent polls show that Mr. Clinton now has more support than the group that says it has not made up its mind.

Leaning Toward Ralph Nader

Mr. Anagnos has made only one decision about his vote: he will not support the two Senators in the race, Tom Harkin of Iowa and Bob Kerrey of Nebraska, because they both voted for a Senate pay increase last year. "I won't vote for anybody who gave themselves a raise," said Mr. Anagnos, who is 46 years old.

If he had to vote today, who would he support? "Probably Ralph Nader, because he's not in politics," he said.

When will he decide? "Probably when I get in the booth."

Mr. Anagnos is by no means alone. Mr. Hastings, 28, said his allegiances had bounced from Governor Clinton to Senator Kerrey. But he is still torn.

"I have a disabled son who has medical bills, and the two seem to have good medical plans," Mr. Hastings said. "I was leaning toward Clinton, but when the media reports started coming out I started to believe some of the allegations. Today, I'd vote for Kerrey. But if Clinton could say something to me, I could be swayed."

Most poll takers agree with the conventional wisdom that voters seldom begin focusing in earnest until the final days of a campaign.

"It's sort of like, if you're not going to the showroom until late February, why decide a month early what suit you're going to buy?" said Prof. Samuel L. Popkin, a political scientist at the University of California at San Diego.

But other analysts, and many voters, said that this year the unwillingness to commit reflects an unimpressive field



Photographs by Paul Hoslroa/The New York Times

Jeff Hastings

Assistant store manager in Manchester, N.H.

"Today, I'd vote for Kerrey. But if Clinton could say something to me, I could be swayed."



Jim Anagnos Jr.

Co-owner of a service station in North Londonderry, N.H.

"This is the worst year I've ever had in deciding who to vote for because all they give me is promises."



Maureen McCarthy

Homemaker from Manchester

"Harkin is good on labor, but I like some of the things Kerrey says, too, like national health insurance."

"People are truly agonizing over which candidate can make things better," said Representative Dick Swett, a first-term New Hampshire Democrat who is staying neutral in the primary. "No one has lit their fire."

Standing in the cold the other day, two residents of Andover, a rural town in south-central New Hampshire, were discussing whom to support.

"There's not really someone I was drawn to immediately," said Gisela Darling, 42, an elementary school coordinator. "For me, it's mostly a tactical issue: to support someone I think could win the election."

Her friend Dani Hinckley, also 42, agreed. "At this point I'm not sure who can win," Ms. Hinckley said. "I don't like Clinton, but it has nothing to do

with the scandal. He's too polished. Right now it would probably be Harkin or Kerrey."

Maureen McCarthy, a homemaker from Manchester, said she, too, was torn between Mr. Kerrey and Mr. Harkin. "Harkin is good on labor," she said, "but I like some of the things Kerrey says, too, like national health insurance."

But hearing Mr. Harkin speak at a labor rally the other night was enough to sway Ms. McCarthy.

Among pollsters, the New Hampshire primary is widely viewed as treacherous territory because undecided voters are volatile anywhere, and especially so in a state where the electorate sometimes seems to take pleasure in proving the pundits wrong.

In 1984, for example, most polls showed Walter F. Mondale as the favorite in New Hampshire's Democratic primary. But Gary Hart won, and surveys of voters leaving the polls showed that his margin of victory came from those who made up their minds a few days before the election.

In the Republican primary four years ago there was no such upset; most polls had accurately forecast that Mr. Bush would lead among Republicans, and that Michael S. Dukakis would be first among Democrats.

Even though she backs Mr. Harkin, State Representative Cynthia McGovern of Portsmouth said voters are still seeking a candidate with star quality. "People," she said, "are still looking for Mario Cuomo."

After Bad Start, Bush Seems To Have Steadied Support

By R. W. APPLE Jr.
Special to The New York Times

BEDFORD, N.H., Feb. 4 — President Bush's political standing in New Hampshire has finally begun to stabilize, Republican leaders here say, but some of them describe the electoral situation as highly volatile and suggest that he could still be seriously damaged by Patrick J. Buchanan's insurgent candidacy in the state's Presidential primary two weeks from today.

Former State Attorney General Tom Rath, who is considered one of New Hampshire's ablest Republican strategists, said that "the bleeding has been stopped" after a dangerously slow start by Mr. Bush. But he warned, "The electorate is not as settled as it should be at this stage from the President's point of view."

Having emphasized most of last month that the President cared about the recession in New Hampshire, the Bush campaign's current tactic is to blame higher taxes and other economic woes on the Democrats in Congress. Mr. Buchanan attributes the state's problems in considerable part to Mr. Bush.

A television commercial that went on-the air last Friday shows the President in the Oval Office, promoting the economic recovery plan outlined in his State of the Union address, and telling New Hampshire voters: "I need your help now to send a real message to Congress to get this job done."

Quick Reply by Buchanan

Mr. Buchanan, the conservative columnist and commentator, replied in an advertisement that went on the air this morning with an invitation to the state to "send Bush a message." The commercial ends with voters here chanting, "Read our lips!" — a taunting reprise of the President's "No new taxes" pledge, which he broke in 1990 in a deficit-reduction deal with Congress.

A poll taken for television station WMUR of Manchester by the University of New Hampshire suggests in a number of ways that Mr. Bush is winning that argument.

Conducted by telephone from last Thursday to Sunday, the poll showed that 62 percent of the respondents thought Mr. Bush had been "forced by Congress" to raise taxes, while only 19 percent thought the President had "betrayed voters' trust." The rest said they remained unsure.

Of 499 respondents in the survey, which had a margin of sampling error of plus or minus 4.4 percent, 60 percent said they supported Mr. Bush, with 23 percent backing Mr. Buchanan and 17 percent still undecided. That was one of the President's strongest showings since the campaign got under way, although the figures showed some undecideds shifting to Mr. Buchanan.

"There is great discontent in the state among Republican voters," said Prof. David W. Moore, director of the university's survey center. "They are not satisfied with the economy, but they are nonetheless remaining quite loyal to the Republican President. For the most part they do not blame Bush for the poor conditions but rather the Democratic Congress."

Many seasoned Republican politicians in the Bush camp, some of whom expressed concern two weeks ago about his prospects, now say they expect him to get 65 percent or more of the vote. State Senator Susan McLane, who plans to write in the name of Gov. William Weld of Massachusetts rather than vote for Mr. Bush, said that "in the end, the undecideds will slide into the Presidential fold, because when they listen to Buchanan, they know he isn't the answer."

Gov. Judd Gregg of New Hampshire, who is managing Mr. Bush's campaign,

put the situation this way: "I think there's no question we've taken the offensive. We have a message and we're delivering it aggressively. What worries me is that a lot of furious, frustrated people think they can vote however they want in the primary without having any effect on who lives in the White House next year."

"We have to convince the doubters that their vote has consequences. A vote for Pat Buchanan is a vote for Ted Kennedy and the Democrats, I keep saying, because it weakens George Bush in his fight against Congress."

But Paul Nagy, Mr. Buchanan's state manager, said the challenger was "on target as far as organization goes," and he contended that Mr. Buchanan was still "in a good position to get 20, 25, 30 percent of the vote." That would be enough "to hurt George Bush," Mr. Nagy said, even though well short of Mr. Buchanan's own recent statements that he hoped to win here. Other Buchanan aides said they had sensed a certain loss of momentum in recent days, but Mr. Nagy said he had noticed no slackening of pace.

One thing that could hurt the Bush effort would be a reopening of the old wounds in the state Republican heir-

In a contest over blame for taxes, the President scores by citing Congress.

archy — especially a revival of the long-standing enmity between Mr. Gregg and his father, Hugh, a former governor, and another onetime New Hampshire governor, John H. Sununu, the former White House chief of staff dismissed by Mr. Bush.

Until recently, the Greggs and Mr. Sununu had submerged their past differences to make common cause in behalf of the President. But the Governor and his father were reportedly infuriated by a column by Rowland Evans and Robert Novak this week that they believed to have been inspired by Mr. Sununu, suggesting that Mr. Sununu had been dispatched to the state "to save Bush from embarrassment or worse."

Bush strategists deny that any such change of strategy happened and said Mr. Sununu had always been part of the campaign plan for New Hampshire. Governor Gregg said tersely and with evident displeasure, "As long as we win, we don't care what he does."

Bush Plans a Return

Mr. Bush is to return to the state next week. In the meantime, a succession of surrogates have been carrying the fight to Mr. Buchanan, including Defense Secretary Dick Cheney, who was in New Hampshire Monday. A whole group of conservatives who are supporting Mr. Bush will be at a local group's fund-raising dinner in Manchester on Saturday, including Mr. Sununu, Senator Phil Gramm of Texas, and Jack F. Kemp, the Secretary of Housing and Urban Development. Mr. Buchanan plans to be there, too.

Mr. Rath, the Attorney General, said the next step for the Bush campaign would come in a third wave of commercials later this week. For the first time the President will have ads that focus on his foreign-policy record, especially the American victory in the Persian Gulf.

Entrepreneurs Losing Patience for Costly Legislation

Influence of Recession Emerges in Annual Survey of Small Business

By TIMOTHY D. SCHELLHARDT

Staff Reporter of THE WALL STREET JOURNAL

The recession has stiffened small-business resistance to state legislation that would increase business costs and regulatory burdens.

This is clear from the National Federation of Independent Business's latest annual survey of its members in each state.

STATE AND LOCAL SPOTLIGHT

In Connecticut, for example, 93% of small-business

owners this year think the small-business trade group should actively support a constitutional cap on state spending. Last year, just three of four owners favored such a limit. Arizona owners this year oppose extending the state sales tax to include various new items, like professional and business services, by margins of between 73% and 94% depending on the item; last year such sales-tax extensions in general were opposed by just 62%.

"There's no doubt that the recession has had an impact on our members and their views," says Jim Weldman, manager of state media relations for the small-business trade group. "A lot of them are hurting, and when you're hurting, you get your back up and say, 'not an inch more' on issues that affect their bottom line."

In New York, for instance, where half of the small businesses surveyed say they've laid off workers in the past year, 72% "strongly agree" that the state's tax and regulatory climate is hostile toward business. Half say they have seriously considered or taken a look at moving their business out of state in the past year.

In many states, owners think tax increases will prove to be devastating. Because of a recent tax increase in Maine, half the owners surveyed there expect to raise prices, 59% anticipate limiting pay increases and 37% foresee layoffs.

What Ails Them?

How small-business owners rank the issues affected by state government policies that cause them greatest concern.

- 1 Workers' compensation costs
- 2 Health insurance costs
- 3 State taxes
- 4 State regulations
- 5 Liability insurance costs
- 6 Local taxes
- 7 Jobless insurance costs
- 8 Mandated employee benefits

Source: Analysis of National Federation of Independent Business survey of small-business owners in seven states: Alaska, Connecticut, Maine, Missouri, Oklahoma, Rhode Island and West Virginia.

On several common issues, small-business owners are in broad agreement: Lawmakers must corral rising costs for workers' compensation and health insurance, rebuff efforts to mandate employee benefits such as parental leave, and pare state spending before boosting taxes. In Wyoming, for instance, 90% of owners favor cutting state spending while 84% oppose raising taxes to cover any revenue shortfall.

Arkansas owners, by 82% to 14%, favor requiring a popular vote to confirm or reject tax increases approved by the General Assembly. And 86% of Oklahoma owners think both legislative houses should have to clear tax increases by a three-fourths majority or put them to a popular vote.

Here is how business owners surveyed view key issues in their states:

Taxation

Despite budget problems in most states, small business owners adamantly want legislators to look elsewhere before they

boost taxes. In Georgia, 93% of owners urge the General Assembly to cut the state's budget before raising taxes. Given a probable budget shortfall, 97% of Delaware owners oppose a pay raise for public employees this year.

Florida owners, by 84% to 6%, oppose a proposed value-added tax to replace five business taxes. Maryland owners, by 2 to 1, reject raising the retail sales tax to 6% from 5% even for just a year.

In New York, anti-tax feeling is so strong that 61% of owners say they're considering relocating to another state when they retire because of the state's current estate-tax structure. Surprisingly, despite paying the highest gasoline tax in the nation, North Dakota owners reject a three-cent-a-gallon gas tax rise for highway work by only 53% to 41%.

Environment

Lawsuits and the cost of complying with mandated environmental changes worry small-business owners. By 2 to 1, Delaware owners favor creating a fund to provide low-interest loans to help small businesses meet environmental requirements. Utah owners narrowly favor a small-business assistance program and advisory panel for the new federal Clean Air Act. Wyoming owners, though, are almost evenly divided on those issues. And Kansas owners are divided over tax credits to businesses that establish recycling programs.

New Mexico owners, by 81% to 10%, oppose legislation to allow private citizens to bring lawsuits when they believe environmental laws are being broken. In North Dakota, owners by 57% to 31% oppose allowing hazardous waste sites in the state.

General Business

An array of business issues has surfaced in various states. Owners in California, New Hampshire, Maine, Rhode Island and Virginia overwhelmingly favor a law that would let a merchant sue shoplifters

for damages triple the retail value of goods taken. Hawaii and Illinois owners strongly oppose legislation to tightly regulate video-display terminals, viewed as a possible health hazard.

South Carolina owners want the state to issue business licenses every two years, not annually. By 49% to 33%, Virginia owners think state political action committees should be banned; they feel PACs give special interests too much clout.

Labor

Some fresh labor issues are heating up on the state level. For instance, small-business owners in eight Western states, by 3 to 1, oppose legislation to bar employers from discriminating against smokers. And owners in Arkansas, California, Hawaii, Montana, New Mexico and Oregon overwhelmingly reject prohibiting employers from hiring permanent replacement workers in labor disputes. Meanwhile, in Minnesota—the only state with such a strike-breaker law—84% of owners think the law should be repealed.

By 3 to 1, New York owners think employers should be allowed to fire employees at any time, for any given reason, but that they shouldn't be permitted to set rules to limit the legal activities of their employees during non-working hours.

Education

Small-business owners increasingly are interested in education issues, noting that the preparedness of their future work forces are at stake. Owners in Illinois, Maryland, Tennessee and New Mexico favor allowing parents to choose which school their child attends, but owners in South Dakota and Montana dislike that controversial "schools of choice" idea. Kansas owners reject, by 63% to 28%, requiring school districts to give students a "warranty" on their education, but Alaska owners strongly agree that a basic workplace curriculum should be included in the state's definition of "basic education."

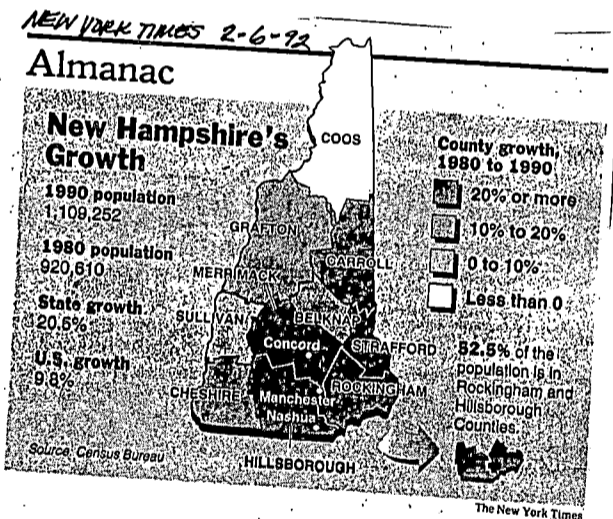


Photo Copy Preservation

February 5, 1992

MEMORANDUM FOR WHOMEVER IS WORKING ON THE NEW HAMPSHIRE
LEGISLATURE ADDRESS

FROM: CAROL AARHUS *ca*

SUBJECT: RESEARCH VENUES

Bob called and asked me to pass along the following information:

- o Every bill that is introduced gets a vote on the floor.
- o NH has a balanced budget amendment in their constitution.
- o NH has the largest House in the country.
- o Find out how many people per representative.
- o NH is one of the most efficient governments in this country. It is everything Congress isn't. Compare.
- o How does their House work -- what makes it work so well?
- o Announcement speech is most probably in the Pension Building -- see if there's anything in the building's history that can be tied in.
- o Good point of contact -- Governor Sununu.

George Bush for President

FOR IMMEDIATE RELEASE
OCTOBER 12, 1987

CONTACT: BARBARA PARDUE
202/842-1988

EXCERPTS OF REMARKS FOR
VICE PRESIDENT GEORGE BUSH
ANNOUNCEMENT SPEECH
HOUSTON, TEXAS
MONDAY, OCTOBER 12, 1987

I am here today to announce my candidacy for the Presidency of the United States. I mean to run hard, to fight hard, to stand on the issues -- and I mean to win.

For seven years, I have devoted myself, as a Vice President should and must, to helping a president conduct the most difficult job on earth. The President asked for, and received, my candor; he never asked for, but received, my loyalty. I had much to say to him, and I spoke with trust. But now I am a candidate for President, and now it is my responsibility to turn to the American people and share with them my hopes and intentions, and why I wish to lead.

I am following a great Presidency -- and a great President. Ronald Reagan returned dignity and good sense to the high office he holds. Seven years ago, a nation that needed to trust again turned to him -- and refound its spirit. I am proud to have been his partner; I am proud to have been part of his great work.

But there are those who forget, in the warmth of 1987, how cold it was in '80. Seven years ago, our nation was rocked by high winds and heavy seas -- an economy buffeted by incompetence and intrusion -- a military without morale -- and an America of lost stature in the world.

But now, after seven years of hard work, we have righted ourselves. We have weathered the storm. Our economy has recovered to become the strongest in history. And once again, our flag is recognized as a force for good in the world.

We have righted ourselves -- the platform is firm again, the base is stable -- and from this strong platform we can now launch the great endeavors of the future.

We don't need radical new directions -- we need strong and steady leadership. We don't need to remake society -- we just need to remember who we are.

-more-

We are a great people in a great nation. We have earned our optimism, we have a right to our confidence -- and we have much to do.

We mark next week the longest peacetime economic expansion in our nation's recorded history. We have made great strides in the economy, but there is new ground to be won. Our triumph is real -- but it is incomplete.

There are those who need help, there are those who've been hurt -- and as far as I'm concerned, we will never be a truly prosperous nation until all within it prosper.

I want a prosperity that we can rely on; I want a prosperity that stays, that broadens, that deepens and that touches, finally, all Americans, from the hollows of Kentucky to the sunlit streets of Denver, from the suburbs of Chicago to the coldest caverns of New York, from the farms of Iowa to the oil fields of Oklahoma and Texas.

We must continue to remove the barriers to growth. For five years now, steadily and surely, we have been lowering the unemployment rate. I mean to continue our pursuit of those three little words -- jobs, jobs, and jobs.

We must continue -- and accelerate -- our efforts to cut the federal budget deficit. There is much to be done in this area -- and an impasse to be broken. But I will not break it by breaking you.

There are those who say we must balance the budget on the backs of the workers -- and raise taxes again. But they are wrong. I am not going to raise your taxes -- period.

I want to add here that I do not hate government. I'm proud of my long experience in government. I've met some of the best people in the world doing the people's business in the Congress and the agencies. A government that serves the people effectively and economically, and that remembers that the people are its master, is a good and needed thing.

Our government has a proper and legitimate role in the collection and dispersal of tax revenues. And we must all pay our fair share. But for too long the rules of the game have been cloaked in deliberate ambiguity. The rules about what the IRS can do -- and what the taxpayer's rights are -- are often unclear. I think it's time on this anniversary of our Constitution, for a taxpayer's bill of rights, a bill of rights that spells out explicitly what the limits of IRS power are.

I will put the force of my Presidency behind this idea -- whose time has more than come.

#

Jobs, growth, a sound government and a sound economy -- these are great and good goals. But they are not enough. For our prosperity means little if it lacks purpose. We diminish our triumph when we act as if wealth is an end in itself.

The fact is prosperity is not an end, but a beginning. It has a point: It gives us time to think and care; it frees us up to learn, to grow, to be better than we are, to develop the things of the spirit and the heart.

Prosperity with a purpose means giving back to the country that has given you so much:

It means helping a child from a dysfunctional home learn how to read, and teaching him through your presence that there is such a thing as healthy and reliable affection;

It means taking your idealism and making it concrete by real action aimed at making life better for the people of our country;

It means helping a church when it asks for volunteers; it means helping a civic group build a library or a local theater. It means pitching in and building up.

And prosperity with a purpose means taking time after high school or college to serve and protect our nation in the armed forces of the United States.

Prosperity with a purpose means, in short, helping your brothers and sisters whoever they are, wherever they are, whatever their needs.

There are those who would say it's soft and insufficiently tough to care about these things. But where is it written that Republicans must act as if they do not care, as if they are not moved? I say to my fellow Republicans: We are the party of Lincoln. Our whole history was protecting those who needed our protection and making this a kinder nation.

We were also formed to stand for justice, and personal decency. But increasingly we see those who have dropped their standards along the way -- as if ethics were too heavy and slowed their rise to the top. There's greed on Wall Street and graft in City Hall, there's influence pedaling in Washington -- and it's all so shameful.

Have we forgotten who we are? We're the people who sundered a nation rather than allow a sin called slavery -- we're the people who together pushed past the snows and deserts of the West. And when we got there what did we build, what did we care

about? You could see the answer as you rode toward a new town and saw the silhouette against the sky: You'd see just two buildings, a church and a schoolhouse. A place for the spirit, and a place for our children to learn the great thoughts of man.

We weren't saints -- but we lived by standards.

We celebrated the individual -- but we weren't self-centered. We were practical -- but we didn't live for material things. We believed in getting ahead -- but a narrow careerism wasn't our way.

We were shrewd idealists, and we believed in big things. These days, some of us act as if we've forgotten who we are. The truth is we make ourselves small by pursuing small things. And I find myself saying to my children: You've got to live by values if you want to live a life of meaning.

#

I have learned these past seven years that the Presidency provides an incomparable opportunity for moral leadership. A President must never intrude -- but a President can set a tone, an atmosphere, a mood.

I mean to stand for a new harmony, a greater tolerance, and a renewed recognition that this country is and always has been a partnership.

We need a new harmony, too, among the races in our country. The sadness of racial tensions in America should have ended completely by now. We are on a journey to a new century and we must, finally, leave the tired old baggage of bigotry behind us.

For all our faults, America is still a magnet for those people of the world who want a chance, who need a job, or who just don't want to be anywhere else in this "American age."

To those who have come to our country, to the Hispanics who have joined us, let me say: You are not only welcome, but needed. For who knows about family and faith better than you? We need your leadership.

Nuestro partido es su partido. Estamos todos en familia.
(Our party is your party. We are all family.)

#

All our hopes for our children will mean little if we don't make sure that the education they're given is outstanding. The founders knew this -- 200 years ago, they used to say: To plan for a decade, plant a tree -- but to plan for a century, teach the children.

We have made improvements, but it's not enough. The younger, hungrier nations are passing us by -- and we've got to compete and surpass.

We support an expanded college scholarship program to help those who need it -- and deserve it. And if we have to spend a little more money on our schools -- well, what could be a better investment?

There are two things that are permanent in this country, two things that we pass on from generation to generation without even speaking of our pride or their preciousness.

One is the treasure of our minds and hearts. The other is the treasure of our land -- the environment, the terrain. I don't think we've done enough to protect it these past dozen years or so. I don't think we've given the land its due.

Sooner or later, we're going to pay the price of our distraction -- unless we act now and recommit ourselves to protecting the land we love.

#

All of these things, these domestic concerns, mean a great deal. But one issue overwhelms the rest, and that is the issue of peace. It carries within it a host of challenges: how to make sure our yearning for calm does not become an acquiescence to injustice -- how to pursue peace wisely and deliberately and resist the clamor for a deal -- and how to avoid confusing stasis for stability.

We must continue to face the challenges of our times with high resolve and high hopes -- but also with a strength that is not only real, but is recognized by the world as real.

Today, we are on the verge of a historic arms agreement with the Soviet Union. It didn't come free, and it didn't come easy. We waited them out, we increased our strength, and we refused to budge until the agreement was good. Some people used that against us, saying we didn't really want a treaty at all -- when the truth was we just didn't want a bad one.

If this treaty is finalized, we will, for the first time in the nuclear age, actually reduce -- not just limit, but reduce -- the number of nuclear weapons in the world. It is a beginning -- and it was born of the stability and strength of the Reagan era. But it's not enough. We must do more. We must view a final agreement on nuclear arms as a prelude to serious talks on strategic arms, conventional weapons, chemical weapons, biological -- all these things.

And what is the proper attitude toward the Soviets as we pursue progress? Praise God -- and keep your guard up.

There are those who say that all's well, all's fine, everything's changed over there. And maybe they're right and maybe they're wrong and history will tell; and as we wait for history to render judgment, a prudent skepticism is in order.

We must recommit ourselves to a doctrine that expresses the best in our history and our heritage. We must be true to the knowledge that the interests of the world are best served -- and the cause of peace best served -- by not merely containing communism, but by spreading freedom.

Let me be very specific: I intend to help the freedom fighters of the world fight for freedom. In the hills of Afghanistan -- we will help them. In the plains of Africa -- we are on their side. And in a place called Nicaragua, we will help the Contras win democracy. This doctrine -- this doctrine of democracy -- must thunder on.

#

And so we have much ahead of us -- a triumph to complete, challenges to be met, and the essential question of who will lead.

Many this year will ask for your support; much will be made of our characters, our abilities, and our histories. And this is good. If I have learned anything in a lifetime in politics and government, it is the truth of the famous phrase, "History is biography" -- that decisions are made by people, and they make them based on what they know of the world and how they understand it. This is true of everyone, including Presidents. So you must know us.

As for me, I have held high office and done the work of democracy day by day. I am a practical man; I like what's real. I'm not much for the airy and abstract; I like what works. I am not a mystic, and I do not yearn to lead a crusade; my ambitions are perhaps less dramatic, but they are no less profound.

I am a man who, as a Navy flier in World War II, was shot down by the enemy and rescued by an American sub that just happened to come by -- and so I am a man who has learned how precious life is, and how frail our hold on it.

I am a man who 40 years ago threw everything he had into the back of a Studebaker and tooled on out to west Texas -- where I started a business and tried to meet a payroll and experienced the tensions and the satisfactions of having a business in America. I felt the deep joy of being able to provide for my wife and children; I felt joy when I was able to give a fellow a

job and know that his children would be cared for. And so I am a man who knows in his heart that it all comes down to family -- that all our best endeavors come back to that core.

I am a man who in two terms in Congress learned that democracy stays new by reinventing itself every day in the interplay between the Hill and the White House.

I am a man who was chairman of a great political party at a painful time in our history; and so I am a man who learned that fidelity and loyalty reach their truest expression when they are applied not to individuals, but to unchanging principles.

I am a man who represented our country's interests in the oldest culture in the world, in China, when the door was newly open and our relations were as delicate as they were crucial.

I am a man who, as the head of the CIA, learned the world is full of danger for the decent, but that we will be safe as long as we keep our eyes wide open and see the world as it really is.

And I am a man who learned first hand in 7 years as Vice President that a modern president must be many things:

He must be a shrewd, cool watcher of the world who looks first and foremost to protect American interests;

And he must be an idealist who desires -- rightly -- to help those who move for a freer and more democratic planet.

He must keep government as little intrusive as possible in the lives of the people; and yet remember that it is right and proper that a nation's leader take an interest in the nation's character.

For seven years now, I have been with a President -- and I have seen what crosses that big desk. I have seen the unexpected crises that arrive in an urgent cable; I have seen the problems that simmer on for decades and suddenly demand a resolution. I have seen modest decisions made with anguish, and crucial decisions made with dispatch.

The Presidency isn't like anything else. It isn't like the Senate, only more so. And it isn't like a governorship. A presidency can shape an era -- and it can change our lives. A successful presidency can give meaning to an age; a failed presidency can give us problems it takes generations to undo.

And so I know what it all comes down to, this election -- what it all comes down to, after all the shouting and the cheers -- is the man at the desk. And who should sit at that desk.

I am that man.

I love my country too much -- I love my children and grandchildren too much -- to campaign for the job if I didn't think, if I didn't know that I am the best man for it.

And so it begins. And I ask for your help.

Will you join me?

Will you help me complete our triumph? It's going to be a great adventure. Come -- and we'll do it all, with trust in the future, with trust in each other -- together, as one nation, under God.

Thank you all -- thank you very much.

#

1/30/92

Dear President Bush,

Congratulations on your inspirational State of the Union Address. You reopened my eyes.

Please accept a word of advice from a fellow Republican and a voter. I'm campaigning for Buchanan and running as a delegate to the convention, but after listening to your speech I began questioning my actions. You came across extremely well (the only drawback was the strange head perched over your left shoulder. Someday an entrepreneur will become rich after manufacturing an adjustable, red, white and blue State of the Union curtain for the sides of the TV screen).

My advice? Give more speeches! Don't let the media and others do your talking for you! You're the President we voted for you and we want to hear what you have to say! How about a March 21st speech?

I'm looking forward to contributing to your campaign after the spring, and you can count on my vote in November.

Ben Pendleton

letter we
discussed -
bvw

20500

PRESIDENT BUSH
THE WHITE HOUSE
WASHINGTON, D.C.



Ben Rindler
P.O. Box 243
Falling Waters, W.V.
25419

Mr. George Bush
President, U.S.A.
White House
Washington, D.C.

Dear Mr. President,

I recently received a letter from your Primary Committee asking for my support in the upcoming New Hampshire primary. You will certainly get my vote. Your presidency in general, and your initiatives on the economy have been right on target in my view.

I particularly support a reinstatement of preferential treatment for certain Capital Gains. This issue has successfully been turned into a rich vs. poor issue by the Democrats and as a result much of the public misunderstands the facts. I hope your State of The Union Address takes the time to explain the costs and benefits. While it may be true that much of the American public won't be attentive, I think that Republicans, who vote, here in New Hampshire will listen and understand.

My particular interest is in fair treatment for owners of timberland who are currently unwilling to invest large sums in long term capital appreciation projects such as forest improvement and reforestation. The profits from such long sighted programs, which provide raw material for manufacturing, are often non-existent thanks to a lack of either indexing to inflation or preferential treatment of distant income. There are currently good bills in both houses of congress which address this inequity. I would respectfully ask that you and your staff do what you can to ensure their passage or enhancement.

Good Luck in N.H.,

Steve Mongan

Steve Mongan
Concord, N.H.



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

ASSOCIATE DIRECTOR
FOR NATURAL RESOURCES,
ENERGY AND SCIENCE

2/5/92

- cc: Tom Snow
Dan McGroarty ✓
Joe Orger
French Hill
Dan Casse
~~John~~ Joe Broz (OSTP)
Maria Sheehan
Judy Smith

File -
CAP
MAINS

This is pretty helpful
Kds Gp.

Post-It brand fax transmittal memo 7671

2-5-92 # of pages 3

To R. Darman

From Jude W.

Co. Director, OMB

Phone #

Fax # CC (R. Gandy)

POLYCONOMICS, INC.

Political and Economic Communications

February 4, 1992

SEVEN ARGUMENTS FOR ELIMINATING CAPITAL GAINS TAXATION

1. **IT WILL HELP LABOR.** When you tax something you get less of that thing. When you reduce taxation on that thing, you get more of it. When you cut tax rates on labor (ordinary income), more people offer their labor in the market as work becomes more attractive. When this happens, capital becomes relatively scarce. In the 1980s, tax rates on labor were cut sharply and protected against inflation by indexation. Tax rates on capital were cut briefly, but increased again in 1987, and not protected against inflation. Labor is now plentiful and capital is scarce (the "credit crunch"). Capital can pick and choose selectively from an army of unemployed, taking this worker here, that worker there, and sending the rest home. If capital were taxed at a lower rate, it would become plentiful, and labor would become relatively scarce. If capital were taxed not at all, it would become abundant. It would have to hire everyone in the unemployment line in order to realize all profit opportunities, and then hire the homeless, derelicts, mentally retarded, etc. It would pay for capital to clean them up and offer job training in order to realize profits.

2. **IT WOULD HELP MINORITIES.** Consider the following hypothetical: Every tenth American born at random is marked on his or her forehead with an "X." Throughout their lives, they carry this sign, which makes it illegal for their fellow citizens to supply them with capital. They must be denied loans through banks, thrifts, credit unions, insurance companies, stock markets and all other sources of debt or equity. They would have only what they possess within their own skins, i.e., their labor. It should be no surprise that these "X" babies would develop their potential as best they could without capital, and become the best athletes and entertainers in the society. When Negro slaves were freed during the Civil War, they came into the market without a scrap of capital. Race prejudice, the equivalent of a bias against the X, has kept black Americans starved for capital ever since. Eliminating the tax on capital would make it so abundant it would flow throughout society.

3. **IT WOULD HELP LONGSHOTS.** When capital is scarce, it is reserved for the "sure things." The "credit crunch" we speak of simply reflects the difficulty of enterprises that are not established in acquiring capital from the system. Imagine a horse race, where the favorite goes off at even money, the longshot at 40-to-1. If the longshot wins, but the bettors find their after-tax payoff is no better than had they bet the favorite, they will henceforth only bet the favorites. The longshots will not enter the races. Racetracks will find it unprofitable to stage races and will shut

down. Capitalism, like a racetrack, must provide for large rewards for large risks. Eliminating the capital gains tax entirely will maximize the reward for risk-taking, innovation and enterprise, enabling capital to flow to forty 40-to-1 longshots, because only one need win in order to make the entire portfolio of bets worthwhile.

4. IT WOULD HELP SMALL TOWN AMERICA. Land, like labor, is a factor of production. When capital is scarce, it is reserved for established enterprises, the highest quality management and labor, and the choicest property. Throughout America's history, with capital taxed lightly or not at all, it spread from capital centers and found its way to profit opportunities throughout the grass roots. As capital becomes scarce through high taxation, it becomes concentrated at the metropolises, drying up opportunities in the country's small towns. Japan, which taxes capital lightly or not at all, has become a fountain of capital that spreads far beyond its own shores, seeking profit opportunities everywhere. Indeed, Japanese capital is even finding its way to America's small towns, which no longer find capital available from American sources. Ending the tax on capital gains would make American capital so plentiful it would push much of this Japanese capital in other directions, to Asia, Central and South America.

5. IT WOULD CREATE AN ECONOMIC BOOM WITHOUT INFLATION. As all economic growth beyond simple population growth is the result of risk-taking, innovation and enterprise, elimination of the tax on capital would maximize economic growth through productivity increases, which does not involve inflationary price increases of goods. The price of labor rises, of course, as capital abundance makes labor scarce, but as workers will have more capital available per man hour, they will be able to produce more with less effort. Real growth rates of five and six percent a year for many years on end are possible in this way, driving unemployment rates down as well as society's costs of welfare.

6. IT WOULD BALANCE FEDERAL, STATE AND LOCAL BUDGETS. Government is now experiencing fiscal crisis at all levels, as the scarcity of capital has dried up new enterprise. Commercial office space built or planned prior to the changes in the tax laws remains empty. The longshot businesses that would have occupied them, employing longshot workers, did not come into existence. The housing the longshot workers would be buying is unaffordable and also remains vacant or unbuilt. Tax authorities that rely on businesses for business taxes and workers for income taxes find these sources drying up, and in order to offset the losses are forced to raise tax rates even higher and cut essential public spending. Eliminating the capital gains tax reverses the process, creating business activity as the rewards to risk-taking and enterprise are maximized. Tax revenues at every level of government throughout the nation would immediately rise following the end of the federal capital gains tax. Public works spending could rise to rebuild America's aging infrastructure.

7. **IT WOULD AID THE ELDERLY.** In several ways, the nation's senior citizens would benefit enormously from an end to the capital gains tax. As most capital assets are owned by people over 55 years, and as the price of these has been exaggerated through the last generation of monetary inflation, seniors are now unable to enjoy the fruits of their past investments without paying exorbitant taxes not on capital gains, but on capital. In the nation as a whole, taking account of inflation, there has been no net increase in the nation's capital this past quarter century. Eliminating the tax on capital gains would permit the seniors to unlock their past investments instead of being forced to pass them, at death, to their heirs. The second way seniors would benefit would be in the future, as rapid economic growth provides the resources enabling society to take care of the health and retirement needs of the aging population. The Japanese economy, with little or no tax on capital, has been doubling every eleven years. Were the U.S. economy to double between 1992 and 2003, the economy would be producing \$10 trillion of goods and services instead of \$5 trillion. Some portion of the extra \$5 trillion would be available to both lower retirement ages and increase retirement benefits.

There are many other benefits that flow from elimination of the capital gains tax. Not the least of which is the revival of entrepreneurial capitalism in America, which holds out the promise of economic advance and personal fulfillment to American citizens in every class and in every walk of life.

Jude Wanniski



U.S. DEPARTMENT OF EDUCATION
Office of Public Affairs
Room 2089
400 Maryland Avenue, S.W.
Washington, D.C. 20202

7 P12:54

Telephone: (202) 401-1576

FAX Number: (202) 401-3130

Date: 2/7/92

TO:

Leannise Burton

FAX NUMBER:

456-6218

FROM:

Jay A. Diskey (202) 401-0570 direct

MESSAGE:

Derry News



Vol. 112, No. 6

192 New England Newspaper Of The Year

WEEKEND EDITION

Bush phones words of praise for Derry

Says education initiatives are 'something new'

By **TERESA WALTON**
Derry News Staff

The loud ring of the telephone next to the podium echoed on the gym walls and halloed Derry School Board Chairman Rich White's introduction.

The call was for Gov. Judd Gregg.

"This is the White House operator. Please hold for the president," a voice boomed from the speaker phone.

Then came the president's familiar voice, speaking words of praise about Derry's innovative education initiatives.

The president called Grinnell School Tuesday at exactly 12:00 p.m., five minutes into the kick-off ceremonies for the statewide New Hampshire 2000 program and the town's own program for education reform, Derry: A 21st Century Learning Community.

Listening in on the call was a packed gymnasium that included state representatives, New Hampshire Congressman Bill Cloutier, the governor, U.S. Secretary of Education Lamar Alexander, state officials, administrators and parents.

In his phone call, Bush lauded Derry's proposed teaching school reforms as "an extremely meaningful program" that would help Derry achieve the national educational goals set forth in his American 2000 plan.

The Derry plan is patterned after the national program.



Derry News Staff

US Secretary of Education Lamar Alexander helps kick off state and local education reform programs Tuesday during an assembly at Grinnell School.

Nation's education chief says town 'right on track'

By **TERESA WALTON**
Derry News Staff

Education in Derry is headed for the 21st century, and it's about time, leading educational and political figures said Tuesday in Derry.

"Our educational system has a great future in a communication society," Gov. Judd Gregg said. "Our educational system has to be brought up to date."

The governor was at the Grinnell Elementary School to kick off the state's education initiatives to achieve the goals set forth in President Bush's American 2000 education plan. It also served as the official kick-off of Derry's new educational

plan, Derry: A 21st Century Learning Community, which is the town's strategy for achieving the national educational goals. (Related story Page 2.)

Gregg was joined at the assembly by US Secretary of Education Lamar Alexander, Derry Superintendent of Schools David Brown, Assistant Superintendent David Jack, state representatives, U.S. Rep. Bill Cloutier and the executive board of Derry's 21st century learning project.

Gregg told the assembly he would support the Derry plan in any way he could, but that the real movement has to come from within the community.



On the line: Gov. Judd Gregg takes a call from President Bush during kick-off ceremonies at Grinnell School Tuesday for state and local education reform programs, patterned after the president's national America 2000 program.

02.07.92 01:33 PM *US ED PUBLIC AFFAIRS P02

DERRY NEWS Wednesday, December 18, 1991



'Education needs to be brought up to speed for the next generation.'

JUDD GREGG
governor

Gregg stresses need for education reform

America 2000 kick-off is held in Derry

By **THERESA WALTON**
Derry News Staff

A slate of dignitaries, including Gov. Judd Gregg and U.S. Secretary of Education Lamar Alexander, was expected to kick off the state's education initiatives in Derry yesterday.

The assembly was to be held at Tuesday after press time at Grinnell Elementary School to officially kick off the state's

support of and involvement with President Bush's America 2000 education plan.

Derry was selected as the site of the event because of its innovative plan for the education of Derry's children, called Derry: A 21st Century Learning Community.

"I think the America 2000 plan is a tremendously positive thing," Gregg told the Derry **EDUCATION**, Page 2

Derry is site of state's America 2000 kick off

EDUCATION

Continued from Page 1

News last week. "We have to make some fundamental changes, and I think the Derry plan addresses those."

The national educational model calls for communities to create better and more accountable schools for today's students; to create a new generation of American schools for tomorrow's students; to transform America into a nation of students; and to make communities places where learning will happen.

Derry's plan incorporates the national model into a local district that gives parents choices and brings education up to date.

"Education needs to be brought up to speed for the next decade," Gregg said. "The education community has been left behind. We're teaching for an

industrial age, when we're in an information age now. We're in a commercial society now, and the schools are on an agrarian calendar."

The Derry plan would give the parents the option of a traditional calendar or a year-round calendar, where students would go to school for 45 days then have 15 days off. The traditional calendar runs the 180-day school year, which allowed students to be home to help on the farm during the summer months.

The plan would also incorporate a math, science and technology lab school into the curriculum to better students' abilities in those areas.

"I congratulate the leadership of the Derry school system for what I think is a very fundamental program," Gregg said.

Dropout rates, college costs among student concerns

America 2000 rally kicks off in N.H. today

By Andrew P. McCloy
Eagle-Tribune Writer

DERRY, N.H. — Eight-year-old David Loring has a lot to say to U.S. Secretary of Education Lamar Alexander.

David, a third-grader at Floyd School, was among nine Derry schoolchildren picked to give a speech during Mr. Alexander's visit today at the Grinnell School. Mr. Alexander was taking part in the New Hampshire kick-off of America 2000 — President George Bush's education plan.

Students were to have given speeches on the future of education and also present Mr. Alexander with token "gifts" at the noon rally in Grinnell School auditorium.

David practiced his speech yesterday to get ready.

"There should be a 'sicologist' in every school because kids have problems they need to share with someone," David wrote in his speech.

He said he knows how to spell "psychologist," but was afraid he wouldn't be able to pronounce it if it appeared that way in his typed speech.

David also was to speak about dropping out, saying in his speech: "I think there should be a rule about dropping out of school. If you drop out, it can mess up your
Please see SCHOOLS, Next page

Schools From page 13

life...."

Eleven-year-old Kenneth Bailargeon, a fifth-grader at South Range School, kept busy this past weekend preparing for the big event today.

"I practiced saying my speech with my mom," said Kenneth. "We went over it about three times. I'm a little nervous, but I'm ready."

Today's event also was to feature speeches by Gov. Judd Gregg, Derry Superintendent of Schools David Brown and a host of other local and state dignitaries.

The town's version of President George Bush's education plan — Derry: A 21st Century Learning Community — was the reason Derry got picked as the state kick-off site for America 2000.

Kenneth, whose favorite subject is math, said he likes the idea of a math-science technology lab proposed under Derry's plan. He said he planned to make that clear in his speech to Mr. Alexander

cost about \$25 million, will involve building a new math, science and technology lab facility as well as a new middle school.

Also, a year-round school cal-

endar is planned. Parents would be given the choice of sending their children to school on a traditional schedule or opting for a new one which would have them in

school part of the summer.

Yesterday, principals, teachers and students — as well as school administrators and secretaries — were scrambling to prepare for the event.

As early as last week, children were painting signs and banners to welcome Mr. Alexander to the school.

Grinnell School Principal Kathleen Murphy, who was to introduce Mr. Alexander, said there were calls from Washington and Mr. Gregg's office.

Yesterday morning, there was also a phone technician setting up a phone line in the Grinnell auditorium so Mr. Bush could call during the event to wish Derry well. (See related story)

She said parents and teachers were excited about today's event,

but most students weren't sure how to react.

"A lot of (students) are asking questions about how many TV stations are going to be here," she said. "I'll be curious about how the kids feel about it after it happens."

02.07.92 01:33 PM *US ED PUBLIC AFFAIRS FO4

THE UNION LEADER, Manchester, N.H. — Wednesday, December 18, 1991



Dick Morris/Union Leader
EDUCATION SECRETARY Lamar Alexander discusses policies with Gov. Judd Gregg and Manchester Mayor Raymond Wleczorek during yesterday's visit.

Education Chief Lauds Derry Plans

By JOHN DISTASO
 Union Leader Staff

U.S. Secretary of Education Lamar Alexander was in New Hampshire yesterday to kick off President Bush's "America 2000" education program and to laud Derry for its educational innovations.

Although his visit came with just more than two months remaining before the first-in-the-nation New Hampshire Presidential Primary, Alexander denied it was politically-motivated. But he predicted that Bush's political opponents will steer clear of criticizing Bush on the issue.

"I would welcome any examination that comes in this Presidential campaign of the President's education program. I don't expect it to be an issue because I don't think the Democratic

President Bush admits country is in a recession. Page 4

candidates will want to bring it up because the President is doing exactly what most of them would do if they were in that position."

"America 2000," developed through a bipartisan effort of the nation's governors, was unveiled by Bush last April as a long-term plan to encourage states and communities to reform their education programs to suit their own needs and yet meet federal guidelines — not mandates — in key subject areas.

Alexander said federal program grants will total about \$4 million for New Hampshire — based on a formula

EDUCATION SECRETARY, Page 18

EDUCATION SECRETARY

(Continued From Page One)

he said boils down to roughly \$1 million for each member of congress.

"Derry: A 21st Century Learning Community" was unveiled last spring by Derry Superintendent David Brown.

Elements of the program, to be voted on by the town residents in March, include the choice between a traditional school calendar or all-year school; businesses working in partnership with the district; vocational education earlier in a student's curriculum; classes grouped by ability, growth and individual learning style instead of by age; and a community-oriented approach to

learning.

"There is a real urgency in America about our school system," Alexander said in an interview. "We have to make some dramatic changes, and if the argument is between making dramatic changes and business as usual, then we're on the side of dramatic change."

Alexander said that although the administration strongly favors funding and control of education at the state and local levels, the President believes that "to advocate that towns like Derry put their necks on the line and be bold and take risks for children and not back it up with some kind of help, doesn't seem right to us. As long as we stay out of the day-to-day operations, we think we've got an appropriate line between helping with innovation and not getting involved in the ongoing policies and operations of the school."

Alexander said no strings are attached to the federal funds. The recipients are determined by the governor "in whatever method he determines."

And, he said, "It is a one-time grant, just for the purpose of creating a 'break-the-mold' school ... to help with the cost of innovation."

It is up to the local school district, Alexander said, to decide how to set up its local program and how much to spend on it.

"The year-round school in Derry, for instance, could result in a school system that didn't cost much more, if any more, to the taxpayers yet provide a whole range of additional educational benefits to the children just because they are willing to make better use of existing facilities,"

Alexander said.

Although it sometimes carries with it controversial connotations, citizenship is a key part of the America 2000 program, just as it is a part of the state's own version of the program, Alexander said.

"A value-free school is not the kind of school I think we want in America for the next generation," Alexander said, but he said the federal government is not trying to impose a particular set of "morals" on anyone.

"We want teachers of good character. We want them as examples. Character and citizen-

ship for the children. We want the children to learn what it means to be an American, the benefits of being an American ... There's nothing much more important they can learn."

Families should be "pre-eminent in teaching that," Alexander said, but "schools should help families in that, too."

Another key to the "New Hampshire 2000" plan set up by a Gov. Judd Gregg-appointed task force is teacher recertification. Alexander supported it, but said it should be left completely to the states.

opening avenues for mid-career citizens to become teachers."

At the Grinnell School in Derry, Alexander addressed students from all six Derry schools.

Preceding the Alexander address was a phone call from President George Bush to Gov. Judd Gregg, who also attended the event and spoke to the students.

Students asked Alexander questions about education, commented on the President's America 2000 program and presented the secretary with tokens of appreciation.



1992, by Anthony Padavano Photo

NATIONAL

TECHNOLOGY

INITIATIVE

NATIONAL TECHNOLOGY INITIATIVE

- I. SCOPE & PURPOSE
- II. PROPOSED DATES/LOCATIONS
- III. FEBRUARY 11 & 12 SEMINAR
 - A. PRESS RELEASE
 - B. LETTER TO PARTICIPANTS
 - C. DRAFT AGENDA

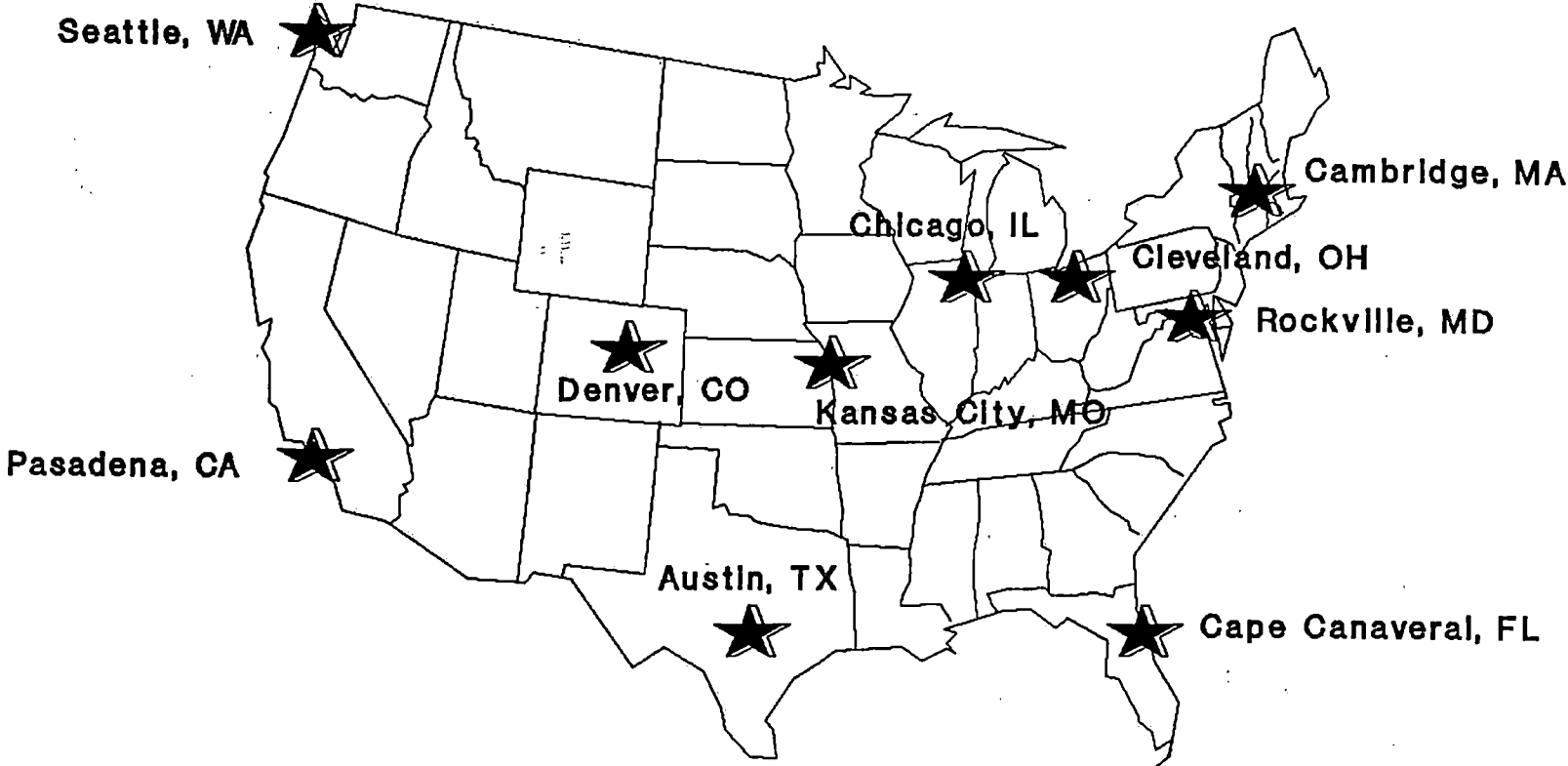
Scope and Purpose

- **Goals: To promote U.S. industry's use of technology to provide:**
 - Higher economic growth rate.
 - Strengthen U.S. competitiveness.
- **Objectives:**
 - Provide for business expansion through technology applications.
 - Create more high value-added jobs for Americans.
 - Promote networks for business partnerships.
 - Increase business confidence.
- **Plan: A series of regional meetings in high-technology cities across the country to promote an exchange of ideas between industry and government on:**
 - Partnerships for R&D and technology transfer.
 - Financing for high-technology enterprises.
 - Manufacturing excellence.

PROPOSED DATES FOR NTI SEMINARS

	February 11 - 12, 1992	Cambridge, MA
Roundtable	February 28, 1992	Atlanta, GA
	March 2 - 3, 1992	Austin, TX
Roundtable	March 11, 1992	California
	March 23 - 24, 1992	Cape Canaveral, FL
	April 7 - 8, 1992	Research Triangle, NC
	April 20 - 21, 1992	Cleveland, OH
	May 13 - 14, 1992	Seattle, WA
	May 28 - 29, 1992	California
	June 10 - 11, 1992	Denver, CO
	June 23 - 26, 1992	Chicago, IL or Kansas City, MO
	Mid-July	Rockville/Beltway

Proposed Locations for the National Technology Initiative



DRAFT: 1/27/92

NATIONAL TECHNOLOGY INITIATIVE

NEWS MEDIA CONTACT:
Joseph Karpinski, 202/586-4940
Mat Heyman (DOC) 301/975-2762

FOR IMMEDIATE RELEASE
January 24, 1992

GOVERNMENT, INDUSTRY TO LAUNCH NATIONAL TECHNOLOGY INITIATIVE ON FEBRUARY 12

Top representatives of four federal agencies will join with industry and academia in a Feb. 12 conference at the Massachusetts Institute of Technology to launch the "National Technology Initiative."

The conference is the first of a series of regional meetings intended to spur U.S. economic competitiveness by promoting a better understanding of the opportunities for industry to commercialize new technology advances. The program will highlight the federal government's investment in advanced technologies, much of which may have commercial potential. It also will stress recent changes in federal policies designed to foster private sector cooperation in commercializing technology.

Secretary of Energy James D. Watkins, Acting Commerce Secretary Rockwell A. Schnabel, Acting Transportation Secretary James B. Busey, and NASA Administrator Richard Truly described the joint initiative as a way to address one of the key challenges facing industry -- the need to translate new technologies into marketplace goods and services.

(MORE)

R-92-014

Encouraging closer cooperation among U.S. companies and better links with federal laboratories is a central element of the initiative.

They said President Bush believes that such cooperation will help to improve the competitiveness of U.S. companies in the global market, leading to increased American jobs and greater economic growth.

The MIT conference and subsequent meetings around the country will provide an opportunity for a discussion among government, industry, and universities and increase awareness of federal science and technology programs that can benefit U.S. firms. In recent years, Congress and the Bush administration have taken steps to better enable the private sector to commercialize federally supported research.

The conference, hosted primarily by the U.S. Departments of Commerce, Energy and Transportation and NASA will offer a forum for government and private sector representatives to discuss their programs -- and share practical techniques for translating government-sponsored research into commercial products and services.

Admiral Watkins, Acting Secretary Schnabel, Acting Secretary Busey, and Admiral Truly, will open the program with remarks at 8:45 a.m., following a welcome by Massachusetts Governor William Weld.

Plenary sessions will focus primarily on financing research and development, contractual and licensing arrangements for government-business research cooperation, and promoting manufacturing excellence.

In addition to those plenary topics, workshops will focus on protection of private ownership of technology in cooperative programs and commercial use of government sponsored environmental and biotechnological research.

Conference registration fee is \$95. Participants may register in advance by contacting Maria Clara Martin, 617/253-0213 (phone) or 617/258-6148 (fax).



The Secretary of Energy
Washington, DC 20585

January 21, 1992

In our roles as United States Secretaries of Commerce and Energy and the Administrator of NASA, we invite you to participate in our first seminar, launching a National Technology Initiative. This seminar will be held at the Massachusetts Institute of Technology in Cambridge, Massachusetts on February 12, from 8:30 a.m. to 5:30 p.m.

The objective of the National Technology Initiative is to address one of the key challenges facing industry -- the need to translate new technologies into marketable goods and services. We intend to use this initiative as a means of creating new partnerships among government, universities and U.S. companies. Through these new arrangements, we can work to bring new technologies to market, to ensure access to capital needed for technological competitiveness and to make manufacturing excellence a national commitment. The President believes that such successful partnerships will help to improve the competitiveness of U.S. companies in the global market, leading to more American jobs and greater economic growth.

To carry out the National Technology Initiative, we will sponsor a series of regional meetings to engage government and business in a dialogue aimed at building new, more productive partnerships in technology development, finance and commercialization. An agenda for the program and a registration form are enclosed.

It is important for all the participants in these meetings -- especially the first one -- to understand that our objective is a candid dialogue between business, university and government research and development leaders. We want to develop the enormous potential that we think can flow from these new partnerships. We must begin by frankly assessing our current situation. The government participants need to spell out their present programs and policies and the business participants need to present their candid assessments about how we can improve our situation. It is time to do what is necessary to ensure a competitive edge for the United States through efficient technology commercialization.

The program at MIT will launch this effort by focusing on three topics:

Commercialization of technology in Federal labs, universities and the private sector

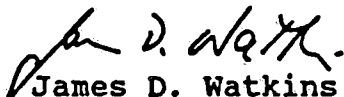
Encouragement of long-term investment and financing for technology in U.S. companies


Promoting technological excellence in manufacturing in U.S. industry

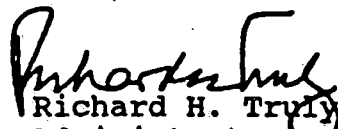
Nationally respected experts in research, manufacturing and finance will participate in a format designed to engage the audience in active dialogue. The emerging technological interests of the New England Region will be reflected in special presentations on commercially promising environmental and biotechnology research underway in the federal laboratories and other government supported institutions.

This first seminar will lay the foundation for what we believe will be a very vital means of addressing the important technological challenges facing our businesses and our nation. We hope you will join us. Please use the enclosed registration form to respond promptly as space is limited.

Sincerely,


James D. Watkins
Secretary of Energy


Rockwell A. Schnabel
Acting Secretary of
Commerce


Richard H. Truly
Administrator, National
Aeronautics and Space
Administration

Enclosures:

Partners In Progress: A Dialogue

Opportunities for Commercialization of Technologies in the New England Region

- Objective:** To have a candid dialogue between business, university, and government leaders to identify effective ways to translate new technologies into marketable goods and services.
- Site:** Massachusetts Institute of Technology
- Date:** Wednesday, February 12, 1992
- Format:** A series of "town meeting" style discussions among participants from business, universities, and government, with a particular focus on emerging technological interests of the New England region.

AGENDA

- 7:45 - 8:45 a.m. Continental Breakfast and Registration
- 8:45 - 9:30 a.m. Welcome and Introduction of Cabinet Members by Governor Weld
- Rockwell A. Schnabel, Acting Secretary of Commerce
- James D. Watkins, Secretary of Energy
- James B. Busey, IV, Acting Secretary of Transportation
- Richard H. Truly, NASA Administrator
- 9:30 - 11:00 a.m. Partnerships for Cooperative R&D
- Discussion of mechanisms for forming strategic partnerships, such as: consortia, cooperative research and development agreements (CRADAs), patent licensing, etc.*
- Moderator:** W. Henson Moore, Deputy Secretary of Energy
- Panelists:** John T. Preston, Director, Technology Licensing Office, MIT
Richard R. John, Director of Volpe National Transportation Systems Center, Department of Transportation
William M. Haney, President, Molten Metal Technology
- 11:00 - 11:15 a.m. Break

Preliminary Agenda

- 11:15 - 12:30 p.m.** **Partnerships for Long-term Investment and Financing**
- Discussion of public, private and institutional sources of investment capital and corporate financing.*
- Moderator:** John Macomber, Chairman, Export-Import Bank of the U.S.
- Panelists:** Michael E. Porter, Professor, Harvard Business School
D. Mark Cunningham, Vice President, Alliance Capital Corporation
George Hatsopoulos, President & CEO, Thermo Electron
- 12:30 - 2:00 p.m.** **Luncheon**
- Introduction:** Stephen P. Tocco, Secretary of Economic Affairs, Commonwealth of Massachusetts (invited)
- Keynote Speaker:** James Vincent, CEO, Biogen Inc.
- 2:00 - 3:15 p.m.** **Partnerships for Manufacturing Excellence**
- Discussion of the successful management of change, assimilation of advanced manufacturing tools and techniques, leveraging of federal capabilities by non-federal organizations, and lessons learned.*
- Moderator:** Robert M. White, Under Secretary of Commerce for Technology Administration
- Panelists:** Michael Dertouzos, Director, Computer Science Laboratory, MIT
Alvin W. Trivelpiece, Director, Oak Ridge National Laboratory
Robert J. Hermann, Vice President of Science and Technology, United Technologies Corporation
- 3:15 - 3:20 p.m.** **Plenary Session Wrap-up/Introduction to Workshops**
- Admiral James D. Watkins, Secretary of Energy**
- 3:20 - 3:30 p.m.** **Break**

3:30 - 5:30 p.m. Concurrent Workshop Series

Conference attendees can attend one workshop from each series.

3:30 - 4:30 p.m.

WORKSHOP SERIES 1

Workshop 1a - Environmental Technology Partnerships

Practical examination of commercially attractive environmental research underway at Federal laboratories and funded universities.

Moderator: Michael R. Deland, Chairman, Council on Environmental Quality

Panelists: Frank L. Parker, Professor, Vanderbilt University/Clemson University
George W. McKinney, President and CEO, Environmental Quality Corporation
Clyde W. Frank, Deputy Assistant Secretary for Technology Development, Environmental Restoration and Waste Management Program, U.S. Department of Energy

Workshop 1b - Partnerships for Biotechnology

Practical examination of commercially attractive biotechnology research underway at Federal laboratories and funded universities.

Moderator: Bernadine Healy, Director, National Institutes of Health

Panelists: Richard Douglas, VP of Scientific Development, Genzyme Corporation
Timothy B. Anderson, President of Fenwal Division, Baxter Health Care Products
John D. Harding, Life Technologies, Inc.

Workshop 1c - Partnering for Manufacturing Excellence

Practical examination of the issues related to successfully managing change, modifying culture, and measuring success against a business strategy designed to leverage federal research and development and increase utilization of advanced manufacturing capabilities.

Moderator: John G. Mannix, Assistant Administrator for Commercial Programs, NASA

Panelists: Daniel Roos, Professor and Director of Center for Technology Policy & Industrial Development, MIT
John W. Lyons, Director, National Institute of Standards and Technology
Philip W. Cheney, Vice President of Engineering, Raytheon Corp.

Preliminary Agenda

4:30 - 5:30 p.m.

WORKSHOP SERIES 2**Workshop 2a - Protecting Intellectual Property Rights and Technical Data In Technology Commercialization Partnerships**

Practical examination of federal patent policy, licensing procedures, copyright of software and other works, maskworks, proprietary data and trade secret protection, CRADA generated information, and other tools for effective commercialization.

Moderator: Lita Nelsen, Associate Director of Technology Licensing, MIT

Panelists: James P. Dunn, Executive Director for Center for Technology Commercialization
Jacob N. Erlich, Chief Patent Advisor, Hanscom Patent Prosecution Office, Hanscom Air Force Base
Gerald E. Lester, Law Group Manager, Digital Equipment Corporation

Workshop 2b - Financing of Partnerships for Technology Commercialization

Practical examination of SBA support for small businesses, State Economic Development Programs, SBIR, venture capital, joint ventures and cost-shared development for commercialization of technology.

Moderator: TBD

Panelists: William Sahlman, Harvard Business School
Richard Burns, Charles River Ventures
Sheryl Handler, President and CEO, Thinking Machines Corporation (invited)

Workshop 2c - Federal Technology Transfer Programs

Practical examination of the factors for successfully implementing legislative orders and executive directives pertaining to established public-private partnerships for the transfer of technology from federal laboratories.

Moderator: Deborah L. Wince-Smith, Assistant Secretary of Commerce for Technology Policy

Panelists: Cherri J. Langenfeld, Director of Technology Utilization, Department of Energy
Frank Penaranda, Director of Technology Utilization Division, Office of Commercial Programs, NASA
Reid G. Adler, Director, Office of Technology Transfer, National Institutes of Health

5:30 p.m.

Conference Adjourns

Preliminary Agenda

NEW HAMPSHIRE'S State House

A VISITOR'S GUIDE

The historic New Hampshire State House reflects the continuing heritage of our state government. Home to the largest and most representative legislature in the nation, and the third largest legislative body in the world, the New Hampshire State House is the oldest state house in the nation in which the legislature still occupies its original chambers. The State House is also the home of New Hampshire's unique Governor and Executive Council form of government, and provides its constitutional officers a place to conduct the affairs of the state. I hope that through your visit to our State House, you will gain an understanding of the strength and character of New Hampshire and its citizens.

John H. Whittemore
Governor

It is my great privilege to welcome you to the New Hampshire State House. Whether you are a newcomer to the capitol building or visiting for the first time since grade school, I am sure the flurry of activity, the historical surroundings and lively personalities will make your visit a memorable one.

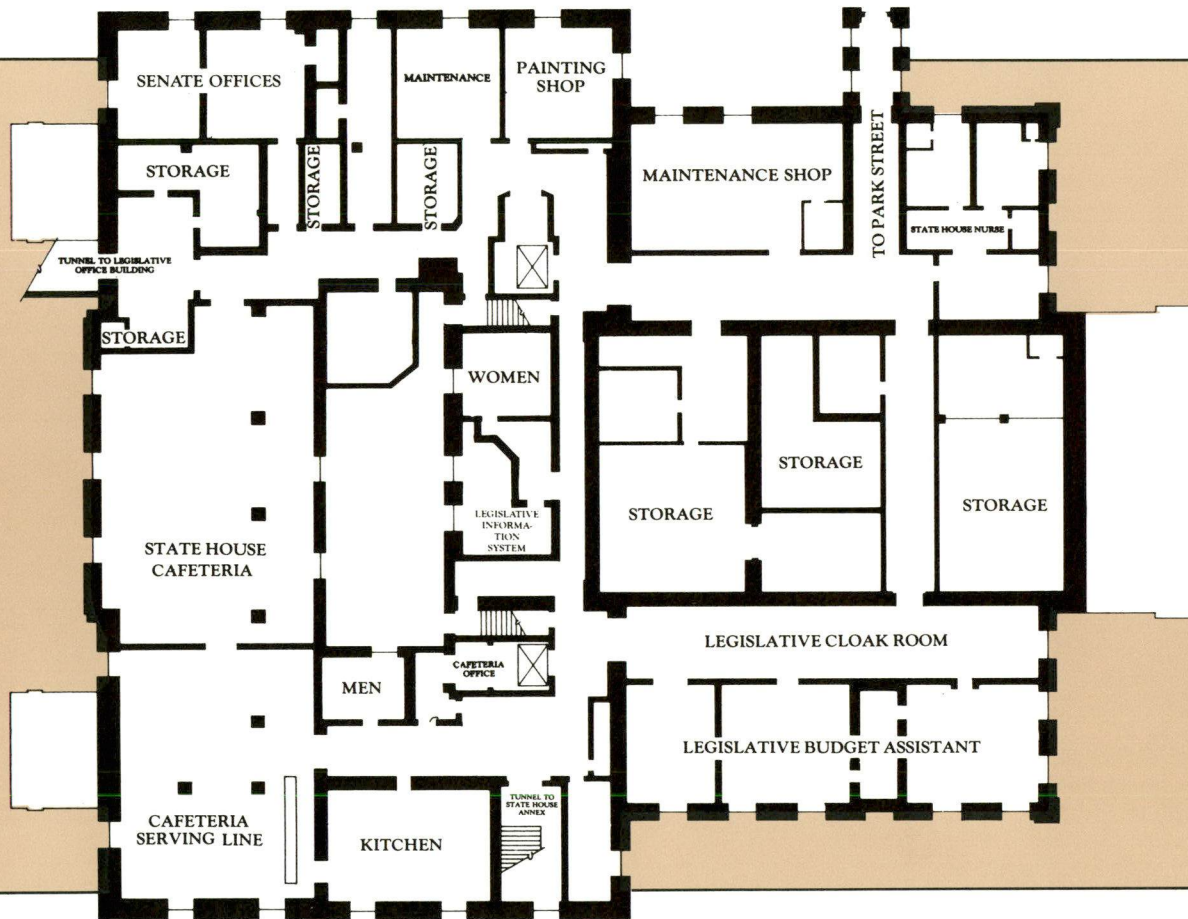
As Senate President, I preside over the fourth smallest Senate in one of the oldest chambers still in use in this nation. I urge you to attend a Senate session and observe your Senators at work. The exchange of ideas and sometimes heated debate are woven into the fascinating parliamentary procedure which helps mold bills into law. If you have been hesitant to participate in the legislative process, have a seat in the Senate gallery. There is no better motivator than witnessing the process in action.

William I. Blais
President of the Senate

This building is the seat of government for one of the most independent-minded states in the Union — New Hampshire. Nowhere is this individualism more evident than in the 400-member House of Representatives, the largest and most representative state legislature in the country. In the House, just about every political view in the spectrum is represented and frequently voiced.

As you visit our chamber or look at the portraits of the eight generations of lawmakers who have walked these halls, remember that the men and women who serve here are, above all, citizens just like you; their hopes, ambitions and commitment to democratic principles are much like your own. Remember also that democracy is a participatory form of government. It can only be as strong as your commitment to the electoral process.

W. Douglas Sherman
Speaker of the House



B

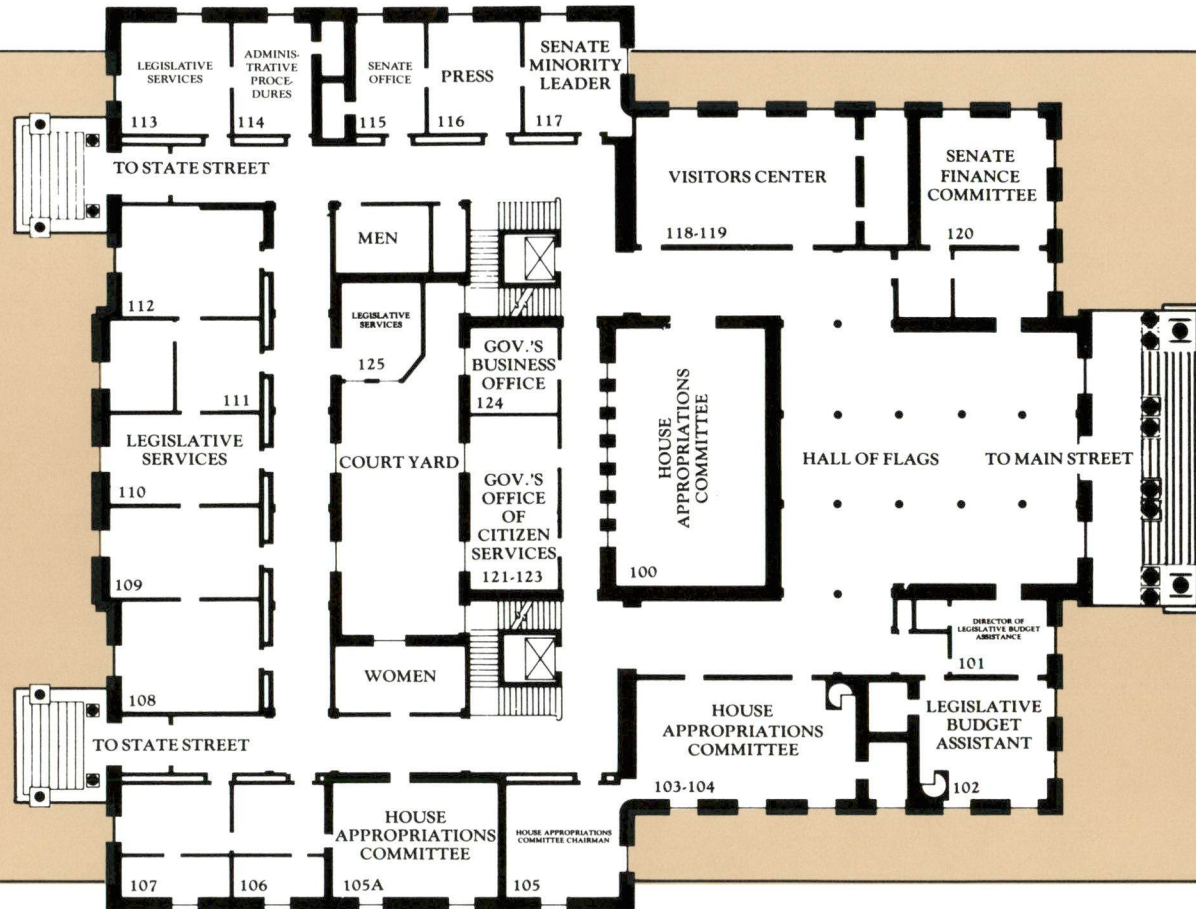
BASEMENT

State House Nurse, Legislative Cloak Room, Senate Offices, Legislative Information System, Cafeteria, maintenance and storage, tunnels to the State House Annex and the Legislative Office Building.

1

FIRST FLOOR

- Hall of Flags
- Rooms 100, 103-107: House Appropriations Committee
- Rooms 101-102: Director of Legislative Budget Assistance
- Rooms 108-113, 125: Legislative Services
- Room 114: Administrative Procedures
- Room 115: Senate Office
- Room 116: Press Room
- Room 117: Senate Minority Leader
- Rooms 118-119: Visitors Center
- Room 120: Senate Finance Committee
- Rooms 121-123: Governor's Office of Citizen Services
- Room 124: Governor's Business Office



The cornerstone for New Hampshire's State House was leveled into place in 1816. The gilded eagle atop the golden dome was hoisted to its perch in 1818, and in June just one year later the Legislature, 204 members strong at the time, marched into the beautiful new building to witness and applaud the inauguration of Gov. Samuel Bell of Chester.

"The American eagle," Philip Carrigain of Concord said when he lifted his glass to toast the carved wooden bird, "may the shadow of his wings protect every acre of our united continent, and the lightning of his eye flash terror and defeat through the ranks of our enemies."

Carrigain, a former Secretary of State, expressed for the people of New Hampshire the pride they felt in their new State Capitol. They had approved \$82,000 to build it, and they had no doubts they'd gotten their money's worth. In a two story building 126 feet wide and 57 feet deep they had room for every office of state government plus space in the front yard according to newspapers of the day, for auctioneers to hammer down the sale of "... spavined horses, rusty harness and broken down carriages and sleighs."

Horse thieves and assorted other felons had been put to work at the State Prison shaping granite boulders into blocks for the builders' use. The boulders had come by ox cart from nearby Rattlesnake Hill.

Twice since Carrigain lifted his glass in that long ago toast the State House has needed stretching. The building was doubled in size in 1864 and again in 1909. Both times the Legislature clung to its original quarters, and now New Hampshire boasts the oldest state house in the nation with the legislature still meeting in its original chambers.

Four hundred State Representatives and 24 State Senators write the laws for New Hampshire here.



The New Hampshire State House as it was originally designed, circa 1850 (N.H. Historical Society).

The Governor, with the help of a five-member Council, implements those laws, and the Secretary of State guides New Hampshire through its federal, state and local elections.

New Hampshire's 400 State Representatives form the third largest parliamentary body in the English-speaking world. You'd have to go to the U.S. House of Representatives in Washington, D.C., or the British House of Commons in London to find a legislative body any larger.

More than 200 paintings of distinguished citizens from New Hampshire's past adorn the State House walls. Several of them, including the first floor portrait of Cyrus Sulloway, were painted by Frank French, the grandfather of long-time House Majority Leader and Speaker Pro Tem Marshall French of Meredith.

New Hampshire's school children collected money to buy the portrait of Abraham Lincoln in Representatives Hall.

The murals in the Senate Chamber, designed and painted by Barry Faulkner of Keene, are a gift to New Hampshire from the Edwin Austen Abbey Memorial Trust Fund for Mural Paintings. They were the first murals sponsored by the Abbey Fund.

The most recent renovations in the State House

The New Hampshire State H



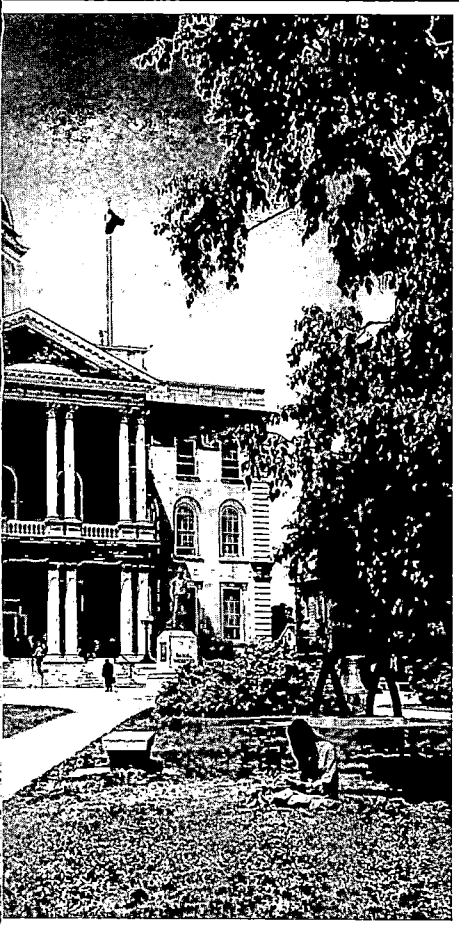
began with the refurbishing of the Senate Chamber in 1974. New carpeting, new chandeliers, and a fully automatic recording system were installed. The furniture in the Senate Chamber is a direct copy, from architects' drawings, of the furniture in place when the first Senate was called to order there in 1819.

Refurbishing Representatives Hall began in 1976. It was specified that the improvements include a new rostrum that would be barrier free for handicapped persons. In accord with this desire the rostrum boasts a movable ramp and an adjustable floor.

In the offices of the Governor and Executive Council, where the wainscoting, doors, door frames and window casings of mahogany were the pride of the 1909 builders, new carpets and furnishings were acquired with an eye toward preserving the stately elegance of the rooms.

This attempt at modernization combined with preservation testifies — like the portraits in the corridors, the statues on the lawn, the hall of battle flags and a dozen other historic details — to the feeling the people of New Hampshire have about their State House; a feeling of pride in their heritage and satisfaction in the long record of achievement in their past.

ouse as it appears today.

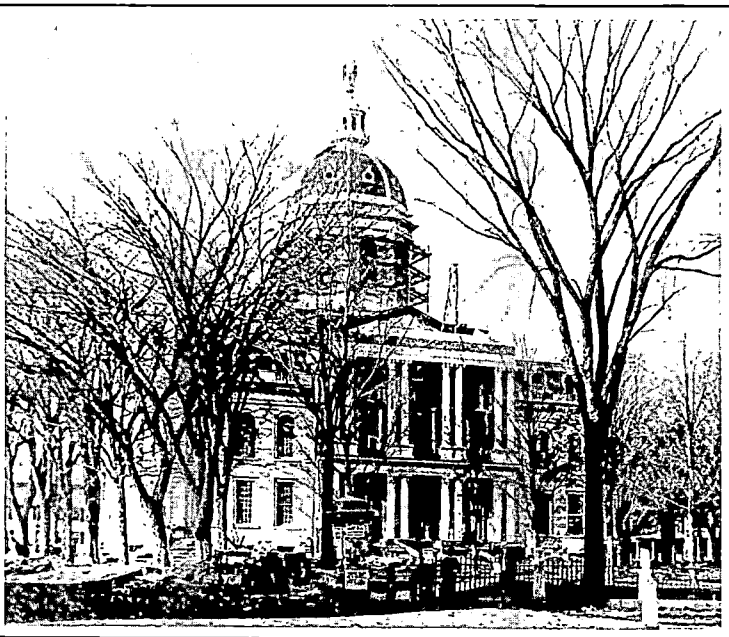


"The state house yard was my playground and so, indeed, was the state house itself, wherein I wandered at will . . . I saw on July 4, 1842, a so-called riot at the front of the yard when bonfires scorched the trees. Later, against the north wall, I saw Cooper Clarke's fireworks take fire and explode to the right and left, instead of vertically, to the fright of the small boys . . . Every 'Election Day' in June I spent in the yard and in front of it where a primitive celebration was going on while the legislature organized within and the governor read his message . . . I saw in the yard General Pierce presented with a sword when he went to the Mexican War of 1846 . . . Above all do I recall the mustering in the New Hampshire regiments for the War for the Union, especially that of my brother George, with the gleaming of the heavy sabre bayonets."

*Hon. William E. Chandler
State House Dedication Address
October 25, 1910*

"Boys of adventurous spirit found they could climb up the lightning rod from the ground to the dome and then crawl across the eagle and sit astride his golden neck. One boy, we are told, Abiel Carter by name, went up this perilous ascent the night before the Glorious Fourth and hung a flag on the eagle. When daylight came it revealed to his chagrin that the flag hung 'Union down' so he climbed up again and righted it."

*From Grace Amsden's Concord
History Manuscript
New Hampshire Historical Society*



The new dome and portico are still under construction in this 1865 view of the State House (N.H. Historical Society).

3

THIRD FLOOR

Rooms 301-304: Senate President, Vice President, Majority Leader, Whips

Rooms 305-306: House Minority Leader

Room 307: Legislative Accounting

Room 308: House Member Services

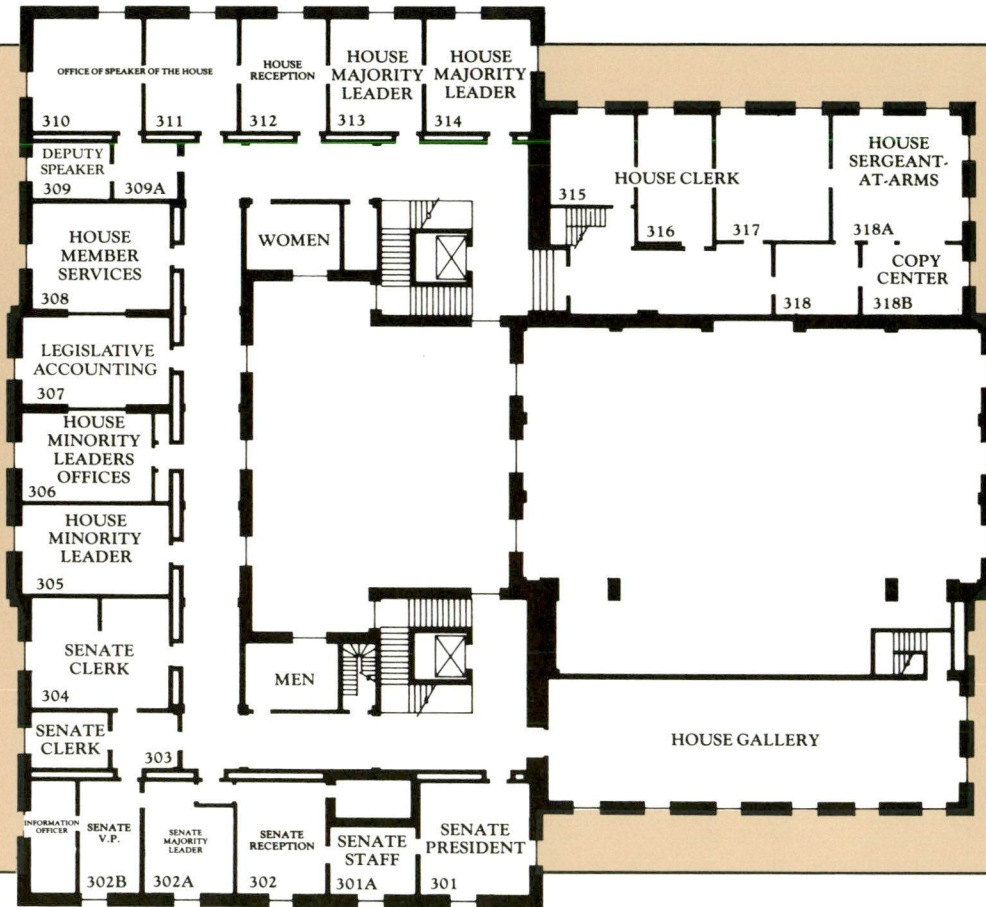
Room 309: Deputy Speaker

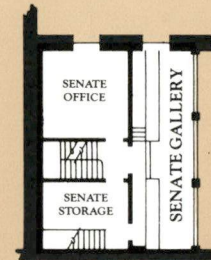
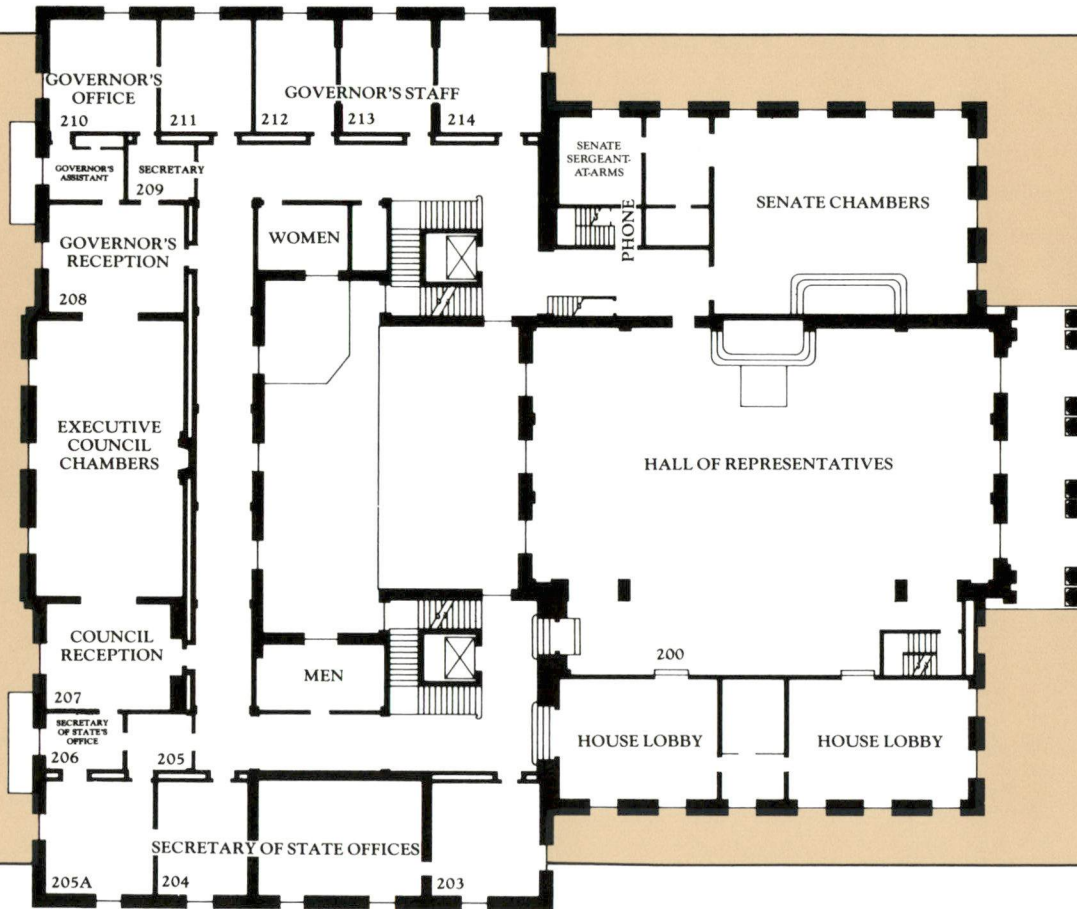
Rooms 310-311: Speaker of the House

Room 312: House Reception

Rooms 313-314: House Majority Leader

Rooms 315-318: House Clerk, Sergeant-at-Arms, Copy Center





MEZZANINE

2

SECOND FLOOR

- Room 200: Hall of Representatives, House Members' Lobby
- Rooms 203-206: Secretary of State's Offices
- Room 207: Executive Council Chambers
- Rooms 208-214: Governor's Office, Senate Chambers, Senate Gallery, Senate Sergeant-at-Arms, Senate Office

House Speaker's Office, Senate
President's Office, House Gallery,
House Majority and
Minority Leadership
Offices.

3

Barry Faulkner's murals of historic New Hampshire may be seen on the walls of the Senate Chamber, and throughout the building are portraits of prominent Granite State citizens.

In the Visitors Center, dioramas depicting New Hampshire's participation in four decisive events of the Revolutionary period are on display. Historic documents, including a rare early copy of the Declaration of Independence, may also be seen there.

Of particular interest to many visitors are the flags New Hampshire's soldiers followed into battle in the War Between the States. They are on display in the first floor Hall of Flags along with regimental flags from the Spanish-American War, the Mexican Border Incident, World Wars I and II and Viet Nam.

Tours of the State House may be arranged in the Visitors Center just off the Hall of Flags.



Hall of Representatives, Senate
Chamber, Senate Gallery, Govern-
or's Office, Secretary
of State's Office, Ex-
ecutive Council
Chamber

2

Hall of Flags,
Visitors Center,
Senate Minority
Leadership Office

1

State House cafeteria,
tunnels to the Legislative
Office Building
and the State House
Annex

B



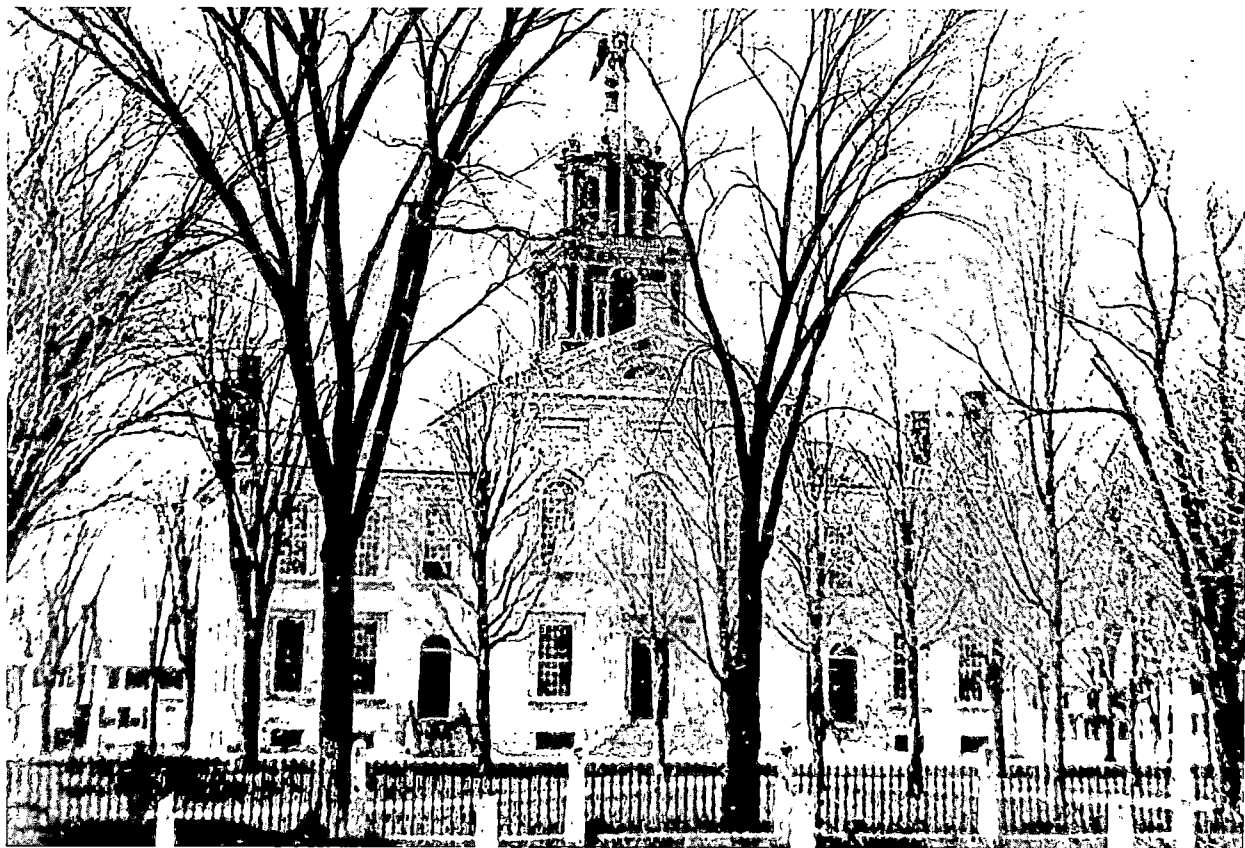
New Hampshire State Seal



New Hampshire State Bird — PURPLE FINCH



New Hampshire State Flower — PURPLE LILAC



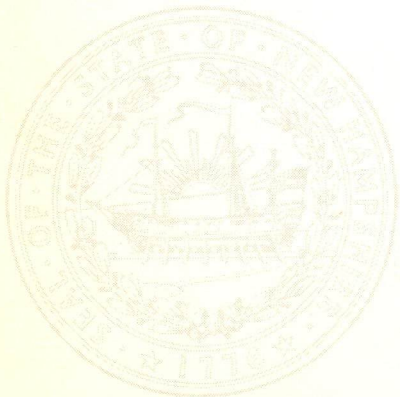


New Hampshire State Insect — LADYBUG



THE HOUSE OF REPRESENTATIVES
State House
Concord, New Hampshire

This chamber is the oldest House of Representatives' Chamber still in use in the nation, having been in continual use since 1819. This is the largest, most representative House in the nation, having a membership of 400.



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