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THE WHITE HOUSE

Office of the Press Secretary
(Los Angeles, California)

For Immediate Release

February 25, 1992

REMARKS BY THE PRESIDENT
AT BUSH-QUAYLE FUNDRAISER

Westin St. Francis Hotel
San Francisco, California

1:13 P.M. PST

THE PRESIDENT: Thank you so much for that welcome back. Pete mentioned this was my 15th visit. But you have a wonderful way of making people feel at home in this state. Thank you very much. And may I just say from halfway across the world, or at least in the east coast, watching with wonder, what a superb job, fighting difficult conditions, your Governor is doing. It's an inspiration to all of us in politics, I'll tell you. (Applause.) And, Gayle, my greetings to you.

May I thank the Skyline College Musicians over there -- (applause) -- and pay my respects to Eric Stratman, who got up and gave us that wonderful rendition of the Star-Spangled Banner. No pitch pipe, no nothing; just the beautiful music. And we were all so moved by that. (Applause.) And though he didn't confess to this -- your bishop -- or our bishop -- my bishop, put it that way, and Barbara's -- he used to be pastor in Washington, D.C. before he was elevated to being bishop here in San Francisco. And, Bill, thank you, sir for being with us today and for those inspiring words.

And of course, let me single out the master of ceremonies. I've seen him in all kinds of roles in terms of dealing with world leaders. I've never seen him, I don't believe, as master of ceremonies. But George Shultz is one of the truly great public servants. And I'm delighted to see he and Obie again. (Applause.)

And I want to salute our former Cabinet member Bob Mosbacher; and Bobby Holt here is our national campaign finance chairman. Jim Dignan, the California state chair; Katie Boyd and Howard Leach who have done a superb job on this overflow luncheon. (Applause.) And also, Gretchen is out here who graciously met us at the airport. Thank you for all the work on the luncheon. And to all the other national vice chairs -- Alex Spanos and Don Bren and Craig Berkam and Flo Crichton of the finance team. And a special thanks to Mr. Yong Kim over here, and to my old friend, Johnny Tsu over there, who have done a great job on this. Thank you all. (Applause.)

To paraphrase John Kennedy, I'm touched by that warm response -- but not half as touched as all of you have been. (Laughter.)

Before I begin, let me just share and express my concern for all Californians who, after seemingly endless years of drought, have been ravaged by record floods. I am pleased to announce that today, as I came out on Air Force One, I signed a declaration to provide that much-needed disaster relief to these flood victims. They're hurting and the federal government ought to do its part. (Applause.)

I want to talk to you today about some of the challenges that we face -- Pete mentioned some of them -- about the decisions we're going to make in this election year that going to really chart the course of this country's future for the next five years. And let me lay it out straight what government can do and what it can't do. What I will do as President -- and where I will need your help.

Start, if you will, with the number one issue on everybody's mind, and that is the economy -- the nation's economy. One month ago, as the Governor said, in my State of the Union I laid out a two-part economic plan: for the short term, a plan to get the economy moving as early as this spring, seven points to stimulate investment; and a longer-term plan to keep America competitive in the new century ahead. I asked the Democrats who control all the committees in the Congress, both Houses of the Congress, to act for the good of the country. And I gave Congress 52 days to pass the plan.

Since then, some Democrats have been wrestling with their consciences. It is too early to predict who will win. (Laughter.) But instead of working on my plan, the House Democrats surfaced their own: a tiny tax cut across the board, written in invisible ink, in exchange for a huge tax increase chiseled into stone. Ask the people out there, your neighbors, is it really worth borrowing from our children to give families an extra 25 cents a day? That two-bit tax cut would make even the tooth fairy blush. It is not good legislation.

When the cameras are on, the Democrats say all the right things, especially in a political year -- talk about a blueprint for an economic recovery. But then the doors close and the back-room brokering begins. And in the end, it is the same old Democratic deal: another "jobs bill," but this one for the tax collectors.

Now, if the Senate Democrats want to make their temporary tax cut permanent -- and this is a fact -- they would have to jack up the income tax rate for every American making more than \$35,000. You heard that right: \$35,000. For a plan that's supposed to help the middle class, that's going to come as real news to a lot of factory workers and school teachers and everyday Americans that are just struggling to make ends meet.

So they are going to tax the middle class for the same reason that Willie Sutton robbed the banks -- because that's where the money is.

If you want to give American companies reason to expand, then give them what we are calling for -- an investment tax allowance. Speed up the rates of depreciation. If you want to boost the sagging housing market and if you want to give American families a real shot at the American Dream, then don't look to the liberal leadership in the Congress. Give first-time homebuyers what our plan does: a \$5,000 tax credit toward that first home.

Finally, let me just say to the Congress here: If you're serious about competitiveness -- if you're serious about creating jobs, then cut the tax on capital gains. (Applause.)

These points I've listed, and four more, will stimulate the economy right away. Now let's switch over to the defense side of the equation. I'm sure you're reading a great deal about defense cuts. For decades we faced a very dangerous enemy abroad -- and we fought the Democrats, those liberal ones at home, who would have stripped this nation of the strength that it needed to defend itself and to defend freedom. Republicans fought hard on both fronts -- Pete Wilson was a leader in this fight when he was a United States Senator -- and winning the defense battle on Capitol Hill, as George Shultz will tell you, helped us win the Cold War.

No one understood that better than my predecessor, Ronald Reagan. He understood it from day one and fought for a strong defense.

Now, given the changes in the world -- and they're dramatic and they are wonderful in terms of the future of our kids -- given the collapse of the Soviet Union, we know now we can reduce defense spending substantially. So I went to the Joint Chiefs and to Dick Cheney, and based on the recommendation of the Joint Chiefs and the Secretary of Defense, I've proposed a substantial but a sensible defense build-down, one that will recognize post-Cold War realities, but still leave this country with the muscle that we need to meet whatever danger comes our way or help defend those whose freedom are at stake.

And we have a number of federal programs aimed at helping defense industry workers as they seek new careers now because of our defense cuts. We're taking steps to ease the transition that many firms will face as they shift from defense-related work to the commercial economy. That's what this technology transfer initiative is all about that I've proposed: getting research done in government labs out into the private economy. And in May we're going to bring that message to Cal-Tech through our National Technology Initiative. And that's good news for the high-tech firms right here in the Silicon Valley, and all across this state.

Our approach is the sensible way to go -- the right way to keep the economy sound and our nation safe.

But there are political problems. There are Democrats with a different plan in mind in the United States Congress. They want to use the end of the Cold War to open a bidding war to see who can gut the Defense Department the fastest. One plan would cut defense by an additional \$200 billion over five years. Nationwide, cuts on that scale would wipe out hundreds of thousands of jobs, say nothing about rendering us incapable of responding to aggression overseas.

You might think about that. Right now, \$1 out of every \$5 spent on defense is spent right here in California. Think of the shock waves that would touch off in the construction and electronics and aerospace industries -- and the after-shock for the real estate markets. Think of the workers and the welders, to the engineers thrown out of work and onto welfare.

You can call it a double play, a Democratic double play: Cripple our defenses and the same for the economy, all at the same time.

For the sake of national security -- and I still view that as my most fundamental responsibility, the national security of this country. I think that is the prime responsibility of the President -- for the sake of just plain economic common sense as well, and for the sake of California and the country, I ask you to draw the line and say no to those Democrats who want to recklessly cut the muscle out of the national defense of this country. (Applause.)

We can turn this economy around -- provided we deal in economic reality. It all comes down to this: To succeed economically at home, we've got to lead economically abroad.

There is no better case in point than this wonderful state of California. None. This state accounts for one in every seven dollars of American exports. In 1990 alone, two-way trade reached nearly \$166 billion. For the past five years, that's an

Pete would agree -- it means something like three-quarters of a million -- I believe the figure is 725,000 jobs, close to three-quarters of a million tied into trade.

It is more true than ever before: America's future lies in open markets. It does not lie in this negative view of protection. (Applause.)

But the people we are battling in the Congress today aren't about to let the fact intrude on the fantasy. Their prescription for the '90s is to sound -- really to pull back -- not all of them, but some of them -- to pull back and sound an economic retreat, and then to raise up trade barriers -- all in the name of fair trade -- but to raise up trade barriers, build new barricades to keep imports out, and take this country back to a dangerous pre-World War II isolationism. As long as I am President that will not happen to the United States of America. (Applause.)

That's not the American way; certainly not the California way. We don't cut and run. We compete. And we work hard. And I've got a lot of faith in the American worker, because our workers have a lot of faith in themselves. If we can do better and make more progress in clearing away the trade barriers, and go head to head, the American worker will outthink, outperform and outproduce anybody, anyplace, anytime. It's that direction that we've got to take this country. (Applause.)

There's a new reality now in the way people live and work and look at government. People really don't buy that old "big government" rhetoric. The American people have seen enough of what we call "social engineering." They know the limits of government. They know that our greatness doesn't spring from government: America's strengths are in her people -- in our families, in our communities. Government can't raise your kids to know right from wrong -- it can't legislate happy endings. Government isn't why people work hard, raise a family, save for retirement. And people know, as government tries to do more and more, it delivers less and less.

And year after year, the main opposition on the Hill, the liberal Democrats who control the Congress, have pushed spending higher and higher. In 1993, the federal government will spend \$1.5 trillion of taxpayers' money. People are entitled to ask: Am I getting my \$1.5 trillion's worth?

We need to get back to the basics that government is too big and it spends too much. And that leads me to ask you to urge your Congress to give me the line-item veto. Forty-three governors have it, and give the President, the Executive Branch, a chance. (Applause.) We need for government to do less -- but do better. To focus on what people want and deserve: safe streets, good schools, strong economy and, certainly, a strong country.

Today we see the return of responsibility -- an old idea that never really went out of style.

People have had it with the "no-fault" lifestyle. In their private lives, they know actions have consequences. What they want is a government whose policies and programs recognize that people are responsible for their actions -- and that government is responsible to the people.

Now, if you think about it, that's nothing more than a working definition of freedom. Because we believe in responsibility, we believe in education reform -- fundamental reform. We've laid out a strategy called America 2000, to literally revolutionize our schools. It's not Democrat, it's not Republican, it's not liberal,

is not conservative. It is American -- supported by the 50 governors to meet our six education goals.

We need to hold our kids and our teachers to a higher standard -- that's part of it. And here's a radical notion -- let's test these kids at the 4th and the 8th and the 12th grade, see where we're doing it well, and where we need to do more work. Our schools need a good dose of competition -- with each other. Right now, kids are a captive audience. You give the parents a chance to choose their children's schools and you'll see our schools start doing their homework. And the bad schools will be picked up by the competition. School choice is working where it's in effect, and it will work nationwide. (Applause.)

Because we believe in responsibility, we back legal reform. Here's the fact: America's become the land of the lawsuit. We've put forward a plan -- it's up on the Hill -- to cut down a number of frivolous lawsuits. They sap our economy, they strain our patience. (Applause.) When a father can't coach little league because he's worried about getting sued something's wrong. When your neighbor becomes a plaintiff something's wrong. Our country would be a lot better off if we spent as much time helping each other as we do suing each other. (Applause.)

Because we believe in responsibility, we take a hard line on drugs and crime. Tomorrow I go to San Antonio, Barbara and I go down there -- and will meet with five or six Latin American Presidents, working with them to sharpen our strategy to beat the scourge. Yes, we're waging a war to cut the supply lines that bring drugs into this country. Interdictions are at an all-time high. But we're battling on the demand side as well. We set a goal to drive down the current adolescent cocaine use by 30 percent. That was our national goal. And we've seen a dramatic 60 percent decrease. Now, that's good news. That's good news for families across this country.

But we all know that we can't begin to claim total victory yet. We must show that here, too, actions have consequences. And that's why we need stiffer sentences for these drug dealers; courts that punish criminals, not honest cops trying to do their job out there -- and laws that make life tougher on the criminals than on the victims of crime.

Because we believe in responsibility, I believe as Pete does, we believe as your Governor does in welfare reform. People are willing to support benefits. They've always been willing to give a hand up. Americans care. But they want to see some connection between welfare and work. They want to see governments at every level work together to track down the dead-beat fathers -- the ones who can't be bothered to pay child support. (Applause.) And I think most of all they want to see us break this cycle of dependency -- a cycle of dependency that destroys dignity, and says to a little guy when he's just starting up, you really don't have much of a chance. Passes down poverty from one generation to another. That's wrong. We're going to do something to change it.

Right here in California, Governor Wilson's got a plan that will encourage people on welfare to take work when they can find it; for pregnant teens or parents to stay in school -- get the education they'll need to make a better future, a future where they won't need that next welfare check.

What can we do to help California? What can we in Washington do? Simple: We can start by getting our bureaucracy out of the way. And we'll do all we can, Pete, to remove those federal regulations, to help you cut through that web of red tape to real reform.

These reforms -- changes we make now to boost the

country home to the bedrock beliefs that have made us great. And they are fundamental: family and faith; responsibility and respect; community and country. Simple words -- certain truths that hold a world of meaning, I still believe, for every single American.

Here's what I know about this country's future: No matter how tough times are now -- no matter what trials we face -- America's best day always lies ahead. I believed that when I was a little kid. I believe it now. I am totally confident about the recovery of this country. And I'll believe it every day I live -- because that, in essence, is the great glory of our wondrous country.

Thank you all, and may God bless the United States of America. (Applause.)

END

1:35 P.M. PST

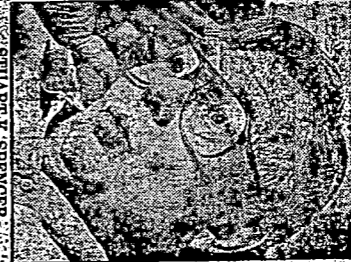
Bush Supporters Fear He Will Lose California

Recession, Lack of Kinship May Hurt Bid

By Lou Cannon
 Washington Post Staff Writer

LOS ANGELES, Feb. 24—Key Republican figures in economically depressed California, including former President Ronald Reagan, say President Bush is in such deep trouble here that he could easily lose this traditionally dependable GOP state in November.

California has gone Republican in nine of the past 10 presidential elections. Without its 54 electoral votes—about one-fifth of the total needed for election—Republican prospects of holding the presidency would be vastly diminished.



STUART K. SPENCER

It's going to be very difficult for Bush to carry California, this time, said Stuart K. Spencer, a key adviser to Reagan in his two presidential elections, and to President Gerald R. Ford when he carried California in 1976.

Reagan has endorsed Bush but will not be present Tuesday when the president travels to California for fund-raising in San Francisco and Los Angeles in the reelection campaign. A Reagan spokesman said he had a previous commitment.

Reagan told friends long before the damaging New Hampshire, primary that Bush faces reelection difficulties because he doesn't seem to stand for anything, according to sources close to the former president. The sources also said Reagan was concerned Bush could lose the state and with it the general election.

He's going to be very difficult to employ higher than the national average, as well as the virtual collapse of two key sectors of the California economy—real estate and aerospace.

And the president suffers, as a source close to Gov. Pete Wilson (R) puts it, "because he is the first Republican candidate for president in a very long time who doesn't really connect to California, either emotionally or by virtue of long residence."

This lack of connection was evident in 1988, when Bush ran relatively poorly here at a time when California's economy was outperforming the national economy and then President Reagan was strenuously campaigning for him. Even so, Bush won only 51 percent of the vote in California against Michael S. Dukakis, the Democratic candidate.

See CALIFORNIA, A6, C1.

Bush Supporters Fear He Could Lose in Economically Depressed California

CALIFORNIA, From A1

Even Bush's advocates in the state sound pessimistic.

"California is a state that could go either way," said George Gorton, a spokesman for the Bush campaign in California and a key strategist in Wilson's gubernatorial election in 1990. "It was close in 1988, and 1984 doesn't count because that was Ronald Reagan."

His view is shared by Ken Khachigian, former White House speechwriter and now campaign manager for Bruce Herschensohn, a conservative Republican candidate for the U.S. Senate.

Khachigian makes the point that California seems more Republican than it is because of GOP success in presidential and gubernatorial elections. Three of five state constitutional offices are held by Democrats.

"Bush faces an extraordinary challenge in California," said Khachigian. "He doesn't have any longstanding ties to the state. He doesn't have advisers with such ties. California is unfamiliar territory to them."

The historical handicap may be particularly severe. One of the reasons Republicans have done well in California elections is that their leaders have frequently been on the national ticket. Richard M. Nixon carried the state twice in presidential elections and was on the ticket twice as Dwight D. Eisenhower's vice-presidential candidate. Ronald Reagan won an astounding 10 primary and general gubernatorial or presidential elections in California.

Even Ford, who had a winter home in Palm Springs, had more of a connection with the state than Bush does. Ford defeated Democratic nominee Jimmy Carter by 14 percentage points in California while narrowly losing the 1976 national election.

The main hope Bush supporters here have is that the Democrats will also nominate a candidate who does not connect with California, and they include both Arkansas Gov. Bill Clinton and former Massachusetts senator Paul E. Tsongas in that category. "Tsongas won't sell here, and Clinton is a southerner," Gorton said.

The most recent Field Research Corp. California Poll last month showed that only 38 percent of Californians were inclined to vote for Bush for reelection, down from 54 percent in September 1991—an approval rating lower than Carter had at a comparable point in 1980. Carter went on to lose the state to Sen. Edward M. Kennedy (D-Mass.) in the primary and Reagan in the general election.

The California Poll did not include trial heats with potential Democratic candidates. Bush also faces handicaps here because he is out of step with the socially liberal

California electorate on such issues as abortion and the environment.

One Bush operative here says his "twin nightmares" are continued deterioration in the California economy and a Supreme Court decision overturning the *Roe v. Wade* abortion rights decision. California was one of the first states to pass permissive abortion legislation, which Reagan signed into law in 1967 during the early months of his governorship. Wilson is a strong supporter of abortion rights, a position that polls show is favored even by a majority of self-described conservative Republicans.

Surveys also show that a majority of Californians remain strongly anti-protectionist, an attitude reflective of the state's economic reliance on exports. Because of these attitudes, pro-Bush Republicans here say they are more concerned about the president's general election prospects than any damage

that might be inflicted on him by the challenge of Patrick J. Buchanan.

Gorton expressed doubt that Buchanan, even if he is still a candidate, would contest California's winner-take-all June 2 primary because of the cost involved.

Nevertheless, Bush supporters have become so concerned since the New Hampshire vote that they are waging an unprecedented effort to endorse the president before Buchanan gets to make his case here. California Republican Chairman James Dignan, and his wife Susan, a GOP county chairman, are sponsoring a move to suspend the party's rules against pre-primary endorsements and endorse Bush at the state party convention next Sunday.

"It's a pragmatic move," explained Lorelei Kinder, the party's executive director. "This is a difficult state for any Republican except Ronald Reagan, and we've got to put together the organizational pieces early."

Photo Copy Preservation

The 1992 Campaign

BUSH HEADS WEST; CRITICISM PURSUES

His Backers Admit Concern
About Substance and Style
Of Campaign Message

By MICHAEL WINES
Special to The New York Times

LOS ANGELES, Feb. 25 — President Bush carried his re-election campaign west today, but into the same charge voiced by some supporters elsewhere: that he lacks substance and conviction.

It was all the more stinging because it appeared to come from a most unlikely source, former President Ronald Reagan. And Mr. Bush's political advisers rushed to rebut it.

As Mr. Bush flew to California for two \$1,000-a-plate fund-raisers with Republican loyalists, Mr. Reagan was reported in today's Washington Post to have expressed concern about the party's chances of retaining the White House this fall.

The Post story, by Mr. Reagan's unofficial biographer, Lou Cannon, reported that the former President told unnamed associates that Mr. Bush is in political trouble nationally because "he doesn't seem to stand for anything."

A Call on the Reagans

When asked about the report during his flight to California, Mr. Bush paused, then replied, "I don't believe that."

Asked whether Mr. Reagan would campaign for him in the state, Mr. Bush said that his former boss "has been very good about that" in the past, but that it was too early to say. "He's quite supportive, as you know," Mr. Bush said. "He's endorsed me enthusiastically."

During the flight, the White House announced it was dropping a 90-minute afternoon hiatus in Mr. Bush's schedule in favor of a drop-by visit with Mr. Reagan and his wife, Nancy, at their home in nearby Bel Air.

The Bush campaign's press spokeswoman, Torie Clarke, said the visit had been previously arranged but had not been disclosed because it would not be open to news coverage.

Mr. Reagan was not going to appear at a Los Angeles political fund-raiser for the Bush-Quayle campaign later tonight, Ms. Clarke said, but she said his absence did not suggest any lack of support.

Accurate or not, Mr. Reagan's purported statement reflects what some of Mr. Bush's own aides have been saying, and what his campaign staff has



President Bush at fund-raising luncheon in San Francisco. With him were Katie Board and Howard Leach.

tried to address since last week's disappointing showing in the New Hampshire primary.

The President's political aides allow that Mr. Bush's basic campaign messages, about his plans for economic recovery and global leadership, have not appealed to voters as much as was hoped. The problem, they say, is that voters do not understand clearly enough what the President proposes to do in a second term.

Today, the President began a luncheon speech to San Francisco Republicans with the least varnished of entreaties: "I want to lay it out straight," he said, "what Government can do, and what it can't; what I will do as President and where I'll need your help."

Agenda, in Bold Type

And in Georgia, where he faces potentially troublesome opposition from the television commentator Patrick J. Buchanan, Mr. Bush's campaign today began broadcasting a television commercial entitled "Agenda" that describes his second-term plans in big, bold type.

"THE BUSH AGENDA: STRENGTHEN OUR ECONOMY, MAKE AMERICA MORE COMPETITIVE," the television screen proclaims, while an announcer intones, "He has an agenda to strengthen our economy and make America more competitive."

The commercial ends with what

sounds like a slogan for the re-election bid: "President Bush: The future of America in the hands of experience."

Those and other efforts seek to address what some of Mr. Bush's supporters say is a defect.

Not Sure of the Message

"I'm not sure he has a message," said one official in Mr. Bush's Southern campaign hierarchy, saying voters have no "long-range view of what George Bush wants to accomplish."

"He has got to get a better self-identity — what it is he really wants, and how hard he wants to fight for it," he said. "Then he's got to let people know where he stands."

Mr. Bush faces especially daunting problems in California, the largest electoral prize in the fall election and a state whose recession has been unusually long and deep.

Ms. Clarke said today that the campaign in California would be difficult, but that Mr. Bush's support of business and free trade would gain him votes in a state that is dependent on exports.

Mr. Bush cited as examples of his Western support today's two "enormously successful" fund-raisers, expected to add \$2 million to the \$14.3 million in his campaign coffers.

Mr. Bush appeared in San Francisco with the state's Republican hierarchy and was to dine in Los Angeles tonight with Hollywood celebrities like the comedian Bob Hope, the actor Scott Baio

and two stars of the former television series "Charlie's Angels," Jaclyn Smith and Cheryl Ladd.

Pushes Free-Trade Pact

In Los Angeles, Mr. Bush used a meeting with American and Mexican environmental officials to promote the ecological benefits of his proposed North American free-trade agreement, which faces substantial opposition in Congress.

The pact would end trade barriers between Canada, the United States and Mexico over about 10 years. Critics charge that it would worsen the severe pollution problems along the 1,900-mile border by increasing Mexico's industrial growth and spurring heavy polluters to move south, out of reach of United States environmental laws.

The President, whose budget proposal seeks \$201 million to address environmental problems along the border, argued today that that was not so. His "Economic growth and a clean environment go hand in hand," he said in prepared remarks.

Other points of view
on the Op-Ed page
seven days a week.
The New York Times



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Photo Copy Preservation

Kathy Hutchinson
Political 6570

February 24, 1992

BUSH-QUAYLE '92 FUNDRAISING LUNCH

DATE: Tuesday, February 25, 1992

LOCATION: The Saint Francis Hotel
San Francisco, CA

TIME: 12:20 p.m.

FROM: Ronald C. Kaufman

I. PURPOSE

To raise funds in support of the Bush-Quayle '92 primary campaign.

II. BACKGROUND

This event will enable the Bush-Quayle '92 campaign to raise the funds needed in the primary season to qualify for matching federal funds. This fundraising effort combined with 20 additional states will provide the contributions needed to meet Federal Election Commission matching fund requirements.

The individuals participating in the fundraising lunch have each contributed \$1,000 to the Bush-Quayle '92 Primary campaign. The event is expected to raise approximately \$800,000.

III. PARTICIPANTS

- The President
- Mrs. Bush
- Governor and Mrs. Pete Wilson (Gayle)
- Governor George Deukmejian
- The Honorable George Schultz
- Bobby Holt, Bush-Quayle '92 National Finance Chairman
- Mary Hart
- Mr. and Mrs. Howard Leach (Gretchen)
- Katie Boyd
- Dr. John Tsu
- Mr. Yong C. Kim

head
table

not
confirmed

IV. PRESS PLAN

Open press

FUNDRAISING LUNCH
PAGE TWO

V. SEQUENCE OF EVENTS

Please see Advance Office scenario.

VI. REMARKS

Speech provided by the Office of Speechwriting.

Military specific - best answer
Labor Dept. Co S John Schall
523-8274
Employee & Dislocated
Workers Adjustm Act

\$ 527 million

labor/grant situation

retraining money diff from

straight unemployment #

benefits - anyone dis.

Can apply 4 mon; expect Mi. govt req. to be on

Trade deficit out

\$72 million workers dislocated

just b/c of imports

25 Feb. 92
2:10 p.m.

THE WHITE HOUSE
WASHINGTON

Dan:

Tom Collamore - Chief of Staff @ Commerce called and said:

Only plan he could find re: employee displacement is the "Economic Conversion Act of 91". He said that plan sent \$150 million to Labor; \$50 million to Commerce. Commerce is using the money for programs to help with military base closings.

CLAUDE SECKLER [Cabinet Affairs Liaison to Labor] wrote the attached memo & sent it over to Campaign.

MORE TO FOLLOW — HOPE THIS IS WHAT YOU WANT

THE WHITE HOUSE

WASHINGTON

February 3, 1992

MEMORANDUM FOR EDE HOLIDAY

FROM: CLAIRE SECHLER

SUBJECT: Defense Conversion Adjustment Program

This is in response to your request on Friday regarding current programs to help those affected by military downsizing.

The Defense Conversion Adjustment Program (DCA) at the Labor Department, assists workers who are dislocated as a result of reductions in defense spending. Included are civilian workers affected by base closings or realignments, as well as workers affected by the cancellation or curtailment of defense contracts.

The program is authorized by an amendment to the Job Training Partnership Act which was included in the Defense Authorization Act of 1991. A Memorandum of Agreement (MOA) between the Department of Defense and the Department of Labor defines the interagency procedures for reviewing applications under the national reserve authority of JTPA Title III, and establishes the mechanism for transferring funds from Defense to Labor. Up to \$150 million will be transferred, based upon the Department of Labor's estimate of needs. In September 1991, the first \$50 million was transferred.

Under this program, the Labor Department funds grants to eligible grantees to provide a variety of services to workers dislocated as a result of defense cutbacks including: basic readjustment services, such as counseling and job development; and retraining services, such as occupational skills training and on-the-job training.

In addition, Secretary Cheney has directed the military services to provide a wide range of transition benefits and separation pay to officers and enlisted personnel required to leave military service. Separation pay, equal to 10 percent of annual base pay at the time of separation multiplied by the years of active service, will be given to eligible enlisted personnel and officers who have served at least six years and are being involuntarily separated.

Other benefits for involuntarily separated personnel include: extended health care for personnel and their dependents (60 days for those with fewer than six years of service, 120 days for those with six or more years); extension of commissary and exchange privileges for two years; extended use of military

family housing for up to 180 days at a reasonable rental rate; travel and transportation allowances, and priority in affiliating with National Guard and Reserve units within a year of separation etc.

Involuntarily separated personnel will also be eligible for services available to all separating military personnel, including counseling, employment assistance, and relocation assistance. Prior to separation, all personnel may take advantage of regularly scheduled workshops on seeking future employment.

The Department of Defense, the Department of Commerce and the Department of Labor are members of the multi-agency Economic Adjustment Committee (EAC) which coordinates the overall federal response to base closings. Through the EAC, Federal agencies can work with affected communities to help them prepare for these dislocations. The chairmanship of the EAC rotates among Defense, Commerce and Labor. In 1992, the Secretary of Commerce is Chair of the EAC.

If you would like any additional information, please let me know.

(military downsizing or long laid off)?

Employee → [Tom Collamore]
[Chief of Staff @ Commerce]
employee displacement act

— econ. conversion~~act~~ act of 91

150 mil 2 labor

50 mil 2 commerce

↓
[org. help^u w/ military base
closings]

Lynn Martin's thing

only current plan he could find

John Schall → Lynn Martin's
Chief of Staff

Caspar Eke's office
Claire Seckler 2000

Clare memo to Campaign
Mil. downsizing
closing/realignment
down defcon contracts

Job Train⁶ partnership act

\$150 mill

Sept. 91 first transferred

McGroarty/Bunton
February 24, 1992
4:30 pm

PRESIDENTIAL REMARKS: SAN FRANCISCO BUSH-QUAYLE FUNDRAISER
FEBRUARY 25, 1992
1:10 P.M.

[Introductory acknowledgements.] [[To paraphrase John Kennedy, I'm touched by that warm response -- but not half as touched as all of you have been.]]

Before I begin, let me share my concern for all Californians who -- after seemingly endless years of drought -- have been ravaged by record floods. / I'm pleased to announce that today I signed a declaration to provide much-needed disaster relief to flood victims. //

I want to talk today about some of the challenges we face -- about the decisions we'll make this election year that will chart this country's course for the next five years to come. I want to lay it out straight: What government can do -- and what it can't. What I will do as President -- and where I'll need your help. //

Start with the number one issue on everyone's mind: the economy. One month ago in my State of the Union, I laid out my two-part economic action plan: for the short-term, a plan to get this economy moving as early as this Spring, and a long-term plan to keep America competitive in the new Century ahead. I gave the Democrats who control Capitol Hill a choice. Join with me. Get moving -- or, by God, get out of the way.

I asked Congress to act for the good of the country -- and I gave Congress 52 days to pass my plan. [[Since then, some

Democrats have been wrestling with their consciences. It's still too early to predict who'll win.]]

Instead of working on my plan, House Democrats surfaced their own: a tiny tax cut written in invisible ink -- in exchange for a huge tax hike chiselled in stone. Ask the people on your street: Is it really worth borrowing from our children to give families an extra 25-cents a day? [[That's a tax cut that would make even the toothfairy blush.]] /

When the cameras are on, the Democrats will say the right things -- talk about a blueprint for economic recovery. But then the doors close and the back-room brokering begins. In the end, it's the same old Democratic deal: another "jobs bill" for tax collectors.

Things aren't much better in the Senate. Democrats there figured out a way to make their temporary tax cut permanent -- just jack-up the income tax rate for every American making more than \$35,000 dollars. [[You heard right: \$35,000 dollars.]] For a plan that's supposed to help the Middle Class, that's going to come as real news to a lot of factory workers and school teachers -- every-day Americans struggling to make ends meet.

Count on it: Democrats are going to tax the Middle Class for the same reason Willie Sutton robbed banks -- because that's where the money is. //

If you want to give American companies reason to expand, then give them my investment tax allowance. If you want to boost the sagging housing market, if you want to give American families

a shot at the American Dream, then don't look to the Democrats. Give first time home-buyers what my plan does: a \$5000 dollar tax credit toward that first home. //

Finally, let me say to the Congress: if you're serious about competitiveness -- if it's more than just an old liberal trying out a new buzzword -- then quit punishing the people who create jobs, and cut the tax on capital gains. //

That's the Democrats on taxes -- now here's the Democrats on defense. For decades, we faced a dangerous enemy abroad -- and fought irresponsible Democrats at home who would have stripped this Nation of the strength it needed to defend itself and its allies. Republicans fought hard on both fronts -- and winning the defense battle on Capitol Hill helped us win the Cold War.

We know now we can reduce defense spending substantially. I've proposed a sensible defense build-down, one that will recognize post-Cold War realities -- but still leave this country with the muscle we need to meet whatever danger comes our way. We're taking steps to ease the transition many workers and firms will face as they shift from defense-related work to the civilian commercial economy. That's what my technology transfer initiative is all about: getting research done in government labs out into the private economy. That's good news for high-tech firms here in Silicon Valley country and all across this state.

Our approach is the sensible way to go -- the right way to keep the economy sound and our nation safe.

But there are Democrats with a different plan in mind. They want to use the end of the Cold War to open a bidding war to see who can gut defense the fastest. One Democratic plan would cut defense by an additional \$200 billion dollars. Nationwide, cuts on that scale would wipe out many hundreds of thousands of jobs.

Think about that. Right now, \$1 dollar out of every \$5 dollars spent on defense is spent right here in California. Think of the shock waves that would touch off in the construction and electronics and aerospace industries -- and the after-shock for real estate markets. Think of the workers -- from welders to engineers -- thrown out of work and onto welfare. //

Call it a Democrat double-play: Cripple our defenses and the economy, all at the same time.

For the sake of national security -- for the sake of just plain economic common sense -- for the sake of California and the country: I ask you to draw the line. Say no to Democrats who want to gut national defense. //

We can turn this economy around -- provided we deal in economic reality. It all comes down to this: to succeed economically at home, we've got to lead economically abroad. //

There's no better case in point than California. This state accounts for one in every seven dollars of American exports. In 1990 alone, two-way trade reached nearly \$166 billion dollars. For the past five years, that's an average annual increase of 20% -- and state-wide, it means 725,000 jobs -- close to three quarters of a million jobs tied to trade. //

Commerce
striking
comment

Chairman
Booker
insert from
staffing

It's more true today than ever before: America's future lies in open markets.

But our opponents aren't about to let fact intrude on fantasy. / Their prescription for the 90s is to sound an economic retreat -- raise the trade barriers, build new barricades to keep imports out, and take this country back to a dangerous pre-World War Two isolationism.

They come on like the school-yard bully -- but they're really the kid that wants to take their ball and go home. They talk tough -- then run up the white flag. //

Those of us old enough to remember the 1930s aren't anxious to repeat the experience. Let's let our kids read about the 30's in history class -- not re-live them in the 90s.

That's not the American way. We don't cut and run: we compete. We work hard. I've got a lot of faith in the American worker -- because our workers have a lot of faith in themselves. / Clear away the trade barriers -- go head-to-head: and the American worker will out-think, out-perform and out-produce anybody, anyplace, anytime. //

There's a new reality now -- in the way people live and work and look at government. People really don't buy the old "big government" rhetoric. The American people are smarter than that. They've seen enough social engineering. They know the limits of government. They know America's greatness doesn't spring from government: America's strengths are in her people -- they're our families, our communities. Government can't raise your kids to

know right from wrong -- it can't legislate happy endings.
Government isn't why people work hard, raise a family, save for
retirement. //

And people know: As government tries to do more and more -
- it delivers less and less.

In 1993, the federal government will spend \$1.5 trillion
dollars of taxpayers' money. People are entitled to ask: am I
getting my \$1.5 trillion's worth? //

We need to get back to basics. Government is too big -- and
it spends too much. /// We need for government to do less --
but do better. To focus on what people want and deserve: safe
streets. Good schools. A strong economy and a strong country.
//

Today we see the return of responsibility -- an old idea
that never really went out of style.

People have had it with the "no-fault" lifestyle. In their
private lives, they know: actions have consequences. What they
want is a government whose policies and programs recognize that
people are responsible for their actions -- and that government
is responsible to the people.

If you think about it, that's nothing more than a working
definition of freedom.

Because we believe in responsibility, we believe in
education reform. We need to hold our kids and our teachers to a
higher standard: and -- here's a radical notion -- let's test
our kids to see where we're doing well, and where we need more

work. Our schools need a good dose of competition -- with each other. Right now, kids are a captive audience. Give parents a chance to choose their children's schools -- and you'll see our schools start doing their homework. School choice is right -- and school choice will work. //

Because we believe in responsibility, we back legal reform. Here's the plain fact: America's become the land of the lawsuit. / We've put forward a plan to cut down the number of frivolous suits. They sap our economy and strain our patience. When a father can't coach little league because he's worried about getting sued -- something's wrong. When your neighbor becomes a plaintiff -- something's wrong. Our country would be a lot better off if we spent as much time helping each other as we do suing each other. //

Because we believe in responsibility, we take a hard line on crime and drugs. Starting tomorrow down in San Antonio, I'll meet with Latin American leaders -- work with them to sharpen our strategy to beat this scourge. Yes, we're waging a war to cut the supply lines that bring drugs into this country. We also know we've got to wage this war on the "demand side" as well: focus on effective treatment, on drug awareness and education.

But we must show that here, too, actions have consequences: that's why we need stiffer sentences for drug dealers; courts that punish criminals, not honest cops trying to do their jobs - - laws that make life tougher on criminals than on the victims of crime. //

Because we believe in responsibility, we believe in welfare reform. People are willing to support benefits -- Americans care: but they want to see some connection between welfare and work. They want to see governments at every level work together to track down the dead-beat Dads -- the ones who can't be bothered to pay child-support. They want to see us break the cycle of dependency that destroys dignity -- passes down poverty from one generation to the next. That's wrong. And we're going to do something to change it.

Right here in California, Pete Wilson's got a plan that will encourage people on welfare to take work when they can find it - - for pregnant teens or parents to stay in school -- get the education they'll need to make a better future, a future where they won't need that next welfare check.

What can we do to help California? Simple: we can start by getting Washington out of the way. // We can grant waivers from burdensome federal regulations -- help you cut through the web of red tape to real reform. //

These reforms -- changes we make now to boost the economy, to transform our schools, our legal and our welfare systems -- can spark a revolution. A revolution to bring this country home to the bedrock beliefs that have made us great: faith and family. Responsibility and respect. Community and country. Simple words -- certain truths -- that hold a world of meaning for every American.

Here's what I know about this country's future: No matter how tough times are now -- no matter what trials we face -- America's best day always lies ahead. / I believed that when I was a boy. I believe it now. I'll believe it every day I live - - because that's the great glory of America. //

Thank you, and may God bless the United States of America.

#

FEBRUARY 24, 1992

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVE DEMAREST

FROM: DAN MC GROARTY

SUBJECT: PROPOSED REMARKS FOR THE SAN FRANCISCO
BUSH-QUAYLE FUNDRAISER

I. SUMMARY

On Tuesday, February 25 at 2:00 p.m. you will deliver remarks to an audience of 700 at the Bush-Quayle fundraiser in the Grand Ballroom of the Saint Francis Hotel in San Francisco, California.

II. DISCUSSION

Your remarks (approximately 14⁶ minutes / teleprompter) focus on the economy, ^{with} Challenge Congress to act by the March 20th deadline ^{and} personal responsibility

They also highlight a series of reforms aimed at enhancing personal responsibility.

~~to~~ wipe out
many hundreds of 1000's of

defense-related.

if.

1%

[Handwritten signature]

Today.

NOTE: JAKE LEONARD INVITED ME TO 10:30 a.m. BRIEFING IN
LEE KIM'S OFFICE TO HEAR WINDY KOPF [PRINCETON UNIV.]
OF FOR "TEACH AMERICA" ... I WILL BE ON BEER.
— CAN I IF YOU NEED ANYTHING (OF COURSE). JANE INVITED
YOU TOO... I TOLD HER... YEAR NIGHT, HE'S ON THE BIG BIRD

- AP WIRE ON AIDS RESEARCH [Monday] ^{1 page}
- WRI WIRE ON AIDS RESEARCH [Today] ^{1 page}
- BUSH/CANTOR/NIA CIP [Today WASH. POST] ^{JUST AN FYI PIECE 2 pages}
- BUDGET INFO TOP HAN'S OFFICE [STRAPANE] ^{HAN'S IS AT A Mtg. BUT KNOWS 3 pages}
we asked for this info

— HERE FOLLOWS —

Dan:

85 FEBRUARY 92

THE WHITE HOUSE
WASHINGTON

[Handwritten signature]
9:45 am

Table 5-8. THE BUDGET INCREASES SUPPORT FOR PRIMARY CARE SERVICES BY 21 PERCENT
(Obligations in millions of dollars)

	Actual			1992 Enacted	1993 Proposed	Dollar Change: 1992 to 1993	Percent Change: 1992 to 1993	Percent Change: 1989 to 1993
	1989	1990	1991					
Community and Migrant Health Centers	482	506	530	594	684	+90	+15%	+42%
Maternal and Child Health Block Grant	554	554	587	650	674	+24	+4%	+22%
Health Care for the Homeless	15	36	51	56	68	+12	+21%	+353%
National Health Service Corps	48	51	91	100	120	+19	+19%	+150%
HCFA—Medicaid and Medicare	3,085	3,493	4,292	4,934	6,097	+1,163	+24%	+98%
Total Federal Spending	4,184	4,640	5,551	6,334	7,643	+1,308	+21%	+83%

rate of about 4 percent, due largely to the increased use of pap smears. While breast cancer remains a leading cause of death, the use of mammography for early detection is the best current hope for preventing breast cancer deaths.¹²

The budget will invest an additional \$99 million for screening through the Medicare program and through the Public Health Service (see Table 5-9). Of these amounts, CDC will spend \$70 million on breast and cervical cancer screening grants, a 40 percent increase over 1992 levels, and a 14-

fold increase since 1990. This investment will focus resources on screening low-income, high-risk women in age groups for which screening is recommended who otherwise would have no other access to these prevention activities.

- **HIV/AIDS Funding.**—Total HIV/AIDS funding increases by 13 percent to \$4.9 billion. This represents an increase of 118 percent in total HIV/AIDS funding since 1989. Funding for HIV/AIDS treatment also increases substantially (+20 percent) over 1992.
- **Smoking Cessation.**—According to a report of the Surgeon General, continued investment in smoking cessation, particularly if

¹²Department of Health and Human Services, Health Care Financing Administration, *Medicare and Medicaid Guide*, (Washington, D.C.: U.S. Government Printing Office, 1990).

Table 5-9. THE BUDGET INCREASES SUPPORT FOR BREAST AND CERVICAL CANCER SCREENING
(Obligations in millions of dollars)

	Actual			1992 Enacted	1993 Proposed	Dollar Change: 1992 to 1993	Percent Change: 1992 to 1993
	1989	1990	1991				
HCFA—Medicare:							
Mammograms	—	—	170	290	360	+70	+24%
Pap Smears	—	30	60	60	70	+10	+17%
PHS (CDC Screening Grants, IHS							

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%

puter science, materials science, and engineering.

Energy Technology R&D.—The budget proposes \$914 million, an increase of \$140 million, or 18 percent, for investments in targeted high-payoff technologies and strategies to increase the efficiency of energy use, to develop cost-effective alternatives to petroleum and to advance new electricity technologies, including battery technology. This investment is guided by the National Energy Strategy which was announced by the President in February, 1991.

Fusion R&D.—The budget proposes \$360 million, an increase of \$23 million or nearly 7 percent for the development of energy from nuclear fusion. This National Energy Strategy initiative maintains the strong national commitment to the International Thermonuclear Experimental Reactor (ITER) engineering design activity. The ITER experiment is carried out in partnership with Japan, the European Community, and Russia.

Advanced Manufacturing R&D.—The budget includes over \$1 billion for R&D on advanced manufacturing technologies. This includes an increase of 27 percent for nondefense-related manufacturing R&D. In addition, the budget proposes an increase of \$25 million to a total of \$105 million for the National Science Foundation for a new initiative in manufacturing research. The budget also proposes \$27 million for manufacturing R&D at the National Institute of Standards and Technology.

Transportation R&D.—The budget proposes \$1,433 million, an increase of 17 percent, for transportation R&D, funded primarily by the Department of Transportation (DOT) and the National Aeronautics and Space Administration (NASA). The increase will support continued high-priority R&D on aviation and high-speed rail projects. For R&D in DOT, the budget proposes \$498 million, an increase of 12 percent, for research programs to improve air traffic management, to increase the use of satellites for aviation navigation and communications, for improved intelligent vehicle/highway systems and for magnetically levitated

port continued high-priority R&D on environmental issues associated with supersonic flight and on high-temperature propulsion materials. The budget also includes \$80 million for continued technology development for the joint NASA/DOD National Aerospace Plane program, leading to a future decision on a flight research vehicle.

Protecting the Public Health.—**Biomedical Research:** The budget proposes \$4.8 billion for applied research and development at the Department of Health and Human Services, an increase of \$92 million, or 2 percent. The budget includes a total of \$10.6 billion for basic and applied research and development at the Department of Health and Human Services. **Women's Health Initiative:** The budget includes an 80 percent increase for a recently-launched NIH study on women's health, which is designed to answer difficult questions about how best to prevent deaths from cancer, heart disease, and the bone fractures common with advancing age in women. **HIV/AIDS:** The budget proposes a 4 percent increase to over \$1.2 billion for biomedical and behavioral research on Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome. (The budget proposes a total increase of \$565 million, or 13 percent, for HIV/AIDS research, treatment, prevention and income support.)

Expanding R&D at the National Institute of Standards and Technology.—The budget proposes a 26 percent increase to a total of \$311 million for NIST. The 1993 proposal will continue an effort begun in 1991 to expand NIST's ability to perform generic applied research and technology development and to address a growing number of important standards and measurement issues. In addition, the budget proposes \$68 million for the Advanced Technology Program, an increase of 36 percent over 1992.

Creating Technology for Space and Earth.—The budget proposes \$305 million, an increase of 12 percent, for NASA space technology development. This increase recognizes the central role of new technology in the future of the U.S. space program. Strengthening cur-

FROM MONDAY 24 FEB 92 AP WIRE [2:30 PM]

Proposed Spending May Slow AIDS Research, NIH Official Says

By WILLIAM M. WELCH

Associated Press Writer

WASHINGTON (AP) — The Bush administration's proposed spending on AIDS research next year, less than sought by federal researchers, will result in slower work toward a potential cure, a top health official said Monday.

"Scientifically, we're not able to do everything we feel is justified," Dr. Anthony S. Fauci, associate director for AIDS research at the National Institutes of Health, said.

Fauci commented under questioning about the impact of the Bush budget proposal in a hearing by the House Energy and Commerce Committee's subcommittee on health and the environment.

The administration's proposed budget for fiscal 1993 recommends \$873 million in AIDS research spending by NIH, well below the nearly \$1.2 billion level sought by the agency.

Total government spending on AIDS research is larger, however. Work done by other federal agencies pushes the figure to \$1.5 billion, Fauci said. He also said that NIH's current appropriation of \$841 million for AIDS research was less than that sought by the administration.

Under questioning by committee Democrats, Fauci said the proposed spending would mean a reduction in some NIH research teams and programs and "certainly will slow down" work toward a cure.

Even without a spending increase, however, Fauci said he expected to begin efficacy trials of one or more possible vaccines by the end of 1993.

Bush's budget proposal came under attack from subcommittee chairman Henry A. Waxman, D-Calif., who noted that Bush last year asked his National Commission on AIDS what more he could do to fight AIDS.

"Basically, one out of four opportunities will go unfunded," Waxman said. "If the president really wants to know what more he can do, he could begin by asking his own NIH scientists."

Waxman attacked as a "cynical sham" Bush's claim that federal AIDS spending has grown by 118 percent over 1989. He said most of that increase has been in the cost of caring for the sick, not in research.

"The growth is because more and more Americans are dying of AIDS," Waxman said. "... This budget is not an agenda of research opportunities. It is a body count."

AP-DS-02-24-92 1238EST

NOTE: Dan,

NOTHING ABOUT AIDS RESEARCH IN TODAY'S WASH. POST OR NYTIMES.
THIS IS FROM YESTERDAY'S [24 FEB. 92] 2:30 WHITE HOUSE NEWS SUMMARY
UPDATE. FULL TEXT.

JFB

25 FEB 92 UPI FROM TODAY'S NEWS SUMMARY A.M.

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(Editors: Repeating earlier story) ←

Fauci: AIDS research budget 25 percent short

WASHINGTON (UPI) — Work toward a successful anti-AIDS vaccine and treatments for the fatal disease could be slowed by the administration's proposed research budget, the government's top AIDS researcher has told a congressional panel.

Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Disease, said Monday the \$873 million in President Bush's budget for National Institutes of Health AIDS research leaves up to 25 percent of valid studies unfunded.

However, Fauci stood by his earlier projection that an effective AIDS vaccine would be developed by the end of this decade.

Testifying before the House Subcommittee on Health and the Environment, Fauci said, "We will not be able to do everything that I think would be scientifically justified."

"It will not have the impact where we won't be able to do something, but we may have to delay it or it may take a longer period of time rather than being able to do it as expeditiously as we would scientifically like to," Fauci said.

As an example, Fauci said limited funding for the AIDS Clinical Trial Group program, which supports study of experimental drugs at centers nationwide, means cutting four sites from the 32 proposed. Some centers whose grants were being renewed face budget cuts up to 40 percent.

"So the impact ... would be slowing down things that need to be accelerated, such as the vaccine development, the drug development, the clinical trials," Fauci said.

"(If) it's something you might project you can get done in a few years, three or four years, (it) may take two or three years longer," he said.

Among programs cut from National Institutes of Health proposals is a \$15 million investigation into the transmission of AIDS during pregnancy and at birth.

Opening the session, Rep. Henry Waxman, D-Calif., criticized the Bush budget and called administration claims of increased AIDS spending a "political sham."

"The growth in the Bush AIDS budget is not because of investments in research or prevention or expansion of health services," Waxman said. "The growth is because more and more Americans are dying of aids and they are eligible for basic safety net programs because they are elderly, disabled, veterans or poor."

"Calling this 'AIDS spending' is a deliberate and political sham," he said.

Bush Supporters Fear He Will Lose California

Recession, Lack of Kinship May Hurt Bid

2-25-92

By Lou Cannon
Washington Post Staff Writer

LOS ANGELES, Feb. 24—Key Republican figures in economically depressed California, including former president Ronald Reagan, say President Bush is in such deep trouble here that he could easily lose this traditionally dependable GOP state in November.

California has gone Republican in nine of the past 10 presidential elections. Without its 54 electoral votes—about one-fifth of the total needed for election—Republican prospects of holding the presidency would be vastly diminished.

"It's going to be very difficult for Bush to carry California this time," said Stuart K. Spencer, a key adviser to Reagan in his two presidential elections and to President Gerald R. Ford when he carried California in 1976.

Reagan has endorsed Bush, but will not be present Tuesday when the president travels to California for fund-raisers in San Francisco and Los Angeles intended to raise \$2 million for his reelection campaign. A Reagan spokesman said he had a previous commitment.

Reagan told friends long before the damaging New Hampshire primary that Bush faces reelection difficulties because "he doesn't seem to stand for anything," according to sources close to the former president. The sources also said Reagan was concerned Bush could lose the state, and with it the general election.

Bush is also hurt by unem-



STUART K. SPENCER

... "it's going to be very difficult"

ployment higher than the national average as well as the virtual collapse of two key sectors of the California economy—real estate and aerospace. And the president suffers, as a source close to Gov. Pete Wilson (R) puts it, "because he is the first Republican candidate for president in a very long time who doesn't really connect to California, either emotionally or by virtue of long residence."

This lack of connection was evident in 1988, when Bush ran relatively poorly here at a time when California's economy was outperforming the national economy and then-President Reagan was strenuously campaigning for him. Even so, Bush won only 51 percent of the vote in California against Michael S. Dukakis, the Democratic candidate.

See CALIFORNIA, A8, Col. 1

Dan, M/F
B

1 of 2 p

Bush Supporters Fear He Could Lose in Economically Depressed California

CALIFORNIA, From A1

Even Bush's advocates in the state sound pessimistic.

"California is a state that could go either way," said George Gorton, a spokesman for the Bush campaign in California and a key strategist in Wilson's gubernatorial election in 1990. "It was close in 1988, and 1984 doesn't count because that was Ronald Reagan."

His view is shared by Ken Khachigian, former White House speechwriter and now campaign manager for Bruce Herschensohn, a conservative Republican candidate for the U.S. Senate.

Khachigian makes the point that California seems more Republican than it is because of GOP success in presidential and gubernatorial elections. Three of five state constitutional offices are held by Democrats.

"Bush faces an extraordinary challenge in California," said Khachigian. "He doesn't have any longstanding ties to the state. He doesn't have advisers with such ties. California is unfamiliar territory to them."

The historical handicap may be particularly severe. One of the reasons Republicans have done well in California elections is that their leaders have frequently been on the national ticket. Richard M. Nixon carried the state twice in presidential elections and was on the ticket twice as Dwight D. Eisenhower's vice presidential candidate. Ronald Reagan won an astounding 10 primary and general gubernatorial or presidential elections in California.

Even Ford, who had a winter home in Palm Springs, had more of a connection with the state than Bush does. Ford defeated Democratic nominee Jimmy Carter by 14 percentage points in California while narrowly losing the 1976 national election.

The main hope Bush supporters here have is that the Democrats will also nominate a candidate who does not connect with California, and they include both Arkansas Gov. Bill Clinton and former Massachusetts senator Paul E. Tsongas in that category. "Tsongas won't sell here, and Clinton is a southerner," Gorton said.

The most recent Field Research Corp. California Poll last month showed that only 38 percent of Californians were inclined to vote for Bush for reelection, down from 54 percent in September 1991—an approval rating lower than Carter had at a comparable point in 1980. Carter went on to lose the state to Sen. Edward M. Kennedy (D-Mass.) in the primary and Reagan in the general election.

The California Poll did not include trials with potential Democratic candidates.

Bush also faces handicaps here because he is out of step with the socially liberal

California electorate on such issues as abortion and the environment.

One Bush operative here says his "twin nightmares" are continued deterioration in the California economy and a Supreme Court decision overturning the *Roe v. Wade* abortion-rights decision. California was one of the first states to pass permissive abortion legislation, which Reagan signed into law in 1967 during the early months of his governorship. Wilson is a strong supporter of abortion rights, a position that polls show is favored even by a majority of self-described conservative Republicans.

Surveys also show that a majority of Californians remain strongly anti-protectionist, an attitude reflective of the state's economic reliance on exports. Because of these attitudes, pro-Bush Republicans here say they are more concerned about the president's general election prospects than any damage

that might be inflicted on him by the challenge of Patrick J. Buchanan.

Gorton expressed doubt that Buchanan, even if he is still a candidate, would contest California's winner-take-all June 2 primary because of the cost involved.

Nevertheless, Bush supporters have become so concerned since the New Hampshire vote that they are waging an unprecedented effort to endorse the president before Buchanan gets to make his case here. California Republican Chairman James Dignan and his wife, Susan, a GOP county chairmah, are sponsoring a move to suspend the party's rules against pre-primary endorsements and endorse Bush at the state party convention next Sunday.

"It's a pragmatic move," explained Lorelei Kinder, the party's executive director. "This is a difficult state for any Republican except Ronald Reagan, and we've got to put together the organizational pieces early."

2 of 2 P

CLES" For the Record

From remarks by Rep. Henry Waxman (D-Calif.) at a hearing yesterday of the House subcommittee on health and the environment.

The National Institutes of Health outline an AIDS research agenda for 1993 that would cost a little less than \$1.2 billion. That proposal went through several rounds of cuts, not for scientific reasons, but for budget reasons.

~~The final budget is 27 percent below the original.~~ Basically, one out of four opportunities will go unfunded. If the president really wants to know what he can do, he should begin by asking his own NIH scientists.

The budget rhetoric also tells the story. As part of this year's budget, the administration proudly announced that federal AIDS spending is growing rapidly, up by 13 percent over last year, and 118 percent over 1989. ~~What they didn't say is that the growth in these numbers is almost all in the cost of caring for the sick.~~

The growth in the Bush AIDS budget is not because of investments in research or prevention or expanded health services. The growth is because more and more Americans are dying of AIDS, and they are eligible for basic safety net programs because they are elderly, disabled, veterans or poor.

Calling this AIDS spending is a deliberate and cynical sham. This is health and welfare spending, and it is growing because AIDS makes people poor, sick and disabled. Such increases are no more related to research than spending for iron lungs is to immunization programs. Such increases are the mark of a failed plan. This budget is not an agenda of research opportunities, it is a body count.

OCK

IF EDITOR

Photo Copy Preservation

Has anyone noticed that we no longer produce a literature of utopia?
DOUGLAS DAVIS, *Newsweek*, June 14, 1976

MONEY also see **POVERTY; RICHES**

Money is applause.
JACQUELINE SUSANN

To have money is to have time.
ALBERT CAMUS, *A Happy Death*, 1972

Money is a sixth sense which makes it possible for us to enjoy the other five.
RICHARD NEY, "Day at Night," PBS, June 4, 1974

The fuel that keeps the new people moving faster than the speed of worry is money.
WILFRID SHEED, *The Morning After*, 1971

There is something about making money. You can bitch at it and talk about your ego, but make money and it all becomes easy. It even improves your personality.
JOHN M. KING, quoted in *Forbes*, Aug. 15, 1969

That most versatile of all abstractions. . . . Only the poor appreciate the physicality of cash.
KENNETH BAKER, *New York Times*, Feb. 3, 1974

Nobody is a gentleman when big money is involved.
JOHN LEONARD, *New York Times*, July 6, 1976

I figure if somebody's got a dollar, 40 cents of it is mine.
GUY DRAKE, songwriter and hustler, quoted in *Newsweek*, Apr. 13, 1970

I've got all the money I'll ever need if I die by 4 o'clock.
HENNY YOUNGMAN, quoted on "Tomorrow," NBC-TV, Feb. 22, 1977

Because that's where the money is.

ATTRIBUTED TO WILLIE SUTTON ON WHY HE ROBBED BANKS, THOUGH HE DISCLAIMS IT, *Where the Money Was*, 1976

Average award for malpractice up 59% in year

By Joyce Price
THE WASHINGTON TIMES

WT
2/24/92

The average jury verdict award for plaintiffs in medical malpractice cases was nearly \$1.76 million in 1990 and likely exceeded \$1.8 million last year, according to a report in American Medical News.

Jury Verdict Research Inc., which provided the figures, said the 1990 verdict amount was 59 percent higher than the 1989 average of \$1.11 million.

Preliminary data show average verdicts climbed another 3 percent, to \$1.82 million in 1991. If confirmed, that figure would be double the 1987 average verdict amount of \$911,413, the Solon, Ohio, research firm said.

"It would also mean that almost 40 percent of all verdict awards were \$1 million or more," the AMN report said. AMN is the weekly newspaper of the American Medical Association.

The combination of more malpractice lawsuits and larger damage awards forced St. Paul Fire and Marine Insurance Company, the nation's largest liability insurer for doctors, to raise rates an average of 8 percent, the report said.

"Verdicts have gotten dramatically higher over the past few years," said Gary Smith, a Memphis lawyer and chairman of the medical malpractice committee of the Defense Research Institute. DRI is an organization that represents defense lawyers, insurers and "target" defendants in civil litigation, such as doctors, pharmacists and manufacturers.

"There have been any number of \$9 million to \$12 million verdicts," he said. "And I recall one in Kansas City that was in the vicinity of \$40-plus million."

The demographics of jury malpractice verdict awards are "primarily a function of economics," Mr. Smith said. "If you get into a particu-

lar jurisdiction that's heavily uninsured or economically depressed, you see extraordinarily large verdicts." Typically, malpractice awards are highest in urban areas, he said.

In contrast, he said, juries in affluent, conservative areas "look at cases on their merits and understand the cost of judgment will be passed on to everyone."

Mr. Smith cited Tennessee and Ar-

"It would also mean that almost 40 percent of all verdict awards were \$1 million or more," the AMN report said.

kansas as two states where juries seldom find for plaintiffs in malpractice cases. "In [an] excess of 80 percent of [malpractice] cases in Tennessee, no money is awarded," he said.

Jury verdicts also seem contingent on how deep a defendant's pockets appear to be, according to the research firm. When doctors were the only defendants in cases, the average verdict against them was \$1.1 million in 1990.

Hospitals as lone defendants saw average verdicts against them of \$1.8 million that year. But physicians and hospitals as co-defendants saw average verdicts of nearly \$3 million, the report said.

President Bush's proposal for health care reform addresses malpractice reforms, including plans to cap the damages plaintiffs can receive and to settle problems through arbitration rather than litigation.

Jeannie

Memorandum for Speechwriting Staff

From: Dan McGroarty

Regarding: *B/Q Fundraiser*

Please return your comments to
Room 122 by:

lpm

Today's Date: FEB 24 1992

McGroarty/Bunton
February 24, 1992
9:00 am
[SFBQ]

PRESIDENTIAL REMARKS: BUSH-QUAYLE FUNDRAISER
SAN FRANCISCO, CALIFORNIA
FEBRUARY 25, 1992
2:00 P.M.

[Introductory acknowledgements.] [[To paraphrase John Kennedy, I'm touched by that warm response -- but not half as touched as all of you have been.]]

I want to talk today about some of the challenges we face - about the decisions we'll make this election year that will chart this country's course for the next five years ~~to come~~. I want to lay it out straight: What government can do -- and what it can't. What I will do as President -- and where I'll need your help. //

Start with the number one issue on everyone's mind: the economy. One month ago in my State of the Union, I laid out my two-part economic action plan: for the short-term, a plan to get this economy moving as early as this Spring, and a long-term plan to keep America competitive in the new Century ahead. I gave the Democrats who control Capitol Hill a choice. Join with me. Get moving -- or, by God, get out of the way.

I asked Congress to act for the good of the country -- and I gave Congress 52 days to pass my plan. [[Since then, some Democrats have been wrestling with their consciences. It's still too early to predict who'll win.]]

Instead of working on my plan, House Democrats surfaced their own: a tax cut written in invisible ink -- in exchange for

a tax hike chiselled in stone. Ask the people on your street: Is it really worth borrowing from our children to give families an extra twenty-five cents a day? [[That's a tax cut that would make the toothfairy blush.]] /

When the cameras are on, the Democrats will say the right things -- talk about a blueprint for economic recovery. But then the doors close and the back-room brokering begins. In the end, it's the same old Democratic deal: another "jobs bill" for tax collectors.

Things aren't much better in the Senate. Democrats there thought up one way to make their temporary tax cut permanent -- by jacking-up the tax rate for every American making over \$35,000 dollars. [[You heard right: \$35,000 dollars.]] For a plan that's supposed to help the Middle Class, that's going to come as real news to a lot of factory workers and school teachers -- every-day Americans struggling to make ends meet.

Count on it: Democrats are going to tax the Middle Class for the same reason Willie Sutton robbed banks -- because that's where the money is. //

[[SECTION/STATS ON JOB-LOSS IN CALIFORNIA DEFENSE INDUSTRY UNDER PROPOSED DEMOCRATIC PLANS.]]

If you want to give American companies reason to expand, then give them my investment tax allowance. If you want to boost the sagging housing market, if you want to give American families a shot at the American Dream, then don't look to the Democrats.

*Paul Taylor
OMB
4790
said
OK.*

ok

ok

Give first time home-buyers what my plan does: a \$5000 dollar tax credit toward that first home. //

Finally, let me say to the Congress: if you're serious about competitiveness -- if it's more than just an old liberal trying out a new buzzword -- then quit punishing the people who create jobs, and cut the tax on capital gains. //

But for us to turn this economy around, we've got to deal in economic reality. It all comes down to this: to succeed economically at home, we've got to lead economically abroad. //

There's no better case in point than California. From the port of San Francisco to the air terminals at LAX, this state accounts for one in every seven dollars of American exports. In 1990 alone {1991 stats?}, two-way trade reached nearly \$166 billion dollars. For the past five years, that's an average annual increase of 20% -- and state-wide, almost 400,000 jobs tied to trade. //

It's more true today than ever before: America's future lies in open markets.

But our opponents aren't about to let fact intrude on fantasy. / Their prescription for the 90s is to sound an economic retreat -- raise the trade barriers, build new barricades to keep imports out, and take this country back to a dangerous pre-World War Two isolationism.

They come on like the school-yard bully -- but they're really the kid that wants to take their ball and go home. They talk tough -- then run up the white flag. //

April 26, 1991
Fact sheet
Gov. Wilson's
office

fact sheet

Those of us old enough to remember the 1930s aren't anxious to repeat the experience. Let's let our kids read about the 30's in history class -- not re-live them in the 90s.

That's not the American way. We don't cut and run: we compete. We work hard. I've got a lot of faith in the American worker -- because our workers have a lot of faith in themselves. / Clear away the trade barriers -- go head-to-head: and the American worker will out-produce, out-think and out-perform anybody, anyplace, anytime. //

There's a new reality now -- in the way people live and work and look at government. People really don't buy the old "big government" rhetoric. The American people are smarter than that. They've seen enough social engineering. They know the limits of government. They know America's strengths don't spring from government: America's strengths are in her people -- their our families, our communities. Government can't raise your kids to know right from wrong -- it can't legislate happy endings. Government isn't why people work hard, raise a family, save for retirement. //

And people know: As government tries to do more and more - it delivers less and less.

^{In 1993} Each year, the federal government ^{will} spends \$1.5 trillion ^{→ 1993} dollars of taxpayers' money. People are entitled to ask: am I getting my \$1.5 trillion's worth? //

We need to get back to basics. Government is too big -- and it spends too much. We need for government to do less -- but do

Barry Anderson
4630 AMB

Spending 1.5 trilli
\$1.1 trillion
borrowing
46 Test

better. To give people what they want and deserve: safe streets. Good schools. A strong economy and a strong country.

//

Today we see the return of responsibility -- an old idea that never really went out of style.

People have had it with the "no-fault" lifestyle. In their private lives, they know: actions have consequences. What they want is a government whose policies and programs recognize that people are responsible for their actions -- and that government is responsible to the people.

If you think about it, that's nothing more than a working definition of freedom.

Because we believe in responsibility, we believe in education reform. We need to hold our kids and our teachers to a higher standard: and -- here's a radical notion -- let's test our kids to see where we're doing well, and where we need more work. Our schools need a good dose of competition -- with each other. Right now, kids are a captive audience. Give parents a chance to choose their children's schools -- and you'll see our schools start doing their homework. School choice is right -- and school choice will work. //

Because we believe in responsibility, we back legal reform. We've put forward a plan to cut down the number of frivolous lawsuits. They sap our economy and strain our patience. When a father can't coach little league because he's worried about legal liability -- something's wrong. When your neighbor becomes a

plaintiff -- something's wrong. Our country would be a lot better off if we spent as much time helping each other as we do suing each other. //

Because we believe in responsibility, we take a hard line on crime and drugs. For the ^{next} ~~past~~ two days down in San Antonio, I've ^e met with Latin American leaders -- worked ^e with them to sharpen our strategy to beat this scourge. Yes, we're waging a war to cut the supply lines that bring drugs into this country. We also know we've got to wage this war on the demand side as well: focus on effective treatment, drug awareness and education.

But we must also show that actions have consequences: that's why we need stiffer sentences for drug dealers; courts that punish criminals, not honest cops trying to do their jobs - - laws that make life tougher on criminals than on the victims of crime. //

Because we believe in responsibility, we believe in welfare reform. People are willing to support benefits -- Americans care: but they want to see some connection between welfare and work. They want to see governments at every level work together to track down the dead-beat Dads -- the ones who can't be bothered to pay child-support. They want to see us break the cycle of dependency that destroys dignity -- passes down poverty from one generation to the next. That's wrong. And we're going to do something to change it.

Right here in California, Pete Wilson's got a plan that will encourage people on welfare to take work when they can find it -

Drug Summit
26-27th

←

- for pregnant teens or parents to stay in school -- get the education they'll need to make a better future, a future where they won't need that next welfare check.

What can we do to help California? Simple: we can start by getting Washington out of the way. // We can grant waivers from burdensome federal regulations -- help you cut through the web of red tape to real reform. //

These reforms -- economic, to our education, our legal and our welfare systems -- can spark a revolution: a revolution to bring this country home to the bedrock beliefs that have made us great: faith and family. Responsibility and respect. Community and country. / Simple words -- certain truths -- that hold a world of meaning for every American.

Here's what I know about this country's future: No matter how tough times are now -- no matter what trials we face -- America's best day always lies ahead. / I believed that when I was a boy. I believe it now. I'll believe it every day I live - - because that's the great glory of America. //

Thank you, and may God bless the United States of America.

#

House Democrats Scuttle Corporate Income Tax Cut

Leadership's Proposal for 1% Reduction Scrapped to Satisfy Members Unhappy With \$90 Billion Revenue Plan

By Eric Pianin
Washington Post Staff Writer

House Democratic leaders yesterday scrapped a proposal to reduce the corporate income tax rate by one percentage point in a move to reassure Democrats who are uncomfortable with their party's \$90 billion tax proposal and say it does too much for the wealthy.

For the second day in a row, House Democrats complained to Speaker Thomas S. Foley (D-Wash.) and other leaders about the details of the middle-class tax relief and economic growth package, which will be sent to the floor for a vote next week.

Foley predicted that the bill would be approved, despite grumbling within the Democratic caucus and nearly unanimous opposition from Republicans. However, some Democrats complained that the cap-

ital gains tax provisions are more generous to the wealthy than President Bush's proposal and that the package does more to advance the party's political agenda than to help the economy or hold down the deficit.

"I find it incredibly ironic that at the same time the effects of the supply-side economic binge of the '80s are crashing down on the shoulders of every American family, we apparently have a faction of the party that thinks the proper response is to repeat the mistakes of the '80s," said Rep. David R. Obey (D-Wis.).

Meanwhile, Senate Finance Committee Chairman Lloyd Bentsen (D-Tex.) announced that he has abandoned his proposal to pay for middle-class tax relief and economic growth measures by shifting money from the defense budget.

Instead, Bentsen joined with Senate Majority Leader George J.

Mitchell (D-Maine) in calling for an increase in taxes on the rich to pay for the tax package—possibly along the lines of the millionaires' surtax and the increase in the top income tax rate adopted last week by the House Ways and Means Committee Democrats.

Bentsen said he told members of the Senate Democratic caucus yesterday that "any tax cuts that we made would be balanced with tax increases; that we would not look to the peace dividend, that we would stay within the tax structure."

Late last year, Bentsen proposed using a 5 percent cut in defense spending to pay for a \$300 tax credit for children 18 and under and to once again make all individuals eligible for a fully deductible \$2,000 individual retirement account. However, Senate Appropriations Committee Chairman Robert C. Byrd (D-W.Va.) and others have bitterly

opposed using defense savings for tax relief.

Byrd and others have proposed changing the 1990 budget agreement to allow Congress to shift billions of dollars from the defense budget to pay for domestic programs and public works projects as a means of stimulating the economy.

Office of Management and Budget Director Richard G. Darman this week hinted that the administration might go along with a change in the budget agreement for increased domestic spending, if Congress agrees to impose spending ceilings on some mandatory spending programs, other than Social Security and Medicare.

Yesterday, the House Government Operations Committee approved a bill introduced by its chairman, Rep. John Conyers Jr. (D-Mich.) that would alter the agreement by eliminating the "fire walls"

that prevent defense money from being shifted to domestic programs.

The House Democratic economic package was formally introduced late yesterday, after Ways and Means Democrats lopped off the proposed cut in the corporate tax rate and a proposed one percentage point reduction in the corporate alternative minimum tax rate.

Many Democrats complained that the provisions, costing \$17 billion over five years, were too generous for the business community. Moreover, corporate lobbyists, who were miffed by another provision aimed at penalizing companies that pay their top executives more than \$1 million annually, did practically nothing to save the corporate tax rate reduction.

The bulk of the savings from eliminating the two provisions will go for deficit reduction, Ways and Means aides said.

United States Olympic Committee

(719) 632-5551

Colorado Springs, Co.

Kristi Yamaguchi:

- first U.S. woman to win Olympic Gold Medal in figure skating since Dorothy Hamill in 1976.

2 tier
photo B/Q

Carv press

140 guests

GOV. WILSON

lunch open press

Canal Ballroom

700 guests

St. Francis Hotel - San Francisco

Advance goes in tom.

Katly Hutchinson - Kejys Pol.
6510 - 167

Martin Payne lead →
Call Thurs or Fri.

Advance team
goes out tom.
Wednesday
Feb. 19th

Martin in San Fran.

5:10 P.
WDC

- Lamb chops -

[3 from Japan]

MIYANAMI JUNKO

M/M Miyamoto Junko
HARU
Haru

interpreter

Food processing owners

table got Dick Losey
415-421-3840

Kathi Boyd \$160,000 assist @ cost
\$100,000 @ event

\$250,000 total for BO 92

Menu for lunch in San Fran
18092

for bread some tomatoes

Burgers margarine

Bassem Urquhart

Alpina nra format chur

~~red curly curly and/or / belgian nris~~

→ Veggie

baby carrots / asparagus / yellow squash
new potato

Meat & Lamb

→ Dessert

Flour the cup that is more new
caramel on raspberry sauce

Wagard → Landmark Wines

Band from Skyline^{Jr.} College

Meal POTUS & ent -

2nd demonstration -

ACT-UP

Protestors

City park access from
Hotel St. Francis
Westin

→ direct accn Union Square

- Cable Cars directly in front

POTUS INTRO EDU. WILSON

THO - CLASSICAL MUSIC
Play⁶ during luncheon

Form Gov. Denkmejian

Geo. Schmitze - MC 4 prog.

CEOs Bank of Am.

Bechtel

Levis Straus

Ag. leaders

strong foreign trade influ

strong Chinese - Amer/Nat'

support of campaign have

7 tables (rounds)

2 people fly⁶ in from
Japan

* Mrs. Wilson make brief
remarks to Mrs. Bush

21 Feb 11:50 a.m. WDC time

Martin just having
mtg. w/ host committee
w/ fax and phone after
mtg. over —

- ▲ Carolyn Cowley → Gov. Wilson's off. California
San Francisco line on what's happenj
out there

Gov. Pete Wilson

(916) 445-2841

SAN FRANCISCO office 415-703-2218

McGroarty/Bunton
February 19, 1992
9:00 am
[SFBQ]

*24 days not counting
25th - until 20 March
deadline*

PRESIDENTIAL REMARKS: BUSH-QUAYLE FUNDRAISER
SAN FRANCISCO, CALIFORNIA
FEBRUARY 25, 1992
~~XX:00 A.M.~~
12:20 P.M.

[Introductory acknowledgements.] [[To paraphrase John F. Kennedy, I'm touched by that warm response -- but not half as touched as all of you have been.]]

I want to talk today about some of the challenges we face. What government can do -- and what it can't. What I will do -- and how I'll ask you to help. //

The state of the economy.... [My plan -- the Dems plan...]

The problem goes far beyond helping the 7% who want work and can't find it. It's the millions of Americans who've seen their incomes go down -- or who've seen that happen to friends or family, and worry they'll be next.

That worry can stop the recovery right in its tracks. Women who put their real estate career ^(S) on hold, decide they'll stay home with the kids. People stuck in jobs that don't stretch their capabilities -- people marking time in part-time work. When ⁴ people find their options squeezed -- their opportunities narrowed.... The casualty is confidence. //

//////////

California and trade.... Demand that people "buy American" -- but they can't figure out what parts of what product were made

underemployment

←

here or made abroad, and what foreign-owned companies build what they sell right here in America. Shouldn't that tell us something about today's economy?

But our opponents -- on the left and on the right -- aren't about to let fact obscure fantasy. Their prescription for the 90s is to retreat into a dangerous pre-World War Two isolationism. For those of us old enough to remember.... Let's let our kids read about the 1930s in history class -- not re-live it.


////////////////

People really don't buy the old rhetoric, the Golden myths of the Great Society. People know government can't do it all -- and they're tired of politicians who say it can. They know government can't just give you a job. It can't raise your kids - - it can't legislate a happy ending. //

Government tries to do more and more -- and delivers less and less. Look back over the past twenty-five years -- over a generation of creeping centralism -- every inch of the road paved with the ^g proverbial good intentions.

See where it's got us -- see where we need to go.

Let government do less -- but do better. Each year, the federal government spend ^(S) \$1.5 trillion dollars of taxpayers' money. People are entitled to ask: am I getting my \$1.5 trillion's worth? //



And when government gains a sense of its own limits -- let's leave the field open for people to do the rest....

Today we see the return of responsibility.

After decades of being told that people People have had it with the "no-fault" lifestyle. In their private lives, they know: actions have consequences. What they want from government is some sense in its policies and programs that people are responsible for their actions. //

*government is held responsible
need to hold government responsible*

And if you think about it, that's nothing more than a working definition of freedom.

Choice in schools. Our schools won't work hard as long as kids are a captive audience. Give parents a chance to choose their schools -- and you'll see our schools *hustling for extra credit.*

National health care. Right now, we've got the . The problem is access -- opening up our system to all Americans, without destroying choice. My plan will do that.

We want to see the law: laws that are as tough on criminals -- courts that punish criminals, not honest cops trying to do their jobs. Laws that are tougher on criminals than on victims of crime. //

People want to see us track down the dead-beat Dads -- the ones who can't be bothered to pay child-support. They want to see welfare reform -- they want to see some connection between welfare and work. / Break the cycle of dependency that passes....

Right here in California, Pete Wilson's got a plan....

What can we do to help California? Simple: we're going to get Washington out of the way. // Waivers, to help you cut loose from the red tape...

Say they're doing it for the forgotten Americans. When their taxes go up and the new regulations come down, they'll yearn for the day they'll be forgotten again -- the day they can go about their lives in peace.

We've got to get past the class warfare.... The war between the "haves" and the "have-nots" that always catches the Middle Class in the crossfire. Cut through it all, and get ^{back to} ~~at~~ the basics.

We've won the Cold War. We've led a revolution that brought freedom to millions around the world.

^{What now? What next?}
No mystery, really. People want a government that works. / That should not be -- that cannot be -- too much to ask. //
CONCLUSION.....

That's what this election is all about. That's why I need you^s support....

Thank you, and may God bless the United States of America.

#

Cold War with the Democrats/Congress

"Liberty means responsibility. That is why most men dread it." Shaw, George Bernard

CLARENCE PAGE

Pro-choice groups like the American Civil Liberties Union and the NOW Legal Defense Fund don't normally find themselves on the same side with staunch pro-life groups, but that was before New Jersey's new welfare reform law.

Democratic Gov. Jim Florio's new law, which is awaiting a requested waiver of federal regulations that prevent its full implementation, offers a number of carrot-and-stick incentives to responsible behavior but none more controversial than a provision to withhold the extra \$64 a month per child in additional benefits that families (90 percent of which are headed by single women) currently receive when they have more than one child while on welfare.

Since that restricts the woman's choices to those that favor abortion or abandonment, pro-choice and pro-life groups alike find something to dislike in it.

And if you think for a moment that this is New Jersey's dilemma to fight alone, stay tuned. It may be coming soon to a governor near you. The behavior-modification approach to government benefits is sweeping the country.

California's Republican Gov. Pete

Clarence Page is a nationally syndicated columnist.

The flip side of welfare 'reform'

Wilson already has proposed similar moves to Mr. Florio's. They include refusing extra benefits for a second out-of-wedlock child, cutting welfare payments up to 25 percent and penalizing recipients whose children skip school regularly.

Similarly, Wisconsin's "Learnfare," which withholds some benefits from welfare families whose kids drop out of school, is inspiring copycats, just as several states have taken to withholding drivers' licenses from dropouts.

Democratic front-runner Bill Clinton probably expresses the attitudes of a compassionate but fed-up middle class best when he says in his stump speech: "So, I say to people up and down the line that we will help you, but we want you to change."

Just as many conservatives reason taxpayers shouldn't have to pay for art they don't like, so is it similarly reasoned by many taxpayers that they shouldn't have to pay for behavior they don't like.

How does President Bush feel about letting the states do this? He offered important clues in his recent State of the Union address:

"Ask American parents what they dislike about how things are in our

country and chances are good that pretty soon they'll get to welfare..."

"States throughout the country are beginning to operate with new assumptions: that when able-bodied adults receive government assistance, they have responsibilities to the taxpayer."

Then came the payoff:

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

Translation: Expect to see more politically and economically inspired behavior-modification programs like those mentioned above.

So, what's wrong with that? Not much, on the surface. Unfortunately, the surface here isn't very deep.

As critics of government programs like to say, even the best ideas have unintended consequences: New Jersey's "wedfare" encourages unwanted abortions; "Learnfare" awards a dubious amount of leverage to children by, in effect, giving them control over the family welfare check.

And if a "workfare" program obliges single mothers to work without adequate day care and other support systems that states are hard-pressed to provide these days, it only imposes new hardships instead of removing old ones. Not much compassion there.

Mr. Bush is correct to say we need to operate under some new assumptions, but he failed to disclose fully the current state of the old assumptions.

Had his speech been driven by constructive rather than political impulses, he might have mentioned that the Family Support Act, passed by a remarkable bipartisan consensus and signed by President Reagan in 1988, enacted into law much of what Mr. Bush presented to the public as new ideas.

It provides \$1 billion a year to the states in matching funds to set up education, training, counseling and day-care requirements under the JOBS (Job Opportunity and Basic Skills) program so welfare recipients can be weaned off the dole.

Unfortunately, the Washington-based Center on Budget and Policy Priorities reports that the states

have been claiming only half of the available \$1 billion a year because most states are currently in debt and unable to come up with the money to be matched.

So, if the president really wants to do something immediately to put welfare recipients to work, he could take steps to lift the matching requirements and make the program a direct grant.

But this is a campaign year, polls show almost no one has heard of the Family Support Act or the JOBS program, and the president shows little interest in telling Americans about it. Instead, he fans the flames of middle-class resentment by calling for programs that already exist.

After all, it's more convenient to use welfare as a divisive "wedge" issue, as party advisers call it, than to build on the national consensus that already is forming in favor of genuine reform.

It's a flash of demagoguery that must bring a smile to the lips of David Duke.

Too bad, but I guess we shouldn't be surprised. After all, didn't Mr. Bush promise to do "whatever is necessary" to win re-election? He wasn't kidding.

McGroarty/Bunton
February 24, 1992
9:00 am
[SFBQ]

PRESIDENTIAL REMARKS: BUSH-QUAYLE FUNDRAISER
SAN FRANCISCO, CALIFORNIA
FEBRUARY 25, 1992
2:00 P.M.

[Introductory acknowledgements.] [[To paraphrase John Kennedy, I'm touched by that warm response -- but not half as touched as all of you have been.]]

I want to talk today about some of the challenges we face -
- about the decisions we'll make this election year that will chart this country's course for the next five years to come. I want to lay it out straight: What government can do -- and what it can't. What I will do as President -- and where I'll need your help. //

Start with the number one issue on everyone's mind: the economy. One month ago in my State of the Union, I laid out my two-part economic action plan: for the short-term, a plan to get this economy moving as early as this Spring, and a long-term plan to keep America competitive in the new Century ahead. I gave the Democrats who control Capitol Hill a choice. Join with me. Get moving -- or, by God, get out of the way.

I asked Congress to act for the good of the country -- and I gave Congress 52 days to pass my plan. [[Since then, some Democrats have been wrestling with their consciences. It's still too early to predict who'll win.]]

Instead of working on my plan, House Democrats surfaced their own: a tax cut written in invisible ink -- in exchange for

a tax hike chiselled in stone. Ask the people on your street: Is it really worth borrowing from our children to give families an extra twenty-five cents a day? [[That's a tax cut that would make the toothfairy blush.]] /

When the cameras are on, the Democrats will say the right things -- talk about a blueprint for economic recovery. But then the doors close and the back-room brokering begins. In the end, it's the same old Democratic deal: another "jobs bill" for tax collectors.

Things aren't much better in the Senate. Democrats there thought up one way to make their temporary tax cut permanent -- by jacking-up the tax rate for every American making over \$35,000 dollars. [[You heard right: \$35,000 dollars.]] For a plan that's supposed to help the Middle Class, that's going to come as real news to a lot of factory workers and school teachers -- every-day Americans struggling to make ends meet.

Count on it: Democrats are going to tax the Middle Class for the same reason Willie Sutton robbed banks -- because that's where the money is. //

If you want to give American companies reason to expand, then give them my investment tax allowance. If you want to boost the sagging housing market, if you want to give American families a shot at the American Dream, then don't look to the Democrats. Give first time home-buyers what my plan does: a \$5000 dollar tax credit toward that first home. //

Finally, let me say to the Congress: if you're serious about competitiveness -- if it's more than just an old liberal trying out a new buzzword -- then quit punishing the people who create jobs, and cut the tax on capital gains. //

But for us to turn this economy around, we've got to deal in economic reality. It all comes down to this: to succeed economically at home, we've got to lead economically abroad. //

There's no better case in point than California. From the port of San Francisco to the air terminals at LAX, this state accounts for one in every seven dollars of American exports. In 1990 alone {1991 stats?}, two-way trade reached nearly \$166 billion dollars. For the past five years, that's an average annual increase of 20% -- and state-wide, almost 400,000 jobs tied to trade. //

It's more true today than ever before: America's future lies in open markets.

But our opponents aren't about to let fact intrude on fantasy. / Their prescription for the 90s is to sound an economic retreat -- raise the trade barriers, build new barricades to keep imports out, and take this country back to a dangerous pre-World War Two isolationism.

They come on like the school-yard bully -- but they're really the kid that wants to take their ball and go home. They talk tough -- then run up the white flag. //

Those of us old enough to remember the 1930s aren't anxious to repeat the experience. Let's let our kids read about the 30's in history class -- not re-live them in the 90s.

That's not the American way. We don't cut and run: we compete. We work hard. I've got a lot of faith in the American worker -- because our workers have a lot of faith in themselves. / Clear away the trade barriers -- go head-to-head: and the American worker will out-produce, out-think and out-perform anybody, anyplace, anytime. //

There's a new reality now -- in the way people live and work and look at government. People really don't buy the old "big government" rhetoric. The American people are smarter than that. They've seen enough social engineering. They know the limits of government. They know America's strengths don't spring from government: America's strengths are in her people -- their our families, our communities. Government can't raise your kids to know right from wrong -- it can't legislate happy endings. Government isn't why people work hard, raise a family, save for retirement. //

And people know: As government tries to do more and more - - it delivers less and less.

Each year, the federal government spends \$1.5 trillion dollars of taxpayers' money. People are entitled to ask: am I getting my \$1.5 trillion's worth? //

We need to get back to basics. Government is too big -- and it spends too much. We need for government to do less -- but do

better. To give people what they want and deserve: safe streets. Good schools. A strong economy and a strong country.

//

Today we see the return of responsibility -- an old idea that never really went out of style.

People have had it with the "no-fault" lifestyle. In their private lives, they know: actions have consequences. What they want is a government whose policies and programs recognize that people are responsible for their actions -- and that government is responsible to the people.

If you think about it, that's nothing more than a working definition of freedom.

Because we believe in responsibility, we believe in education reform. We need to hold our kids and our teachers to a higher standard: and -- here's a radical notion -- let's test our kids to see where we're doing well, and where we need more work. Our schools need a good dose of competition -- with each other. Right now, kids are a captive audience. Give parents a chance to choose their children's schools -- and you'll see our schools start doing their homework. School choice is right -- and school choice will work. //

Because we believe in responsibility, we back legal reform. We've put forward a plan to cut down the number of frivolous lawsuits. They sap our economy and strain our patience. When a father can't coach little league because he's worried about legal liability -- something's wrong. When your neighbor becomes a

plaintif -- something's wrong. Our country would be a lot better off if we spent as much time helping each other as we do suing each other. //

Because we believe in responsibility, we take a hard line on crime and drugs. For the past two days down in San Antonio, I've met with Latin American leaders -- worked with them to sharpen our strategy to beat this scourge. Yes, we're waging a war to cut the supply lines that bring drugs into this country. We know the value of treatment, drug awareness and education. But we must also show that actions have consequences: that's why we need stiffer sentences for drug dealers; courts that punish criminals, not honest cops trying to do their jobs -- laws that make life tougher on criminals than on the victims of crime. //

Because we believe in responsibility, we believe in welfare reform. People are willing to support benefits -- Americans care: but they want to see some connection between welfare and work. They want to see governments at every level work together to track down the dead-beat Dads -- the ones who can't be bothered to pay child-support. They want to see us break the cycle of dependency that destroys dignity -- passes down poverty from one generation to the next. That's wrong. And we're going to do something to change it.

Right here in California, Pete Wilson's got a plan that will encourage people on welfare to take work when they can find it - - for pregnant teens or parents to stay in school -- get the

education they'll need to make a better future, a future where they won't need that next welfare check.

What can we do to help California? Simple: we can start by getting Washington out of the way. // We can grant waivers from burdensome federal regulations -- help you cut through the web of red tape to real reform. //

These reforms -- economic, to our education, our legal and our welfare systems -- can spark a revolution: a revolution to bring this country home to the bedrock beliefs that have made us great: faith and family. Responsibility and respect. Community and country. / Simple words -- certain truths -- that hold a world of meaning for every American.

Here's what I know about this country's future: No matter how tough times are now -- no matter what trials we face -- America's best day always lies ahead. / I believed that when I was a boy. I believe it now. I'll believe it every day I live - - because that's the great glory of America. //

Thank you, and may God bless the United States of America.

#



THE GOVERNOR'S OFFICE

FACSIMILE

DATE: February 20, 1992
TO: Ms. Jeannie Bunton
Speech Writing Office
The White House

PAGES (Incl. Cover): 3

FAX#: 202/456-6218

FR: April E. Geary

FAX#: _____

MESSAGE:

Jeannie:

Please see the attached 1990 California Trade Highlights which tells in brief about exports and direct investment in the State.

If you need further information, don't hesitate to call.

Regards,

Please contact _____ at (916) 445-6075 _____ if all pages have not been received.

CALIFORNIA STATE WORLD TRADE COMMISSION

1990 CALIFORNIA TRADE HIGHLIGHTS



THE FOLLOWING INFORMATION profiles California's international trade performance. Leading the United States in exporting, California accounts for one out of every seven U.S. export dollars. In 1990, California exported over \$58 billion in goods, and state ports handled two-way trade valued at nearly \$166 billion.

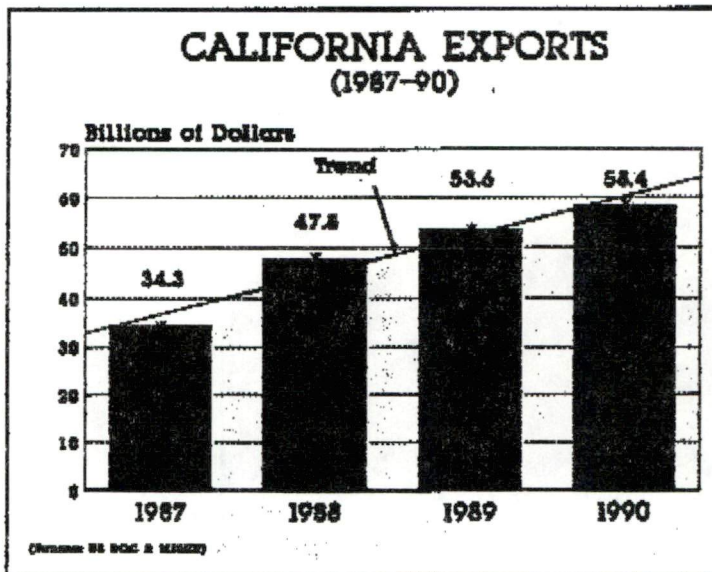
THE EXPORT PICTURE

California exports grew quickly in the latter half of the 1980s, increasing by an average of 20 percent per year between 1987 and 1990. Trade growth peaked in 1988 at 39 percent, followed by moderate growth in 1989 and 1990 of 12 percent and 9 percent respectively.

California's foreign trade continues to boost state economic performance, accounting for 9 percent of the estimated \$55 billion increase in gross state product in 1990.

CALIFORNIA PRODUCTS

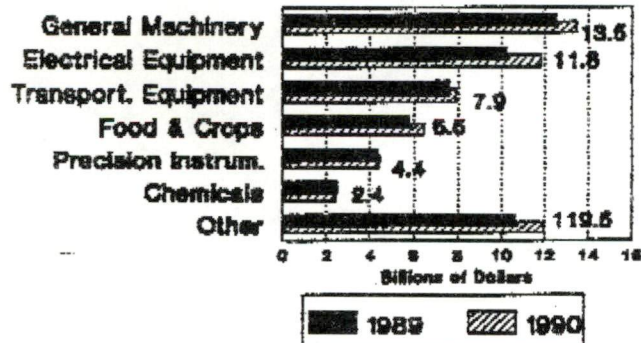
California producers' high quality and diverse products are in strong demand from buyers around the world. The state's top three product categories account for close to 60 percent of all



California exports. General Machinery -- including industrial and commercial machinery and computer equipment -- is the state's top export at \$13.5 billion. Electrical Equipment exports, consisting of telecommunications equipment, consumer electronics, and electrical machinery, totaled \$11.8 billion in 1990. Third-ranked Transportation Equipment, including motor vehicles, aerospace products and railroad and boat equipment, posted overseas sales of \$7.9 billion.

California's fastest growing major export segment was Electrical Equipment (16 percent) followed by Food and Crops (12 percent). Other leading categories grew at modest rates with General Machinery, Transportation Equipment and Precision Instruments experiencing 8, 5, and 2 percent growth respectively. Chemical product exports were the only exception to the otherwise healthy growth of California commodities, seeing a downturn of 4 percent in overseas sales. California plays a leading role in United States export development, averaging a 15 percent share of U.S. commodity exports. Leading the United States are California's exports of Electrical Equipment, Precision Instruments and General Machinery, which hold 27, 21, and 20 percent shares of all U.S. overseas sales.

TOP CALIFORNIA EXPORTS (1989-90)

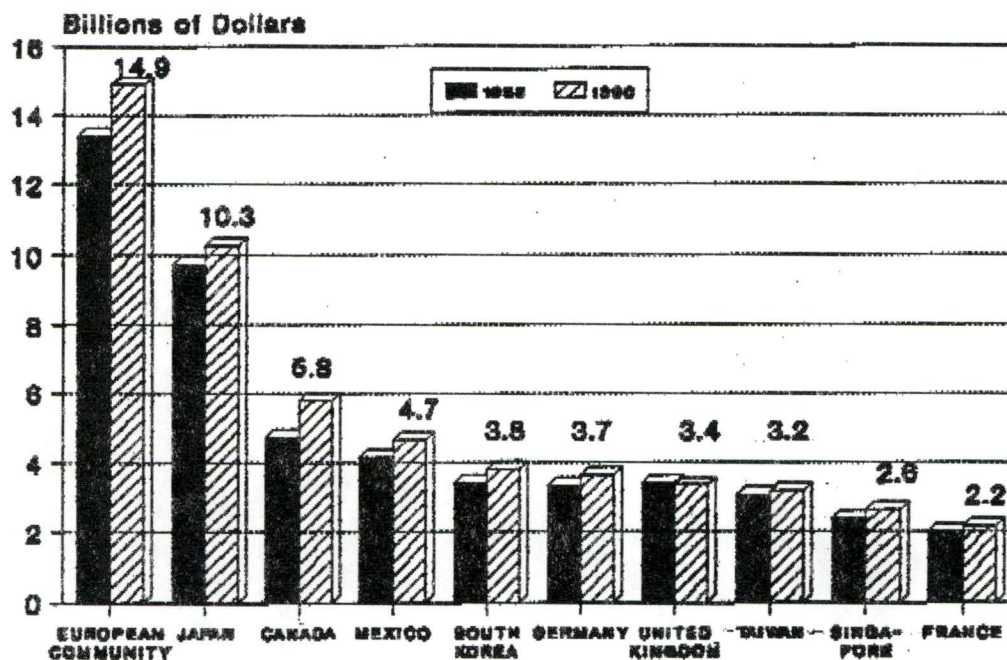


PLEASE NOTE: Data presented in this analysis are adjusted figures, accounting for the difference between reported and actual export values. The source for this information is the U.S. Department of Commerce

EXPORT MARKETS

The Golden State's products are sold in virtually all parts of the globe. California's top ten markets, ranging from Asia to Europe, account for over 70 percent of all state exports. The European Community, as a consolidated market, is the number one destination for California products, consuming \$14.9 billion or 25 percent of all California exports. Japan, Canada and Mexico represent the top three single-country markets, receiving \$10.3, \$5.8, and \$4.7 billion respectively in California merchandise. The fastest growing major market for California goods in 1990 was Canada, increasing purchases by 22 percent from 1989. Other key growing markets for the state's products were the Netherlands (16 percent), Mexico (12 percent), and South Korea (11 percent), while California's largest export market - Japan - increased purchases by a modest 5 percent over 1989.

TOP CALIFORNIA EXPORT MARKETS (1989-90)

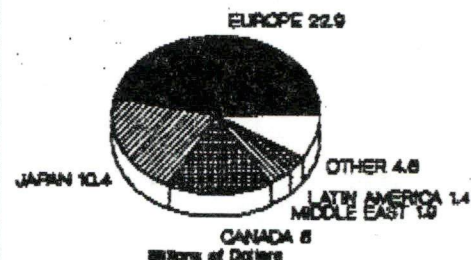


FOREIGN INVESTMENT

Overseas investment in California reached nearly \$50 billion in 1988, increasing 15 percent from 1987. Top investors include European nations, Japan and Canada. Total employment attributable to foreign investment was 390,300 in 1988, rising 20 percent from 324,200 jobs in 1987.

FOREIGN INVESTMENT IN CALIFORNIA (1988)

DISTRIBUTION OF INVESTORS



GENERAL STATISTICS 1990

Gross State Product \$731.2 billion
 Population 30.4 million
 Civilian Labor Force 14.7 million
 Unemployment 5.6 percent
 Inflation Rate 5.5 percent

Trade Through California's Custom Districts
TOTAL \$165.7 billion
 Port Exports \$68.6 billion
 Port Imports \$97.1 billion

THE CALIFORNIA STATE WORLD TRADE COMMISSION is the export development arm of California state government. Since its creation in 1983, the Commission has supported over \$500 million dollars in exports through assisting businesses with export financing, marketing, and trade policy advocacy. For further information please contact:

CALIFORNIA STATE WORLD TRADE COMMISSION
 1121 L Street, Suite 310 • Sacramento, CA 95814
 Telephone: (916)324-5511 • Fax: (916)324-5791

CALIFORNIA STATE WORLD TRADE COMMISSION



CALIFORNIA EXPORT TRADE WITH THE ASIA/PACIFIC 1990 (In dollars)

According to state of origin export figures from the U.S. Department of Commerce the Pacific Rim absorbed \$26 billion worth of California goods in 1990, comprising 46% of the state's total exports. U.S. exports to the Pacific Rim reached \$114 billion, comprising 29% of the total U.S. export volume.

COUNTRY	CA EXPORTS	% OF CA EXPORTS	US EXPORTS	% OF US EXPORTS	CA % OF US
JAPAN	10,265,892,048	17.6%	48,584,647,095	12.4%	21.1%
SOUTH KOREA	3,789,211,876	6.5%	14,398,719,586	3.7%	26.3%
TAIWAN	3,165,183,739	5.4%	11,482,402,725	2.9%	27.6%
SINGAPORE	2,640,108,128	4.5%	8,019,122,135	2.0%	32.9%
HONG KONG	1,684,961,981	2.9%	6,840,412,741	1.7%	24.6%
AUSTRALIA	1,508,557,546	2.6%	8,534,725,966	2.2%	17.7%
MALAYSIA	1,232,458,775	2.1%	3,424,700,246	0.9%	36.0%
PHILIPPINES	785,258,036	1.3%	2,471,573,689	0.6%	31.8%
CHINA	655,858,407	1.1%	4,807,332,471	1.2%	13.6%
THAILAND	594,022,326	1.0%	2,991,478,550	0.8%	19.9%
INDONESIA	284,287,195	0.5%	1,896,734,810	0.5%	15.0%
NEW ZEALAND	275,734,898	0.5%	1,133,299,860	0.3%	24.3%
BRUNEI	28,129,612	0.0%	142,677,287	0.0%	19.7%
PACIFIC TOTAL	26,909,664,567	46.0%	114,727,827,161	29.2%	23.4%

Post-It™ brand fax transmittal memo 7671 # of pages > 1

To	JEANNIE BUNTON	From	APRIL GEARY
Co.		Co.	
Dept.		Phone #	916 445 6075

**CALIFORNIA STATE
WORLD TRADE COMMISSION**

Post-It™ brand fax transmittal memo 7671 # of pages > 1

To Jeannie Bunton	From April Geary
Co.	Co.
Dept.	Phone # 916/445-6075
Fax # 202/456-6218	Fax #



**CALIFORNIA EXPORTS
(STATE OF ORIGIN OF MOVEMENT)
A 1990/1991 COMPARISON
(in dollars)**

STATE OF CALIFORNIA EXPORTS

	1990	1991
Quarter 1	\$14,163,648,732	\$15,485,779,839
Quarter 2	\$14,367,164,211	\$16,069,731,586
Quarter 3	\$14,382,680,904	\$14,861,164,884
→ Quarter 4	\$15,516,950,615	not yet available
TOTAL	\$88,430,444,462	not yet available
→ TOTAL FOR QTRS 1-3	\$42,913,493,847	\$46,416,676,309

The following are Quarter 4 California export/state of origin figures that provide a historical reference:

Quarter 4	
1987	\$ 9.7 billion
1988	\$12.9 billion
1989	\$13.5 billion
1990	\$15.5 billion

US TRADE

→ 1990 total US exports:	\$393,592,300,000
→ 1991 total US exports:	\$421,850,700,000

Source: Massachusetts Institute for Social and Economic Research (MISER) and US Department of Commerce



OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

FACSIMILE TRANSMISSION SHEET

TO: Jeannie Dunton

AFFILIATION: _____

PHONE #: _____

FAX #: (202) 456-6218

FROM: _____

Adrienne O'Neal

Phone Number (202) 467-9890
FAX Number (202) 467-9899

NUMBER OF PAGES INCLUDING COVER SHEET: 11

Please call (202) 467-9890 if there is a problem with this transmission.

3 documents:

- 1) Fact Sheet on Progress
- 2) Scope Paper
- 3) Draft Declaration

This should be overkill. Call me if you need to.

A.

Fact Sheet

Summit Participants Make Progress in War on Drugs

The Declaration of Cartagena, signed in 1990 by the Presidents of Bolivia, Colombia, Peru, and the United States, outlines a long-term regional strategy of cooperation against illegal drug traffic. Actions by these governments to eradicate the drug problem are being supplemented by the efforts of Mexico, Ecuador, and Venezuela. Positive results of these initiatives to date include the following:

- The Bolivian Government has replaced several senior counter-narcotics officials who had been found corrupt or incompetent. Bolivian forces returned to government control a key town which had been used by drug traffickers as a command center. The Bolivian army and police force conducted a joint operation in remote sites near Brazil which led to the capture of four laboratories and communications equipment. Pressure generated by successful anti-drug operations by the government, as well as its pledge not to extradite traffickers, have resulted in the surrender of eight of Bolivia's most wanted drug criminals.
- Colombia's new public order courts, established to review cases of suspected drug traffickers, have a 60% conviction rate in the prosecution of traffickers, a dramatic increase over the regular courts. Top Medellin traffickers, including Pablo Escobar and the Ochoa brothers, have surrendered and are now in the hands of these

courts. Colombian authorities recently began an offensive against traffickers in Cali, raiding their offices and seizing thousands of documents containing evidence of money laundering. Over the past 2 years, the Colombians have captured more than 500 laboratories, including two major processing sites where they seized nearly 40 tons of coca products. In an effort to halt the rapid increase in opium production, authorities have destroyed almost 1,500 hectares of poppies.

- In Peru, coca cultivation has leveled off over the past 2 years. In 1991, Peruvian aircraft tracked more than 55 suspected trafficker flights in the Upper Huallaga Valley. The air force is conducting an operation with the United States and other regional governments to intercept aircraft violating Peruvian airspace.

- In 1991, Venezuela seized 8.7 tons of cocaine, more than twice the amount captured in 1990. Venezuela became the first country to sign a reciprocal ship-boarding agreement with the United States permitting the inspection by each country's authorities of vessels from the other country suspected of carrying illicit drugs. The Venezuelans recently arrested 40 persons suspected of shipping 7 tons of cocaine to the United States and seized aircraft, farms, businesses and other assets.

- Ecuador has sustained a successful program, initiated in the 1980s, to suppress coca cultivation. The air force participates with the United States and other regional governments in an operation to monitor violations of Ecuadorian airspace.

- Mexico has captured more than \$1 billion in assets of drug traffickers since 1990 and is using these funds to establish anti-narcotics programs. Continuing its efforts to eradicate opium poppy production, the government destroyed more than 4,650 hectares in 1990. Mexico's Northern Border Response Force has become increasingly more effective in drug interdiction, due to greater mobility and enhanced intelligence capabilities.

→ The Andean countries, Mexico, and the United States have pledged enhanced cooperation to control the movement of essential chemicals used in the production of drugs, to improve interdictions of suspected drug traffickers, to exchange tax information related to potential cases of money laundering, and to share intelligence data. Building on a significant record of accomplishments, they will work to stimulate greater trade and investment opportunities in the Andean countries and to encourage alternative development projects in an effort to combat the production and transport of illegal drugs. ■



Washington, D.C. 20520

SCOPE PAPER

The second anti-drug summit will be an opportunity to demonstrate (1) the success of our programs since Cartagena which have sharply decreased consumption and seriously disrupted trafficker operations, (2) build support for further progress through more effective and more regionally coordinated operations, (3) improve political will and motivate the producer and drug transit countries to do better in areas where they have performed poorly, and (4) launch new initiatives to ensure that our efforts for narcotics control will help the economies, the environment and the justice systems in the region. The adoption last week of the Andean Trade Preference legislation gives a powerful sign of our positive intent.

SUCCESSSES SINCE CARTAGENA

Much has been accomplished since the February 1990 summit.

- o In addition to increased trade access, we have delivered \$250 million in economic assistance. We have given Peru the aid it needs to help free it from its debt crisis.
- o The police and militaries of the producing countries are attacking the narcotics industry as never before. The Andean countries have received \$356 million in interdiction assistance, as foreseen at Cartagena. Mexico has become an aggressive partner in interdiction and last year received helicopters and other interdiction assistance for the first time. Our detection and intelligence sharing assistance has increased the effectiveness of our operations and theirs. Major coordinated operations are underway in all countries.
- o The Cartagena summit emphasized bilateral cooperation, with the United States going one on one with each of the three producer countries. We signed six agreements on such topics as control of essential chemicals, weapons export control, public awareness, tax information exchange, and extradition.
- o After Cartagena, we signed counternarcotics-related bilaterals with Venezuela (money laundering), Ecuador (an essential chemicals agreement), Colombia (agreements on essential chemicals and asset sharing), and Peru (a drug control and alternative development pact and a money laundering agreement).

MEASURING SUCCESS

While the amount of activity and cooperation since Cartagena is impressive, we will be judged ultimately by the success of our efforts in staunching the flow of cocaine to the United States, decreasing consumption, and improving the ability of local governments to dismantle trafficker networks.

- o There is debate over the hard-to-measure narcotics business, but we know that the total area devoted to coca production is down after years of increase; the wholesale price of cocaine in the United States has not declined since Cartagena despite a 50% decline in the number of cocaine consumers in the US; and other statistics showing patterns of use (such as drug-related emergency room admissions) are also down.
- o While the Andean countries are still under pressure from criminal organizations, those who led the Medellin Cartel in 1990 are now either dead or in prison; narcoterrorism has decreased greatly; and Bolivia has lured eight criminal capos to surrender.

The coming summit must also tackle some unfinished business and set a new agenda.

UNFINISHED BUSINESS

Regionalize Chemical Controls

1.4.95
We have been moving toward chemical control agreements with several countries. We are investigating the possibility of a multilateral agreement to create a COCOM-like organization to control essential precursor chemicals. This could involve about twelve countries, including Japan and the Europeans, and could significantly reduce cocaine production.

Agreements on Essential Data

We will prepare statistical information showing the progress we have made in reducing domestic demand and the amount of coca cultivated. Our goal is an agreed data base, drawn from sources we can identify to foreign governments, available for consultations with the summit invitees. We must reach a consensus about what we have accomplished and relate accomplishments to our programs in a public relations effort.

Progress Reports and Country Strategy

We will ask each government to work out a document (the form could be different for each) which evaluates where we have been and lays out specific objectives for the future.

Vienna Convention

Of the six countries attending, five have signed and ratified the Convention. Colombia has signed but not yet ratified. We will encourage Colombian ratification prior to the summit.

Bilateral Agreements

Agencies or embassies have expressed interest in concluding money-laundering and asset sharing agreements with Ecuador, asset sharing and essential chemical agreements with Venezuela, and Tax Information and Exchange and money-laundering agreements with Colombia--all before the summit.

NEW BUSINESS

The next summit should concentrate on multilateral efforts to improve cooperation among the Andeans and Mexico and the United States. The summit should build on cooperative efforts already taking place and institutionalize successful procedures. At the same time, we must state frankly our disappointment that in some aspects of the fight against narcotics, our allies have shown a lack of political will to take the measures necessary for success. The US should seek agreement for follow-up actions on the initiatives that result from the summit.

Multilateral Initiatives

a) International Interdiction Committee: Our immediate goal is to establish such a regime and persuade the Andean countries and Mexico to name enforcement officials (including both police and military) to meet regularly with their counterparts. Our long term goal is to use the organization to facilitate operational cooperation and evaluation of programs.

b) The declaration should provide a clear agenda for the interdiction committee, and request follow up on the initiatives, including:

- o A combined air traffic network that supports effective air intercepts, regulations that permit seizures of planes violating procedures, procedures that permit routine detection and monitoring of overflights and hot pursuit of planes.
- o True joint operations, lowering many of the barriers to effectiveness in the past: including exchange or lending of equipment and personnel, permission for cross border operations where it is most efficient and effective, permission for hot pursuit in selected cases, and joint border customs inspections.
- o Regional information sharing and central data bases on narcotics investigations, illegal aircraft, chemical shipments and accompanying background checks, money laundering financial information.
- o A regional law enforcement training center at one or several locations. Funding could come from INM training resources already budgeted.
- o Reciprocal Asset Sharing. Based on our existing agreements, information leading to seizures provides for rewards, encouraging further sharing between each of the countries and with the US.

Economic Initiatives

a) ATPI and EAI: The summit is an opportunity to draw attention to both initiatives and play up their benefits. Now that ATPA is adopted, we should set up mechanisms for its rapid implementation.

b) Regional Framework Agreement: USTR is probing Andean interest in negotiating a regional trade and investment council, in which we could discuss area-wide issues.

c) Corr Report Followup: USTR and AID should begin coordinating implementation of the Report with the MDBs and the World Bank. We will press the Andeans for an immediate reaction.

DOE Technical Assistance to Oil Producers

a) **Bilateral Arrangements:** The US already has bilateral consultation mechanisms on energy with Mexico and Venezuela. DOE has given Colombia a list of areas in which we might be able to offer technical cooperation. U.S. involvement with Ecuador and Peru may be complicated by the former's hostile attitude to energy sector liberalization and the ongoing political and economic problems plaguing the latter.

b) **Regional Arrangements:** DOE has told the Latin American Association of State Oil Companies (ARPEL) that, in principle, it is willing to offer technical assistance to promote more efficient operations.

Environment

The summit provides an opportunity to emphasize the extensive environmental damage and health consequences of coca production. We can offer assistance in the form of training and consultation to attack the consequences of narcotics production. We will discuss Andean interests before the summit to determine their needs and how to link them to our anti-narcotics efforts. We will want to determine how to integrate environmental issues into the bilateral trade and investment councils. As the Andean countries work towards the goal of an FTA with the US, they -- like Mexico -- will need to show that they have in place effective environmental regulations.

Annexes Attached

1. Organization for Summit Preparations
2. Roadmap to Anti-Narcotics Summit

SEARAAND 11984
12/4/91

(The following is the English version of the final Spanish text issued by the Secretariat as Version Conjunta 7/2/92. The following English version was checked by the U.S. Delegation for accuracy on Feb. 9, '92)

SAN ANTONIO DRUG SUMMIT 1992

1. We, the Presidents of Bolivia, Colombia, Ecuador, United States of America, Mexico, Peru, and Venezuela, met in San Antonio, Texas, on the 26th and 27th of February one thousand nine hundred and ninety-two and issued the following

DECLARATION OF SAN ANTONIO

2. We recognize that the Cartagena Declaration, issued on February 15, 1990, by the Presidents of Bolivia, Colombia, Peru, and the United States of America, laid the foundation for the development of a comprehensive and multilateral strategy to address the problem of illegal drugs. Those of us who represent the countries that met in Cartagena strongly reaffirm the commitments assumed at that time. Meeting now as seven Heads of State, we express our determination to move beyond the achievements of Cartagena, build upon the progress attained, and adapt international cooperation to the new challenges arising from worldwide changes in the drug problem.

3. We recognize that the overall problem of illegal drugs and related crimes represents a direct threat to the health and wellbeing of our peoples, to their economies, to the national security of our countries, and to harmony in international relations. Drugs lead to violence and addiction, threaten democratic institutions, and waste economic and human resources that could be used for the benefit of our societies.

4. We applaud the progress achieved over the past two years in reducing cocaine production, in lowering demand, in reducing cultivation for illicit purposes, in carrying out alternative development programs, and in dismantling and disrupting transnational drug trafficking organizations and their financial support networks. The close cooperation among our governments and their political will have led to an encouraging increase in drug seizures and in the effectiveness of law enforcement actions. Also as a result of this cooperation and political will, a number of the principal drug lords who were actively engaged in the drug trade two years ago are in prison in several countries. Alternative development programs have proven to be an effective strategy for replacing coca cultivation in producer countries.

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5. Although we are encouraged by these achievements, we recognize that mutual cooperative efforts must be expanded and strengthened in all areas. We call on all sectors of society, notably the media, to increase their efforts in the anti-drug struggle. The role of the media is very important, and we urge them to intensify their valuable efforts. We undertake to promote, through the media, the values essential to a healthy society.

6. In addition to the cocaine problem, we recognize the need to remain alert to the expansion of the production, trafficking, and consumption of heroin, marijuana, and other drugs. We emphasize the need to exert greater control over substances used in the production of these drugs, and to broaden consultations on the eradication of these illegal crops.

7. We are convinced that our anti-drug efforts must be conducted on the basis of the principle of shared responsibility and in a balanced manner. It is essential to confront the drug problem through a fully integrated approach, addressing demand, cultivation for illicit purposes, production, trafficking, and illegal distribution networks, as well as related crimes. In addition, our governments will continue to perfect strategies that include alternative development, eradication, control and interdiction, the strengthening of judicial systems, and the prevention of illicit drug use.

8. We recognize the fundamental importance of strengthening judicial systems to ensure that effective institutions exist to bring criminals to justice. We assume responsibility for strengthening judicial cooperation among our countries to attain these objectives. We reaffirm our intention to carry out these efforts in full compliance with the international legal framework for the protection of human rights.

9. We reaffirm that cooperation among us must be carried out in accordance with our national laws, with full respect for the sovereignty and territorial integrity of our nations, and in strict observance of international law.

10. We recognize that the problem of illicit drugs is international. All countries directly or indirectly affected by the drug problem should take upon themselves clear responsibilities and actions in the anti-drug effort. We call on the countries of the region to strengthen national and international cooperative efforts and to participate actively

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in regional programs. We recognize that in the case of Peru, complicity between narcotrafficking and terrorism greatly complicates the anti-drug effort, threatens democratic institutions, and undermines the viability of the Peruvian economy.

11. We express our support for the anti-drug struggle being carried out by our sister nations of the Western Hemisphere; we call on them to increase their efforts; and we offer to strengthen our governments' cooperation with them through specific agreements they may wish to sign. We value and encourage regional unity in this effort.

We note with concern the opening and expansion of markets for illicit drugs, particularly cocaine, in Europe and Asia. We call upon the nations of those continents and on other member countries of the international community to strengthen, through bilateral or multilateral agreements, cooperation in the anti-drug effort in which the nations of the Western Hemisphere are engaged.

We ratify our firm commitment to the anti-drug efforts of international organizations, notably the United Nations and the Organization of American States. Inspired by the mandate of the Inter-American Commission on the Control of Drug Abuse (CICAD), we express our full support for its programs.

12. We recognize the fundamental importance of strong economies and innovative economic initiatives to the successful conduct of the anti-drug effort. Further progress in the areas of trade and investment will be essential. We support the Enterprise for the Americas Initiative as a means of improving economic conditions in the Hemisphere, and we are encouraged by the progress the countries of the region have made in restructuring their economies.

13. We reaffirm the importance of alternative development in the anti-drug effort. We note that the victims of narcotrafficking in the region include those sectors of society that live in extreme poverty and that are attracted to illicit drug production and trafficking as a means of livelihood. We consider that if our efforts to reduce illegal drug trafficking are to be successful, it will be essential to offer legitimate options that generate employment and income.

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14. We propose to achieve the objectives and goals defined above in this Declaration and in its attached Strategies for Action.

Recognizing the need to ensure cohesion and progress in our anti-drug efforts, our governments intend to hold a high level meeting on an annual basis.

15. In order to broaden international anti-drug efforts still further, we invite additional countries or representatives of groups of countries to associate themselves with this Declaration.

Done at San Antonio, Texas, on the 27th of February, 1992, in the English and Spanish languages.

THE WHITE HOUSE.

Office of the Press Secretary
(Los Angeles, California)

For Immediate Release

February 25, 1992

REMARKS BY THE PRESIDENT
AT BUSH-QUAYLE FUNDRAISING DINNERCentury Plaza Hotel
Los Angeles, California

8:58 P.M. PST

THE PRESIDENT: Thank you all very, very much. And what a pleasure it is to be here with Pete Wilson, to be introduced by this man who is doing so much for the state. And thank you for heading our campaign and being at our side today. It is a pleasure to see you and Gayle.

May I thank our master of ceremonies, Johnny Grant -- (applause) -- say to the next team, Rabbi Greenbaum and Cheryl Ladd, who did a great job on the pledge without missing a beat. (Applause.) And Bobby Britt who did the National Anthem. (Applause.) And thanks to everyone who has organized this extraordinary gathering.

What did you do? Tell these folks that they had moved to -- moved the Academy Awards to tonight, I think, when we look around back here. And I'm very grateful. And let me just say it also a great pleasure to see Don Bren, who is one of our national cochairman; and Lod Cook, another one. And thanks to both of you for making this a highly successful event.

Greetings also to Bobby Holt, who is our national finance chairman; former Secretary Bob Mosbacher, who did a superb job as our Secretary of Commerce, who is the chairman of our campaign; and all the other Bush-Quayle vice chairmen here tonight. What an amazing crowd and what enthusiasm. And you all make me feel so young, especially Bob Hope. (Laughter and applause.)

You know, Bob told you only half the story. That story he told was true about Desert Storm -- he went over there, but what he forgot to tell you because of his modesty is I got more reports back from Norm Schwarzkopf and from Powell and from all of them about the lift that gave to those kids, many of whom had been months sitting out in the desert. And we're very, very grateful to him. (Applause.)

And I'm touched, to paraphrase John Kennedy, I'm touched by your warm response, but not half as touched as all of you have been. This has been a big success. (Laughter.)

Let me start tonight by sharing my concern for all the many southern Californians who have been ravaged by the record floods here. And I'm pleased to say that today, on Air Force One, I signed a declaration to provide much-needed disaster relief to flood victims. (Applause.) You're hurting, and we'll get you help. And the Governor promptly moved on that for the state.

I want to talk tonight about some of the challenges that we face about the decisions that will make this election year that really are going to chart this country's history for the next five years. And let me say it straight: What government can do and what

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it can't do; and what I will do as President, and then where I'll need your help.

Let's start with the number one issue on everyone's mind, and that is the economy. One month ago, as Pete said, in that State of the Union, I laid out a two-part economic action plan: for the short term, a plan to get this economy moving as early as this spring; and then a longer-term plan to keep America competitive in the next century. And I asked the Democrats who control the Congress to act for the good of the country, to lay politics aside. And I gave Congress those 52 days to pass my plan.

And since then, some Democrats have been wrestling with their consciences -- it's still too early to predict who will win. (Laughter.) But instead of working on my plan, the House Democrats surfaced their own. And true to form, it is a temporary tax cut in exchange for a permanent tax hike. And that tax cut works out to 25 cents per person. Sounds big in a package for the consumption in the political arena, but that's what it makes -- 25 cents per person. And to make it permanent the Democrats would have to jack up the income tax rate for every American making more than \$35,000 a year -- \$35,000. For a plan that is supposed to help the middle class, that's going to come as real news to a lot of factory workers and school teachers and everyday Americans struggling to make ends meet.

So let's face it: they're going to -- the Democrats are going to tax the middle class for the same reason that Willie Sutton robbed banks -- because that's where the money is. They say they're going to hit the rich and they end up hitting the small guy.

Now, my economic plan is built on seven specific proposals to stimulate this tired economy. And if you want to give American companies a reason to expand, then give them -- and this can be done in the remaining days -- my investment tax allowance: Speed up depreciation. And if you want to -- (applause) -- and if you really want to do something about boosting the sagging housing market, and if you want to give American families a shot at the American Dream, then give those first-time homebuyers what my plan does -- a \$5,000 tax credit toward that first home. Give those young families a chance. (Applause.)

And finally, let me say this to the Congress: If you are serious about competitiveness, and if you are serious about creating the jobs, then cut the tax on capital gains and stimulate investment. (Applause.)

That's not the only fight I've got with the Capitol Hill crowd. Take a look at national defense. And it is important to remind ourselves that 365 days ago to this very minute we were starting that flanking movement around the Iraqi army in the sands. And a few months before that, nobody dreamed we'd be faced with that kind of aggression.

For decades, we faced a dangerous enemy abroad. And we fought those at home who would have stripped this nation of the strength that it needed to defend itself: those that always wanted to cut defense.

Republicans fought hard on both fronts. And winning the defense battle on Capitol Hill helped us win the Cold War. And no one understood that better than my predecessor, Ronald Reagan. (Applause.) He stood for a strong defense and stood up for our principles. And now, with the collapse of the Soviet Union, imperial communism as we know it gone, we can reduce defense spending substantially.

I sat down with the Joint Chiefs and Chairman Powell and the Secretary of Defense, and we worked out a sensible defense build-

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protection for the environment. And we're working with the government of Mexico. And we will commit well over \$1 billion in new resources over the next three years to protect drinking water, pay for cleanups and enforce hazardous waste laws along the U.S.-Mexican border.

And I can say to the people of this great state: Here's proof that we can sustain a strong economy and a sound environment. Whether it's the environment, the economy, or any other issue, there's a new reality now in the way people live and work and look at government.

People don't really buy the old, big-government rhetoric. They've seen enough social engineering. And they know America's greatness doesn't spring from government. Our strengths are in our people, in our families, in our communities. And government can't raise your kids to know right from wrong. It can't legislate happy endings. Government isn't why people work hard, raise a family, save for retirement.

Year after year, the folks who control the Congress have pushed spending higher and higher. In 1993, the federal government will spend \$1.5 trillion of taxpayers' money. And people are entitled to ask: Am I getting my \$1.5 trillion's worth? (Laughter.) We need to get back to the basics. Government is too big and it spends too much. So give me the line-item veto and let the Executive Branch try to cut some of the fat out of the budget. (Applause.) Forty-three governors have it and 43 governors do a good job utilizing it.

We need for government to do less, but do better. And to focus on what people want and deserve -- safe streets, good schools, a strong economy and a strong country. And today we see the return of responsibility -- an old idea that never really went out of style.

People have had it with the no-fault lifestyle. And in their private lives they know actions have consequences. And what they want is a government whose policies and programs recognize that people are responsible for their actions and that government is responsible to the people.

And if you think about it, that's nothing more than a working definition of freedom. Because we believe in responsibility we believe in education reform. And we've laid out a strategy called America 2000. It literally revolutionizes our schools. Doing it the old way isn't good enough anymore. And we need to hold our kids and our teachers to a higher standard. And here's a radical notion, as our national education plan calls for: let's test our kids to see where we're doing well and where we need more work.

And our schools need a dose of competition with each other. Right now in public schools in Los Angeles and across the country, kids are a captive audience. Now give parents a chance to choose their children's schools and you'll see our schools start doing their homework. (Applause.)

School choice is right, and it is working in many states. School choice will work across this nation.

And because we believe in responsibility we back legal reform. Sorry to say this in L.A. Law country, but here's the plain fact. (Laughter.) America has become the land of the lawsuit. And we put forward a plan to cut down the number of frivolous suits. (Applause.) They sap our economy and they strain our patience. And when a father can't coach little league because he's worried about getting sued, something's wrong. (Applause.) And when your neighbor becomes a plaintiff, something's wrong. Our country would be a lot

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down. We're talking about \$50-billion more cut. One that will recognize post-Cold War realities, but still leave this country with the muscle that we need to meet whatever danger comes our way.

I know that's a concern here in Southern California, with its proud tradition of pushing the frontier in aerospace and producing weapon systems that redefined state of the art. We have a number of federal programs aimed now as we cut down on defense spending at helping those workers, those good workers -- those defense industry workers as they seek new careers. And we're taking steps to ease the transition that many firms will face as they shift from defense-related work to the commercial economy. And that's what my technology transfer initiative is all about -- getting research done in government labs out into the private economy.

And in May we're going to bring that message to Cal Tech, through our National Technology Initiative. Our approach is the sensible way to go, the right way to keep the economy sound and at the same time keep our nation strong and safe.

But there are Democrats with a very different plan in mind. And they want to use the end of the Cold War to open a bidding war to see who can gut defense the fastest. And one scheme would cut defense by an additional \$200 billion. And nationwide, cuts on that scale would wipe out hundreds of thousands of jobs, to say nothing about rendering us incapable of responding to aggression overseas.

Right now, \$1 out of every \$5 spent on defense is spent right here in California. And think of the shockwaves that reckless defense cuts would touch off in the construction and in the electronics and aerospace industries and the after-shock for the real estate markets. Think of the workers -- the welders to the engineers thrown out of work and onto welfare.

For the sake of national security, and for the sake of just plain economic common sense, and for the sake of this state and the country, I ask you to draw the line and say no to those who want to recklessly gut the national defense of this country. (Applause.)

We can turn this economy around provided we deal in economic reality. And it all comes down to this: To succeed economically at home, we've got to lead economically abroad. And there's no better case in point than California. This state accounts for one in every \$7 of American exports. In 1990 alone, two-way trade reached nearly \$166 billion. Statewide, that means 725,000 jobs -- close to three-quarters of a million jobs tied to trade.

And it's more true than ever before today that America's future lies in opening markets. But our opponents aren't about to let fact intrude on fantasy. Their prescription for the '90s is to sound an economic retreat and raise the trade barriers and build new barricades to keep imports out and take this country back to the dangerous pre-World War II isolationism.

I am not going to let that happen as long as I am President of the United States. We are going to stay engaged and lead the world. (Applause.)

That is not the American way, and we don't cut and run, and we compete. And I'll put my faith in the American worker. So clear away the trade barriers, go head to head, and the American worker will outthink and outperform and outproduce anybody, anyplace, anytime. (Applause.)

People here want to know that increased trade doesn't mean a tradeoff when it comes to concerns about our environment. And earlier this afternoon we had a wonderful meeting. I announced the new initiative to ensure that the promise of free trade includes

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better off if we spent as much time helping each other as we do suing each other. (Applause.)

And so I will challenge the Congress again and again to do something about the reforms that we have pending up there on Capitol Hill right now. Because we believe in responsibility, we take a hard line on crime and drugs.

Tomorrow, Barbara and I fly down to San Antonio, and there I'll meet with five Presidents of Latin American countries, Latin American leaders -- work with them to sharpen our strategy to beat this scourge. And, yes, we're waging a war to cut the supply lines that funnel drugs into the crack houses that plague good neighborhoods across L.A. County. Interception of drugs coming in is way, way up.

But we're battling, also, on the demand side. And we set a goal to drive down current adolescent cocaine use by 30 percent. And we've seen a dramatic 60 percent decrease. Now, that's good news. But we all know we can't claim victory yet. We must show that here, too, actions have consequences. And that's why we need stiffer sentences for drug dealers. We need courts that punish criminals, not honest cops out there trying to do their jobs. (Applause.) We need laws that make life tougher on the criminals than on the victims of crime. And we need to get that House of Representatives to pass my crime bill and pass it now. (Applause.)

Because we believe in responsibility, we believe in welfare reform. And people are willing to support benefits. Look, we care. We're Americans. We care about the other guy. But Americans want to see some connection between welfare and work. They want to see governments at every level work together to track down the deadbeat fathers, those who can't be bothered to pay child support. And they want to see us break the cycle of dependency that destroys dignity and passes down poverty from one generation to the next. That's wrong to do that, and we're going to do something to change it.

Right here in California, your able Governor, Pete Wilson's got a plan that will encourage people on welfare to take work when they can find it for pregnant teens or parents to stay in school, get the education they'll need to make a better future -- a future where they won't need that next welfare check. And we support him. (Applause.) You say, what can we do to help California? Simple, we can start by getting Washington out of the way. And I'll tell you we will do all that we can to remove the burdensome federal regulations to help you cut through the web of red tape to real reform.

The reforms I've spoken about tonight can spark a revolution to bring this country home to the bedrock beliefs that have made us great. Faith and family, responsibility and respect, community and country. Simple words, certain truths that hold a world of meaning for every American.

And I might say parenthetically, if I could be prideful in my comment, I am very, very proud of what Barbara does to demonstrate strength of family and the caring that we all feel in our hearts. (Applause.)

But here's what I know about this country's future. No matter how tough times are right now, no matter what trials we face, America's best day always lies ahead. And I believed that when I was a little boy. I believe it now. I believe it every day I live, because that is the great glory of the United States of America.

Thank you all, and may God bless our great country. (Applause.)

END

9:21 P.M. PST